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Board of Accountancy

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AT A GLANCE

In FY 2017-18, the Board:

- Renewed over 19,800 certificates and firm permits annually
- Evaluated 1,273 applications for CPA licensure
- Revoked 859 CPA certificates for failure to renew
- Issued 1,295 new individual licenses
- Issued 216 new firm permits
- Investigated 167 new complaints

PURPOSE

The mission of the Minnesota Board of Accountancy is to protect the public through the regulation of the practice of accounting by Certified Public Accountants, Registered Accounting Practitioners and others in Minnesota by:

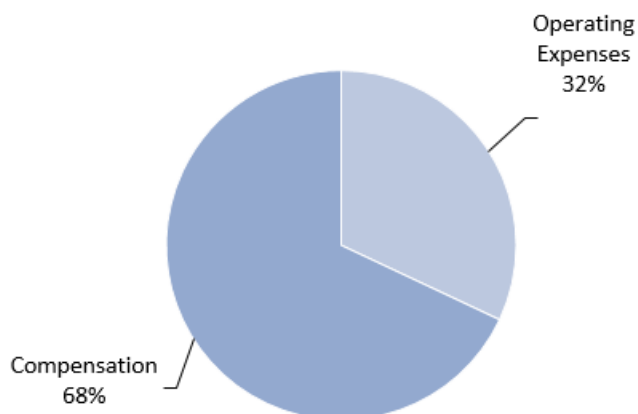
- Ensuring that those entering the practice meet standards of competency by way of education, experience and examination;
- Establishing standards of practice for those certified or registered to practice;
- Requiring that anyone practicing or offering to practice accounting be certified or registered and continue to maintain their professional competence; and
- Enforcing the laws, rules and standards governing the practice of accounting in Minnesota in a fair, expeditious and consistent manner.

The Board contributes to the statewide outcomes of:

- **A thriving economy that encourages business growth and employment opportunities**
- **Efficient and accountable government services**

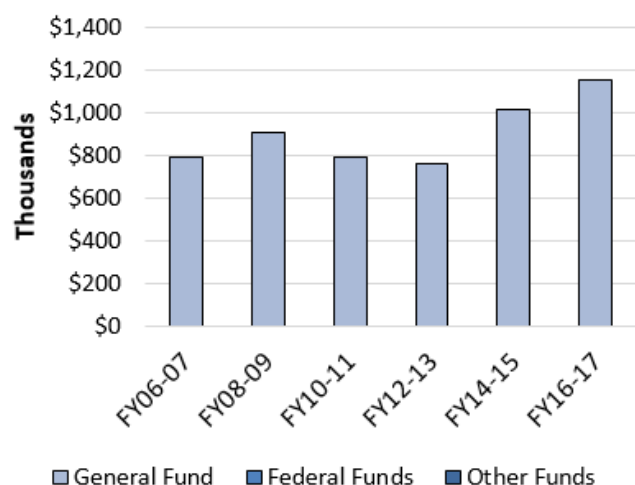
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board collects application and licensure fees which are deposited in the State's General Fund. The Board's budget is funded through General Fund appropriations.

STRATEGIES

To accomplish its mission, the Board uses the following strategies:

1. **Regulatory** – Collaborating with the National Association of State Boards of Accountancy on consistent standards for examination, licensure and enforcement. Evaluating applications to ensure that those entering professional practice have completed the required education, examination and experience.
2. **Enforcement** – Investigating complaints and taking action against licensees and unlicensed individuals who violate the Board's statutes and rules. Removing individuals from practice when necessary. Exchanging enforcement data across jurisdictions. Providing public access to license status, discipline history and the complaint process. Ensuring that the Board's statutes and rules are up-to-date and understandable.
3. **Outreach and Education** – Providing information to Minnesota citizens, legislators, other state agencies, schools, professional societies and the national council about the value of licensure and the requirements of competent practice.

The Board of Accountancy contributes to the statewide outcome of creating a thriving economy that encourages business growth and employment opportunities by:

- Issuing permits to firms and licenses to individuals who practice public accounting, ensuring that those individuals and firms comply with statutes, rules, and accounting and auditing standards, and contributing to a stable and secure financial network;
- Ensuring that statutes and rules reflect the minimum standards to protect the public; and
- Updating statutes and rules to remove unnecessary barriers to licensure and certification.

We contribute to providing efficient and accountable government services by:

- Responding quickly and professionally to applicants, licensees, certificate holders, and the public;
- Providing education and information to the public, students, and licensees; and
- Thoroughly and efficiently investigating complaints and taking enforcement action when appropriate.

The Board strives for equity in licensure and certification by:

- Ensuring that standards for Minnesota residents are not easier or harder to achieve than standards for those already licensed or certified in another state transferring to Minnesota;
- Consistently applying the statutes and rules to all applicants, licensees, and firms; and
- Using plain language on application forms and in administrative rules.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of applications for initial licensure submitted online Note: Online initial apps launched in November 2017	0%	62%	Before and after Nov. 2017
Quality	Average days to licensure (individuals)	18	18	FY 15/16 & FY 17/18
Quality	Average days to licensure (firms)	26	22	FY 15/16 & FY 17/18
Quality	Average days to resolve a complaint	93	60	FY 15/16 & FY 17/18

The Board of Accountancy's legal authority comes from M.S. 214.01 and M.S. 326A.

(<https://www.revisor.mn.gov/statutes/cite/214.01>)

(<https://www.revisor.mn.gov/statutes/cite/326A>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	568	589	595	700	651	651	744	675
Total	568	589	595	700	651	651	744	675
Biennial Change				138		7		124
Biennial % Change				12		1		10
Governor's Change from Base								117
Governor's % Change from Base								9

Expenditures by Program

Accountancy	568	589	595	700	651	651	744	675
Total	568	589	595	700	651	651	744	675

Expenditures by Category

Compensation	365	400	404	464	456	464	469	478
Operating Expenses	190	189	191	232	191	183	271	193
Other Financial Transaction	14			4	4	4	4	4
Total	568	589	595	700	651	651	744	675

Full-Time Equivalents

	5.40	5.92	5.23	5.60	5.50	5.50	5.50	5.50
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In		71		50				
Direct Appropriation	639	641	645	650	651	651	744	675
Cancellations		123						
Balance Forward Out	71		50					
Expenditures	568	589	595	700	651	651	744	675
Biennial Change in Expenditures				138		7		124
Biennial % Change in Expenditures				12		1		10
Governor's Change from Base								117
Governor's % Change from Base								9
Full-Time Equivalents	5.40	5.92	5.23	5.60	5.50	5.50	5.50	5.50

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	650	650	650	1,300
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	650	651	651	1,302
Change Items				
Operating Adjustment		43	24	67
Online Permitting System		50		50
Total Governor's Recommendations	650	744	675	1,419
Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	1,740	1,740	1,740	3,480
Total Governor's Recommendations	1,740	1,740	1,740	3,480

Board of Accountancy

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	43	24	24	14
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	43	24	24	14
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$67 thousand in the FY 2020-2021 biennium and \$38 thousand in the FY 2022-2023 biennium to maintain the current level of service delivery at the Board of Accountancy, and for one-time legal and rulemaking costs.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related cost increases. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Enforcement of statutes and rules (i.e. complaint resolution) is one of the major ways the Board fulfills its mission to protect the public health, safety, and welfare. The Board has several enforcement cases that are in the appeal process. In addition to its legal fees for the Attorney General's Office, the Board anticipates increases in non-AGO-related legal fees in FY 2020-2023, estimated at \$10 thousand annually.

Additionally, the Board's administrative rules require updates based on changes to accounting standards on a national level. Rulemaking expenses for the Board are estimated at \$20,000 in FY 2020 and include publication of notices in the *State Register*, mailing notifications to affected parties, and holding public hearings.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board, this funding will cover known employee compensation. It also includes one-time funding for rulemaking costs in FY 2020 and legal costs from FY 2020-2023.

	FY 2020	FY 2021	FY 2022	FY 2023
Compensation	\$13	\$14	\$14	\$14
Rulemaking	20			
Legal Fees	10	10	10	
Total	43	24	24	14

Results:

This proposal is intended to allow the Board to continue to provide current levels of service and information to the public.

Statutory Change(s):

N/A

Board of Accountancy

FY 2020-21 Biennial Budget Change Item

Change Item Title: Online Permitting System

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	50	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional, one-time funding of \$50 thousand in FY 2020 for website and application system updates at the Board of Accountancy.

Rationale/Background:

During the FY 2018-2019 biennium, the Board successfully launched its online application system for initial Certified Public Accountant certificates. Applicants are able to check the status of their application 24/7 and print customized reference and experience forms that are required as a part of the application process. The online system has been well-received by applicants and by the end of the biennium - just seven months after launch - over 80% of the applications the Board received were through the online system. The Board would like to enhance its online application system to allow Certified Public Accounting firms to apply for a firm permit online.

Additionally, for each credit card transaction for online initial applications or renewals, the Board is charged a fee. The actual fee varies depending on the user's credit card (Visa, MasterCard, Discover, etc.) and the rewards the user gets from using that card, however the Board must charge a set fee for each transaction. The Board has been processing applications for renewal online for over a decade and each year goes through a lengthy process of analyzing the fees charged to the Board by the bank relative to the amount the Board collected from its applicants the previous year to set the fee for the upcoming year. The process is cumbersome and unreliable and results in the Board either over-recovering or under-recovering the fees. There is a new process available whereby US Bank processes the convenience fees on behalf of the Board. In order to take advantage of this new process, the Board must make changes to its website and interface with US Bank.

Proposal:

The Governor recommends this one-time increase to the Board in order to complete the modernization of its application system and more efficiently process payment transactions.

IT Related Proposals:

The Board will use an external vendor to complete this project.

Results:

The additional funding will help the Board achieve the following results:

1. Expand the Board's online initial application system to include allowing Certified Public Accounting firms to apply for a permit online. The Board's goal is that 80% of firm applications will be submitted online.

2. Updating the interface with US Bank will result in more accurate fee collection, and reduce the amount of money the Board must contribute from its operating budget to cover the cost of under-recovery.

Statutory Change(s):

N/A

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AT A GLANCE

- 489 employees in FY17
- Oversee nearly \$2.5 billion in state procurement annually, including negotiating more than \$21 million in contract savings and increasing purchasing from diverse businesses
- Reduced Capitol complex energy consumption by 21% percent and increased reliance on renewable energy sources to nearly one-third of annual usage since 2008
- Manage more than 280 construction projects and 850 property leases
- Monitor facility conditions and asset preservation needs of over 6,000 state-owned buildings
- Oversee a fleet of more than 1,800 vehicles, increasing use of electric and fuel efficient vehicles
- Trained over 1,350 public officials and stakeholders about open government laws in FY18
- Provided direct training and informational resources to more than 10,812 individuals with developmental disabilities or family members in FY18

PURPOSE

The Department of Administration is a core central service agency serving the Governor, legislature, state agencies, local governments, and the public. Our mission is to benefit all Minnesotans by leading innovation, creating solutions, and providing exceptional services. That mission is achieved by focusing on diversity and inclusion, customer satisfaction, technology optimization, sustainability, employee engagement, and best value.

The purpose and benefit of effective centralized core administrative services is to achieve better value for state agencies by leveraging economies of scale, ensuring open and fair competition, reducing risk, and promoting success through standardized processes. Centralizing and standardizing core services, things like—procurement processes, contract terms, leasing, risk management, and many other centralized administrative functions—makes it easier for policy-makers and the public to be aware of what is expected to occur, and what does occur, in government, and to evaluate both.

Specifically, we provide enterprise leadership for a broad range of professional services and business functions essential to the efficient operation of government, including:

- overseeing real property and sustainable state operations;
- helping agencies comply with state procurement and contracting laws while also achieving the best value in purchasing goods, services, and vehicle fleets;
- overseeing state facilities' construction and leasing;
- providing property, liability, and workers compensation insurance coverage for state operations;
- establishing best practices for state grants administration and training agency staff;
- leading state 2020 Census efforts and providing government and non-governmental agencies, businesses, and the public with population data and demographic services;
- providing financial management and human resource support to a growing number of small state agencies, boards, and commissions;
- operating the Capitol Complex and other buildings efficiently and keeping the Capitol grounds beautiful;
- providing technical assistance to small businesses seeking federal or state contracts; and
- overseeing state and federal historic preservation laws and administering the state and federal historic preservation tax credits.

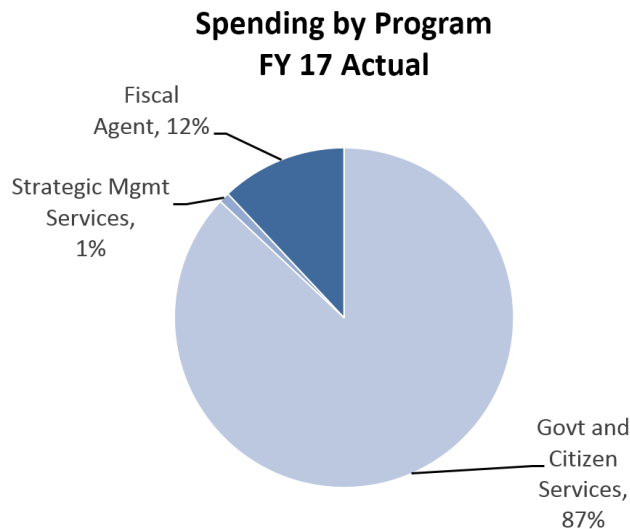
In addition, Admin provides key services directly to the public. We help individuals and organizations understand and access their rights to government data. We provide opportunities for those with developmental disabilities

and their families to advocate for their rights to education, work, and community participation. And, we provide assistive technology so those with physical disabilities can lead more independent and productive lives.

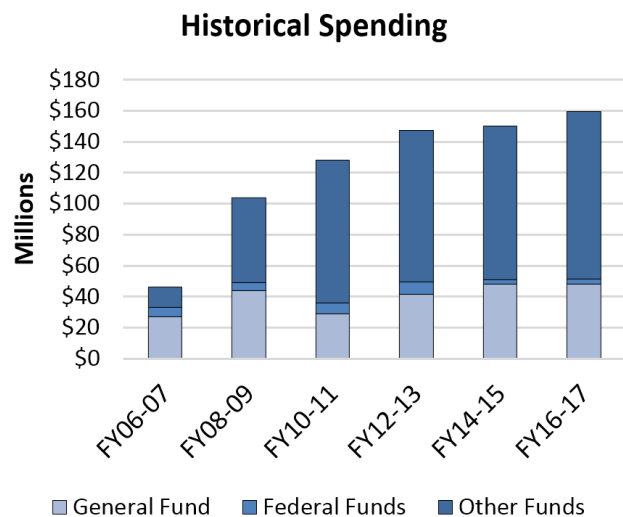
By ensuring Minnesota’s executive branch agencies receive excellence in enterprise services, Admin contributes to the statewide outcome of: **Efficient and accountable government services.**

By providing persons with disabilities assistive technology to help them be productive and involved in their communities, Admin contributes to the statewide outcomes of: **Minnesotans have the education and skills needed to achieve their goals; and Strong and stable families and communities.**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

Our mix of funding is as complex and diverse as the services we provide, with fully 87% of funds spent through the internal service, special revenue, and enterprise funds we manage. Additionally, more than half of the general fund dollars we are appropriated are passed on to, or spent on behalf of, other entities via our fiscal agent program.

STRATEGIES

We utilize multiple strategies and service delivery models to support the statewide outcomes of efficient and accountable government services and ensure the best value in government administrative services. These include:

- Sustainable services that leverage our enterprise expertise in fleet, leasing, construction, facilities, and purchasing services, and the expertise of our partner agencies to advance environmentally sustainable operations, avoid costs, and reduce the State’s carbon footprint.
- Real property services that provide a single, enterprise-wide inventory of facility conditions necessary to strategically plan for asset preservation, workforce, and citizen service investments.
- Procurement services that leverages bulk purchasing opportunities to achieve best value by developing contracts for use by multiple government units; standardizing and consolidating purchases; and aggressively negotiating contract terms and pricing.
- Facilities management services such as maintenance, engineering, and energy retrofits that provide well-maintained facilities necessary for the daily operations of the state’s executive, legislative, and judicial branches.
- Construction and space leasing services such as serving as the state’s leasing agent and owner’s representative on construction projects. We provide efficient and effective oversight of capital

construction projects, ensure facility solutions that meet the space needs of state agencies and their customers, and facilitate effective management and optimal use of state real property assets.

- Government-to-Government shared services that provide financial and human resource services to small agencies, boards and commissions, continuous improvement (Lean) training, workers compensation, archeological services, and vehicle fleet services.
- Government management consultation to help agencies on achieve energy reduction goals, comply with open government requirements, reduce workers' compensation costs, and reduce the state's reliance on gasoline.
- Public services that include assistive technology, demographic services, and resources for people with developmental disabilities. We also facilitate the public's access to state government by educating citizens on their rights to government data, granting permits to stage public rallies, and administering public spaces in the State Capitol building.

The Department of Administration's legal authority comes from:

M.S. 13 (<https://www.revisor.mn.gov/statutes/?id=13>)

16B (<https://www.revisor.mn.gov/statutes/?id=16B>)

16C (<https://www.revisor.mn.gov/statutes/?id=16C>)

4A.02 (<https://www.revisor.mn.gov/statutes/?id=4a.02>)

176.541 (<https://www.revisor.mn.gov/statutes/?id=176.541>)

138.31-138.42 (<https://www.revisor.mn.gov/statutes/?id=138.31>)

307.08 (<https://www.revisor.mn.gov/statutes/?id=307.08>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	22,326	25,821	23,810	25,496	25,582	25,578	27,712	26,588
2000 - Restrict Misc Special Revenue	4,059	3,876	3,754	7,638	5,264	4,057	5,264	4,057
2001 - Other Misc Special Revenue	38,470	39,543	35,588	44,257	44,915	38,117	44,915	38,117
2301 - Arts & Cultural Heritage	11,329	9,910	10,917	9,973				
2403 - Gift	44	253	514	186	440	173	440	173
3000 - Federal	1,388	1,689	2,321	3,307	3,401	3,358	3,401	3,358
3800 - Permanent School	131	509	948	356	300	300	0	0
4500 - MN Bookstore	1,304	1,223	1,189	1,275	1,305	1,329	1,305	1,329
4501 - Coop Purchasing	8,779	20,461	23,868	38,296	27,050	28,075	27,050	28,075
4502 - Surplus Property	1,462	1,304	1,797	1,392	1,454	1,496	1,454	1,496
5000 - Master Lease	8,703	7,265	14,159	18,780	19,115	18,900	19,115	18,900
5100 - Fleet Services	8,714	8,307	8,391	9,147	9,113	9,893	9,113	9,893
5203 - Central Mail	10,767	9,171	8,838	9,494	9,451	9,625	9,451	9,625
5300 - Risk Management	11,646	13,646	10,682	13,553	13,651	13,666	13,651	13,666
5400 - Plant Management	55,298	54,849	49,948	60,799	59,608	58,518	59,608	58,518
Total	184,420	197,829	196,723	243,949	220,649	213,085	222,479	213,795
Biennial Change				58,423		(6,938)		(4,398)
Biennial % Change				15		(2)		(1)
Governor's Change from Base								2,540
Governor's % Change from Base								1

Expenditures by Program

Govt and Citizen Services	159,497	172,098	169,832	218,725	205,651	198,087	207,692	198,528
Strategic Mgmt Services	2,044	2,756	3,447	3,530	2,988	2,988	2,577	2,557
Fiscal Agent	22,879	22,975	23,445	21,694	12,010	12,010	12,210	12,710
Total	184,420	197,829	196,723	243,949	220,649	213,085	222,479	213,795

Expenditures by Category

Compensation	35,885	38,893	41,356	46,823	48,386	49,402	48,822	49,546
Operating Expenses	95,862	106,828	98,953	112,842	107,486	106,586	107,831	106,952
Grants, Aids and Subsidies	12,483	10,944	13,685	12,327	4,124	4,132	5,124	4,332
Capital Outlay-Real Property	22,945	10,826	13,800	31,283	32,212	23,995	32,212	23,995

Administration

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Other Financial Transaction	17,245	30,338	28,929	40,674	28,441	28,970	28,490	28,970
Total	184,420	197,829	196,723	243,949	220,649	213,085	222,479	213,795

<u>Full-Time Equivalents</u>	449.84	475.60	500.86	544.53	548.75	548.86	553.75	550.36
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Administration

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		2,867	350	1,199				
Direct Appropriation	24,397	23,544	24,375	23,844	24,396	24,396	26,526	25,406
Open Appropriation	818	699	775	690	1,597	1,593	1,597	1,593
Receipts	641							
Transfers In	4,668	3,758	4,094	4,428	2,887	2,887	2,887	2,887
Transfers Out	871	911	612	692	411	411	411	411
Cancellations	4,668	3,785	3,973	3,973	2,887	2,887	2,887	2,887
Balance Forward Out	2,659	350	1,198					
Expenditures	22,326	25,821	23,810	25,496	25,582	25,578	27,712	26,588
Biennial Change in Expenditures				1,159		1,854		4,994
Biennial % Change in Expenditures				2		4		10
Governor's Change from Base								3,140
Governor's % Change from Base								6
Full-Time Equivalents	82.96	86.62	84.76	95.10	93.16	92.24	99.66	95.24

2000 - Restrict Misc Special Revenue

Balance Forward In	2,171	2,162	3,122	6,823	3,452	2,253	3,452	2,253
Receipts	5,785	7,410	10,255	7,064	7,171	7,134	7,171	7,134
Transfers Out	2,158	2,804	2,800	2,797	2,790	2,787	2,790	2,787
Net Loan Activity					(316)	(91)	(316)	(91)
Balance Forward Out	1,740	2,892	6,823	3,452	2,253	2,452	2,253	2,452
Expenditures	4,059	3,876	3,754	7,638	5,264	4,057	5,264	4,057
Biennial Change in Expenditures				3,457		(2,071)		(2,071)
Biennial % Change in Expenditures				44		(18)		(18)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	10.19	10.01	9.29	12.24	12.20	12.20	12.20	12.20

2001 - Other Misc Special Revenue

Balance Forward In	31,135	30,563	28,062	31,177	26,085	19,688	26,085	19,688
Receipts	26,657	29,461	32,194	32,798	32,210	33,719	32,210	33,719
Transfers In	12,420	13,541	15,027	14,881	14,889	14,984	14,889	14,984
Transfers Out	7,205	7,706	8,517	8,514	8,581	8,669	8,581	8,669

Administration

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	24,538	26,316	31,179	26,085	19,688	21,605	19,688	21,605
Expenditures	38,470	39,543	35,588	44,257	44,915	38,117	44,915	38,117
Biennial Change in Expenditures				1,832		3,187		3,187
Biennial % Change in Expenditures				2		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	33.62	32.90	33.69	35.57	35.68	35.73	35.68	35.73

2301 - Arts & Cultural Heritage

Balance Forward In	441	1,689	412	373				
Direct Appropriation	12,398	8,785	10,937	9,600	0	0	0	0
Transfers In	183	170	475	289				
Transfers Out	183	170	475	289				
Cancellations	68	248	58					
Balance Forward Out	1,442	315	373					
Expenditures	11,329	9,910	10,917	9,973				
Biennial Change in Expenditures				(349)		(20,890)		(20,890)
Biennial % Change in Expenditures				(2)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	3.01	2.45	2.40	2.58				

2403 - Gift

Balance Forward In	693	705	903	727	749	817	749	817
Receipts	56	415	288	208	508	8	508	8
Transfers In			50					
Balance Forward Out	705	867	728	749	817	652	817	652
Expenditures	44	253	514	186	440	173	440	173
Biennial Change in Expenditures				402		(87)		(87)
Biennial % Change in Expenditures				135		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.23	0.22					

Administration

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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3000 - Federal

Receipts	1,388	1,689	2,321	3,307	3,401	3,358	3,401	3,358
Expenditures	1,388	1,689	2,321	3,307	3,401	3,358	3,401	3,358
Biennial Change in Expenditures				2,551		1,131		1,131
Biennial % Change in Expenditures				83		20		20
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.40	5.84	13.43	18.57	19.00	18.60	19.00	18.60

3002 - Oil Overcharge

Balance Forward In	3	3	3	3	3	3	3	3
Balance Forward Out	3	3	3	3	3	3	3	3

3800 - Permanent School

Balance Forward In		169	205	56				
Transfers In	300	550	800	300	300	300	0	0
Cancellations		5						
Balance Forward Out	169	205	56					
Expenditures	131	509	948	356	300	300	0	0
Biennial Change in Expenditures				664		(704)		(1,304)
Biennial % Change in Expenditures				104		(54)		(100)
Governor's Change from Base								(600)
Governor's % Change from Base								(100)
Full-Time Equivalents		1.04	1.51	1.50	1.50	1.50	0.00	0.00

4500 - MN Bookstore

Balance Forward In	530	519	271	224	253	251	253	251
Receipts	1,243	914	1,143	1,304	1,303	1,218	1,303	1,218
Transfers Out			2					
Balance Forward Out	470	209	224	253	251	140	251	140
Expenditures	1,304	1,223	1,189	1,275	1,305	1,329	1,305	1,329
Biennial Change in Expenditures				(64)		170		170

Administration

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				(3)		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.63	7.30	7.32	7.32	7.32	7.32	7.32	7.32

4501 - Coop Purchasing

Balance Forward In	23,170	39,048	44,411	42,871	30,283	29,955	30,283	29,955
Receipts	22,891	24,206	22,345	25,710	26,724	27,650	26,724	27,650
Transfers Out			18	2	2	2	2	2
Balance Forward Out	37,282	42,793	42,870	30,283	29,955	29,528	29,955	29,528
Expenditures	8,779	20,461	23,868	38,296	27,050	28,075	27,050	28,075
Biennial Change in Expenditures				32,924		(7,039)		(7,039)
Biennial % Change in Expenditures				113		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	54.50	61.36	68.55	79.32	84.30	85.68	84.30	85.68

4502 - Surplus Property

Balance Forward In	1,095	1,277	1,577	1,398	1,742	1,875	1,742	1,875
Receipts	1,643	1,571	1,621	1,736	1,587	1,628	1,587	1,628
Transfers Out			2					
Balance Forward Out	1,276	1,544	1,398	1,742	1,875	2,007	1,875	2,007
Expenditures	1,462	1,304	1,797	1,392	1,454	1,496	1,454	1,496
Biennial Change in Expenditures				423		(239)		(239)
Biennial % Change in Expenditures				15		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.19	7.60	7.94	8.25	9.25	9.25	9.25	9.25

5000 - Master Lease

Balance Forward In			0					
Receipts	8,703	7,265	14,159	18,780	19,115	18,900	19,115	18,900
Expenditures	8,703	7,265	14,159	18,780	19,115	18,900	19,115	18,900

Administration

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				16,970		5,076		5,076
Biennial % Change in Expenditures				106		15		15
Governor's Change from Base								0
Governor's % Change from Base								0

5100 - Fleet Services

Balance Forward In	6,020	3,600	2,257	2,448	2,343	3,892	2,343	3,892
Receipts	13,816	13,808	15,522	17,882	20,275	21,868	20,275	21,868
Transfers Out	7,521	6,946	6,940	8,840	9,613	11,415	9,613	11,415
Balance Forward Out	3,600	2,154	2,448	2,343	3,892	4,452	3,892	4,452
Expenditures	8,714	8,307	8,391	9,147	9,113	9,893	9,113	9,893
Biennial Change in Expenditures				517		1,468		1,468
Biennial % Change in Expenditures				3		8		8
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.82	8.76	9.04	7.75	8.25	8.25	8.25	8.25

5203 - Central Mail

Balance Forward In	1,768	119	216	99	20	69	20	69
Receipts	9,097	9,239	8,721	9,415	9,500	9,714	9,500	9,714
Balance Forward Out	98	186	99	20	69	158	69	158
Expenditures	10,767	9,171	8,838	9,494	9,451	9,625	9,451	9,625
Biennial Change in Expenditures				(1,607)		744		744
Biennial % Change in Expenditures				(8)		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	9.08	8.99	8.81	9.29	9.29	9.29	9.29	9.29

5300 - Risk Management

Balance Forward In	24,409	24,727	22,917	22,247	20,572	18,799	20,572	18,799
Receipts	11,964	11,723	10,014	11,878	11,878	11,878	11,878	11,878
Transfers Out			3					
Balance Forward Out	24,726	22,803	22,246	20,572	18,799	17,011	18,799	17,011

Administration

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	11,646	13,646	10,682	13,553	13,651	13,666	13,651	13,666
Biennial Change in Expenditures				(1,058)		3,082		3,082
Biennial % Change in Expenditures				(4)		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	10.53	11.72	11.34	10.40	10.40	10.40	10.40	10.40

5400 - Plant Management

Balance Forward In	17,867	12,214	8,189	11,933	7,119	5,837	7,119	5,837
Receipts	66,342	69,356	74,706	77,101	77,897	79,114	77,897	79,114
Transfers In	324	324	324	324	324	324	324	324
Transfers Out	17,483	20,197	21,338	21,440	19,895	19,891	19,895	19,891
Balance Forward Out	11,752	6,848	11,933	7,119	5,837	6,866	5,837	6,866
Expenditures	55,298	54,849	49,948	60,799	59,608	58,518	59,608	58,518
Biennial Change in Expenditures				601		7,379		7,379
Biennial % Change in Expenditures				1		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	218.91	230.78	242.56	256.64	258.40	258.40	258.40	258.40

Administration

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	23,844	23,844	23,844	47,688
Base Adjustments				
Current Law Base Change		200	200	400
Pension Allocation		27	27	54
Transfer Between Agencies		325	325	650
Approved Transfer Between Appropriation		0	0	0
Forecast Base	23,844	24,396	24,396	48,792
Change Items				
In Lieu of Rent Increase			500	500
Procurement Technical Assistance Center Match		441	441	882
Operating Adjustment		76	56	132
2020 Census Mobilization and Outreach		1,600		1,600
Office of School Trust Lands Funding		(187)	(187)	(374)
MN Emergency Alert and AMBER Alert System Upgrades (MPR)		200	200	400
Total Governor's Recommendations	23,844	26,526	25,406	51,932
Fund: 2301 - Arts & Cultural Heritage				
FY2019 Appropriations	9,600	9,600	9,600	19,200
Base Adjustments				
One-Time Legacy Fund Appropriations		(9,600)	(9,600)	(19,200)
Forecast Base	9,600	0	0	0
Total Governor's Recommendations	9,600	0	0	0
Open				
Fund: 1000 - General				
FY2019 Appropriations	3,116	3,116	3,116	6,232
Base Adjustments				
Forecast Open Appropriation Adjustment	(139)	(1,296)	(1,500)	(2,796)
November Forecast Adjustment	(2,277)	(195)	6	(189)
February Forecast Adjustment	(10)	(28)	(29)	(57)
Forecast Base	690	1,597	1,593	3,190
Total Governor's Recommendations	690	1,597	1,593	3,190
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	7,638	5,264	4,057	9,321
Forecast Base	7,638	5,264	4,057	9,321

Administration

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	7,638	5,264	4,057	9,321
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	44,257	44,915	38,117	83,032
Forecast Base	44,257	44,915	38,117	83,032
Total Governor's Recommendations	44,257	44,915	38,117	83,032
Fund: 2403 - Gift				
Planned Spending	186	440	173	613
Forecast Base	186	440	173	613
Total Governor's Recommendations	186	440	173	613
Fund: 3000 - Federal				
Planned Spending	3,307	3,401	3,358	6,759
Forecast Base	3,307	3,401	3,358	6,759
Total Governor's Recommendations	3,307	3,401	3,358	6,759
Fund: 4500 - MN Bookstore				
Planned Spending	1,275	1,305	1,329	2,634
Forecast Base	1,275	1,305	1,329	2,634
Total Governor's Recommendations	1,275	1,305	1,329	2,634
Fund: 4501 - Coop Purchasing				
Planned Spending	38,296	27,050	28,075	55,125
Forecast Base	38,296	27,050	28,075	55,125
Total Governor's Recommendations	38,296	27,050	28,075	55,125
Fund: 4502 - Surplus Property				
Planned Spending	1,392	1,454	1,496	2,950
Forecast Base	1,392	1,454	1,496	2,950
Total Governor's Recommendations	1,392	1,454	1,496	2,950
Fund: 5000 - Master Lease				
Planned Spending	18,780	19,115	18,900	38,015
Forecast Base	18,780	19,115	18,900	38,015
Total Governor's Recommendations	18,780	19,115	18,900	38,015
Fund: 5100 - Fleet Services				
Planned Spending	9,147	9,113	9,893	19,006
Forecast Base	9,147	9,113	9,893	19,006

Administration

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	9,147	9,113	9,893	19,006
Fund: 5203 - Central Mail				
Planned Spending	9,494	9,451	9,625	19,076
Forecast Base	9,494	9,451	9,625	19,076
Total Governor's Recommendations	9,494	9,451	9,625	19,076
Fund: 5300 - Risk Management				
Planned Spending	13,553	13,651	13,666	27,317
Forecast Base	13,553	13,651	13,666	27,317
Total Governor's Recommendations	13,553	13,651	13,666	27,317
Fund: 5400 - Plant Management				
Planned Spending	60,799	59,608	58,518	118,126
Forecast Base	60,799	59,608	58,518	118,126
Total Governor's Recommendations	60,799	59,608	58,518	118,126
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	7,064	7,171	7,134	14,305
Total Governor's Recommendations	7,064	7,171	7,134	14,305
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	32,798	32,210	33,719	65,929
Total Governor's Recommendations	32,798	32,210	33,719	65,929
Fund: 2403 - Gift				
Forecast Revenues	208	508	8	516
Total Governor's Recommendations	208	508	8	516
Fund: 3000 - Federal				
Forecast Revenues	3,307	3,401	3,358	6,759
Total Governor's Recommendations	3,307	3,401	3,358	6,759
Fund: 4500 - MN Bookstore				
Forecast Revenues	1,304	1,303	1,218	2,521
Total Governor's Recommendations	1,304	1,303	1,218	2,521

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 4501 - Coop Purchasing				
Forecast Revenues	25,710	26,724	27,650	54,374
Total Governor's Recommendations	25,710	26,724	27,650	54,374
Fund: 4502 - Surplus Property				
Forecast Revenues	1,736	1,587	1,628	3,215
Total Governor's Recommendations	1,736	1,587	1,628	3,215
Fund: 5000 - Master Lease				
Forecast Revenues	18,780	19,115	18,900	38,015
Total Governor's Recommendations	18,780	19,115	18,900	38,015
Fund: 5100 - Fleet Services				
Forecast Revenues	17,882	20,275	21,868	42,143
Total Governor's Recommendations	17,882	20,275	21,868	42,143
Fund: 5203 - Central Mail				
Forecast Revenues	9,415	9,500	9,714	19,214
Total Governor's Recommendations	9,415	9,500	9,714	19,214
Fund: 5300 - Risk Management				
Forecast Revenues	11,878	11,878	11,878	23,756
Total Governor's Recommendations	11,878	11,878	11,878	23,756
Fund: 5400 - Plant Management				
Forecast Revenues	77,101	77,897	79,114	157,011
Total Governor's Recommendations	77,101	77,897	79,114	157,011
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	37			
Total Governor's Recommendations	37			

Administration

FY 2020-21 Biennial Budget Change Item

Change Item Title: In Lieu of Rent Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	500	500	500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	500	500	500
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$500 thousand in FY 2021 and each year thereafter for In Lieu of Rent (ILR) at the Department of Administration. ILR is used to fund space costs of the legislature, veterans' organizations, ceremonial space, the Capitol grounds, and statutorily free space on the Capitol complex in St. Paul.

The FY 2020 and FY 2021 appropriation for ILR is \$9.391 million annually. This proposal represents a 5.3% increase over the FY 2021 base budget.

Rationale/Background:

ILR funds rent expenses in the State Capitol and other buildings on the Capitol complex for entities that do not directly pay for their leased spaces, including:

- Ceremonial space - space in the Capitol Building such as the Rotunda, ceremonial grounds, monuments/memorials in the Capitol area, and the Governor's Residence;
- State Services for the Blind space - space used for vending operators and convenience stores at eleven building sites statutorily assigned to the State Services for the Blind (MS 2408.07. subd.7); and,
- Rent Waived space - Capitol public space and space occupied in the Capitol, State Office Building, and Veterans Service Building by the House of Representatives, Senate, Revisor of Statutes, Legislative Reference Library, and Congressionally chartered veterans' organizations (MS 197.55 to 197.58).

ILR-funded space is billed in the same manner and at the same rate as other tenant-occupied space in the same building. Lease rates in the Capitol building are increasing in FY21. Like other buildings on the Capitol complex, lease rates are increasing due to inflationary pressures such as compensation, supplies, and utility costs. The ILR funding model works well because it provides the budget consistency needed to plan for and conduct routine building operations and basic infrastructure maintenance to public and legislative spaces.

The restored Capitol has many additional spaces and systems that require maintenance including restrooms, elevators, HVAC and mechanical systems, and operable bollards and wedge barriers. The restoration allows for the Capitol's Loggia (the outside balcony on the front side of the building) to again be opened to the public, but such access necessitates more frequent and extensive cleaning to remove natural elements such as bird waste. Specific projects that will take place in this biennium include the application of balcony and loggia sealants, exterior window sealants, and caulking of drum and dome windows.

Equity and Inclusion:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

IT Related Proposals:

N/A

Proposal:

The Governor recommends increasing the ILR budget to maintain the delivery of current services. ILR funding is critical as it is the only available source of funding for maintenance and operation of the facilities and space where rent cannot be charged on the Capitol Complex. This funding will provide for the known costs of operating and maintaining spaces utilized by veteran services organizations, the Legislative Branch, Services for the Blind, and the public while interacting with their government in St. Paul.

This recommendation also recognizes that with the renovation, some of the Capitol's space has transitioned from office space to ceremonial and public spaces. With more space dedicated to public use, use of the Capitol building has increased. There is space available for reservation for the public and exhibition space, and statutory changes in the past several years support greater public use of the building. Such a change in space usage is a great benefit, but requires additional resources to pay for increased operating time for building utility systems, more custodial staff, reservations capability, greater restroom capacity, and added insurance.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Facilities Management Customer Satisfaction	95%	95%	FY17, FY18
Quality	FMD Caused Service Disruptions	4	2	FY17, FY18

Statutory Change(s):

N.A.

Administration

FY 2020-21 Biennial Budget Change Item

Change Item Title: Procurement Technical Assistance Center Match

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	441	441	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	441	441	0	0
FTEs	4.0	4.0	0.0	0.0

Recommendation

The Governor recommends \$882,000 in the FY 2020-2021 biennium to provide cost sharing funds for the Procurement Technical Assistance Center (PTAC). This funding represents the state's 40 percent of the total program budget and the required match for its Cooperative Agreement with the Federal Department of Defense Logistics Agency (DLA).

Rationale/Background:

The Procurement Technical Assistance Center (PTAC) program has been a program available to Minnesota businesses since 1991. The primary purpose of PTAC is to offer free counseling, education, training, certification, and guidance for Minnesota businesses including small, women, minority, and veteran owned small businesses wishing to sell their products and services to local, state, and federal government entities. Minnesota's program was first funded, in part, by a non-profit and then moved to another non-profit in 2003. In July 2017, the Metropolitan Economic Development Association (MEDA), the host, determined that they would no longer support the PTAC program and sought out the Department of Administration (Admin) to assume that role. PTAC's 5.5 FTEs were transitioned to state employment and have continued to offer PTAC services to businesses statewide.

Since joining Admin in July 2017, PTAC has had significant impacts across the state, including:

- Met with 1,104 Minnesota businesses;
- Conducted 6,549 one-on-one counseling hours;
- Hosted or partnered on 105 events with nearly 6,000 participants; and
- Assisted Minnesota vendors in achieving nearly \$300 million in prime and subcontractor contracts at all levels of government.

PTAC staff are geographically located throughout the state. Greater Minnesota personnel provide training and counseling services in a variety of communities allowing government services to extend to all Minnesotans. The ability to connect with a local PTAC representative makes government contracting less intimidating and more accessible for all women, minority, and veteran business owners.

Minnesota has a unique funding structure for the PTAC program, which has proved challenging. Other states that host PTAC programs receive their primary funding from DLA and the cost sharing as a budget line item. In Minnesota, the cost sharing is currently taking place via compensation and other expenditures of the Office of Equity in Procurement (OEP). A direct appropriation would allow Minnesota's PTAC to be funded and operate the same as other states' programs.

As a result of the current funding model, OEP personnel are required to focus the majority of their time on PTAC instead of OEP activities. A direct appropriation will allow OEP staff to fully dedicate its resources to serving state agencies in areas such as: expanding the Equity Select and Sheltered Market programs and streamlining the process; redesigning and growing the certification and recertification processes; identifying and engaging in targeted outreach; participating in pre-construction and pre-bid community meetings; and implementing the Disparity Study recommendations.

Proposal:

The Governor recommends new funding for PTAC to meet federal match requirements, which will allow OEP to provide its full array of services. This proposal will fund 40 percent of PTAC's 9.5 FTEs, which will include 3.5 FTEs in the Twin Cities Metro Area, as well as six FTEs located in Greater Minnesota. This will allow for better distribution of PTAC services across Greater Minnesota. The DLA will provide the remaining 60 percent of the total operating budget.

Equity and Inclusion:

The purpose of the PTAC program is to assist all businesses interested in government contracting opportunities, and has particular impact on small, women, minority, and veteran owned businesses. Much of the PTAC work is concentrated on assisting vendors who qualify under these categories with the appropriate local, state, and/or federal certifications, which helps promote equity and inclusion in our contracting practices.

IT Related Proposals:

N/A

Results:

This proposal is intended to allow Admin to maintain full levels of service for both PTAC and OEP.

Statutory Change(s):

N/A

Administration

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	76	56	56	56
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	76	56	56	56
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$76 thousand in FY 2020 and \$56 thousand each year thereafter to maintain the current level of service delivery at the Department of Administration (Admin). This funding will support increased rent costs and prospective retirement costs at Admin.

Admin's direct appropriated general fund base budget is \$24.396 million annually in the FY 2020-2021 biennium. This additional funding represents a 0.3% increase in FY 2020 and 0.2% increase in FY 2021.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

While the department continuously seeks and finds ways to become more efficient with existing resources, base appropriation amounts assume no inflationary increases. Efficiencies alone do not offset the need for operating appropriation increases in order to maintain current service levels expected by Minnesotans and partner agencies.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For Admin, this funding will pay for increases in rent each year, \$2,000 in FY 2020 and \$5,000 in FY 2021. This increase will also support retirement costs – \$74,000 in FY 2020 and \$56,000 in FY 2021. Admin has 131 staff eligible to retire during the FY 2020-2021 biennium, with a total estimated payout of \$1.9 million. This funding will be used to pay the General Fund share, approximately 11%, of those retirement costs, assuming that about 30% of those eligible to retire will do so each year.

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to agency partners and the public.

Statutory Change(s):

N/A

Administration

FY 2020-21 Biennial Budget Change Item

Change Item Title: 2020 Census Mobilization and Outreach

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,600	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,600	0	0	0
FTEs	3.5	0	0	0

Recommendation:

The Governor recommends additional, one-time funding of \$1.6 million in FY 2020 for the State Demographic Center at the Department of Administration (Admin) to implement an outreach and engagement plan for the 2020 Census in Minnesota.

The FY20 base budget for the State Demographic Center is \$739 thousand. This includes \$190 thousand annually from FY 2018 to FY 2021 for additional staff at the State Demographic Center for the State's participation in the 2020 Census and to meet federal reporting requirements. The FY 2020 recommended funds will increase the budget for the State Demographic Center by 217 percent. Up to 50 percent of this funding will be passed on to community organizations as grants and the remainder will cover staff augmentation, technical tools, and other resources.

Rationale/Background:

An accurate 2020 Census is essential to the state because it serves as the basis for the distribution of more than \$8 billion dollars of federal funds to Minnesota each year, it determines the number of Congressional Districts the state will have in the coming decade, and it directs the distribution of political representation within the state through legislative redistricting.

The characteristics of people that tend to be missed by censuses are well-established by past research. Historically undercounted groups include renters, low-wealth communities, immigrants, people of color and indigenous people, highly-mobile residents, college-age students, children under five, and rural residents. While the primary responsibility of conducting the census falls on the U.S. Census Bureau, the state has the ability to boost participation in the census by making sure that local communities, governments, and organizations are fully supported to engage historically undercounted groups with whom they are connected.

These funds are aimed at reducing the number of Minnesota residents that are missed by the 2020 Census, as measured by U.S. Census Bureau post-enumeration surveys and demographic analyses after the census occurs. The census undercount varies from decade to decade, depending upon a number of factors that change over time. In 2020, these factors are expected to include declining survey response rates, a highly mobile population, underfunding of the U.S. Census Bureau, and increasing mistrust of governmental institutions—especially among immigrants whose fear has grown due to the proposal to add a citizenship question to the census.

Proposal:

The Governor recommends additional funding to increase the capacity of the State Demographic Center to support outreach and engagement activities in FY 2020. This will be done by hiring additional communications and program staff to organize and implement the various initiatives and deliverables, by purchasing the electronic tools that support census engagement and promotion statewide, and by administering grants to local governments and community organizations to implement the initiatives in their communities. The specific initiatives include:

- A Census Response Table initiative that will enable community groups to bring the census to historically undercounted communities by provide community tabling kits that can be brought to gathering places and events across the state (e.g. schools, community centers, libraries, grocery stores, etc.);
- A “Commit to Census” initiative to educate community members about the census and organize residents to commit to participate. This is the first census that people will be allowed to respond online or by telephone, and this initiative will deliver the information for people to fill out their census form in April 2020 by text/email;
- Communications to increase awareness of the census among Minnesota’s apartment building managers, owners, and renters;
- A job sourcing recruitment initiative to increase the likelihood that census takers hired by the U.S. Census Bureau in Minnesota come from the communities they are enumerating;
- A grant to support planned community efforts to engage historically undercounted communities; and
- Other shared services, including: the translation of educational materials, digital communications and e-organizing tools into additional languages, a P.O. Box mailing to rural Minnesota residents on how to participate in the Census, and the purchase of Census 2020 promotional items.

Equity and Inclusion:

The census initiatives are aimed at increasing participation by people of color, indigenous people and immigrants, and other historically-undercounted groups. Inclusion in the census will increase the visibility, funding, and political power to these communities.

Representatives of Minnesota’s historically-undercounted communities have been involved with on-going census efforts through the Minnesota Complete Count Committee, local complete count committees, and the Minnesota Census Mobilization Partnership.

IT Related Proposals:

N/A

Results:

The aim of these initiatives is to increase participation in the 2020 Census, especially among historically undercounted groups. Data for the following measures are produced and published by the Census Bureau.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percent of census omissions		4.4%	2010
Results	Census self-response rate	81%	81%	2000, 2010

Statutory Change(s):

N/A

Administration

FY 2020-21 Biennial Budget Change Item

Change Item Title: MN Senate Building (MSB) Building Replacement Fund

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Plant Management Fund				
Transfer Out	0	0	0	0
Special Revenue Fund				
Transfer In	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a no-cost, technical change to create a Minnesota Senate Building (MSB) Building Replacement Fund in statute to properly account for monies that are already being collected through lease rates to pay future asset-preservation costs for the Minnesota Senate Building. This change would align with other non-general obligation bond funded buildings on the Capitol Complex.

Rationale/Background:

2013 Minnesota session law, chapter 143, article 13, section 21 allows the Department of Administration (Admin) to set aside a portion of MSB lease rates in order to pay for future building repairs. This authority ensures proper care and maintenance of the building through at least 2039, when the building's Certificates of Participation debt obligation will be met. The session law also directs Admin to transfer these funds to an account in the special revenue fund.

Proposal:

The Governor recommends codifying the 2013 session law in statute by establishing a dedicated account in the special revenue fund to hold funds collected from MSB lease rates for future repairs and replacements. Funding in this account will be used to address future projects, such as those that address life-safety hazards, building code violations, structural defects, hazardous material abatement, and the repair or replacement of major building components, such as roofs and HVAC systems.

This recommendation will not impact the lease rate at the Minnesota Senate Building. Beginning in FY 2016, the MSB lease rate has included \$1 per square foot for future building repairs. As of the end of FY 2018, \$352 thousand has been collected for future repairs at MSB, and Admin anticipates approximately \$141,000 will be collected annually through 2039.

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Results:

This change would codify Admin's authority for collecting funds for facility repairs at the Minnesota Senate Building.

Statutory Change(s):

M.S. 16B.24

Administration

FY 2020-21 Biennial Budget Change Item

Change Item Title: Office of School Trust Lands Funding

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (ADM)	(187)	(187)	(187)	(187)
Expenditures (DNR)	187	187	187	187
Other Funds (Perm School)				
Expenditures (ADM)	(300)	(300)	(300)	(300)
Expenditures (DNR)	300	300	300	300
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends moving the responsibilities of fiscal agent for the Office of School Trust Lands (OSTL) from the Department of Administration (ADM) to the Department of Natural Resources (DNR). This proposal does not alter the mission or work of the OSTL. It moves funding for the Office of School Trust Lands to the DNR at the same level that it currently exists at ADM. This proposal is, therefore, budget neutral.

Rationale/Background:

Since 2014, current law appropriates funding for OSTL to the ADM. Additionally, DNR, Department of Education and OSTL entered into a Memorandum of Understanding (MOU) that facilitates the OSTL working relationship with DNR. The multi-agency MOU establishes that ADM will be the primary fiscal agent for OSTL (consistent with current law) and that DNR will provide office space and operations support (fleet, IT, contract review, etc.). Although this operating structure works, it creates administrative inefficiencies as it requires DNR to bill ADM quarterly for the services provided to OSTL. This proposal seeks promote administrative efficiency by discontinuing the dual accounting and quarterly billing between OSTL, ADM and DNR.

Proposal:

This proposal moves the appropriations for OSTL from ADM to DNR. It does not change the purpose or function of the OSTL or request additional appropriations. It merely seeks to gain operational efficiencies by reducing the number of fiscal agents for OSTL.

Equity and Inclusion:

OSTL has not identified any protected class or group that this proposal would negatively impact.

IT Related Proposals:

Not applicable.

Results:

This proposal will increase administrative efficiencies to the OSTL, ADM and DNR.

Statutory Change(s):

None

Administration

FY 2020-21 Biennial Budget Change Item

Change Item Title: MN Emergency Alert and AMBER Alert System Upgrades (MPR)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	200	200	200	200
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	200	200	200	200
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional grant funding to Minnesota Public Radio, Inc. (MPR) for upgrades to Minnesota's Emergency Alert and AMBER Alert Systems. The current, base grant to MPR is \$310 thousand annually in FY 2020 and FY 2021. In FY 2018, MPR received a one-time grant of \$400,000 for similar upgrades.

Rationale/Background:

This funding ensures that Minnesota Public Radio, as the backbone for the Minnesota Emergency Alert System (EAS), can continue to provide this essential service. This funding will support needed equipment repairs and replacements in rural Minnesota that are essential to radio broadcasts and emergency signals. Minnesota's radio, television, and cable broadcasters rely on and monitor MPR's radio network 24 hours a day. In the event of an emergency, the appropriate warnings and information can be broadcast by all media organizations to audiences across the state. These broadcasts may include state or federal emergencies, a nuclear disaster, a natural disaster, Emergency alert, or an AMBER (child-abduction) Alert.

MPR has built a statewide radio network with more than 80 stations and translators throughout the region. MPR's signal reaches 95% of the state and over 900,000 listeners tune in each week. There is no other media organization in Minnesota that has this statewide reach, which is why MPR has been designated as the backbone for the EAS. This network allows MPR to distribute the EAS signal statewide to all MN broadcasters.

The maintenance of this critical network faces a variety of problems that state funding eases. Much of the network was built thirty to forty years ago and key infrastructure now needs to be updated, repaired, or in some cases replaced. Minnesota weather can also cause unexpected and large scale equipment damage. In addition, as technology continues to change, MPR's stations need to be kept up to date to ensure maximum working order and coverage.

Proposal:

Many of the MPR stations cover smaller communities in Greater Minnesota, and these stations are not financially self-supporting. No general fund dollars are spent on metro stations or any MPR employee salaries.

The Governor recommends additional funding to MPR for upgrades to Minnesota's Emergency Alert and AMBER Alert Systems. The increase will provide necessary funding for infrastructure updates, repairs, and, in some cases, replacement. Many of the MPR stations cover smaller communities in Greater Minnesota, and these stations are not financially self-supporting. No general fund dollars from these equipment grants are spent on metro stations

or any MPR employee salaries. Up to 5% of the amount appropriated can be used by the Department of Administration for their costs to administer the grant.

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Results:

At the federal level, EAS is overseen by the Federal Emergency Management Agency (FEMA), the Federal Communications Commission (FCC), and the National Oceanic and Atmospheric Administration (NOAA). The EAS is tested through MPR on a monthly basis, and the FCC also conducts periodic EAS testing. These tests ensure that the system is working properly and identifies issues that need to be corrected. MPR must comply with all EAS laws and regulations. MPR's components of the system must properly function during all tests and fully disseminate and coordinate alerts and warning messages during actual emergencies. This additional funding will help ensure important, necessary information is successfully disseminated across the state, and that MPR remain compliant with federal regulations.

In Minnesota, the Department of Public Safety oversees the Integrated Public Alert and Warning System (IPAWS) – EAS is a part of this system.

Statutory Change(s):

N/A

Administration

FY 2020-21 Biennial Budget Change Item

Change Item Title: Ford Building Deficit

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	(190)	(190)
Transfer Out	0	0	190	190
Other Funds				
Transfer In	0	0	190	190
Expenditures	0	0	190	190
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	(1.4)	(1.4)

Request:

The Governor recommends repurposing \$190,000 per year from the Department of Administration's (Admin) general fund base budget for the operation and maintenance deficit of the vacant Ford Building, beginning in FY22. The General Fund appropriation will be transferred to the Lease Fund and used to pay down the deficit until it is eliminated, estimated to be in FY28.

Rationale/Background:

Minnesota Session Laws of 2017, First Special Session, Chapter 4, Article 1, Sec. 11, Subdivision 2 appropriates \$190,000 per year to the state demographer for the 2020 census. Since the 2020 census efforts will conclude in FY 2021, the funding will not be needed for this purpose and the Governor recommends redirecting the funding to cover previous financial losses and cover the cost of maintaining the Ford Building going forward.

The costs to operate and maintain Capitol complex buildings are financed through an internal service fund that relies on the collection of lease payments (rent) from building tenants, and from In Lieu of Rent funding. The Ford building, located at 117 University Ave, St. Paul, MN, has been vacant since 2003 with no source of revenue. As of June 30, 2018, with no funding source to pay for building costs, the building has accumulated an operating deficit of \$989,000. This deficit is growing each year.

The Ford Building was constructed in 1912, and was purchased by the state in the late 1960's. The building was most recently used for office space until 2003, but was decommissioned in 2004. It has remained vacant since that time, but has experienced significant distress and deterioration over the last 15 years. The distress is global to the building and includes both structural concrete and exterior wall cladding (brick, terracotta and tile) deficiencies.

Exterior:

Admin first discovered concrete/stucco debris falling off portions of the east-building wall in 1999. By 2005, the south elevation brick, terra cotta, and tile masonry had undergone additional deterioration, and significant brick masonry cracking, and outward bulging of wall sections, were potential safety hazards. Repairs in 2005 removed the loose and hazardous masonry.

A 2009 review revealed additional distress at the south elevation masonry. An assessment in 2012 identified additional distress to an areaway below the south sidewalk. Repairs to the building were completed after each condition assessment, including:

- Adding a supplementary supporting angle below the east concrete masonry stair tower wall;
- Anchoring chain link fence to portions of the east and west walls;
- Removal of loose masonry and salvage of brick for future reuse;
- Removal of steel lintels over windows; and
- Replacement of structural support members over the fuel storage tank.

Known issues with the interior of the building include: efflorescence indicative of water transmission can be observed on the most northwestern column in the stairwell on all three levels, and there is visible distress in the mechanical area at the basement level below the south sidewalk and overhead concrete spalling, efflorescence, and deteriorated reinforcing bars were observed at a few locations. Another condition assessment will be completed over the next several months.

Proposal:

The Governor recommends redirecting \$190,000 per year, beginning in FY 2022, from the Department's base budget to cover previous financial losses and cover the cost of maintaining the Ford Building going forward.

Results:

These funds will cover financial losses from previous years and provide funds for future building maintenance.

Statutory Change(s):

N/A

Program: Government and Citizen Services

Activity: Council on Developmental Disabilities

<http://mn.gov/mnddc> and <http://mn.gov/mnddc/pipm>

AT A GLANCE

The Council provides information, education, and training including:

- Dissemination of more than 1 million publications and downloads about developmental disabilities during the past biennium.
- Reached milestone of 1,000 Minnesota Partners in Policymaking® graduates in May 2018.
- Creation of the largest online archive of Minnesota and national developmental disabilities history.
- More than 100,000 downloads of Emergency Planning App for people with autism spectrum disorder.

PURPOSE & CONTEXT

The Minnesota Governor's Council on Developmental Disabilities fulfills the requirements of the federal Developmental Disabilities Act (DD Act--P.L. 106-402) for Minnesota. The mission of the Council is to provide information, education and training to people with developmental disabilities and their families in order to increase their independence, productivity, self-determination, integration and inclusion (IPSI) into community life.

Developmental disabilities are significant disabilities that begin during the developmental period, impact three major areas of functioning, and last throughout a person's lifetime. Approximately 1.8% of Minnesotans have a developmental disability. The Council was first appointed in 1971 and the Department of Administration has served as the federally designated state agency since 1991.

SERVICES PROVIDED

The DD Act requires that 70% of the federal allocation must be spent on program goals approved by the federal government. These program goals or services include:

- Leadership training through the Partners in Policymaking program (an 8 month leadership training course designed for people with developmental disabilities (self-advocates) and family members);
- Free training materials, publications, resource materials, and online courses;
- Sponsorship of training conferences;
- Grant funds to assist self-advocates to advocate for themselves;
- Outreach to diverse racial and ethnic communities;
- Innovative employment opportunities for people with developmental disabilities; and
- Customer research studies on topics critical to the field.

The Legislature provided one-time Legacy funding in 2017 for a project to archive developmental disabilities history from 2000-2018. This project archived over 750 documents, 25 interviews with disability advocates, and 120 stories about critical issues and developments.

After approval of Minnesota's Olmstead Plan in 2015, the Legislature provided Olmstead funding to assist in conducting research studies; increase community engagement activities with five racial and ethnic communities; assist in tracking Olmstead Plan results; provide assistance for the statewide Quality of Life study and provide historical archiving of resource materials used in developing and implementing the Olmstead Plan.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of copies of Council publications distributed and number of downloads from Council websites.	94,118	1.05 M	2008, 2017
Quality	Customer satisfaction	97%	98%	2011, 2017
Results	Increased independence, self-determination, productivity, integration and inclusion (IPSII)*	3.0-4.6	4.1-4.8	2011, 2017

*The DD ACT defines federal outcomes of increased independence (making decisions); self-determination (taking control of one's life); productivity (volunteering or working at a paid job); and integration and inclusion (being part of a community) for people with developmental disabilities. The above measures show the range of pre- and post-results for Council-sponsored training programs. The participants (trainees) assess themselves on a scale of 1-5 (5 being the highest) before and after the training to determine if the federal outcomes (IPSII) increased.

The legal authority for the Council is provided in the Developmental Disabilities Assistance and Bill of Rights Act (P.L. 106-402) and M.S. 16B.053 and M.S. 16B.054
<https://www.revisor.mn.gov/statutes/cite/16B.053>
<https://www.revisor.mn.gov/statutes/cite/16B.054>

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	74	222	222	222	221	221	221	221
2000 - Restrict Misc Special Revenue			54					
3000 - Federal	458	1,004	1,046	991	1,018	1,062	1,018	1,062
Total	532	1,227	1,322	1,213	1,239	1,283	1,239	1,283
Biennial Change				776		(13)		(13)
Biennial % Change				44		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	203	308	352	400	389	390	389	390
Operating Expenses	133	626	711	371	302	300	302	300
Grants, Aids and Subsidies	194	287	255	442	548	593	548	593
Other Financial Transaction	1	7	4					
Total	532	1,227	1,322	1,213	1,239	1,283	1,239	1,283

Full-Time Equivalents

2.17	3.45	3.60	3.80	3.90	3.90	3.90	3.90
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Developmental Disabilities Council

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		0						
Direct Appropriation	74	222	222	222	222	222	222	222
Transfers Out					1	1	1	1
Expenditures	74	222	222	222	221	221	221	221
Biennial Change in Expenditures				148		(2)		(2)
Biennial % Change in Expenditures				50		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.09	1.10	1.34	1.60	1.60	1.60	1.60	1.60

2000 - Restrict Misc Special Revenue

Receipts			54					
Expenditures			54					
Biennial Change in Expenditures				54		(54)		(54)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	458	1,004	1,046	991	1,018	1,062	1,018	1,062
Expenditures	458	1,004	1,046	991	1,018	1,062	1,018	1,062
Biennial Change in Expenditures				575		43		43
Biennial % Change in Expenditures				39		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.08	2.35	2.26	2.20	2.30	2.30	2.30	2.30

Program: Government and Citizen Services

Activity: Fleet and Surplus Services

mn.gov/admin/government/vehicles/

mn.gov/admin/government/surplus-property/

AT A GLANCE

- Manage a fleet of approximately 2,055 vehicles
- Utilize vehicle telematics to increase safety, efficiency, and effectiveness of fleet management
- 88 percent of managed vehicles are capable of using alternative fuels and/or are hybrid vehicles
- Increased number of electric and hybrid vehicles from 56 in FY15 to 496 in FY18
- Increased fuel efficiency by 10 MPG, on average, for vehicle replacements since FY16
- Assist state and local governments with the distribution and disposal of surplus property
- Repurposed nearly 23,242 items through the Surplus Property Distribution Center in FY18
- Returned \$17 million to agencies from surplus property sales in FY18
- Sold 5,756 lots of property through the State Auction Program last year in FY18

PURPOSE & CONTEXT

Fleet and Surplus Services strives to ensure that state agencies have access to critical logistical services related to transportation and state and federal surplus property recapture and reuse or disposal.

Our Fleet Services unit provides safe, cost effective transportation solutions for official government business. We ensure a cost effective operation by tailoring services to actual agency usage. We monitor key data points such as mileage and fuel consumption in order to advise agencies on the best vehicle to meet their needs, how long vehicles should be kept, and other transportation options.

In addition, our green fleet choice initiative aims to reduce vehicle life-cycle costs and greenhouse gas emissions and petroleum consumption. We help agencies transition to “greener” vehicles through scheduled replacement of existing fleet inventory. Forty-six electric vehicle charging stations were added to admin parking facilities in FY17 to support state and public adoption of electric vehicles.

The Surplus Services unit provides assistance to state agencies and local governments to distribute surplus property in an environmentally and financially responsible manner. Additionally, we maximize the public investment in equipment through redistribution to other public entities or sale. We return approximately 90 percent of sale proceeds to the agencies that dispose of surplus property.

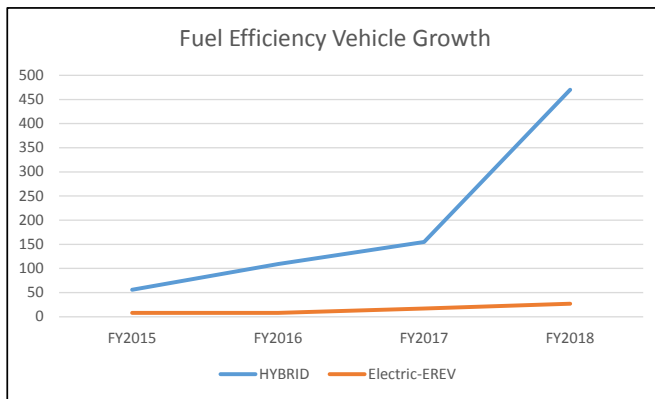
Our primary customers are state agencies, local governments, nonprofit organizations, and the public. Fleet Services is organized as an internal service fund and generates its revenue through the fleet vehicle leasing program. Surplus Services is an enterprise fund and generates its revenue through the resale of goods.

SERVICES PROVIDED

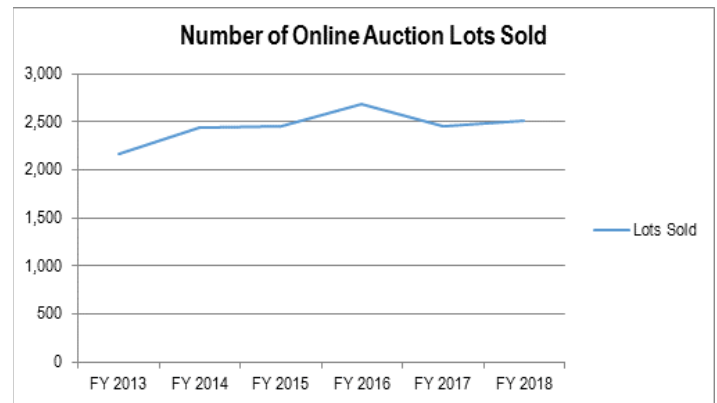
The work of Fleet and Surplus Services can be divided into two primary categories: Fleet Services and Surplus Services.

Specific services provided include: full service long-term vehicle rental program; vehicle maintenance service; fuel card program; statewide fleet reporting and information management system; telematics; agency assistance with vehicle utilization and lifecycle management; vehicle usage policy guidance, guidelines and procedures for the management and disposal of state surplus property; management of a surplus redistribution center for state and federal surplus property; live and online auction program; surplus exchange program; and storage services.

RESULTS



Measure (Quantity): Number of fuel efficient vehicles by Year. We measure fuel efficiency with a goal of reducing fossil fuels by utilizing alternative fuels and fuel efficient vehicles. Since 2015 we improved fuel efficiency by an average of 10 MPG on vehicle replacements.



Measure (Quantity): Number of online auction lots sold. MinnBid, our online auction site, is a cost-effective means to dispose of state surplus property. From 2013-2018, the number of items sold online increased 18%.

Type of Measure	MEASUREMENT GOAL	Previous	Current	Dates
Quality	Reduction of agency owned vehicles by converting to Admin leased vehicles. Controlling the life cycle of a vehicle is critical to safety, dependability, and cost effectiveness. Admin's leasing program provides a managed life cycle for vehicles to meet these three objectives. State agencies are converting agency owned vehicles to Admin leased vehicles for management and control of life cycles. Approximately 192 agency-owned vehicles were converted to lease vehicles in FY 17 and FY18. It is dependent on agency participation to convert remaining agency vehicles to lease vehicles during their vehicle replacement planning.	943	751 FY20 Goal is 500	2016, 2018
Quantity	Increase Surplus Services program active donee customer participation. Over 325 government entities and eligible non-profit organizations (donees) utilized the Surplus Services programs in FY18. Our goal is to bring awareness to the surplus property disposal and reuse programs and increase our donee and auction sales participation. We track the number of new active organizations participating in the Surplus Services re-purposing program with a goal of increasing participation by 7% over the next year.	320	436	2016, 2018

<i>Type of Measure</i>	<i>MEASUREMENT GOAL</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Increase the total number of electric/hybrid vehicles in Admin fleet. The Admin fleet currently has 496 electric and hybrid vehicles. Adding more energy and fuel efficient hybrid and electric vehicles as we replace current vehicles will help us meet our sustainability goals of reducing greenhouse gas emissions and petroleum consumption.	39	496	2016, 2018

M.S. 16B.24 (<https://www.revisor.mn.gov/statutes/?id=16B.24>) and M.S. 16B.54 (<https://www.revisor.mn.gov/statutes/?id=16B.54>) provides the legal authority for these programs.

Fleet and Surplus Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
4502 - Surplus Property	1,462	1,304	1,797	1,392	1,454	1,496	1,454	1,496
5000 - Master Lease	8,703	7,265	14,159	18,357	18,900	18,900	18,900	18,900
5100 - Fleet Services	8,714	8,307	8,391	9,147	9,113	9,893	9,113	9,893
Total	18,879	16,877	24,347	28,896	29,467	30,289	29,467	30,289
Biennial Change				17,487		6,513		6,513
Biennial % Change				49		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	1,174	1,279	1,411	1,448	1,585	1,618	1,585	1,618
Operating Expenses	7,097	8,008	8,878	7,995	8,466	9,047	8,466	9,047
Capital Outlay-Real Property	10,246	7,364	13,532	18,473	19,416	19,624	19,416	19,624
Other Financial Transaction	362	225	527	980				
Total	18,879	16,877	24,347	28,896	29,467	30,289	29,467	30,289

Full-Time Equivalents

15.01	16.36	16.98	16.00	17.50	17.50	17.50	17.50
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Fleet and Surplus Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
4502 - Surplus Property								
Balance Forward In	1,095	1,277	1,577	1,398	1,742	1,875	1,742	1,875
Receipts	1,643	1,571	1,621	1,736	1,587	1,628	1,587	1,628
Transfers Out			2					
Balance Forward Out	1,276	1,544	1,398	1,742	1,875	2,007	1,875	2,007
Expenditures	1,462	1,304	1,797	1,392	1,454	1,496	1,454	1,496
Biennial Change in Expenditures				423		(239)		(239)
Biennial % Change in Expenditures				15		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.19	7.60	7.94	8.25	9.25	9.25	9.25	9.25

5000 - Master Lease

Balance Forward In			0					
Receipts	8,703	7,265	14,159	18,357	18,900	18,900	18,900	18,900
Expenditures	8,703	7,265	14,159	18,357	18,900	18,900	18,900	18,900
Biennial Change in Expenditures				16,547		5,284		5,284
Biennial % Change in Expenditures				104		16		16
Governor's Change from Base								0
Governor's % Change from Base								0

5100 - Fleet Services

Balance Forward In	6,020	3,600	2,257	2,448	2,343	3,892	2,343	3,892
Receipts	13,816	13,808	15,522	17,882	20,275	21,868	20,275	21,868
Transfers Out	7,521	6,946	6,940	8,840	9,613	11,415	9,613	11,415
Balance Forward Out	3,600	2,154	2,448	2,343	3,892	4,452	3,892	4,452
Expenditures	8,714	8,307	8,391	9,147	9,113	9,893	9,113	9,893
Biennial Change in Expenditures				517		1,468		1,468
Biennial % Change in Expenditures				3		8		8
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.82	8.76	9.04	7.75	8.25	8.25	8.25	8.25

Program: Government and Citizen Services

Activity: Data Practices Office

<https://mn.gov/admin/data-practices/>

AT A GLANCE

- Provides data practices and open meeting law technical assistance and in-person or webinar training to over 3,300 customers each year
- Maintains a website with data practices and open meetings informational pages and training materials, including 1,000 advisory opinions drafted on behalf of the Commissioner of Administration
- Issued 14 Advisory Opinions in FY 2018
- Hosted or attended 38 training or outreach events across the state in FY 2018
- Receives over 100,000 webpage views each year

PURPOSE & CONTEXT

The Data Practices Office is a statewide resource on Minnesota's data practices and open meeting laws. We help ensure government transparency and accountability by promoting compliance with those laws by issuing Advisory Opinions and by providing accurate and conveniently accessible information, participating in training, responding to technical inquiries received via telephone calls or emails, and maintaining an informational website and library of over 1,000 relevant Advisory Opinions.

We promote compliance with and understanding of these laws by providing technical consultation and training resources to state and local government, members of the public, the media, and the Legislature. This activity is primarily funded through a general fund appropriation.

SERVICES PROVIDED

Technical Assistance and Consultation

- Assist government, public, media, and legislative customers with questions about data practices and open meeting laws
- Informally resolve formal advisory opinion requests when possible

Training and Resource Development

- Develop resource materials (for example: model policies and guides)
- Present training on data practices and open meeting laws

Statutory Duties

- Assist the Commissioner of Administration by drafting advisory opinions
- Assist the Commissioner in handling requests for temporary classification of government data
- Provide services related to appeals of challenges to the accuracy and completeness of government data
- Review law enforcement agencies automated license plate reader audits

All of these functions help promote government accountability and efficiency by providing government entities with resources to ensure compliance with the laws and providing the public, media, and legislature with an understanding of their rights and implications of the laws.

RESULTS

Our performance measures show consistently high ratings for the usefulness of training and we remain committed to reaching even more people who need our help. We will continue to collect data and measure the success of training by having attendees rate their increase in knowledge about data practices and open meeting laws and whether they can utilize the information they receive at training in their day-to-day job tasks. We will work to maintain high numbers of customer contacts both through informal consultations (e.g. phone calls, emails, in-person meetings) and training events.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total customers assisted and trained a year	3,130	3,315	FY16, FY18
Quality	Customers will <i>definitely</i> use the information from our training in their job	87%	92%	FY16, FY18
Results	Customers identified an increase in their knowledge following our training	98%	91%	FY16, FY18

Legal authority for the Data Practices Office is provided in M.S. 13.073 and Minn. Rules 1205.1700 (<https://www.revisor.mn.gov/statutes/cite/13.073>), (<https://www.revisor.mn.gov/rules/1205.1700/>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			549	600	556	556	556	556
2000 - Restrict Misc Special Revenue	38	38	23	42	44	44	44	44
Total	38	38	571	642	600	600	600	600
Biennial Change				1,137		(13)		(13)
Biennial % Change				1,498		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	36	35	480	502	510	509	510	509
Operating Expenses	2	4	91	119	85	86	85	86
Other Financial Transaction			0	21	5	5	5	5
Total	38	38	571	642	600	600	600	600

Full-Time Equivalents

0.52	0.36	4.23	4.30	4.15	4.15	4.15	4.15
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				64				
Direct Appropriation			618	637	557	557	557	557
Transfers In				35				
Transfers Out			6	136	1	1	1	1
Balance Forward Out			64					
Expenditures			549	600	556	556	556	556
Biennial Change in Expenditures				1,149		(37)		(37)
Biennial % Change in Expenditures						(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.14		4.04	4.00	3.85	3.85	3.85	3.85

2000 - Restrict Misc Special Revenue

Balance Forward In	13	11	15	29	30	31	30	31
Receipts	32	40	37	43	45	45	45	45
Balance Forward Out	8	13	29	30	31	32	31	32
Expenditures	38	38	23	42	44	44	44	44
Biennial Change in Expenditures				(11)		23		23
Biennial % Change in Expenditures				(15)		36		36
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.38	0.36	0.19	0.30	0.30	0.30	0.30	0.30

Program: Government and Citizen Services

Activity: Office of State Procurement

mn.gov/admin/osp

AT A GLANCE

- Oversee Minnesota state agency purchasing valued over \$2.3 billion in FY17 and \$2.5 billion in FY18
- Established the Office of Equity in Procurement (OEP) in FY16 to promote equity in contracting
- Manage about 2,300 contracts offering volume discounts to state agencies, counties, cities, and school districts in FY18
- Review about 7,100 professional/technical contract documents prepared by agencies annually
- Negotiate over \$21 million in contract savings for government entities in FY17 and FY18

PURPOSE & CONTEXT

The Office of State Procurement strives to achieve the best value for taxpayers through strategic contracting and purchasing of goods and services. We oversee and facilitate purchasing across the enterprise valued at over \$2 billion annually.

Our primary customers are state agencies, counties, cities, school districts, public health care facilities, the public, and vendors doing business with the state and competing for state contracts.

A general fund appropriation funds the contracting and purchasing services we provide to state agencies. Vendor-paid contract administration fees fund the services we provide to other government entities and health-related facilities.

SERVICES PROVIDED

The Office of State Procurement utilizes four key strategies to achieve best value in state procurement:

- Statewide procurement policy and process leadership
- Objective competitive vendor solicitations
- Contracting expertise
- Targeted procurement with small women, minority, disabled and veteran owned businesses toward eliminating contract disparities

Specific services provided include:

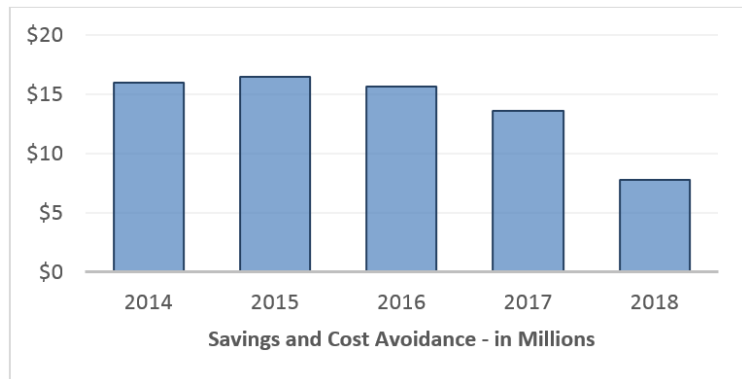
- Purchasing and contracting for goods, services, utilities, and construction;
- Promoting equity in contracting and environmentally responsible purchasing;
- Providing oversight of professional/technical contracts;
- Working with businesses to ensure fair and open competition;
- Managing procurement functions manually and through the Statewide Integrated Financial Tools (SWIFT);
- Monitoring compliance with state procurement law and policy;
- Conducting training for state agencies, vendors, and other customers;
- Operating a cooperative purchasing program for almost 1,400 local units of government; and
- Operating the Minnesota Multi-State Contracting Alliance for Pharmacy (MMCAP), a pharmaceutical/medical supplies purchasing program on behalf of thousands of participating facilities in all 50 states and the District of Columbia.

RESULTS

We use a variety of quantity, quality and result metrics to monitor our success.

**Performance Measure (Result of Program):
Dollars saved through our contract negotiations.**

In FY18 we tracked savings and cost avoidance of \$7.8 million, which is more than three times greater than our general fund appropriation of \$2.4 million for the same period.



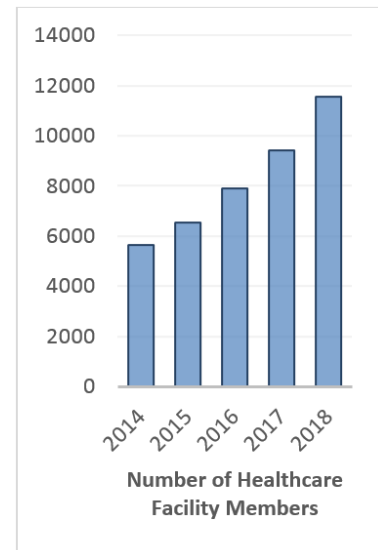
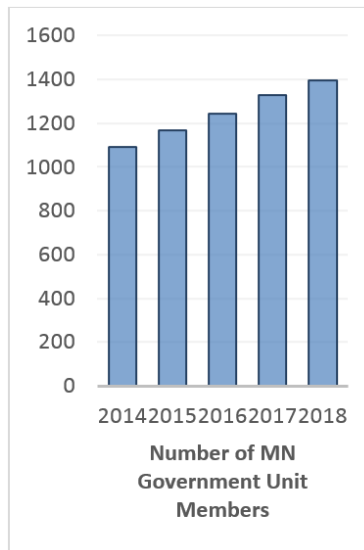
**Performance Measure (Quality of Program):
Average time it takes to provide a legal review.**

Agencies need prompt turnaround on the nearly 7,100 contract documents they send us annually for compliance review. We measure our work quality by assessing the average time it takes to provide a legal review with the goal being less than 3 days.



Performance Measure (Quantity of Program): The number of local governments and healthcare facilities that use our contracts.

We track this measure because local governments and healthcare facilities can choose among a wide variety of purchasing programs and contract options that they determine provides the best value to their organization.



Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of certified MN Small Businesses	1,186	1,312	2017, 2018

M.S. 16C (<https://www.revisor.mn.gov/statutes/?id=16c>) provides legal authority for OSP's procurement services.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,483	3,542	2,264	2,552	2,420	2,420	2,861	2,861
2000 - Restrict Misc Special Revenue		5	704					
2001 - Other Misc Special Revenue	10	19	18	16	15	15	15	15
2403 - Gift			62					
3000 - Federal			546	596	596	596	596	596
4501 - Coop Purchasing	8,779	20,461	23,868	38,296	27,050	28,075	27,050	28,075
Total	11,272	24,027	27,462	41,460	30,081	31,106	30,522	31,547
Biennial Change				33,623		(7,735)		(6,853)
Biennial % Change				95		(11)		(10)
Governor's Change from Base								882
Governor's % Change from Base								1

Expenditures by Category

Compensation	7,166	8,210	9,171	10,841	11,565	11,902	11,948	12,296
Operating Expenses	3,985	5,296	5,779	6,562	5,429	5,572	5,478	5,619
Other Financial Transaction	121	10,521	12,512	24,057	13,087	13,632	13,096	13,632
Total	11,272	24,027	27,462	41,460	30,081	31,106	30,522	31,547

Full-Time Equivalents

76.83	84.26	94.88	108.26	112.88	113.86	116.88	117.86
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,077	350	288				
Direct Appropriation	3,430	3,465	2,403	2,415	2,421	2,421	2,862	2,862
Transfers Out		650	201	151	1	1	1	1
Cancellations		0						
Balance Forward Out	947	350	288					
Expenditures	2,483	3,542	2,264	2,552	2,420	2,420	2,861	2,861
Biennial Change in Expenditures				(1,209)		24		906
Biennial % Change in Expenditures				(20)		1		19
Governor's Change from Base								882
Governor's % Change from Base								18
Full-Time Equivalents	22.25	22.75	20.97	23.29	22.95	22.55	26.95	26.55

2000 - Restrict Misc Special Revenue

Balance Forward In			704					
Receipts		709						
Balance Forward Out		704						
Expenditures	5	704						
Biennial Change in Expenditures				700		(704)		(704)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	10	17	20	15	15	14	15	14
Receipts	18	21	13	16	14	13	14	13
Balance Forward Out	17	20	15	15	14	12	14	12
Expenditures	10	19	18	16	15	15	15	15
Biennial Change in Expenditures				6		(4)		(4)
Biennial % Change in Expenditures				20		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.08	0.15	0.18	0.15	0.13	0.13	0.13	0.13

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2403 - Gift

Balance Forward In			61					
Receipts		61	1					
Balance Forward Out		61						
Expenditures			62					
Biennial Change in Expenditures				62		(62)		(62)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts			546	596	596	596	596	596
Expenditures			546	596	596	596	596	596
Biennial Change in Expenditures				1,142		50		50
Biennial % Change in Expenditures						4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			5.18	5.50	5.50	5.50	5.50	5.50

4501 - Coop Purchasing

Balance Forward In	23,170	39,048	44,411	42,871	30,283	29,955	30,283	29,955
Receipts	22,891	24,206	22,345	25,710	26,724	27,650	26,724	27,650
Transfers Out			18	2	2	2	2	2
Balance Forward Out	37,282	42,793	42,870	30,283	29,955	29,528	29,955	29,528
Expenditures	8,779	20,461	23,868	38,296	27,050	28,075	27,050	28,075
Biennial Change in Expenditures				32,924		(7,039)		(7,039)
Biennial % Change in Expenditures				113		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	54.50	61.36	68.55	79.32	84.30	85.68	84.30	85.68

Program: Government and Citizen Services

Activity: Continuous Improvement

mn.gov/admin/continuous-improvement/

AT A GLANCE

- Worked with 96% of cabinet-level agencies on problem solving projects, consulting, or specialized training
- Implemented the second biennial CI Index, a survey tool that assists agencies in measuring whether their employees feel they have the tools and abilities to improve services and products
- Trained more than 480 managers in nearly every cabinet-level state agency in how to champion and lead continuous improvement efforts during FY17
- Facilitated the Governor's Better Government awards, reviewing a near-record 60 continuous improvement project nominations

PURPOSE & CONTEXT

The Minnesota Office of Continuous Improvement (MNCI) works with state agencies, boards, and commissions to improve Minnesota government operations, consistent with the Department of Administration's mission: to benefit all Minnesotans by leading innovation, creating solutions, and providing exceptional services. Local government and federal agency staff may also attend trainings.

MNCI's focus is on enterprise level improvements that have the greatest impact on services across state government. MNCI's goal: implement work that significantly and sustainably impacts the efficiency and effectiveness of government services for Minnesotans. This work helps prepare for and respond to challenges facing state government including:

- An aging state population
- Public pressure for greater accountability and transparency
- Increasing customer expectations, declining or static budgets
- Increasing employee retirement rate

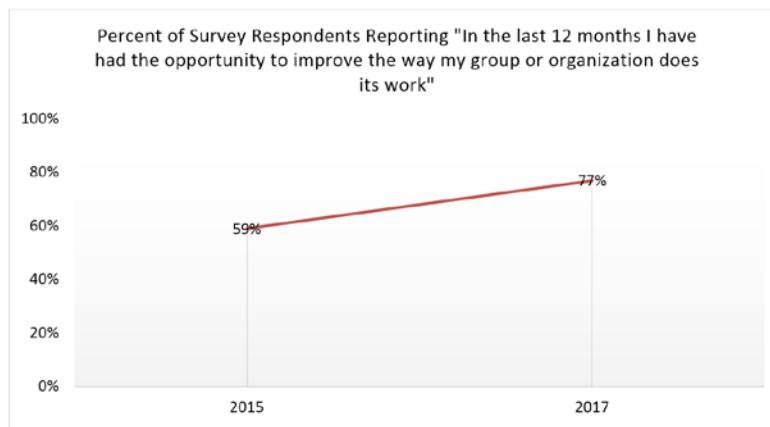
This program is funded by the general fund.

SERVICES PROVIDED

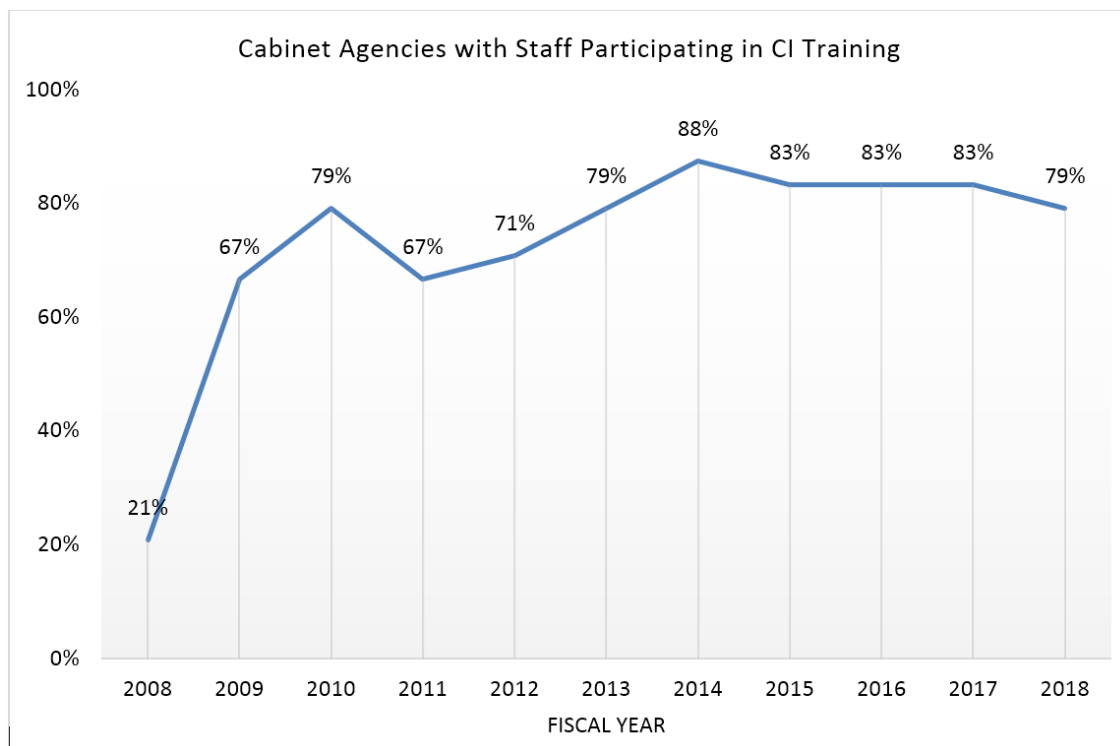
Specific services provided to all cabinet-level agencies include:

- Providing innovation and continuous improvement training to all new state managers/supervisors
- Highlighting best practices and new practices in the public sector
- Leading training courses in how to implement (or use) continuous improvement, problem solving, and design thinking concepts, methodologies, and tools (state, county, and local government teams may attend)
- Working with agencies to help them utilize continuous improvement to achieve strategic goals
- Managing enterprise-wide projects from initial scoping through implementation
- Supporting state agency improvement projects with consulting and project management
- Facilitating the annual Governor's Continuous Improvement Awards

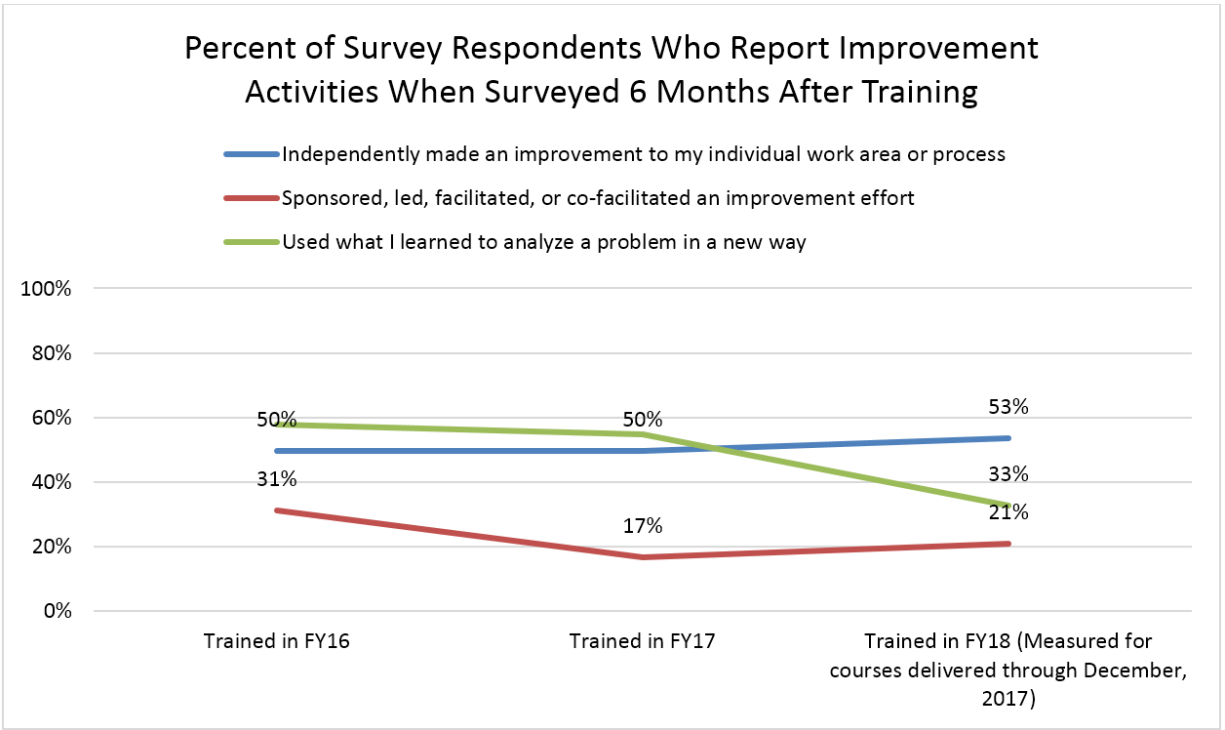
RESULTS



The chart above shows the percentage of respondents to the CI Index of cabinet agency staff at all levels who worked on improvement projects. Our goal is to create the culture for change within each agency.



The chart above shows the percentage of cabinet agencies with staff participating in the MNCI training. Our goal is to build a foundation for continuous improvement and create the capacity for change within each agency.



The chart above shows the impact of our training across the enterprise: how many respondents reported doing at least one of the following activities within the six months after their trainings:

- Used what I learned to analyze a problem in a new way
- Independently made an improvement to my individual work area or process
- Sponsored, led, facilitated, or co-facilitated an improvement effort

M.S. 16B (<https://www.revisor.mn.gov/statutes/?id=16b>) provides the statutory authority for this activity.

Continuous Improvement (Lean)

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	319	498	361	474	420	420	420	420
2001 - Other Misc Special Revenue	7	4						
Total	327	503	361	474	420	420	420	420
Biennial Change				5		5		5
Biennial % Change				1		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	292	390	323	327	335	339	335	339
Operating Expenses	34	51	38	147	85	81	85	81
Other Financial Transaction		62	0					
Total	327	503	361	474	420	420	420	420

Full-Time Equivalents

2.83	3.98	3.07	3.03	3.03	3.03	3.03	3.03
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Continuous Improvement (Lean)

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		85		55				
Direct Appropriation	404	413	416	419	420	420	420	420
Balance Forward Out	85		55					
Expenditures	319	498	361	474	420	420	420	420
Biennial Change in Expenditures				17		5		5
Biennial % Change in Expenditures				2		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.79	3.98	3.07	3.03	3.03	3.03	3.03	3.03

2001 - Other Misc Special Revenue

Balance Forward In	12	4						
Balance Forward Out	4							
Expenditures	7	4						
Biennial Change in Expenditures				(12)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.04							

Program: Government and Citizen Services

Activity: Office of Grants Management

<https://mn.gov/admin/government/grants/>

AT A GLANCE

- Provide guidance to state grant making entities through the administration of 13 comprehensive grant policies to improve state grant-making
- Maintain two websites that provide information and assistance to grant-makers and grant-seekers
- Provide consultation and technical assistance for over 400 inquiries annually
- Our web-based resources received more than 65,000 visits in the last year

PURPOSE & CONTEXT

The Office of Grants Management (OGM) provides policy leadership and direction to promote consistent grants administration between state agencies, funders, and grantees. This increases access to state grant opportunities and state grants policies and leads to greater program accountability and transparency.

Overtime, OGM has also been assigned responsibility for administering certain public broadcasting and other legislatively named grants. The number of grants administered by OGM has increased from 19 in 2009 to 90 today. The agency received administrative funding for 37 grants. Although we strive best practice grants administration to all grantees, oversight for some grants is necessarily limited to basic compliance.

Our primary customers are state and local government, nonprofit organizations, private foundations, and citizens. This activity is funded through the general fund.

SERVICES PROVIDED

We provide the following services to promote more efficient and effective management of state grants and to provide access to state-wide grant opportunities:

- Policy development and state grants leadership
- Training, consulting, and development
- Technical assistance

Specific services include: develop, enhance, and revise state grants management policies to create greater oversight, consistency, and transparency for state grant expenditures; develop policies that promote equity and inclusion in grantee selection; convene governance committee to provide guidance and promote cooperation between state agencies, grantees, and community partners; create and share information and resources about best practices in state grants management through in-person and web-based training, presentations, and consulting; and provide and manage two informational websites that provide a complete listing of state grant opportunities and resources for grant-makers. OGM is also a granting agency and provides grant administration for a \$25.8 million portfolio (\$5.6 million from the general fund and \$20.1 million from the Arts and Cultural Heritage Fund for the FY18/19 biennium) representing 37 grantees.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total number of customers trained each fiscal year	454	468	FY17 FY18
Results	Percent of participants in OGM training who report gaining new knowledge	95%	98%	FY17 FY18
Results	Percent of participants in OGM training who report the information will be useful in the future	98%	99%	FY17 FY18

Minn. Stat. 16B.97 (<https://www.revisor.mn.gov/statutes/cite/16B.97>) and Minn. Stat. 16B.98 (<https://www.revisor.mn.gov/statutes/cite/16B.98>) provide the legal authority for the Office of Grants Management.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			127	175	165	165	165	165
2301 - Arts & Cultural Heritage		123	205	317				
Total		123	332	492	165	165	165	165
Biennial Change				701		(494)		(494)
Biennial % Change						(60)		(60)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation		101	267	337	111	111	111	111
Operating Expenses		22	65	155	54	54	54	54
Total		123	332	492	165	165	165	165

Total Agency Expenditures		123	332	492	165	165	165	165
Expenditures Less Internal Billing		123	332	492	165	165	165	165

Full-Time Equivalents

0.05	1.50	3.38	3.47	0.97	0.97	0.97	0.97
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				3				
Direct Appropriation			130	130	166	166	166	166
Transfers In				42				
Transfers Out					1	1	1	1
Balance Forward Out			3					
Expenditures			127	175	165	165	165	165
Biennial Change in Expenditures				302		28		28
Biennial % Change in Expenditures						9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.05		0.98	0.94	0.97	0.97	0.97	0.97

2301 - Arts & Cultural Heritage

Balance Forward In			47	28				
Transfers In	170		212	289				
Cancellations			26					
Balance Forward Out	47		28					
Expenditures	123		205	317				
Biennial Change in Expenditures				399		(522)		(522)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	1.50		2.40	2.53				

Program: Government and Citizen Services

Activity: State Archaeologist

<https://mn.gov/admin/archaeologist/>

AT A GLANCE

- Oversees and licenses archaeological work on Minnesota's public (non-federal) land
- Maintains files for all recorded archaeological sites in Minnesota
- Works closely with the Indian Affairs Council to preserve American Indian cemeteries and archaeological sites
- Records archaeological sites and un-platted cemeteries, and recovers human remains
- Fosters collaboration between professional archaeologists, tribal communities, governmental agencies, and the public

PURPOSE & CONTEXT

The Office of the State Archaeologist (OSA) is the enterprise archaeology function. With 2 FTEs, we strive to preserve archaeological sites and un-platted burials, encourage communication between state agencies, foster collaboration between the archaeological and tribal communities, and promote archaeological research and education in Minnesota. We work with developers, tribal representatives, governmental agencies, and the public to preserve, protect, and interpret our archaeological resources. Other agencies also employ in-house archaeologists in order to comply with state and federal law and meet their agency missions.

Our primary customers are landowners, state and local governments, developers, tribal communities, professional archaeologists, students, and the public. The office is funded by the general fund.

SERVICES PROVIDED

The OSA works closely with the Indian Affairs Council, State Historic Preservation Office, tribal representatives, professional and amateur archaeologists, and agencies to discuss proposed development projects, un-platted cemetery sites, and the future of archaeology in Minnesota.

The OSA serves Minnesota by:

- Promoting collaboration between cultural resource professionals, state and local agencies, and tribal representatives, by answering questions, giving presentations, and providing cultural resource-related training opportunities
- Compiling and maintaining up-to-date information on recorded archaeological sites and un-platted cemeteries in the site files and via the internet on the OSA Portal
- Educating the public about cultural resources by meeting with individuals, answering questions, giving public presentations, and organizing Minnesota Archaeology Month
- Facilitating research activities by prioritizing, promoting, and managing the Legacy-funded Statewide Survey of Historical and Archaeological Sites
- Reviewing development plans to limit harm to archaeological sites and cemeteries cost-effectively and efficiently
- Evaluating professional qualifications and licenses of professionals working on public lands

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Development projects reviewed during the planning stages	101	203	2016, 2017
Quality	Professional archaeologists and cultural resource managers taking part in continuing education workshops and trainings offered by the OSA	39	100	2017, 2018
Results	Number of additional archaeologists trained to identify human remains, and assist on cemetery identifications and burial recoveries	N/A	24	2017

The following Minnesota Statutes guide the work of the State Archaeologist:

M.S. 138.31 – 138.42 (<https://www.revisor.mn.gov/statutes/?id=138.31>);

M.S. 307.08 (<https://www.revisor.mn.gov/statutes/?id=307.08>);

M.S. 129D.17 (<https://www.revisor.mn.gov/statutes/?id=129D.17>); and

M.S. 390.25 (<https://www.revisor.mn.gov/statutes/?id=390.25>).

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General			215	269	262	262	262	262
2000 - Restrict Misc Special Revenue	7	2	5	15				
2301 - Arts & Cultural Heritage			90	17				
2403 - Gift	1			1				
Total	8	2	310	302	262	262	262	262
Biennial Change				602		(88)		(88)
Biennial % Change				6,076		(14)		(14)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	7	2	190	217	220	220	220	220
Operating Expenses	1		120	85	42	42	42	42
Total	8	2	310	302	262	262	262	262

Full-Time Equivalents

0.12	0.02	2.15	2.17	2.19	2.19	2.19	2.19
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State Archaeologist

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation			215	216	262	262	262	262
Transfers In				53				
Balance Forward Out			0					
Expenditures			215	269	262	262	262	262
Biennial Change in Expenditures				484		40		40
Biennial % Change in Expenditures						8		8
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.08		2.15	1.98	2.19	2.19	2.19	2.19

2000 - Restrict Misc Special Revenue

Receipts	7	2	5	15		
Expenditures	7	2	5	15		
Biennial Change in Expenditures				11	(20)	(20)
Biennial % Change in Expenditures				124	(100)	(100)
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	0.04	0.02		0.14		

2301 - Arts & Cultural Heritage

Balance Forward In				17		
Direct Appropriation			107			
Balance Forward Out			17			
Expenditures			90	17		
Biennial Change in Expenditures				107	(107)	(107)
Biennial % Change in Expenditures					(100)	(100)
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents				0.05		

2403 - Gift

Balance Forward In	2	1	1	1		
Receipts	0	0	0			

State Archaeologist

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
Balance Forward Out	1	1	1					
Expenditures	1			1				
Biennial Change in Expenditures				0		(1)		(1)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Government and Citizen Services

Activity: Facilities Management

mn.gov/admin/government/buildings-grounds

AT A GLANCE

- Maintain 4.7 million square feet of office, laboratory, ceremonial, meeting, and other space in 23 buildings, including State Capitol building public spaces
- Maintain the grounds of the 140 acre Capitol Complex
- Maintain 25 monuments and memorials
- Operate and maintain over 600 parking stalls in 31 facilities
- Issue 450 special event permits annually
- Processed 17 million pieces of mail and achieved \$1.7 million in postage savings in FY18
- Serve over 45,000 Minnesota Bookstore customers
- Reduced energy consumption by 21 percent from 2008 to 2018 even while building portfolio and occupancy increased.
- Oversee a 'Toward Zero Waste' recycling program.

PURPOSE & CONTEXT

Facilities Management's (FMD) maintains facilities and grounds on the State Capitol Complex and other select locations in the State of Minnesota while keeping lease and parking rates low. We seek innovative solutions for parking asset management and to ensure sustainability through energy management and environmental stewardship. FMD operates as an internal service fund with revenue generated from building lease rates charged to state agencies, the in-lieu-of-rent appropriation, and other tenants. Revenue also comes from central mail postage rates, parking fees, and bookstore sales. There is a general fund appropriation for processing federal mail and for interagency mail delivery.

Additionally, our mail processing, publishing and distribution services through Central Mail and Minnesota's Bookstore provide cost-effective solutions critical to state agency functions. Our publication of the State Register provides the public a convenient way to find critical state information.

Our primary customers are state agencies and their customers, state employees, the Governor's Office, the Legislature, and visitors to the Capitol Complex. Minnesota's Bookstore serves state and local governments, school districts, and higher education entities.

SERVICES PROVIDED

FMD provides services in four primary categories:

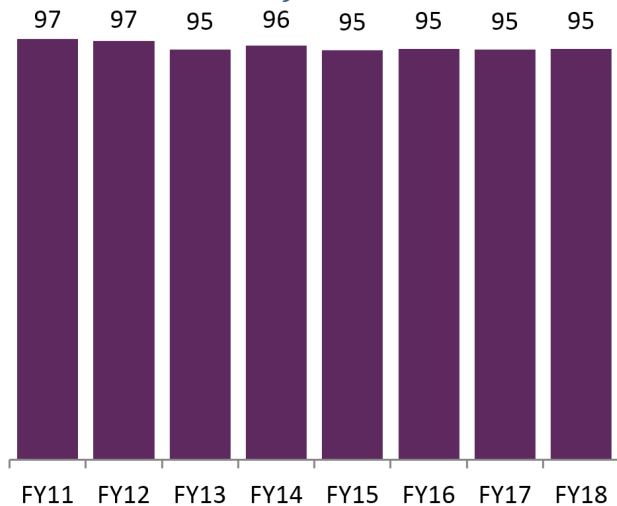
- Facilities
- Parking and alternative transportation
- Grounds
- Centralized mail service for agencies located in St. Paul

Specific services provided include: provide clean, safe, and environmentally-sound facilities; energy management; recycling; event permitting and coordination; Capitol Complex food service oversight; maintenance of green spaces including monuments and memorials; process federal and inter-office mail for state agencies; maintain and manage parking facilities; and publish the State Register.

RESULTS

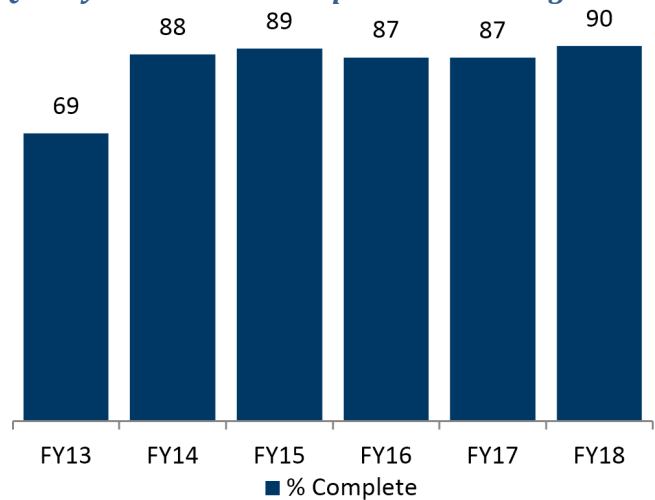
We measure performance in multiple ways including: customer satisfaction, service disruptions, work completion rates, recycling rates, energy consumption, and carbon reduction. We also continually monitor the conditions of the buildings we manage by conducting annual facility condition audits.

Result: Customer Satisfaction



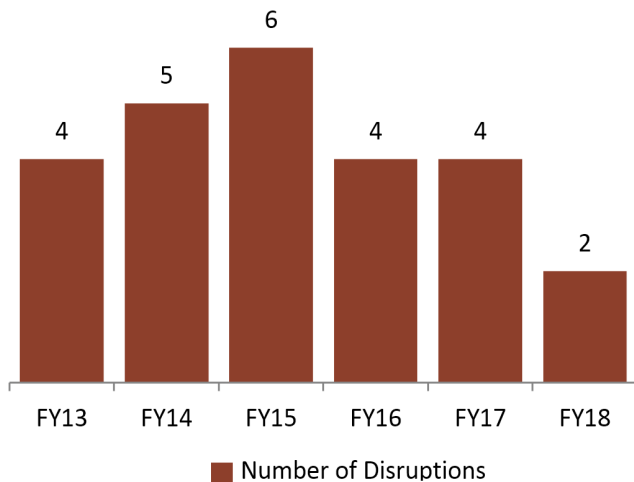
Customer Satisfaction: Data is taken from Building Occupant Annual Survey results. The percentage identifies consistently high tenant satisfaction with Admin managed facilities.

Quality: Work Order Completion Percentage



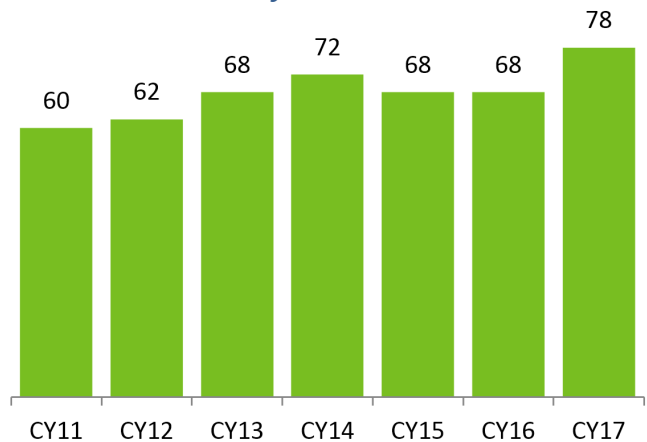
Best Value: Percentage of work orders completed on-time statistics show improved timeliness of work order completions.

Quality: FMD-caused Service Disruptions



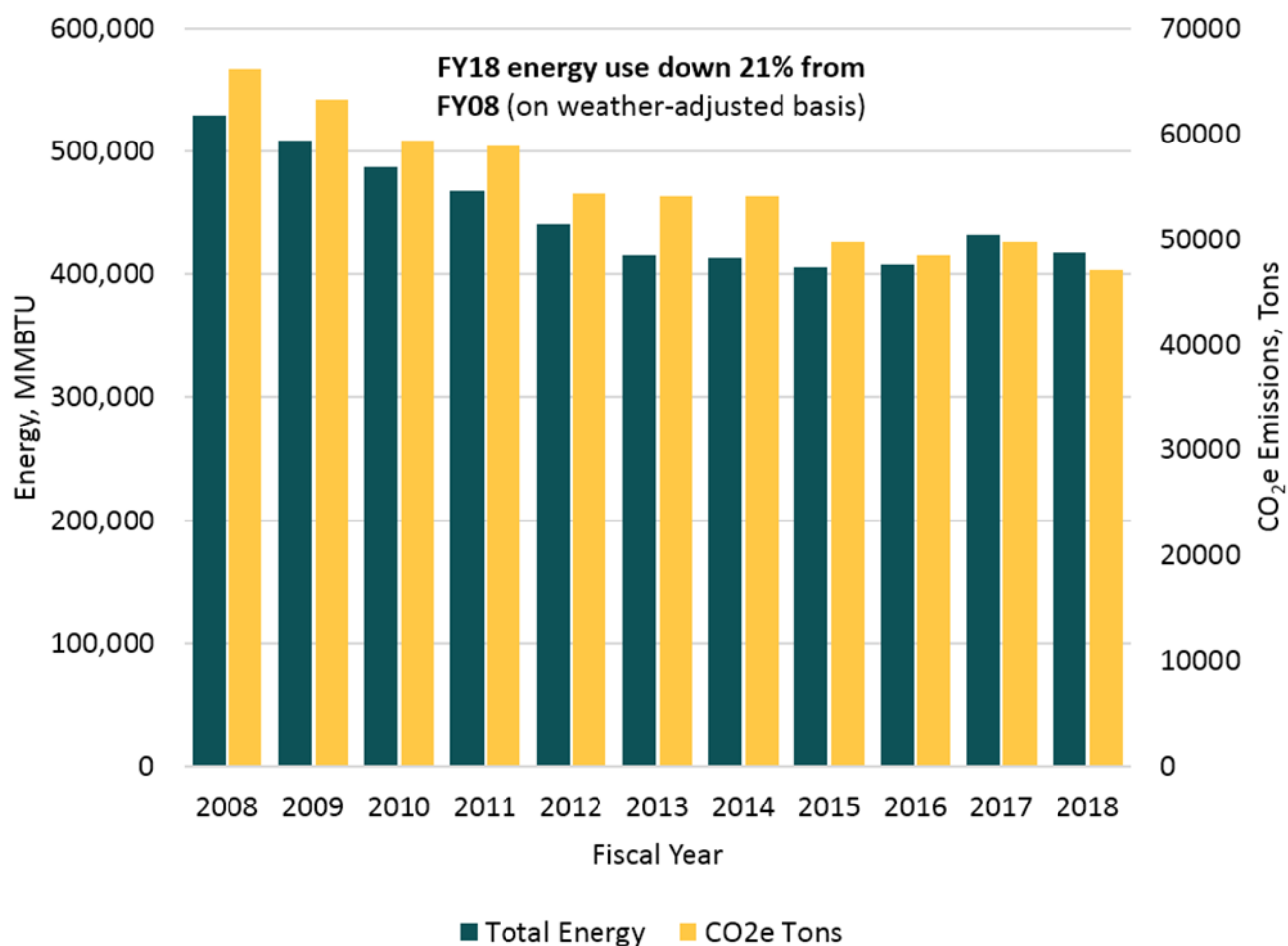
Best Value: Our goal is to have zero FMD caused-service disruptions. A service disruption is any change or interruption in a building service such as heating, cooling, plumbing, or electrical service that degrades an occupant's ability to accomplish their mission.

Result: Sustainability



Sustainability: Although we have exceeded the state's recycling goal of 75% by 2030, we will strive to improve on our current rate of 78% as of CY 2017.

Result: Capitol Complex Annual Energy Use (MMBTU) and CO2e Emissions (Tons)



Sustainability: All Capitol Complex energy sources for all facilities in millions of British Thermal Units (MMBTUs). The current energy reduction of 21% has been normalized for weather.

M.S. 16B.24-28 (<https://www.revisor.mn.gov/statutes/?id=16B>) provides the legal authority for Facilities Management Division's services.

Facilities Management

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	438	439	438	439	440	440	440	440
2000 - Restrict Misc Special Revenue	3,981	3,584	2,937	7,155	5,004	3,793	5,004	3,793
2001 - Other Misc Special Revenue	9,080	8,771	3,939	12,311	12,608	5,174	12,608	5,174
2403 - Gift	43	91	23					
4500 - MN Bookstore	1,304	1,223	1,189	1,275	1,305	1,329	1,305	1,329
5000 - Master Lease				423	215		215	
5203 - Central Mail	10,767	9,171	8,838	9,494	9,451	9,625	9,451	9,625
5400 - Plant Management	55,298	54,849	49,948	60,799	59,608	58,518	59,608	58,518
Total	80,911	78,128	67,311	91,896	88,631	78,879	88,631	78,879
Biennial Change			167		8,303		8,303	
Biennial % Change			0		5		5	
Governor's Change from Base							0	
Governor's % Change from Base							0	

Expenditures by Category

Compensation	17,232	18,429	19,424	20,715	21,498	22,022	21,498	22,022
Operating Expenses	39,396	42,276	34,387	45,496	41,508	39,436	41,508	39,436
Grants, Aids and Subsidies	3							
Capital Outlay-Real Property	10,599	1,835	263	12,428	12,386	4,198	12,386	4,198
Other Financial Transaction	13,682	15,590	13,236	13,257	13,239	13,223	13,239	13,223
Total	80,911	78,128	67,311	91,896	88,631	78,879	88,631	78,879

Full-Time Equivalents

250.26	262.56	273.30	289.33	291.09	291.09	291.09	291.09
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Facilities Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1						
Direct Appropriation	438	438	438	439	440	440	440	440
Transfers In	4,668	3,758	3,973	3,973	2,887	2,887	2,887	2,887
Transfers Out								
Cancellations	4,668	3,758	3,973	3,973	2,887	2,887	2,887	2,887
Balance Forward Out	0		0					
Expenditures	438	439	438	439	440	440	440	440
Biennial Change in Expenditures				0		3		3
Biennial % Change in Expenditures				(0)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.02	5.86	5.73	5.73	5.73	5.73	5.73	5.73

2000 - Restrict Misc Special Revenue

Balance Forward In	1,324	1,338	1,692	5,549	2,406	1,446	2,406	1,446
Receipts	5,734	6,514	9,594	6,809	6,834	6,834	6,834	6,834
Transfers Out	2,158	2,804	2,800	2,797	2,790	2,787	2,790	2,787
Balance Forward Out	919	1,464	5,548	2,406	1,446	1,700	1,446	1,700
Expenditures	3,981	3,584	2,937	7,155	5,004	3,793	5,004	3,793
Biennial Change in Expenditures				2,527		(1,295)		(1,295)
Biennial % Change in Expenditures				33		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	9.62	9.63	8.88	10.35	10.35	10.35	10.35	10.35

2001 - Other Misc Special Revenue

Balance Forward In	22,149	23,288	21,135	23,065	16,591	9,762	16,591	9,762
Transfers In	8,950	9,632	10,542	10,476	10,367	10,374	10,367	10,374
Transfers Out	4,026	4,218	4,672	4,639	4,588	4,588	4,588	4,588
Balance Forward Out	17,992	19,932	23,065	16,591	9,762	10,374	9,762	10,374
Expenditures	9,080	8,771	3,939	12,311	12,608	5,174	12,608	5,174
Biennial Change in Expenditures				(1,601)		1,532		1,532
Biennial % Change in Expenditures				(9)		9		9

Facilities Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Balance Forward In	588	578	541	529	536	543	536	543
Receipts	34	20	11	7	7	7	7	7
Balance Forward Out	578	508	530	536	543	550	543	550
Expenditures	43	91	23					
Biennial Change in Expenditures				(112)		(23)		(23)
Biennial % Change in Expenditures				(83)				
Governor's Change from Base								0
Governor's % Change from Base								

4500 - MN Bookstore

Balance Forward In	530	519	271	224	253	251	253	251
Receipts	1,243	914	1,143	1,304	1,303	1,218	1,303	1,218
Transfers Out			2					
Balance Forward Out	470	209	224	253	251	140	251	140
Expenditures	1,304	1,223	1,189	1,275	1,305	1,329	1,305	1,329
Biennial Change in Expenditures				(64)		170		170
Biennial % Change in Expenditures				(3)		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.63	7.30	7.32	7.32	7.32	7.32	7.32	7.32

5000 - Master Lease

Receipts			423		215		215	
Expenditures			423		215		215	
Biennial Change in Expenditures				423		(208)		(208)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Facilities Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
5203 - Central Mail								
Balance Forward In	1,768	119	216	99	20	69	20	69
Receipts	9,097	9,239	8,721	9,415	9,500	9,714	9,500	9,714
Balance Forward Out	98	186	99	20	69	158	69	158
Expenditures	10,767	9,171	8,838	9,494	9,451	9,625	9,451	9,625
Biennial Change in Expenditures				(1,607)		744		744
Biennial % Change in Expenditures				(8)		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	9.08	8.99	8.81	9.29	9.29	9.29	9.29	9.29

5400 - Plant Management

Balance Forward In	17,867	12,214	8,189	11,933	7,119	5,837	7,119	5,837
Receipts	66,342	69,356	74,706	77,101	77,897	79,114	77,897	79,114
Transfers In	324	324	324	324	324	324	324	324
Transfers Out	17,483	20,197	21,338	21,440	19,895	19,891	19,895	19,891
Balance Forward Out	11,752	6,848	11,933	7,119	5,837	6,866	5,837	6,866
Expenditures	55,298	54,849	49,948	60,799	59,608	58,518	59,608	58,518
Biennial Change in Expenditures				601		7,379		7,379
Biennial % Change in Expenditures				1		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	218.91	230.78	242.56	256.64	258.40	258.40	258.40	258.40

Program: Government & Citizen Services
Activity: Real Estate & Construction Services

mn.gov/admin/government/real-estate/

mn.gov/admin/government/construction-projects/

AT A GLANCE

- Managed 850 non-state-owned and state-owned real property leases in FY18
- Leased 3.8 million useable square feet of non-state-owned space at an annual cost of \$70 million
- Managed over 280 construction projects for state-owned facilities in FY18
- Oversaw \$117 million in capital appropriations in FY18.

PURPOSE & CONTEXT

Real Estate and Construction Services delivers project management and leasing services to achieve facility solutions that help state agencies deliver efficient and effective services. Through development of building sustainability guidelines in partnership with the Department of Commerce and the University of Minnesota, our construction services team increases sustainability standards in buildings constructed or renovated with state funds.

Additionally, by utilizing statutory contracting preferences, subcontracting goals, and sheltered market contracts, we are increasing the participation of women, minority, disabled, and veteran-owned small businesses in public construction projects.

Our effective lease negotiations ensure that agencies receive competitive rates in the market. We also help agencies get the most functionality and efficiency from their space through implementation of space standards and oversight of space lease terms and conditions.

Our activities are primarily funded through general fund and capital appropriations.

SERVICES PROVIDED

Construction

- Project management of new, remodel, and asset preservation building projects
- Management of capital asset preservation and replacement funds
- Management of predesign program
- Capital improvement planning
- Management and oversight of the Minnesota Sustainable Building Guidelines and Benchmarking Tool

Real Estate

- Acquiring and selling real property
- Coordination of transfers of real property between agencies
- Space utilization services for efficient facility management
- Negotiation and drafting of easements and permits

Leasing

- Negotiation and drafting of lease documents
- Management of state-owned and non-state-owned real property leases

RESULTS

Performance Measure (Result of the Program): Key performance areas include: 1) Diversity and Inclusion; 2) Sustainability and, 3) Best Value.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Achieve at or below market rental rates for all office / warehouse lease renewals and new leases	100%	100%	FY2017, FY2018
Quality	Incorporate at least one new sustainability measure into all lease renewals and new leases	0%	100%	FY2017, FY2018
Quantity	Review Capital Improvement projects to determine if eligible for a limited bid to qualified TGBs (Targeted Group Businesses)	0%	Implemented for 100% of projects	FY2017, FY2018
Quantity	Send 10% or more of professional / technical services solicitations to Targeted Group vendors	0%	Implemented for 100% of solicitations	FY2017, FY2018

M.S.16A.632, M.S.16B.24-16B.26, M.S.16B.281-16B.287, M.S.16B.30, M.S.16B.305, M.S.16B.31, M.S.16B.32, M.S.16B.321-16B.328, M.S.16B.33, M.S.16B.335, (<https://www.revisor.mn.gov/statutes/?id=16B>) and M.S.16C (<https://www.revisor.mn.gov/statutes/?id=16C>) are the statutes that provide the legal authority for Real Estate and Construction Services.

Real Estate & Construction Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,942	3,283	2,607	2,929	2,799	2,799	2,799	2,799
2000 - Restrict Misc Special Revenue	23	242		48				
2001 - Other Misc Special Revenue	915	543	499	448	500	500	500	500
2403 - Gift		26	0	140	440	173	440	173
Total	3,881	4,094	3,106	3,565	3,739	3,472	3,739	3,472
Biennial Change				(1,304)		540		540
Biennial % Change				(16)		8		8
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	1,963	2,085	1,852	2,171	2,211	2,249	2,211	2,249
Operating Expenses	1,906	1,719	1,233	1,288	1,126	1,058	1,126	1,058
Capital Outlay-Real Property		250	0	100	400	163	400	163
Other Financial Transaction	12	39	20	6	2	2	2	2
Total	3,881	4,094	3,106	3,565	3,739	3,472	3,739	3,472

Full-Time Equivalents

19.96	20.42	19.04	21.06	20.74	20.74	20.74	20.74
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Real Estate & Construction Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		168		137				
Direct Appropriation	3,109	3,140	2,758	2,818	2,825	2,825	2,825	2,825
Transfers In			12					
Transfers Out		25	27	26	26	26	26	26
Balance Forward Out	167		137					
Expenditures	2,942	3,283	2,607	2,929	2,799	2,799	2,799	2,799
Biennial Change in Expenditures				(690)		62		62
Biennial % Change in Expenditures				(11)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	19.96	20.42	19.04	21.06	20.74	20.74	20.74	20.74

2000 - Restrict Misc Special Revenue

Balance Forward In	817	794	698	698	650	334	650	334
Receipts		146						
Net Loan Activity					(316)	(91)	(316)	(91)
Balance Forward Out	794	698	698	650	334	243	334	243
Expenditures	23	242		48				
Biennial Change in Expenditures				(217)		(48)		(48)
Biennial % Change in Expenditures				(82)				
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	150	0	7	9	9	9	9	9
Receipts	765	543	500	448	500	500	500	500
Balance Forward Out	0		9	9	9	9	9	9
Expenditures	915	543	499	448	500	500	500	500
Biennial Change in Expenditures				(511)		53		53
Biennial % Change in Expenditures				(35)		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Real Estate & Construction Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
2403 - Gift								
Balance Forward In	98	119	95	146	207	268	207	268
Receipts	21	1	2	201	501	1	501	1
Transfers In			50					
Balance Forward Out	119	94	146	207	268	96	268	96
Expenditures		26	0	140	440	173	440	173
Biennial Change in Expenditures				115		473		473
Biennial % Change in Expenditures						336		336
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Government and Citizen Services

Activity: Enterprise Real Property Program

mn.gov/admin

AT A GLANCE

- Manages data for approximately 6,000 state owned buildings consisting of more than 36 million square feet, and more than 3.1 million acres of land
- Preserves a catalog of floorplans for more than 87% of state-owned space
- Performs standardized and consistent Facility Condition Assessments on 80% of state owned space
- Tracks approximately 125,000 maintenance and work orders annually for state facilities
- Manages and tracks more than 850 active leases
- Inventories more than 78,000 facility-supporting assets and equipment
- Facilitates employee relocations that will allow for the most effective use of space

PURPOSE & CONTEXT

Enterprise Real Property provides the tools and information necessary for data-driven facility investment and management across state government.

By leading collaboration and data analysis among the 19 state agencies that maintain state-owned property, we help operate state facilities more cost-effectively. Our consistent real-time data also allows policymakers the opportunity to understand a space's condition, occupancy, how it is used, operated, and maintained.

The Enterprise Real Property Program, Archibus, consolidates data from 19 agencies that maintain state-owned property into one database and one application. We utilize this data to standardize real property management across state government. We direct collaborative efforts for developing and establishing policies, procedures, consistent standards, and guidelines for operating, sustaining, and managing the state's real property portfolio. This data is also used to help determine state asset preservation funding needs and the fiscal impact of deferring needed facility maintenance.

Our system modules track space management, building operations, Facility Condition Assessments, employee moves, project management, asset management, and lease management to manage the state's real property.

SERVICES PROVIDED

Services provided include:

- Data management
- Maintaining standards, policies, and processes to ensure consistency
- User training to maximize program results
- Maintain functionality of existing technology
- Research new technologies to leverage data and optimize operations
- Application installations and new technology implementations
- Implementation of agency work plans and agency consultation
- Issue resolution and system fixes within staff expertise
- System enhancements for functionality
- Manage implementation of real property system upgrades
- Create enterprise-level facility reports and assist agencies with specific reports

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Active facilities personnel using system	423	1,554	2011, 2018
Quantity	Number of work orders	96	215	2012, 2018
Quantity	Number of data applications	4	9	2011, 2016
Quality	Percentage of agencies that have trained Facility Condition Assessment assessors	79%	89%	2013, 2016

The Enterprise Real Property Program support and maintain compliance with Minnesota Statutes:

M.S.16A.632 (<https://www.revisor.mn.gov/statutes/cite/16A.632>)

M.S.16B.24–16B.26 (<https://www.revisor.mn.gov/statutes/cite/16B.24>)

M.S.16B.281–16B.287 (<https://www.revisor.mn.gov/statutes/cite/16B.281>)

M.S.16B.30–16B.307 (<https://www.revisor.mn.gov/statutes/cite/16B.30>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			623	806	719	719	719	719
2001 - Other Misc Special Revenue		123		408	200		200	
Total		123	623	1,214	919	719	919	719
Biennial Change				1,714		(199)		(199)
Biennial % Change						(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation			184	223	230	234	230	234
Operating Expenses		123	439	991	689	485	689	485
Total		123	623	1,214	919	719	919	719

Total Agency Expenditures		123	623	1,214	919	719	919	719
Expenditures Less Internal Billing		123	623	1,214	919	719	919	719

Full-Time Equivalents

			1.63	2.03	2.03	2.03	2.03	2.03
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				88				
Direct Appropriation			711	718	719	719	719	719
Balance Forward Out			88					
Expenditures			623	806	719	719	719	719
Biennial Change in Expenditures				1,429		9		9
Biennial % Change in Expenditures						1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			1.63	2.03	2.03	2.03	2.03	2.03

2001 - Other Misc Special Revenue

Balance Forward In		172	208		200		200	
Receipts	195	8	400					
Transfers In	101	28						
Balance Forward Out	172	208	200					
Expenditures	123	408	200	200	200	200	200	200
Biennial Change in Expenditures				285		(208)		(208)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Government and Citizen Services**Activity: Risk Management**mn.gov/admin/risk**AT A GLANCE**

- Provide cost-effective management of the state's property, auto, general liability and workers' compensation self-insurance program
- Insure \$16.5 billion in state property and 13,616 vehicles for auto liability
- Manage 3,500 new liability, property and workers' compensation claims annually
- Cover over 60,000 employees in the executive, legislative, and judicial branches of state government, the Minnesota State Colleges and Universities, and quasi-state agencies such as the Minnesota Zoo
- Lead MnSAFE, the statewide injury reduction effort, which has helped prevent more than 2,500 injuries to state employees
- Provide \$1 million Disaster Management Services coverage for natural and man-made disasters on state owned or leased properties that result in 3 or more critical injuries – services include counseling, victim assistance, behavioral health and communications management

PURPOSE & CONTEXT

The Risk Management Division serves as the state's insurance expert by providing risk management advice and property, liability, and workers' compensation insurance services to all of Minnesota state government, quasi-state agencies, and the Minnesota State Colleges and Universities.

We help our customers understand their operational risks and maintain financial stability through insurance or the use of other risk management strategies. In addition, we help state agencies develop and promote a safe, productive workplace that helps protect state employees and state resources. We deliver comprehensive, cost-effective property, liability, and workers compensation services through proactive and innovative risk, loss-control, and claims management practices. The Workers' Compensation Program operates as a special revenue fund and the Property and Casualty Program operates as an internal service fund.

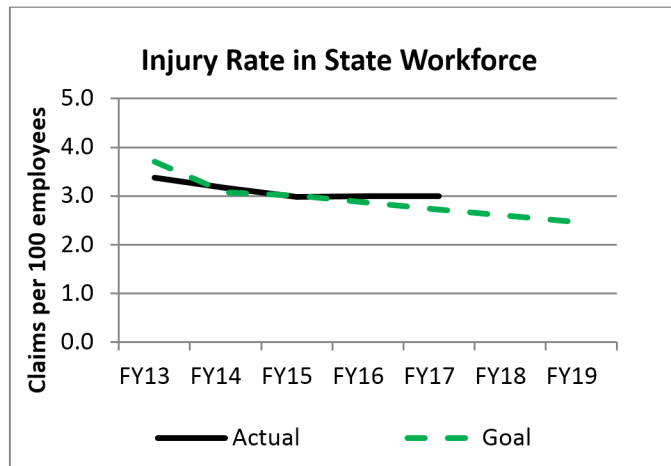
SERVICES PROVIDED

Risk Management helps state agencies and employees return to serving Minnesota citizens following unexpected events or accidents.

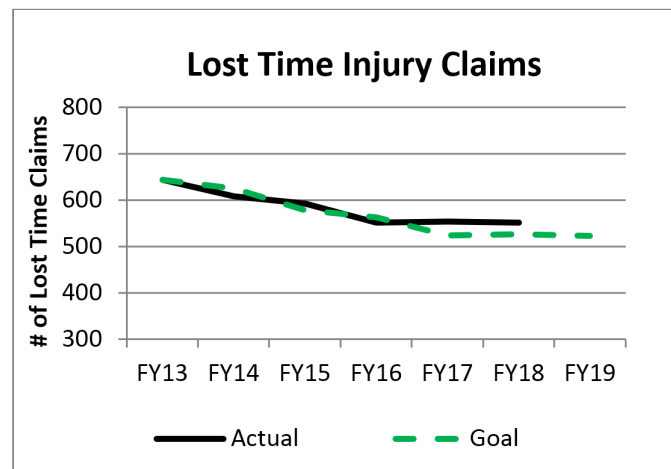
The services provided by Risk Management include:

- Advising customers about how to best control operational and contractual risks
- Helping customers acquire cost specialty insurance coverage when self-insuring the risk is not cost-effective
- Protecting state property and the public through loss control efforts
- Preventing injuries to employees and providing benefits when injuries occur that are work related
- Returning employees to work as soon as possible following workplace injuries
- Resolving property damage and injuries to the public caused by our customers
- Repairing our customers' damaged property and vehicles

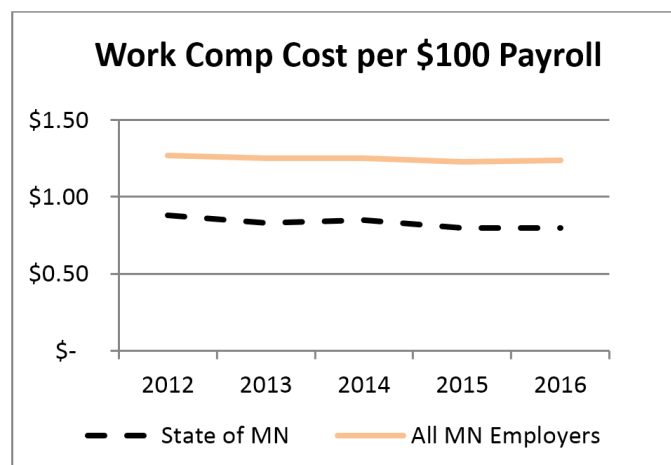
RESULTS



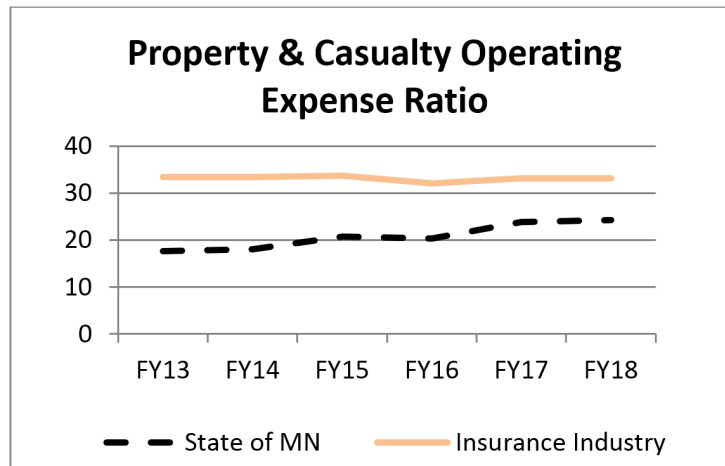
Performance Measure (Result of the Program): The number of workplace injuries is declining



Performance Measure (Result of the Program): The number of lost time injury claims is declining



Performance Measure (Quality of the program): To ensure cost effective services, we routinely compare our costs with those of private and public employers. Our workers' compensation cost per every \$100 of payroll is less than that of other Minnesota employers.



Performance Measure (Quality of the Program): We strive to keep our administrative expenses low and measure our costs annually against insurance market averages. Our property and casualty operating expenses are less than the average insurance industry operating costs.

M.S. 16B.85 (<https://www.revisor.mn.gov/statutes/?id=16B.85>) and M.S. 176.541 (<https://www.revisor.mn.gov/statutes/?id=176.541>) provide the legal authority for Administration’s Risk Management Division.

Risk Management

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	818	699	775	640	660	693	660	693
2001 - Other Misc Special Revenue	27,884	29,447	30,013	29,484	30,337	31,155	30,337	31,155
5300 - Risk Management	11,646	13,646	10,682	13,553	13,651	13,666	13,651	13,666
Total	40,348	43,792	41,470	43,677	44,648	45,514	44,648	45,514
Biennial Change				1,007		5,015		5,015
Biennial % Change				1		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	3,975	4,026	4,062	4,435	4,443	4,516	4,443	4,516
Operating Expenses	33,854	36,614	35,073	37,248	38,211	39,004	38,211	39,004
Other Financial Transaction	2,519	3,152	2,335	1,994	1,994	1,994	1,994	1,994
Total	40,348	43,792	41,470	43,677	44,648	45,514	44,648	45,514

Full-Time Equivalents

40.55	39.80	39.15	37.80	37.30	37.30	37.30	37.30
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Risk Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	818	699	775	640	660	693	660	693
Expenditures	818	699	775	640	660	693	660	693
Biennial Change in Expenditures				(101)		(62)		(62)
Biennial % Change in Expenditures				(7)		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	8,804	7,216	6,721	7,529	9,270	9,903	9,270	9,903
Receipts	25,568	28,415	30,829	31,225	30,970	32,462	30,970	32,462
Transfers In	3,178	3,488	3,838	3,875	3,992	4,080	3,992	4,080
Transfers Out	3,178	3,488	3,844	3,875	3,992	4,080	3,992	4,080
Balance Forward Out	6,487	6,184	7,530	9,270	9,903	11,210	9,903	11,210
Expenditures	27,884	29,447	30,013	29,484	30,337	31,155	30,337	31,155
Biennial Change in Expenditures				2,165		1,995		1,995
Biennial % Change in Expenditures				4		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	30.02	28.08	27.81	27.40	26.90	26.90	26.90	26.90

5300 - Risk Management

Balance Forward In	24,409	24,727	22,917	22,247	20,572	18,799	20,572	18,799
Receipts	11,964	11,723	10,014	11,878	11,878	11,878	11,878	11,878
Transfers Out			3					
Balance Forward Out	24,726	22,803	22,246	20,572	18,799	17,011	18,799	17,011
Expenditures	11,646	13,646	10,682	13,553	13,651	13,666	13,651	13,666
Biennial Change in Expenditures				(1,058)		3,082		3,082
Biennial % Change in Expenditures				(4)		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	10.53	11.72	11.34	10.40	10.40	10.40	10.40	10.40

Program: Government and Citizen Services

Activity: Small Agency Resource Team (SmART)

mn.gov/admin/government/small-agency/

AT A GLANCE

- Serves 20 diverse agencies, boards, and councils
- Financial guidance for budgets totaling \$76 million in FY18
- Human resource services for approximately 300 employees in FY18

PURPOSE & CONTEXT

The Small Agency Resource Team (SmART) provides accounting, budgeting, and human resources services to small agencies, boards, and councils. SmART agencies retain ultimate human resource, financial and budget decision making authority.

Staff learn the needs of state agency customers being served and provide expert technical knowledge of policies, procedures, and best practices to help customers maximize their effectiveness. We eliminate the need for these agencies, boards, and councils to hire dedicated administrative staff to handle transactional functions so that they can focus on delivering their core missions. Through SmART's work, customers more accurately and easily navigate the complexities of performing state government financial and human resources functions.

Our program is required by statute to serve the state's three ethnic councils, the Indian Affairs Council, and the Minnesota Council on Disability. By directing resources to these entities, they are able to dedicate their resources to supporting the state's goals surrounding diversity and inclusion in public programs and services. Currently, we serve 15 additional agency customers ranging from the Minnesota Racing Commission to the Minnesota Department of Human Rights. This work is supported by a combination of general fund resources and pay agreements. Under either funding source, SmART delivers high value services at a lower cost than hiring administrative staff for each program.

SERVICES PROVIDED

SmART provides customers with the financial and human resources information and services they need to operate effectively and efficiently:

Financial Management

- Budget support
- Biennial budget guidance and entry
- Fiscal note assistance and processing
- Budget entries
- Processing of purchase orders, professional/technical contracts, grant contracts, inter-agency agreements annual plans and employee business/travel reimbursements
- Payment processing
- Deposits
- Reporting
- Training

Human Resources

- Affirmative action planning
- Payroll services
- Personnel transactions entries
- Benefits administration
- Performance management and labor relations
- Classification and compensation analysis
- Vacancy filling
- Reporting
- Training

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Customer rating (Scale of 1-5 with 5 being outstanding)	4.65	4.8	2015, 2016
Results	General fund savings achieved through SmART when compared to costs for each agency, board, or council to perform same duties independently	39%	40%	2016, 2018

M.S. 16B.371 (<https://www.revisor.mn.gov/statutes/?id=16B.371>) provides the legal authority for this activity.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	400	497	373	561	471	471	471	471
2001 - Other Misc Special Revenue	232	273	418	640	606	624	606	624
Total	631	770	791	1,201	1,077	1,095	1,077	1,095
Biennial Change				591		180		180
Biennial % Change				42		9		9
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	583	606	655	936	910	928	910	928
Operating Expenses	49	72	135	263	165	165	165	165
Other Financial Transaction		92	1	2	2	2	2	2
Total	631	770	791	1,201	1,077	1,095	1,077	1,095

Full-Time Equivalents

7.52	7.90	7.50	9.48	9.86	9.77	9.86	9.77
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		44		92				
Direct Appropriation	443	453	465	469	471	471	471	471
Balance Forward Out	43		92					
Expenditures	400	497	373	561	471	471	471	471
Biennial Change in Expenditures				38		8		8
Biennial % Change in Expenditures				4		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.76	4.63	4.42	4.68	4.43	4.29	4.43	4.29

2001 - Other Misc Special Revenue

Balance Forward In	11	35	6	51				
Receipts	256	243	464	589	606	624	606	624
Balance Forward Out	36	6	52					
Expenditures	232	273	418	640	606	624	606	624
Biennial Change in Expenditures				554		172		172
Biennial % Change in Expenditures				110		16		16
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.76	3.27	3.08	4.80	5.43	5.48	5.43	5.48

Program: Government and Citizen Services

Activity: State Assistive Technology (STAR) & State Accommodation Reimbursement

mn.gov/star

AT A GLANCE

During FY18, STAR provided:

- 187 long-term loans of assistive technology that saved Minnesotans with disabilities \$351,997
- 702 short-term loans of assistive technology for trial or temporary use
- 203 demonstrations of assistive technology
- Facilitated a cross-agency collaboration to create [Minnesota's Guide to Assistive Technology](#)

During FY18, the State Accommodation Reimbursement Fund approved:

- 112 accommodation reimbursement requests from 13 State Agencies totaling \$143,691

PURPOSE & CONTEXT

STAR is Minnesota's Assistive Technology Act program and is 100% federally funded.

We help Minnesotans of all ages who have disabilities find and get the assistive technology (AT) they need to function more independently at home, school, work, and in their communities. AT can be any item or product that helps an individual with a disability perform a task. Examples of assistive technology include, communication devices, handheld magnifiers, software that reads text aloud, assistive listening devices, adapted eating utensils, and grab bars.

STAR also administers the State's Accommodation Reimbursement Fund which was approved during the 2015 legislative session to provide support to applicants with disabilities applying for state jobs and to provide a more inclusive workplace for current state employees with disabilities.

SERVICES PROVIDED

STAR provides the following **free** services to Minnesotans with disabilities so they may function more independently at home, school, work, and in their communities:

- Device loans
- Device demonstrations
- Information and Assistance
- Public awareness

We also provide technical assistance and training to state agencies.

Demonstrations and short-term loans (30-days or less) help Minnesotans better understand product features and gain hands-on experience with assistive technology before selecting and buying a device. STAR's services minimize the possibility that Minnesotans will buy an item that doesn't meet their needs. Minnesotans may also borrow AT to use while waiting to receive a new device or while their device is being repaired. Long-term loans allow Minnesotans to borrow older devices for as long as needed to use in school, at work or for essential daily living needs.

The Minnesota Department of Administration (Admin) is authorized to reimburse up to 50% of the cost of expenses incurred by the Executive Branch for reasonable accommodations.

RESULTS

In addition to providing 120 short-term device loans for temporary use, STAR loaned 582 devices for short-term trial during FY18. Below is the percentage of borrowers who were able to determine if a device would meet their needs based on their experience during the loan period.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percentage of device loans that resulted in borrowers determining if AT would meet their <u>educational</u> needs	98.21% (112 loans)	95.11% (348 loans)	2017, 2018
Result	Percentage of device loans that resulted in borrowers determining if AT would meet their <u>employment</u> needs	100% (17 loans)	97.22% (36 loans)	2017, 2018
Result	Percentage of device loans that resulted in borrowers determining if AT would meet their <u>community living needs</u>	97.69% (131 loans)	96.95% (198 loans)	2017, 2018

Agencies submitted the following number of requests for reimbursement.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	One-time expenses (e.g., assistive technology) for a state employee that totals more than \$1,000.	4	9	2017, 2018
Result	Expenses for current state employee for services provided on a periodic or ongoing basis (e.g., American Sign Language interpreter)	104	101	2017, 2018
Result	Combination of one-time expenses and services for current state employee	1	1	2017, 2018
Result	Number of individual job applicants agencies submitted expenses for reimbursement from the Accommodation Fund	5	1	2017, 2018

(PL 108-364) (<http://www.gpo.gov/fdsys/pkg/PLAW-108publ364/html/PLAW-108publ364.htm>) and also authorized in M.S. 16B.055 (www.revisor.mn.gov/statutes/?id=16B.055). The State Accommodation Reimbursement Fund is authorized in M.S. 16B.4805 (<https://www.revisor.mn.gov/statutes/cite/16B.4805>)

State Assistive Tech (STAR)

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2001 - Other Misc Special Revenue	199	199	153	248	199	199	199	199
3000 - Federal		427	524	549	520	520	520	520
Total	199	626	677	797	719	719	719	719
Biennial Change				649		(36)		(36)
Biennial % Change				79		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	33	244	325	292	338	338	338	338
Operating Expenses	166	300	334	431	361	361	361	361
Grants, Aids and Subsidies		0						
Capital Outlay-Real Property		66		32	10	10	10	10
Other Financial Transaction		17	19	42	10	10	10	10
Total	199	626	677	797	719	719	719	719

Full-Time Equivalents

0.33	2.50	4.09	3.32	3.32	3.32	3.32	3.32
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State Assistive Tech (STAR)

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	200	200	200	200	200	200	200	200
Transfers Out	200	200	200	200	200	200	200	200

2001 - Other Misc Special Revenue

Balance Forward In		1	2	48				
Transfers In	200	200	200	200	200	200	200	200
Transfers Out					1	1	1	1
Balance Forward Out	1	2	48					
Expenditures	199	199	153	248	199	199	199	199
Biennial Change in Expenditures				3		(3)		(3)
Biennial % Change in Expenditures				1		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.33	0.19	0.12	0.12	0.12	0.12	0.12	0.12

3000 - Federal

Receipts		427	524	549	520	520	520	520
Expenditures		427	524	549	520	520	520	520
Biennial Change in Expenditures				646		(33)		(33)
Biennial % Change in Expenditures						(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		2.31	3.97	3.20	3.20	3.20	3.20	3.20

Program: Government and Citizen Services

Activity: State Demographer

mn.gov/admin/demography/

AT A GLANCE

- Act as a liaison to the U.S. Census Bureau to ensure a complete and accurate Census count
- Prepare estimates of people and households for all counties, cities, and townships in the state
- Produce updated data projections about people by age and gender for Minnesota, its Economic Development Regions, and all counties — to guide planning in the coming decades
- Provided data to state agencies, local government, the Legislature, businesses, nonprofits, researchers, and others on 428 occasions in FY18
- Delivered 95 presentations about critical issues, reaching 6,500 listeners in FY18

PURPOSE & CONTEXT

The MN State Demographic Center, a part of the Community Services Division, plays a lead role in coordinating Minnesota's Decennial Census response and assists state and local leaders in making informed decisions by providing timely and reliable demographic information. We help leaders locate and understand the best data available so that they can match their policies and programs to the state's ever-changing needs and be wise stewards of their resources.

Our assistance helps legislators anticipate and plan for the future, helps state government and nonprofit leaders understand and serve their clients, aides business in understanding their markets and workforce, and helps media raise awareness to key issues shaping our state.

SERVICES PROVIDED

The work of the State Demographer's Office can be divided into three broad categories:

- Facilitate Minnesota's 2020 Census Complete Count Committee and support the independent efforts of local governments and non-governmental entities to champion the Census
- Data production and Data analysis
 - Prepare annual estimates of the number of people and households in all counties, cities, and townships in the state to assist with planning and distributing resources
 - Create projections of the population and labor force by age, gender, race, and location to plan for impacts to the state budget, economy, and services in the coming decades
 - Produce new data for Minnesota's unique needs and populations — such as on our immigrant groups and languages spoken in Minnesota homes, moving patterns of people by education and income, and different age patterns among Minnesota's communities
- Public awareness
 - Convene state-level Census Complete Count Committee to plan and implement promotional and engagement strategies for Minnesota
 - Support cities and counties to do their own census promotion and engagement for the Census
 - Work with the U.S. Census Bureau and local grant-making and non-profit leaders to create a Minnesota-specific Census plan

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Website pageviews each year	170,558	179,621	2017, 2018
Quantity	Number of stakeholders served by individual data requests and presentations each year	5,418	6,500	2014, 2018

The Minnesota State Demographic Center tasks are set forth in Minnesota State Statute 4A.02, which outline that the State Demographer “shall continuously gather and develop demographic data relevant to the state,” among other duties. (<https://www.revisor.mn.gov/statutes/?id=4A.02>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General			664	812	737	737	2,337	737
3000 - Federal				25	50		50	
Total			664	837	787	737	2,387	737
Biennial Change				1,501		23		1,623
Biennial % Change						2		108
Governor's Change from Base								1,600
Governor's % Change from Base								105

Expenditures by Category

Compensation			526	628	641	573	915	573
Operating Expenses			128	209	146	164	632	164
Grants, Aids and Subsidies							800	
Capital Outlay-Real Property			5					
Other Financial Transaction			4				40	
Total			664	837	787	737	2,387	737

Total Agency Expenditures			664	837	787	737	2,387	737
Expenditures Less Internal Billing			664	837	787	737	2,387	737

Full-Time Equivalents

0.17	6.05	6.97	6.20	5.62	9.70	5.62
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State Demographer

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				74				
Direct Appropriation			737	738	739	739	2,339	739
Transfers Out					2	2	2	2
Balance Forward Out			73					
Expenditures			664	812	737	737	2,337	737
Biennial Change in Expenditures				1,476		(2)		1,598
Biennial % Change in Expenditures						(0)		108
Governor's Change from Base								1,600
Governor's % Change from Base								109
Full-Time Equivalents	0.17		6.05	6.75	5.80	5.62	9.30	5.62

3000 - Federal

Receipts				25	50		50	
Expenditures				25	50		50	
Biennial Change in Expenditures				25		25		25
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents				0.22	0.40		0.40	

Program: Government and Citizen Services

Activity: State Historic Preservation Office

mn.gov/admin/shpo

AT A GLANCE

- There are 1,707 National Register of Historic Places properties in Minnesota. In FY17, the State Historic Preservation Review Board nominated 13 properties to the Register
- SHPO reviewed 3,822 federal and 307 state projects to protect historic and cultural resources during FY17
- In FY17, the total estimated economic impact of the Minnesota Historic Rehabilitation Tax Credit was \$66.4 million and an estimated 285 full-time jobs were created
- Supports the work of 44 Certified Local Governments who have agreed to conduct preservation activities based on federal and state standards and practices

PURPOSE & CONTEXT

The State Historic Preservation Office (SHPO) administers federal and state programs aimed at preserving historic and cultural resources important to all Minnesotans. The SHPO was transferred to the Department of Administration on March 1, 2018 as a result of 2017 legislation, prior to this the SHPO was part of the Minnesota Historical Society.

The SHPO, as outlined in the National Historic Preservation Act of 1966, plays a lead role in identifying, evaluating, and registering historic properties; administering federal and state historic rehabilitation tax credits; consulting with federal and state agencies to ensure historic properties are taken into consideration at all levels of planning and development; and advising and assisting federal and state agencies and local governments in carrying out historic preservation responsibilities.

The SHPO is also responsible for creating and implementing a comprehensive statewide historic preservation plan. To develop the comprehensive plan, the SHPO partners with federal, state and local agencies, local Heritage Preservation Commissions, Tribal Historic Preservation Offices, tribal communities, professional organizations, nonprofit and preservation groups, owners and developers of historic properties, and county and local historical organizations. SHPO activities are generally funded through the federal Historic Preservation Fund (HPF), state general fund appropriation, and Historic Rehabilitation Tax Credit funds.

SERVICES PROVIDED

The State Historic Preservation Office provides services in the following program areas:

- Statewide Historic Preservation Planning
- Disaster Planning for Historic Resources
- National Register of Historic Places
- Environmental Review Program for Both Federal and State Projects
- Federal and State Historic Rehabilitation Tax Credit Programs
- Certified Local Government Program, Including Grants to Heritage Preservation Commissions
- Statewide Survey and Inventory Program for Historic and Cultural Resources
- Education, Training, and Technical Assistance
- Historic Preservation Easements and Covenants

RESULTS

SHPO was moved to the Department of Administration in March, 2018 and continues reporting program results as stipulated by the National Park Service. A division work planning process is underway with goal setting that addresses the organizational transition into state government.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Meet the 30 day response time for federal and state environmental compliance reviews and requests for technical assistance	N/A	96%	2018
Result	Increase amount of public participation to inform the statewide historic preservation program for the next 5 to 10 years	200		2011
Quality	Through three phase development of an online portal, increase the public's online access to statewide survey of standing structures	Study Complete	Phase 1	2017, 2018

Federal Legislation:

National Historic Preservation Act of 1966, as amended ([54 USC 302101 et seq](#))

State Historic Preservation Officers and National Register Review Boards ([36 CFR 61.4](#))

Certified Local Government Program ([54 USC 302501-302305](#)) ([36 CFR 61](#))

National Historic Landmarks Program ([54 USC 302102-302108](#)) ([36 CFR 60](#))

Section 106 Program ([36 CFR 800, Protection of Historic Properties](#))

State Laws Concerning Historic and Cultural Resources:

Minnesota Statutes, [Chapter 138](#)

Minnesota Field Archaeology Act (M.S. 138.31-138.42)

Minnesota Historic Sites Act (M.S. 138.661-138.666)

Minnesota Historic Districts Act (M.S. 138.71-138.75)

Minnesota Statutes, [Chapter 290.0681](#)

Minnesota Historic Structure Rehabilitation Tax Credit

Clean Water, Land and Legacy Amendment to the MN Constitution, Article XI

Minnesota Statutes, [Chapter 471.193](#)

Local Government Historic Preservation Activities Authorized by State Law

Other Federal and State Laws and Rules:

National Environmental Policy Act of 1969

Archaeological and Historic Preservation Act of 1974, as amended

American Indian Religious Freedom Act of 1978, as amended

Archaeological Resources Protection Act of 1979, as amended

Native American Graves Protection and Repatriation Act of 1990, as amended

Minnesota Private Cemeteries Act (M.S. 307.08)

Minnesota Environmental Rights Act (M.S. 116B.02)

Minnesota Environmental Quality Board Rules

Minnesota Shoreland Management Rules

Wetland Conservation Act Rules

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General			249	535	1,464	1,427	1,464	1,427
2000 - Restrict Misc Special Revenue			31	378	216	220	216	220
3000 - Federal			205	1,146	1,217	1,180	1,217	1,180
Total			485	2,059	2,897	2,827	2,897	2,827
Biennial Change				2,544		3,180		3,180
Biennial % Change						125		125
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation			329	1,178	1,284	1,322	1,284	1,322
Operating Expenses			145	696	566	495	566	495
Grants, Aids and Subsidies				185	1,047	1,010	1,047	1,010
Other Financial Transaction			11					
Total			485	2,059	2,897	2,827	2,897	2,827

Total Agency Expenditures			485	2,059	2,897	2,827	2,897	2,827
Expenditures Less Internal Billing			485	2,059	2,897	2,827	2,897	2,827

Full-Time Equivalents

			3.19	12.65	13.30	13.30	13.30	13.30
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State Historic Preservation Office

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				159				
Direct Appropriation			300	1	527	527	527	527
Open Appropriation				50	937	900	937	900
Transfers In			108	325				
Balance Forward Out			159					
Expenditures			249	535	1,464	1,427	1,464	1,427
Biennial Change in Expenditures				784		2,107		2,107
Biennial % Change in Expenditures						269		269
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.95	3.75	4.15	4.15	4.15	4.15
2000 - Restrict Misc Special Revenue								
Balance Forward In				534	353	429	353	429
Receipts			565	197	292	255	292	255
Balance Forward Out			534	353	429	464	429	464
Expenditures			31	378	216	220	216	220
Biennial Change in Expenditures				409		27		27
Biennial % Change in Expenditures						7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.22	1.45	1.55	1.55	1.55	1.55
3000 - Federal								
Receipts			205	1,146	1,217	1,180	1,217	1,180
Expenditures			205	1,146	1,217	1,180	1,217	1,180
Biennial Change in Expenditures				1,351		1,046		1,046
Biennial % Change in Expenditures						77		77
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			2.02	7.45	7.60	7.60	7.60	7.60

Program: Strategic Management Services

Activity: Executive Leadership/Partnerships

<https://mn.gov/admin/about/who-we-are/commissioners-office.jsp>

AT A GLANCE

- Provide executive leadership to the agency
- Establish and lead implementation of agency strategic vision to implement statutory responsibilities and meet the needs of Minnesotans
- Ensure a safe, inclusive, and productive work environment
- Leadership of statewide efforts on sustainability
- State Historic Preservation Officer
- Agency-wide executive, legislative, and public communications and transparency

PURPOSE & CONTEXT

Executive Leadership and Partnerships drives the agency mission, vision, and values. Providing leadership and strategic direction across the agency we set aggressive goals, expect a high level of customer service, and hold ourselves and the agency accountable. We oversee and manage the administrative functions of other executive branch state agencies, including their purchasing and contracting, facilities management and more. We also manage strategic planning efforts for the state and investigate and study the management of state agencies, reorganizing them when necessary to ensure effective and efficient operations.

SERVICES PROVIDED

Executive Leadership

- Executive Management Support
- Internal and External Communications
- Data Practices Compliance
- Website Management

Partnerships

- Intra-agency and inter-agency coordination
- Legislative Coordination
- Media Relations
- Continuity of Operations – Emergency Preparedness
- Enterprise Sustainability

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Annual avoided energy costs	\$1.3M	\$2.6M	FY10 FY18
Quantity	Department website views	30,375	76,053	FY16 FY17
Quantity	Agency COOP Trainings	8	16	CY17 CY18

M.S. 16B.04 (<https://www.revisor.mn.gov/statutes/cite/16B.04>) provides the legal authority for the Department of Administration.

Exec Support Leadership/Partnerships

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	558	578	642	763	713	713	713	713
2001 - Other Misc Special Revenue	91	150	548	702	450	450	450	450
Total	650	728	1,190	1,465	1,163	1,163	1,163	1,163
Biennial Change				1,278		(329)		(329)
Biennial % Change				93		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	411	541	664	819	774	784	774	784
Operating Expenses	238	186	517	641	384	374	384	374
Other Financial Transaction	1	0	9	5	5	5	5	5
Total	650	728	1,190	1,465	1,163	1,163	1,163	1,163

Full-Time Equivalents

3.98	5.05	6.24	6.70	6.70	6.70	6.70	6.70
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Exec Support Leadership/Partnerships

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		6		51				
Direct Appropriation	588	597	701	720	721	721	721	721
Transfers Out	25	25	8	8	8	8	8	8
Cancellations		0						
Balance Forward Out	5		51					
Expenditures	558	578	642	763	713	713	713	713
Biennial Change in Expenditures				269		21		21
Biennial % Change in Expenditures				24		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.98	4.19	3.74	3.60	3.60	3.60	3.60	3.60

2000 - Restrict Misc Special Revenue

Balance Forward In	13	13	13	13	13	13	13	13
Balance Forward Out	13	13	13	13	13	13	13	13

2001 - Other Misc Special Revenue

Balance Forward In		1		252				
Receipts		30	380	120	120	120	120	120
Transfers In	92	120	420	330	330	330	330	330
Transfers Out		1						
Balance Forward Out	1		252					
Expenditures	91	150	548	702	450	450	450	450
Biennial Change in Expenditures				1,009		(350)		(350)
Biennial % Change in Expenditures				418		(28)		(28)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.86	2.50	3.10	3.10	3.10	3.10	3.10

Program: Strategic Management Services

Activity: Financial Management and Reporting

<https://mn.gov/admin/about/contact-us/fmr.jsp>

AT A GLANCE

- Financial management, accounting, and purchasing support of the agency's \$217 million expenditures in FY17
- Produce more than 75 monthly, quarterly, and annual financial statements each year
- Serve each of the agency's 19 divisions
- Support the financial management and accounting needs of 17 SmART agencies
- Coordinate internal control activities

PURPOSE & CONTEXT

Financial Management and Reporting (FMR) provides administrative services within the agency, overseeing strategic and operational planning, performance management, financial management, internal controls, and budget planning.

SERVICES PROVIDED

FMR serves as the agency's financial liaisons and consultants conforming to Generally Accepted Accounting Principles (GAAP). Fiscally responsible utilization of available resources, as governed by applicable laws, policies, and procedures, are achieved through effective financial management. FMR provides the following agency services:

- Annual, biennial, capital, and supplemental budget preparation
- Purchasing
- Transaction review and approval
- Financial reporting
- Internal control coordination
- Financial statement preparation for proprietary funds
- Billing and accounts receivable management
- Cash and asset management
- Business plan and rate review oversight
- Fiscal note management
- Policy and procedure development and training (e.g. training new managers on travel policies and expense reimbursement)
- Financial analysis
- Accounts payable
- SWIFT security management
- Assurance review
- Financial verification
- State accounting system coordination, implementation, and maintenance

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Agency prompt payment: Percent of valid obligations to vendors within the vendor's early discount period, or in the absence of a stated period, within 30 days following receipt of the invoice for the completed delivery of the product or service.	98.02%	97.67%	2017, 2018
Result	Customer satisfaction: Percent of agency and SmART agency managers who receive financial training in first quarter of their tenure	100%	100%	2017, 2018
Result	Employee engagement: Percent of FMR staff who engage in at least four hours of professional development per quarter	100%	100%	2017, 2018

M.S. 16A.124 (<https://www.revisor.mn.gov/statutes/cite/16A.124>) describes agency's goals for prompt payment of vendors.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	703	863	761	992	888	888	964	944
Total	703	863	761	992	888	888	964	944
Biennial Change				188		23		155
Biennial % Change				12		1		9
Governor's Change from Base								132
Governor's % Change from Base								7

Expenditures by Category

Compensation	599	631	569	693	690	689	764	740
Operating Expenses	100	208	177	294	193	194	195	199
Other Financial Transaction	4	24	15	5	5	5	5	5
Total	703	863	761	992	888	888	964	944

Full-Time Equivalents

6.55	6.89	5.84	7.43	7.24	7.08	7.24	7.08
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In		72		106				
Direct Appropriation	774	791	867	886	888	888	964	944
Cancellations		0						
Balance Forward Out	71		106					
Expenditures	703	863	761	992	888	888	964	944
Biennial Change in Expenditures				188		23		155
Biennial % Change in Expenditures				12		1		9
Governor's Change from Base								132
Governor's % Change from Base								7
Full-Time Equivalents	6.55	6.89	5.84	7.43	7.24	7.08	7.24	7.08

Program: Strategic Management Services

Activity: Human Resources

mn.gov/admin/employees/hr/

AT A GLANCE

- 292 vacancies filled for customers, including the Departments of Administration, Minnesota Management and Budget, Human Rights and small agencies in fiscal year 2018
- 95% of labor grievances for fiscal years 2017 and 2018 were resolved without arbitration
- 4,181 total transactions processed for fiscal year 2018
- In 2018, established Administration's Joint Labor-Management Committee to help maintain open communication between employees and management concerning safety and health.
- More than 200 FMLA requests processed per year
- Provide services for 1,130 employees, supervisors, and managers

PURPOSE & CONTEXT

The Human Resources Division provides human resources services to the employees, prospective employees, and management of the Department of Administration, Minnesota Management and Budget, Department of Human Rights, and SmART Agencies, Boards and Commissions, by actively recruiting, hiring, developing, and retaining a productive, diverse, and highly competent workforce. The division's work is subject to compliance with federal and state law as well as internal policies and procedures.

SERVICES PROVIDED

The Human Resources Division provides the following services:

- Recruitment and staffing
- Fringe benefits enrollment and administration
- Labor contract administration and employee relations
- Employee training and develop
- Bi-weekly payroll processing
- Performance management
- Compensation/wage administration
- Worker's compensation administration
- Safety administration, including Occupational Safety and Health Administration (OSHA) compliance and general safety and wellness program administration
- Consultation on human resources management issues

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Our workforce represents Minnesota's diverse population	19.1%	20.3%	2017, 2018
Quality	Employees, supervisors, and managers understand how their work contributes to Admin's mission	90.37%	95.62%	2015, 2017
Quality	Safety Perceptions Survey (1-5 ranking with 5 reflecting a favorable safety culture) This is a new initiative and the first bi-annual survey conducted which establishes a basis line for future surveys	3.88	N/A	2017
Quality	Employees receive performance reviews annually	88%	94%	2017, 2018

M.S. 16B.04, subd 4 (2) (<https://www.revisor.mn.gov/statutes/cite/16B.04>) provides the legal authority for the Human Resources Division.

Human Resources-Administration

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	383	464	362	531	450	450	450	450
Total	383	464	362	531	450	450	450	450
Biennial Change				46		7		7
Biennial % Change				5		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	325	345	276	371	357	357	357	357
Operating Expenses	58	72	62	158	91	91	91	91
Other Financial Transaction		47	23	2	2	2	2	2
Total	383	464	362	531	450	450	450	450

Full-Time Equivalents

4.26	4.13	3.81	4.23	3.85	3.81	3.85	3.81
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Human Resources-Administration

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		40		82				
Direct Appropriation	428	436	453	458	459	459	459	459
Transfers Out	5	12	9	9	9	9	9	9
Cancellations		1						
Balance Forward Out	40		82					
Expenditures	383	464	362	531	450	450	450	450
Biennial Change in Expenditures				46		7		7
Biennial % Change in Expenditures				5		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.26	4.13	3.81	4.23	3.85	3.81	3.85	3.81

Program: Strategic Management Services

Activity: School Trust Lands

AT A GLANCE

- Developed first School Trust Land Strategic Plan 2018-2028, available at <https://mn.gov/school-trust-lands/projects/strategic-planning/>
- Completed school trust land asset evaluation of 2.5 million acres with an estimated market value of \$1.9 billion in real estate value alone
- Initiated research and analysis projects related to school trust land management costs and accounting structures, and future economic opportunities on school trust lands
- Presentations to numerous stakeholder and beneficiary groups on the history of school trust lands, benefits of school trust lands to public education, and future management plans

PURPOSE & CONTEXT

The 2012 legislature established the purpose for the School Trust Lands Director/Office of School Trust Lands in Minn. Stat. sec. 127A. 351. The School Trust Lands Director is to “recommend management policies for Minnesota’s school trust lands in accordance with the provisions of the Minnesota Constitution, Article XI, Section 8.”

During the strategic planning project the Office of School Trust Lands created the following mission statement **“Advocate for sustainable asset management strategies that maximize revenue for Minnesota’s public schools.”** The Office of School Trust Lands and School Trust Lands Director serves as a co-trustee by advising the executive and legislative branches with respect to legislative initiatives and management policies. The School Trust Lands Director also acts as a liaison for school trust beneficiary representatives and beneficiary stakeholder groups.

SERVICES PROVIDED

- Established strategic plans and goals for future management of school trust lands. Reviewed and made recommendations on management proposals and legislation to ensure the long-term best interests of school trust land beneficiaries were being met. Researched and analyzed current management structures in an effort to maximize current revenues without negatively impacting future economic opportunities.
- Developed and initiated implementation of School Trust Strategic Plan. Valuation analysis of 2.5 million acres of school trust lands. Project-specific analysis of proposals involving school trust land assets. BWCAW (Boundary Waters Canoe Area Wilderness) project management and recommendations to resolve 40-year management issue with the USDA Forest Service.
- Advised the Permanent School Fund Commission and the Legislature on various legislative initiatives that could affect school trust land management.
- Advised the Department of Natural Resources on management of school trust timber resources in the Sustainable Timber Harvest Analysis.
- Collaborated with the Department of Natural Resources to create an Operating Agreement between the Office of School Trust Lands and the DNR.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Identification of school trust natural resource economic zones	NA	5	2018
Quantity	Identification of woody biomass potential from underutilized school trust timber resources	NA	384,000 green tons potential	2018
Quantity	Lake Superior Wetland Mitigation Bank, phase II	0 acre credits	13,140 acres exchanged; ~4,500 acre credits	2014 to 2018

Legislative Permanent School Fund Commission (<https://www.revisor.mn.gov/statutes/cite/127A.30>)

Goal of the Permanent School Fund (<https://www.revisor.mn.gov/statutes/cite/127A.31>)

Policy and Purpose (<https://www.revisor.mn.gov/statutes/cite/127A.351>)

Policy Recommendations; Duties (<https://www.revisor.mn.gov/statutes/cite/127A.352>)

School Trust Lands Director (<https://www.revisor.mn.gov/statutes/cite/127A.353>)

School Trust Lands

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	178	192	185	186	187	187	0	0
3800 - Permanent School	131	509	948	356	300	300	0	0
Total	309	701	1,133	542	487	487	0	0
Biennial Change				665		(701)		(1,675)
Biennial % Change				66		(42)		(100)
Governor's Change from Base								(974)
Governor's % Change from Base								(100)

Expenditures by Category

Compensation	161	277	287	290	295	301	0	0
Operating Expenses	149	424	847	252	192	186	0	0
Total	309	701	1,133	542	487	487	0	0

Full-Time Equivalents

1.22	2.44	2.51	2.50	2.50	2.50	0.00	0.00
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School Trust Lands

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		7						
Direct Appropriation	185	185	185	186	187	187	0	0
Balance Forward Out	7							
Expenditures	178	192	185	186	187	187	0	0
Biennial Change in Expenditures				1		3		(371)
Biennial % Change in Expenditures				0		1		(100)
Governor's Change from Base								(374)
Governor's % Change from Base								(100)
Full-Time Equivalents	1.22	1.40	1.00	1.00	1.00	1.00	0.00	0.00

3800 - Permanent School

Balance Forward In		169	205	56				
Transfers In	300	550	800	300	300	300	0	0
Cancellations		5						
Balance Forward Out	169	205	56					
Expenditures	131	509	948	356	300	300	0	0
Biennial Change in Expenditures				664		(704)		(1,304)
Biennial % Change in Expenditures				104		(54)		(100)
Governor's Change from Base								(600)
Governor's % Change from Base								(100)
Full-Time Equivalents		1.04	1.51	1.50	1.50	1.50	0.00	0.00

Program: Fiscal Agent
Activity: Public Broadcasting

mn.gov/admin

AT A GLANCE

- Administered and managed 25 public broadcasting general fund grant contracts in FY18
- Administered and managed 45 arts and cultural heritage fund grant contracts to public broadcasting stations in FY18
- Conducted 55 financial reconciliations and monitoring visits with grantees in FY18

PURPOSE & CONTEXT

The fiscal agent function ensures that grants and other special funding received through specific appropriations are distributed and managed according to all applicable laws, statutes, policies, and procedures. Administration of these funds allows us to provide value to the recipients and public by ensuring resources are used as intended.

The fiscal agent function serves a variety of entities representing public television and radio; arts and cultural heritage fund grantees representing museums, zoos, small theatres and local government; and other funds appropriated by the legislature.

SERVICES PROVIDED

The fiscal agent function oversees funding for:

- Administered and managed 25 public broadcasting general fund grant contracts to 24 grantees in FY18
 - 24 Grants to public broadcasting stations (M.S. 129D.11-16)
 - One Grant to Pioneer Public Television per Minnesota Laws, 2017, First Special Session, Chapter 8, Article 1, Section 11, Subdivision 4, to purchase equipment for a newly constructed facility
- Administered and managed 45 arts and cultural heritage fund grant contracts to public broadcasting entities (M.S. 129D 17-19)
- Conducted 45 financial reconciliations and site visits with public broadcasting grantees in FY18

Specific services provided include: administer grants and ensure state grant policies and procedures are followed; provide consultation and technical assistance to grantees; conduct focus groups with grantees to improve effectiveness; and maintain information on the state's Legacy website (<https://www.legacy.mn.gov/>).

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of required reports from grantees received in a timely manner	96%	100%	2016, 2018

M.S. 16B (<https://www.revisor.mn.gov/statutes/?id=16B>) provides the legal authority for this program.

Public Broadcasting

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,419	2,619	3,019	2,619	2,619	2,619	2,819	2,819
2301 - Arts & Cultural Heritage	6,902	6,582	7,206	7,154				
Total	10,321	9,201	10,225	9,773	2,619	2,619	2,819	2,819
Biennial Change				475		(14,760)		(14,360)
Biennial % Change				2		(74)		(72)
Governor's Change from Base								400
Governor's % Change from Base								8

Expenditures by Category

Grants, Aids and Subsidies	9,841	8,782	10,014	9,470	2,529	2,529	2,729	2,729
Other Financial Transaction	480	419	211	303	90	90	90	90
Total	10,321	9,201	10,225	9,773	2,619	2,619	2,819	2,819

Public Broadcasting

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In			0					
Direct Appropriation	3,419	2,619	3,181	2,781	2,781	2,781	2,981	2,981
Transfers Out			162	162	162	162	162	162
Cancellations		0						
Expenditures	3,419	2,619	3,019	2,619	2,619	2,619	2,819	2,819
Biennial Change in Expenditures				(400)		(400)		0
Biennial % Change in Expenditures				(7)		(7)		0
Governor's Change from Base								400
Governor's % Change from Base								8
2301 - Arts & Cultural Heritage								
Balance Forward In	186	23	96	73				
Direct Appropriation	6,900	6,693	7,150	7,300	0	0	0	0
Transfers In			207					
Transfers Out	138	134	143	219				
Cancellations	31		31					
Balance Forward Out	15		73					
Expenditures	6,902	6,582	7,206	7,154				
Biennial Change in Expenditures				875		(14,360)		(14,360)
Biennial % Change in Expenditures				6		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Fiscal Agent
Activity: In Lieu of Rent (ILR)

AT A GLANCE

- Used to fund the space costs of the: the legislature, veterans' organizations, and ceremonial space on the Capitol Complex
- ILR funded space is billed in the same manner, and at the same rate per square foot, as other tenant-occupied space in the same buildings.

PURPOSE & CONTEXT

The In Lieu of Rent (ILR) appropriation is essential to the proper stewardship and operation of buildings that are integral to the State's democratic process, as well as offices that provide support and advocacy on behalf of Minnesota's veterans and vocational opportunities for the blind. ILR is used to fund space costs of the legislature, veterans' organizations, ceremonial space, the capitol grounds, and statutorily free space. Rent is funded by ILR in areas that are either ceremonial or where occupants do not directly pay rent. More specifically, the ILR appropriation covers rent for:

- **Ceremonial Space** – space in the Capitol Building such as the Rotunda, Governor's Residence, ceremonial grounds, and monuments/memorials in the Capitol area.
- **State Services for the Blind** – Space occupied by State Services for the Blind to operate vending operations and convenience stores at eleven sites (M.S. 248.07 Subd. 7).
- **Rent Waived** – Space in the State Capitol Building, the State Office Building, or Veterans Service Building that is occupied by the House of Representatives, Senate, Revisor of Statutes, Legislative Reference Library, and Congressionally-chartered veterans' organizations (M.S. 197.55 – 197.58). The newly created public areas in the restored Capitol are also included in this area.

The core of state government is located in buildings on or near the State Capitol Complex, including the entire Legislative Branch, the Supreme Court and Court of Appeals, most Executive branch functions, and state employees. In general, the funding required to operate and maintain state-owned buildings in the Capitol Complex comes through rents paid from the operating budgets of the state government entities that occupy that space. Lease rates are determined by the Commissioner of Administration and approved by the Commissioner of Minnesota Management and Budget. In contrast, the costs to operate and maintain certain legislative and other space defined in law is funded by ILR which is a direct appropriation to the Commissioner of Administration. ILR funded space is billed in the same manner, and at the same rate per square foot, as other tenant-occupied space in the same buildings.

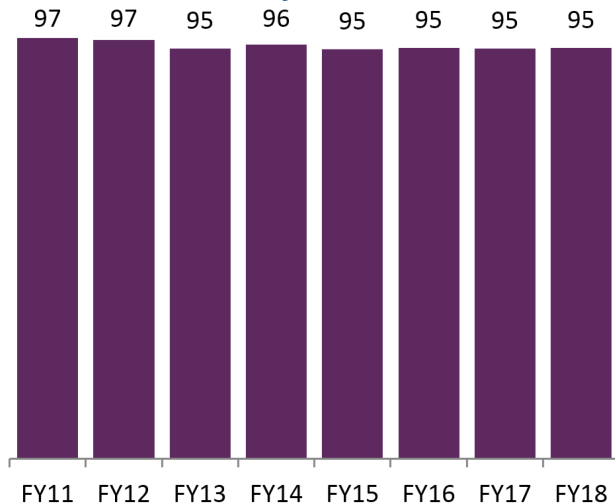
SERVICES PROVIDED

Provide the staffing and maintenance necessary to care for many of the State's most valuable real property assets, including the state's recent investment in the restoration of the State Capitol. These services are intended to provide clean, safe, and environmentally-sound facilities and include: energy management, recycling, event permitting and coordination, Capitol Complex food service oversight, and maintenance of green spaces including monuments and memorials.

RESULTS

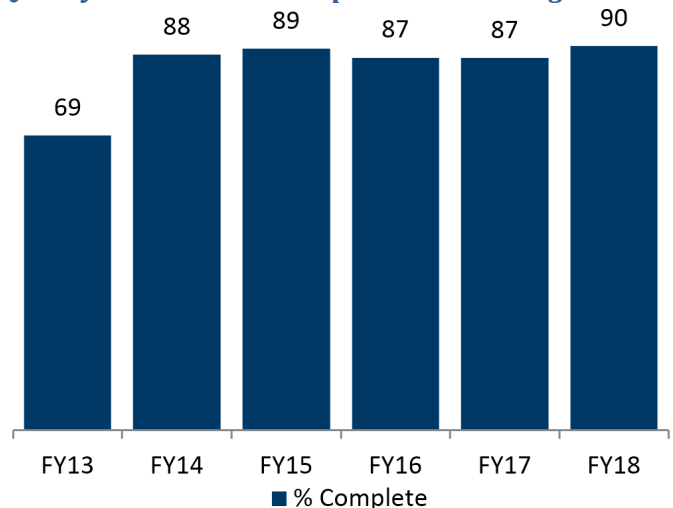
We measure performance in multiple ways including: customer satisfaction, service disruptions, work completion rates, recycling rates, energy consumption, and carbon reduction. We also continually monitor the conditions of the buildings we manage by conducting annual facility condition audits.

Result: Customer Satisfaction



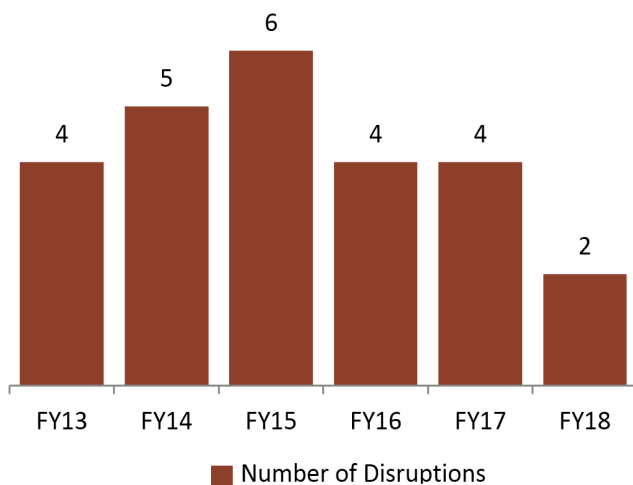
Customer Satisfaction: Data is taken from Building Occupant Annual Survey results. The percentage identifies consistently high tenant satisfaction with Admin managed facilities.

Quality: Work Order Completion Percentage



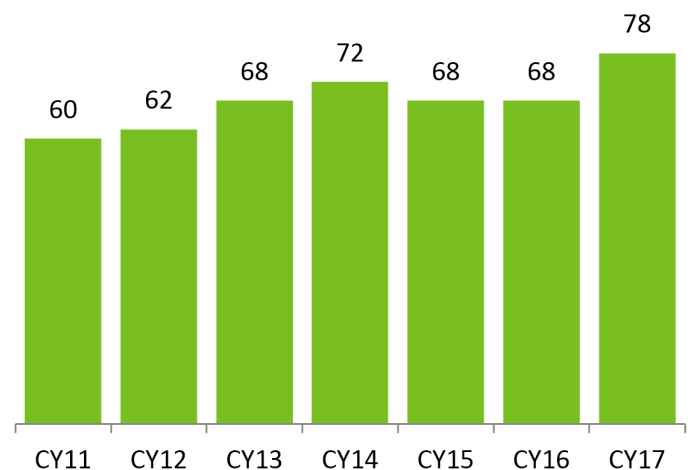
Best Value: Percentage of work orders completed on-time statistics show improved timeliness of work order completions.

Quality: FMD-caused Service Disruptions



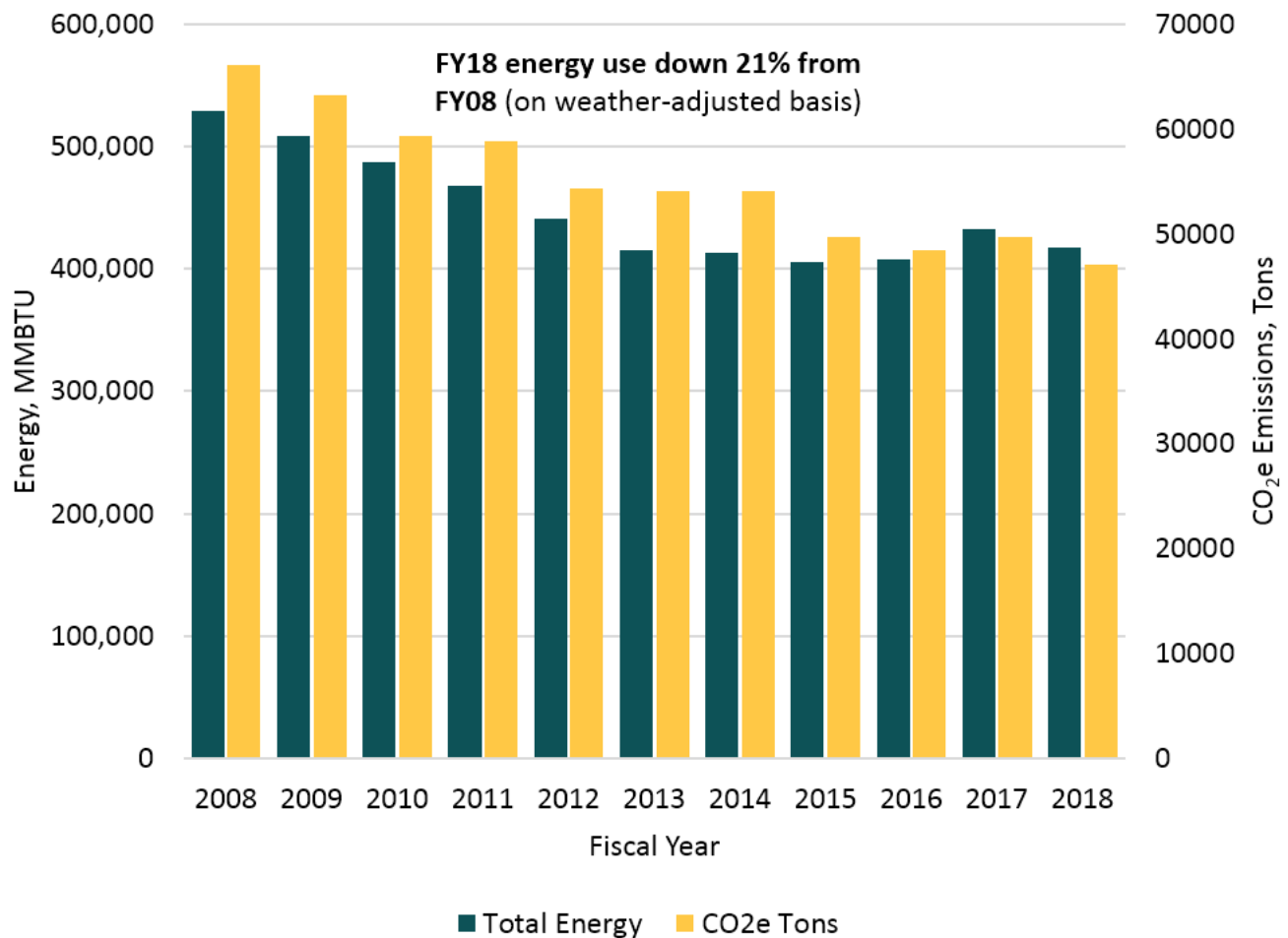
Best Value: Our goal is to have zero FMD caused-service disruptions. A service disruption is any change or interruption in a building service such as heating, cooling, plumbing, or electrical service that degrades an occupant's ability to accomplish their mission.

Result: Sustainability



Sustainability: Although we have exceeded the state's recycling goal of 75% by 2030, we will strive to improve on our current rate of 78% as of CY 2017.

Result: Capitol Complex Annual Energy Use (MMBTU) and CO2e Emissions (Tons)



Sustainability: All Capitol Complex energy sources for all facilities in millions of British Thermal Units (MMBTUs). The current energy reduction of 21% has been normalized for weather.

M.S. 197.55-197.58 (<https://www.revisor.mn.gov/statutes/cite/197.55>) and M.S. 248.07, Subd. 7 (<https://www.revisor.mn.gov/statutes/cite/248.07>) provide the legal authority for In Lieu of Rent.

In Lieu of Rent

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	7,999	8,383	9,374	9,391	9,391	9,391	9,391	9,891
Total	7,999	8,383	9,374	9,391	9,391	9,391	9,391	9,891
Biennial Change				2,383		17		517
Biennial % Change				15		0		3
Governor's Change from Base								500
Governor's % Change from Base								3

Expenditures by Category

Operating Expenses	7,999	8,383	9,374	9,391	9,391	9,391	9,391	9,891
Total	7,999	8,383	9,374	9,391	9,391	9,391	9,391	9,891

In Lieu of Rent

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		225						
Direct Appropriation	8,158	8,158	9,374	9,391	9,391	9,391	9,391	9,891
Balance Forward Out	159							
Expenditures	7,999	8,383	9,374	9,391	9,391	9,391	9,391	9,891
Biennial Change in Expenditures				2,383		17		517
Biennial % Change in Expenditures				15		0		3
Governor's Change from Base								500
Governor's % Change from Base								3

Program: Fiscal Agent**Activity: Misc Grants/Studies/Others****AT A GLANCE**

- This activity has been established to administer certain grants and other appropriations the agency receives through legislative appropriations.

PURPOSE & CONTEXT

Each of the activities within this program is established and operated under specific state legislation.

Many of the grants in this activity are made from the Arts and Cultural Heritage Fund. Grants managed by this activity include past grants to the Como Zoo, Lake Superior Zoo, the Science Museum, Minnesota Public Television, Wilderness Inquiry, Minnesota Public Radio, and Minnesota Outdoors Unlimited.

SERVICES PROVIDED

Processes have been established and maintained for handling financial transactions, tracking information, and reporting the information as required by the legislature. Contracts and agreements are an integral function of this activity.

M.S. 4.071, M.S. 16A.016(2), M.S. 15B.32, Minnesota Laws of 2017, Chapter 91 Section 4 Subdivision 2

Misc Grants/Studies/Others

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	296	2,074						
2301 - Arts & Cultural Heritage	4,262	3,180	3,417	2,485				
2403 - Gift		137	429	45				
Total	4,558	5,391	3,846	2,530				
Biennial Change				(3,573)		(6,376)		(6,376)
Biennial % Change				(36)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Compensation	104	90	8					
Operating Expenses	136	2,151	420	50				
Grants, Aids and Subsidies	2,226	1,842	3,417	2,230				
Capital Outlay-Real Property	2,092	1,307		250				
Total	4,558	5,391	3,846	2,530				

Full-Time Equivalents

1.00	0.88	0.22						
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Misc Grants/Studies/Others

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,090						
Direct Appropriation	1,380	1,010						
Receipts	641							
Transfers Out	641							
Cancellations		26						
Balance Forward Out	1,084							
Expenditures	296	2,074						
Biennial Change in Expenditures				(2,370)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2301 - Arts & Cultural Heritage

Balance Forward In	253	1,641	268	255				
Direct Appropriation	5,498	2,092	3,680	2,300	0	0	0	0
Transfers In			57					
Transfers Out	45	37	332	70				
Cancellations	38	248	1					
Balance Forward Out	1,406	268	255					
Expenditures	4,262	3,180	3,417	2,485				
Biennial Change in Expenditures				(1,541)		(5,902)		(5,902)
Biennial % Change in Expenditures				(21)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	1.00	0.65						

2403 - Gift

Balance Forward In	6	7	205	51	6	6	6	6
Receipts	2	332	275					
Balance Forward Out	7	203	51	6	6	6	6	6
Expenditures		137	429	45				
Biennial Change in Expenditures				337		(474)		(474)
Biennial % Change in Expenditures						(100)		(100)

Misc Grants/Studies/Others

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.23	0.22					

3002 - Oil Overcharge

Balance Forward In	3	3	3	3	3	3	3	3
Balance Forward Out	3	3	3	3	3	3	3	3

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Health & Human Services 93.630	Federal Assistance to State Developmental Disability Councils – DD Act Subtitle B To provide information, education and training to people with developmental disabilities and their families.		1,046	991	1,018	1,062	Yes	2.3
Health & Human Services 93,464	State Grants for Assistive Technology – Assistive Technology Act Section 4 – To promote access to and acquisition of assistive technology by people with disabilities of all ages for use at home, school, work, and in the community.		524	549	520	520	No	3.2
Defense Logistics Agency 12.002	Procurement Technical Assistance Center To assist Minnesota businesses in selling their products/services to federal, state and local government entities.		546	596	596	596	Yes	5.5
Department of Interior 15.904	Historic Preservation Fund To administer federal and state programs to preserve historic and cultural resources.		205	1,146	1,217	1,180	Yes	7.6
Department of Commerce	Census Bureau Count Review Program To ensure the Census Bureau has an accurate list of MN addresses for the 2020 Census		0	25	50	0	No	0.4
	Program Total: Govt and Citizen Services		2,321	3,307	3,401	3,358		19.0
	Federal Fund – Agency Total		2,321	3,307	3,401	3,358		19.0

Narrative

Developmental Disability Council

The Governor's Council on Developmental Disabilities (DDC) receives an annual formula grant from the U.S. Department of Health and Human Services, under a federal program, with state participation, to provide assistance to state councils for the benefit of individuals with developmental disabilities and their families in the state (Developmental Disabilities Assistance and Bill of Rights Act of 2000, P.L. 106-402). This program requires maintenance of efforts (MOE) by the states. The federal share of the cost of all program and operating activities cannot be more than 75% of the aggregate costs of such activities. The remaining 25% share of aggregate costs is the non-federal share that is provided by the state and sub-grantees. The federal act requires reasonable participation by the state. The DDC currently receives a \$74,000 general fund appropriation each fiscal year. Federal funding is expected to remain at its current level through FY 2023. Spending estimates are based on historical expenditures plus changes in demographics.

Assistive Technology

STAR is Minnesota's Section 4 Assistive Technology (AT) Act Program and is 100% federally funded under a discretionary formula grant award by the U.S. Department of Health and Human Services. STAR works with

community partners to provide free statewide AT services to Minnesotans of all ages who have a disability or functional need.

Procurement Technical Assistance Center

The Procurement Technical Assistance Center (PTAC) receives federal funding from the Defense Logistics Agency through an annual cost sharing cooperative agreement. State matching funds are required. Federal funds cover 50% of the cost of work benefiting non-distressed areas of the state, and 75% of costs for distressed areas. The fiscal year 2019 agreement also includes 100% federal funding for a small amount of training and travel costs. State match includes a portion of operating costs for the Office of Equity in Procurement and limited leadership and administrative support costs. The level and percentage of future federal funding may vary, but changes cannot be accurately predicted at this time, so future available federal funds are anticipated to remain at the current level.

Historic Preservation Fund

The State Historic Preservation Office (SHPO) receives an annual formula grant from the U.S. Department of the Interior, National Park Service. Since 1976, the Historic Preservation Fund (HPF) has supported SHPOs and Tribal Historic Preservation Offices (THPOs) throughout the U.S. to help recognize, save, revitalize and protect America's historic places. The HPF is funded by revenue from federal offshore drilling (non-tax dollars) and has been authorized through 2023, however, each year the HPF must be allocated and approved.

States are required to match at least 40% of the funding they receive from the HPF. The combined funds allow SHPO to carry out their federal and state mandated responsibilities of identifying and protecting historic resources as well as evaluating the impact of federal and state projects upon them. The SHPO's are also required to pass-through at least 10% of the HPF to local governments (sub-grantees) that have preservation programs that are certified by SHPO. The 40% matching share is provided by the state general fund (through the Minnesota Historical Society and State) and sub-grantees.

Each annual SHPO award has a two-year time period and only 25% can be carried over into the second year. A waiver must be requested and approved if more than 25% is carried over into the second year of the grant agreement. During federal fiscal year 2018, the SHPO was authorized \$986,092 HPF with a minimum matching share of \$657,428.

Census Bureau Count Review Program

The Minnesota State Demographic Center (SDC) serves as the State of Minnesota's liaison to the Census Bureau in the U.S. Department of Commerce. For the 2020 Census, the SDC will be assisting the Census Bureau with its Count Review program which helps ensure that the Census Bureau has an accurate list of Minnesota addresses. The U.S. Census Bureau will reimburse the state for up to \$50,000 in costs related to conducting this review. No matching grant is required. In addition, the Census Bureau may have additional funds and in-kind materials that they offer states to help with the promotion of the 2020 Census. We anticipate that these funds and in-kind materials could amount to up to \$25,000.

Department of Administration

Facilities Management - MN Bookstore

Fund 4500

Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	1,131	1,238	1,303	1,218
Rental and Service Fees	0	0	0	0
Insurance Premiums	0	0	0	0
Other Income	0	0	0	0
Total Operating Revenues	1,131	1,238	1,303	1,218
Gross Margin	887	691	800	800
Operating Expenses:				
Purchased Services	189	88	229	232
Salaries and Fringe Benefits	744	592	579	591
Claims	0	0	0	0
Depreciation	0	0	0	0
Amortization	1	0	0	0
Supplies and Materials	9	5	408	417
Indirect Costs	24	59	60	60
Other Expenses	26	22	29	29
Total Operating Expenses	993	766	1,305	1,329
Operating Income (Loss)	(106)	(75)	(505)	(529)
Nonoperating Revenues (Expenses):				
Investment Income	0	0	0	0
Interest and Financing Costs	0	0	0	0
Other Nonoperating Expenses	0	0	0	0
Gain (Loss) on Disposal of Capital Assets	0	0	0	0
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Transfers and Contributions	(106)	(75)	(505)	(529)
Capital Contributions				
Transfers in				
Transfers out	(2)	0	0	0
Change in Net Assets	(108)	(75)	(505)	(529)
Net Assets, Beginning as Reported	(80)	(188)	(263)	(768)
Net Assets, Ending	(188)	(263)	(768)	(1,297)
Rate increase/(decrease)	0%	0%	0%	0%
Full Time Equivalents	7.3	7.3	7.3	7.3

Department of Administration

Facilities Management - MN Bookstore

Fund 4500

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	365	323
Investments	0	0
Accounts Receivable	21	20
Accrued Investment/Interest Income	0	0
Inventories	409	394
Deferred Costs	0	0
Total Current Assets	795	737
Noncurrent Assets:		
Deferred Costs	0	0
Depreciable Capital Assets (Net)	1	0
Total Noncurrent Assets	1	0
Total Assets	796	737
LIABILITIES		
Current Liabilities:		
Accounts Payable	82	97
Interfund Payables	0	0
Unearned Revenue	16	15
Loans Payable	0	0
Compensated Absences Payable	9	9
Total Current Liabilities	107	121
Noncurrent Liabilities:		
Loans Payable	0	0
Compensated Absences Payable	67	67
Other Liabilities	0	0
Total Noncurrent Liabilities	67	67
Total Liabilities	174	188
Deferred Pension & OPEB Outflow	842	842
Net Pension & OPEB Liability	(1,050)	(1,050)
Deferred Pension & OPEB Inflow	(604)	(604)
	(812)	(812)
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1	0
Unrestricted	(189)	(263)
Total Net Assets	(188)	(263)

Department of Administration

Facilities Management - MN Bookstore

Fund 4500

Brief Narrative

Background:

Minnesota's Bookstore, an enterprise fund, provides publishing and retail services to state agencies, publishes the State Register, and manages the sale of public data from select state agency licensing files.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

None

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY18, GASB issued Statement No. 75 to establish new accounting and financial reporting requirements for Other Post Employment Benefits other than pensions, this resulted in a Change in Accounting Principle of \$(37,000). In FY18, the total operating loss was \$(106,447.72).

Explain any reasons for rate changes:

To reduce retained earnings, State Register billable page fees were waived through FY 2017.

Impact of rate changes on affected agencies:

Department of Administration

Office of State Procurement - COOP Purchasing and MMCAP

Fund 4501

Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	26,220	26,470	26,538	26,538
Rental and Service Fees				
Insurance Premiums				
Other Income	2,099	130	210	210
Total Operating Revenues	28,319	26,600	26,748	26,748
Gross Margin	28,319	26,600	26,074	26,074
Operating Expenses:				
Purchased Services	5,652	5,123	5,236	5,236
Salaries and Fringe Benefits	9,459	8,500	8,820	8,920
Claims	0		0	0
Depreciation	0	0	0	0
Amortization	0	0	0	0
Supplies and Materials	72	86	50	50
Indirect Costs	125	133	128	128
Other Expenses	19	407	407	407
Total Operating Expenses	15,327	14,249	14,641	14,741
Operating Income (Loss)	12,992	12,351	11,433	11,333
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses	(13,549)	(12,351)	(12,351)	(12,351)
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	(13,549)	(12,351)	(12,351)	(12,351)
Income (Loss) Before Transfers and Contributions	(557)	0	(918)	(1,018)
Capital Contributions				
Transfers in				
Transfers out	(18)	0	0	0
Change in Net Assets	(575)	0	(918)	(1,018)
Net Assets, Beginning as Reported	11,997	11,422	11,422	10,504
Net Assets, Ending	11,422	11,422	10,504	9,486
Rate increase/(decrease)	*See Note	*See Note	*See Note	*See Note
Full Time Equivalents	68.6	79.3	84.3	85.7

* Note: Contract fees paid by vendors are determined on a case-by case basis and may increase or decrease as specified contracts are negotiated.

Department of Administration

Office of State Procurement - COOP Purchasing and MMCAP

Fund 4501

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	42,939	28,987
Investments	0	0
Accounts Receivable	5,609	5,179
Accrued Investment/Interest Income	0	0
Inventories	0	0
Deferred Costs	0	0
Total Current Assets	48,548	34,166
Noncurrent Assets:		
Deferred Costs	0	0
Depreciable Capital Assets (Net)	0	0
Total Noncurrent Assets	0	0
Total Assets	48,548	34,166
LIABILITIES		
Current Liabilities:		
Accounts Payable	27,183	12,816
Interfund Payables	15	0
Unearned Revenue	0	0
Loans Payable	0	0
Compensated Absences Payable	57	57
Total Current Liabilities	27,255	12,873
Noncurrent Liabilities:		
Loans Payable	0	0
Compensated Absences Payable	535	535
Other Liabilities	0	0
Total Noncurrent Liabilities	535	535
Total Liabilities	27,790	13,408
Deferred Pension & OPEB Outflow	9,751	9,751
Net Pension & OPEB Liability	(12,092)	(12,092)
Deferred Pension & OPEB Inflow	(6,995)	(6,995)
	(9,336)	(9,336)
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	0	0
Unrestricted	11,422	11,422
Total Net Assets	11,422	11,422

Department of Administration

Office of State Procurement - COOP Purchasing and MMCAP

Fund 4501

Brief Narrative

Background:

Materials Management Division operates a cooperative purchasing program for Minnesota's local units of government and other authorized entities and the Minnesota Multi-State Contracting Alliance for Pharmacy (MMCAP), a pharmaceutical purchasing program on behalf of 48 states. The cooperative purchasing program is a self-sustaining enterprise fund.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

None

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY18, GASB issued Statement No. 75 to establish new accounting and financial reporting requirements for Other Post Employment Benefits other than pensions, this resulted in a Change in Accounting Principle of \$(326,000). In FY18, the total operating loss was \$(575,349).

Explain any reasons for rate changes:

Contract fees paid by vendors are determined on a case-by-case basis and may either increase or decrease as specific contracts are negotiated.

Impact of rate changes on affected agencies:

None

Department of Administration

Fleet and Surplus Services

Fund 4502 - Surplus Services

Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	1,602	1,736	1,736	1,736
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	1,602	1,736	1,736	1,736
Gross Margin	1,602	1,671	1,494	1,494
Operating Expenses:				
Purchased Services	617	608	394	394
Salaries and Fringe Benefits	807	757	757	757
Claims	0	0	0	0
Depreciation	51	55	51	50
Amortization	0	0	0	0
Supplies and Materials	18	16	81	81
Indirect Costs	41	9	41	41
Other Expenses	4		220	220
Total Operating Expenses	1,538	1,445	1,544	1,543
Operating Income (Loss)	64	226	(50)	(49)
Nonoperating Revenues (Expenses):				
Investment Income	0	0	0	0
Interest and Financing Costs	0	0	0	0
Other Nonoperating Expenses	(400)	(350)	0	0
Gain (Loss) on Disposal of Capital Assets	0	0	0	0
Total Nonoperating Revenues (Expenses)	(400)	(350)	0	0
Income (Loss) Before Transfers and Contributions	(336)	(124)	(50)	(49)
Capital Contributions				
Transfers in	0	0	0	0
Transfers out	(2)	0	0	0
Change in Net Assets	(338)	(124)	(50)	(49)
Net Assets, Beginning as Reported	1,293	955	831	781
Net Assets, Ending	955	831	781	732
Rate increase/(decrease)	0%	0%	0%	0%
Full Time Equivalents	7.9	8.3	9.3	9.3

Department of Administration

Fleet and Surplus Services

Fund 4502 - Surplus Services

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	1,734	1,392
Investments	0	0
Accounts Receivable	47	200
Accrued Investment/Interest Income	0	0
Inventories	0	0
Deferred Costs	0	0
Total Current Assets	1,781	1,592
Noncurrent Assets:		
Deferred Costs	0	0
Non Depreciable Capital Assets	3	3
Depreciable Capital Assets (Net)	362	307
Total Noncurrent Assets	365	310
Total Assets	2,146	1,902
LIABILITIES		
Current Liabilities:		
Accounts Payable	137	117
Interfund Payables	123	23
Unearned Revenue	0	0
Loans Payable	0	0
Compensated Absences Payable	15	15
Total Current Liabilities	275	155
Noncurrent Liabilities:		
Loans Payable	0	0
Compensated Absences Payable	73	73
Other Liabilities	0	0
Total Noncurrent Liabilities	73	73
Total Liabilities	348	228
Deferred Pension & OPEB Outflow	871	871
Net Pension & OPEB Liability	(1,089)	(1,089)
Deferred Pension & OPEB Inflow	(625)	(625)
	(843)	(843)
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	365	310
Unrestricted	590	521
Total Net Assets	955	831

Department of Administration

Fleet and Surplus Services

Fund 4502 - Surplus Services

Brief Narrative

Background:

Surplus Services, an enterprise fund, provides redistribution and disposal services for surplus property.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

None

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY18, GASB issued Statement No. 75 to establish new accounting and financial reporting requirements for Other Post Employment Benefits other than pensions, this resulted in a Change in Accounting Principle of \$(36,000). In FY18, the total operating income was \$63,863.07.

Explain any reasons for rate changes:

None

Impact of rate changes on affected agencies:

None

Department of Administration

Central Motor Pool - Fleet Services

Fund 5100

Revenues, Expenses and Changes in Net Assets (Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	11,627	17,376	19,770	21,368
Rental and Service Fees	0	0	0	0
Insurance Premiums	0	0	0	0
Other Income	214	155	140	126
Total Operating Revenues	11,841	17,531	19,910	21,494
Gross Margin	11,841	17,531	19,910	21,494
Operating Expenses:				
Purchased Services	1,467	1,954	2,095	2,243
Salaries and Fringe Benefits	1,012	764	838	855
Claims	0	0	0	0
Depreciation	4,866	6,680	6,600	6,600
Amortization	0	0	0	0
Supplies and Materials	3,346	3,315	3,486	3,689
Indirect Costs	381	597	657	722
Other Expenses	1,834	1,421	1,521	1,660
Total Operating Expenses	12,906	14,731	15,197	15,769
Operating Income (Loss)	(1,065)	2,800	4,713	5,725
Nonoperating Revenues (Expenses):				
Investment Income	298	351	365	374
Interest and Financing Costs	(237)	(378)	(378)	(378)
Other Nonoperating Expenses	(1,079)	0	0	0
Gain (Loss) on Disposal of Capital Assets	770	817	817	817
Total Nonoperating Revenues (Expenses)	(248)	790	804	813
Income (Loss) Before Transfers and Contributions	(1,313)	3,590	5,517	6,538
Capital Contributions	0	0	0	0
Transfers in	0	0	0	0
Transfers out	(5)	0	0	0
Change in Net Assets	(1,318)	3,590	5,517	6,538
Net Assets, Beginning as Reported	13,642	12,324	15,914	21,431
Net Assets, Ending	12,324	15,914	21,431	27,969
Rate increase/(decrease)	0%	0%	0%	0%
Full Time Equivalents (FTE)	9.0	7.8	7.8	8.3

Department of Administration

Central Motor Pool - Fleet Services

Fund 5100

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	1,921	2,434
Investments	0	0
Accounts Receivable	1,758	1,800
Accrued Investment/Interest Income	0	0
Inventories	0	0
Prepaid Expenses	3	0
Deferred Costs	0	0
Total Current Assets	3,682	4,234
Noncurrent Assets:		
Deferred Costs	1,098	0
Depreciable Capital Assets (Net)	34,229	35,000
Total Noncurrent Assets	35,327	35,000
Total Assets	39,009	39,234
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,126	3,200
Interfund Payables	0	0
Unearned Revenue	0	0
Loans Payable	6,728	4,966
Compensated Absences Payable	9	0
Total Current Liabilities	9,863	8,166
Noncurrent Liabilities:		
Loans Payable	14,603	13,934
Compensated Absences Payable	60	0
Other Liabilities	2,159	1,220
Total Noncurrent Liabilities	16,822	15,154
Total Liabilities	26,685	23,320
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	34,229	35,000
Unrestricted	(21,905)	(19,086)
Total Net Assets	12,324	15,914

Department of Administration

Central Motor Pool - Fleet Services

Fund 5100

Brief Narrative

Background:

Fleet Services provides long term vehicle leasing services and fleet management.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

None

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

The implementation of GASB 68, "Accounting and Financial Reporting for Pensions," which required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions, has caused many funds to end the fiscal year in a deficit net position. The actuarially determined amounts are likely to vary significantly from year to year and are managed by the retirement systems and state Legislature to ensure the defined benefit plans are adequately funded to pay plan benefits to employees participating as they become due. For these reasons, the state does not include the pension-related liabilities or deferred inflow and outflows of resources in the rate-setting process for managing these funds as long as the funds are contributing the monitored by the retirement systems administering these plans and the state Legislature statutory required contributions. The amounts will continue to be monitored by the retirement systems administering these plans and the state Legislature.

Effective FY18, GASB issued Statement No. 75 to establish new accounting and financial reporting requirements for OPEB other than pensions. This new requirement resulted in reporting additional \$77k Net OPEB Obligation, \$3k deferred OPEB outflows, \$3k deferred inflows, and salary expenses in FY18 comparing to FY17. These changes contribute to the net position balance for Fund 5100 as well.

Explain any reasons for rate changes:

Individual Fleet vehicle rates are based on vehicle type, acquisition cost, fuel economy, and life cycles. Actual expenses will vary based on contract parking, vehicle type, and lease terms. Fleet administration rates for leased vehicles will decrease in FY19.

Impact of rate changes on affected agencies:

Fleet's rates should favorably impact customer by the reduction in administration rates, and, where applicable, charging "actual costs" empowers agencies to manage their expenses respectively.

Department of Administration

Central Mail

Fund 5203

Revenues, Expenses and Changes in Net Assets (Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	8,805	9,415	9,500	9,714
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	8,805	9,415	9,500	9,714
Gross Margin	8,805	9,415	9,500	9,714
Operating Expenses:				
Purchased Services	8,192	8,675	8,611	8,777
Salaries and Fringe Benefits	698	645	664	671
Claims				
Depreciation	64	63	63	63
Amortization				
Supplies and Materials	137	141	142	143
Indirect Costs	33	33	34	34
Other Expenses				
Total Operating Expenses	9,124	9,557	9,514	9,688
Operating Income (Loss)	(319)	(142)	(14)	26
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets	5			
Total Nonoperating Revenues (Expenses)	5	0	0	0
Income (Loss) Before Transfers and Contributions	(314)	(142)	(14)	26
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	(314)	(142)	(14)	26
Net Assets, Beginning as Reported	774	460	318	304
Net Assets, Ending	460	318	304	330
Rate increase/(decrease)	8.9%	12%	0%	0%
Full Time Equivalents (FTE)	8.81	9.29	9.29	9.29

Department of Administration

Central Mail

Fund 5203

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Investments		
Accounts Receivable	2,154	2,318
Accrued Investment/Interest Income		
Inventories	5	3
Deferred Costs	640	640
Total Current Assets	2,799	2,961
Noncurrent Assets:		
Deferred Costs	899	899
Depreciable Capital Assets (Net)	480	417
Total Noncurrent Assets	1,379	1,316
Total Assets	4,178	4,277
LIABILITIES		
Current Liabilities:		
Accounts Payable	102	7
Interfund Payables	1,804	2,140
Unearned Revenue		
Loans Payable		
Compensated Absences Payable	3	3
Total Current Liabilities	1,909	2,150
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable	36	36
Other Liabilities	1,772	1,772
Total Noncurrent Liabilities	1,808	1,808
Total Liabilities	3,717	3,958
NET ASSETS		
Invested in Capital Assets,	481	481
Net of Related Debt	481	481
Unrestricted	(21)	(163)
Total Net Assets	460	318

Department of Administration

Central Mail

Fund 5203

Brief Narrative

Background:

Central Mail provides the following mail services to state agencies: Inserting, addressing, folding, postage automation services, postage metering and processing outgoing USPS mail.

Detail of any loans from the general fund, including dollar amounts:

An amount of \$1,803,431.99 is due to other funds due to the cash overdraft position of the fund on June 30, 2018.

Proposed investments in technology or equipment of \$100,000 or more:

With the assistance of an external business analyst, a solution was identified for improvements to Central Mail's billings system. The estimated costs of this improved billing system is \$400,000.

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY18, GASB issued Statement No. 75 to establish new accounting and financial reporting requirements for Other Post Employment Benefits other than pensions, this resulted in a Change in Accounting Principle of \$(38,000). In FY18, the total operating loss was \$(313,702.68).

Explain any reasons for rate changes:

Central Mail is proposing an overall revenue increase of 12% in FY2019. The folding rate will increase and bar code credits will be reduced. The folding rate is changing on order to be more competitive with the current market prices. All other rates will remain the same.

Impact of rate changes on affected agencies:

With the new OCR and the ability to sort to the 5-digit zip code, the historical method for calculating bar code credits resulted in credits exceeding bar code sorting charges. Therefore we will reduce the average credit per piece provided to customers so it is equal to the historical credit per piece. In addition, the minimum pieces to qualify for this credit is being raised from 500,000 to 750,000. DHS will no longer qualify for this credit based on the change in minimum.

Department of Administration

Risk Management - Property & Casualty

Fund 5300

Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	34	35	35	35
Rental and Service Fees	0	0	0	0
Insurance Premiums	11,401	11,533	11,533	11,533
Other Income	0	0	0	0
Total Operating Revenues	11,435	11,568	11,568	11,568
Gross Margin	11,435	11,568	11,568	11,568
Operating Expenses:				
Purchased Services	4,695	4,819	4,905	4,903
Salaries and Fringe Benefits	1,534	1,381	1,393	1,406
Claims	2,672	5,279	5,279	5,279
Depreciation	0	0	0	0
Amortization	37	37	37	37
Supplies and Materials	8	6	6	6
Indirect Costs	179	70	70	74
Other Expenses	4			
Total Operating Expenses	9,129	11,592	11,690	11,705
Operating Income (Loss)	2,306	(24)	(122)	(137)
Nonoperating Revenues (Expenses):				
Investment Income	338	310	310	310
Interest and Financing Costs	0			
Other Nonoperating Expenses	(2,326)			
Gain (Loss) on Disposal of Capital Assets	0			
Total Nonoperating Revenues (Expenses)	(1,988)	310	310	310
Income (Loss) Before Transfers and Contributions	318	286	188	173
Capital Contributions	0	0	0	0
Transfers in	0	0	0	0
Transfers out	(3)	0	0	0
Change in Net Assets	315	286	188	173
Net Assets, Beginning as Reported	12,897	13,212	13,498	13,686
Net Assets, Ending	13,212	13,498	13,686	13,859
Rate increase/(decrease)	0%	0%	0%	0%
Full Time Equivalents (FTE)	11.3	10.4	10.4	10.4

Department of Administration

Risk Management - Property & Casualty

Fund 5300

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	21,963	20,321
Investments	0	0
Accounts Receivable	1,970	1,990
Accrued Investment/Interest Income	0	0
Prepaid Expenses	96	94
Inventories	0	0
Deferred Costs	1,926	0
Total Current Assets	25,955	22,405
Noncurrent Assets:		
Deferred Costs	0	0
Depreciable Capital Assets (Net)	222	222
Total Noncurrent Assets	222	222
Total Assets	26,177	22,627
LIABILITIES		
Current Liabilities:		
Accounts Payable	173	170
Interfund Payables	3	0
Unearned Revenue	190	180
Loans Payable	8,689	8,689
Compensated Absences Payable	23	23
Total Current Liabilities	9,078	9,062
Noncurrent Liabilities:		
Loans Payable	0	0
Compensated Absences Payable	140	0
Other Liabilities	3,747	67
Total Noncurrent Liabilities	3,887	67
Total Liabilities	12,965	9,129
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	222	222
Unrestricted	12,990	13,276
Total Net Assets	13,212	13,498

Department of Administration

Risk Management - Property & Casualty

Fund 5300

Brief Narrative

Background:

The property and casualty program operates as an internal service fund, charging fees based on insurance options requested by customers.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

None

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

The implementation of GASB 68, "Accounting and Financial Reporting for Pensions," which required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions, has caused many funds to end the fiscal year in a deficit net position. The actuarially determined amounts are likely to vary significantly from year to year and are managed by the retirement systems and state Legislature to ensure the defined benefit plans are adequately funded to pay plan benefits to employees participating as they become due. For these reasons, the state does not include the pension-related liabilities or deferred inflow and outflows of resources in the rate-setting process for managing these funds as long as the funds are contributing the monitored by the retirement systems administering these plans and the state Legislature statutory required contributions. The amounts will continue to be monitored by the retirement systems administering these plans and the state Legislature.

Effective FY18, GASB issued Statement No. 75 to establish new accounting and financial reporting requirements for OPEB other than pensions. This new requirement resulted in reporting additional \$59k Net OPEB Obligation, \$4k deferred OPEB outflows, \$3k deferred inflows, and \$11k salary expenses in FY18 comparing to FY17. These changes contribute to the net position for Fund 5300 as well.

Explain any reasons for rate changes:

In FY19 no standard rate change, but a 9% increase in the hourly fee for non-insured tort claims management; and 5% reduction to Minnesota State general liability due to a "A" rating.

Impact of rate changes on affected agencies:

Due to favorable loss experience, Risk received a rate guarantee for property reinsurance program (three year through FY17 and a three year through FY20). This rate guarantee creates stability to customers. In addition, Customer with favorable claims experiences will receive dividend payments in FY19. Minnesota State a 5% reduction because of A rating.

Department of Administration

Facilities Management - Leases, Repair and Other Jobs Plant Management

Fund 5400

Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	73,718	75,304	76,089	77,290
Rental and Service Fees				
Insurance Premiums				
Other Income	1,073	1,832	1,803	1,819
Total Operating Revenues	74,791	77,136	77,892	79,109
Gross Margin	74,791	77,136	77,877	79,104
Operating Expenses:				
Purchased Services	13,310	13,001	12,452	12,708
Salaries and Fringe Benefits	21,573	18,410	19,126	19,619
Claims				
Depreciation	596	589	664	683
Amortization				
Supplies and Materials	2,067	1,974	2,007	2,022
Indirect Costs	807	847	863	879
Other Expenses	1,856	13,894	12,345	10,524
Total Operating Expenses	40,209	48,715	47,457	46,435
Operating Income (Loss)	34,582	28,421	30,420	32,669
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets	17			
Total Nonoperating Revenues (Expenses)	17	0	0	0
Income (Loss) Before Transfers and Contributions	34,599	28,421	30,420	32,669
Capital Contributions				
Transfers in				
Transfers out	(33,984)	(34,110)	(32,549)	(32,508)
Change in Net Assets	615	(5,689)	(2,129)	161
Net Assets, Beginning as Reported	(4,909)	(4,294)	(9,983)	(12,112)
Net Assets, Ending	(4,294)	(9,983)	(12,112)	(11,951)
Rate increase/(decrease)	3.4%	3.4%	0.3%	1.6%
Full Time Equivalents (FTE)	242.6	256.6	258.4	258.4

Department of Administration

Facilities Management - Leases, Repair and Other Jobs Plant Management

Fund 5400

Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	15,452	17,479
Investments		
Accounts Receivable	171	130
Accrued Investment/Interest Income		
Inventories	259	258
Deferred Costs		
Total Current Assets	15,882	17,867
Noncurrent Assets:		
Deferred Costs	23,988	24,000
Depreciable Capital Assets (Net)	8,001	7,642
Nondepreciable Capital Assets	261	261
Total Noncurrent Assets	32,250	31,903
Total Assets	48,132	49,770
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,411	8,641
Interfund Payables	46	
Unearned Revenue		
Loans Payable		19
Compensated Absences Payable	253	259
Total Current Liabilities	3,710	8,919
Noncurrent Liabilities:		
Loans Payable		70
Compensated Absences Payable	1,358	1,389
Other Liabilities	47,358	49,375
Total Noncurrent Liabilities	48,716	50,834
Total Liabilities	52,426	59,753
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	8,262	7,903
Unrestricted	(12,556)	(17,886)
Total Net Assets	(4,294)	(9,983)

Department of Administration

Facilities Management - Leases, Repair and Other Jobs Plant Management

Fund 5400

Brief Narrative

Background:

The PMD internal service fund (ISF) is made up of two activities: leases, and repair and other jobs. The predominant customers are state agencies located in custodial control buildings that pay for space through lease rental rates.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

\$100,000 for John Deere 4 WD Loader replacement in FY2020.

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

The implementation of GASB 68, "Accounting and Financial Reporting for Pensions," which required the recording of the net pension liability and the deferred inflows and outflows of resources associated with pensions, has caused many funds to end the fiscal year in a deficit net position. The actuarially determined amounts are likely to vary significantly from year to year and are managed by the retirement systems and state Legislature to ensure the defined benefit plans are adequately funded to pay plan benefits to employees participating as they become due. For these reasons, the state does not include the pension-related liabilities or deferred inflow and outflows of resources in the rate-setting process for managing these funds as long as the funds are contributing the monitored by the retirement systems administering these plans and the state Legislature statutory required contributions. The amounts will continue to be monitored by the retirement systems administering these plans and the state Legislature.

Effective FY18, GASB issued Statement No. 75 to establish new accounting and financial reporting requirements for OPEB other than pensions. This new requirement resulted in reporting additional \$1,188k Net OPEB Obligation, \$87k deferred OPEB outflows, \$70k deferred inflows, and \$13k salary expenses in FY18 comparing to FY17. These changes contribute to the deficit net position for Fund 5400 as well.

Explain any reasons for rate changes:

Building life expectancy, vacant space, breakeven rates, positive/negative retained earnings, planned construction projects, and working capital are factors that are considered when developing each building's rate. The difference between actual revenues and expenses versus budgeted amounts will be reflected in future lease rates. The proposed rates reflect overall rate increases of 0.3% in FY 2020 and 1.6% in FY 2021. There is a rate decrease for the MSB and rate increases in 9 buildings. The rate increase of 5% each year for the Judicial Center is due in large part to ongoing water intrusion repairs. It is important to note, this building has had previous rate decreases for reasons described in the historical section on page 8. The FY 2021 rate of \$22.00 reflects an 11% decrease over the 18 year period from FY 2003 when the rate was \$24.63.

Impact of rate changes on affected agencies:

In FY2020, the lease for Dept of Human Services, Dept of Agriculture, Dept of Revenue, and Dept of Transportation will be increased; the lease for Dept of Health, MN Senate, and Dept of Public Safety will be decreased. In FY2021, the lease for Dept of Human Services and Dept of Public Safety will be increased.

Community Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,316	1,468						
2000 - Restrict Misc Special Revenue	10	5						
2001 - Other Misc Special Revenue	51	13						
2301 - Arts & Cultural Heritage	164	25						
3000 - Federal	930	258						
Total	2,470	1,769						
Biennial Change				(4,239)		0		0
Biennial % Change				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
<u>Expenditures by Category</u>								
Compensation	1,623	1,294						
Operating Expenses	559	294						
Grants, Aids and Subsidies	218	34						
Capital Outlay-Real Property	8	4						
Other Financial Transaction	63	143						
Total	2,470	1,769						
<u>Full-Time Equivalents</u>								
	16.51	13.10						

Community Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		51						
Direct Appropriation	1,367	1,417						
Balance Forward Out	51							
Expenditures	1,316	1,468						
Biennial Change in Expenditures				(2,784)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	10.64	11.27						

2000 - Restrict Misc Special Revenue

Balance Forward In	3	5						
Receipts	11							
Balance Forward Out	5							
Expenditures	10	5						
Biennial Change in Expenditures				(15)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.15							

2001 - Other Misc Special Revenue

Receipts	51	13						
Expenditures	51	13						
Biennial Change in Expenditures				(64)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.39	0.35						

2301 - Arts & Cultural Heritage

Balance Forward In	2	25						
Transfers In	183							

Community Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Cancellations	0	0						
Balance Forward Out	21							
Expenditures	164	25						
Biennial Change in Expenditures				(188)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	2.01	0.30						

3000 - Federal

Receipts	930	258						
Expenditures	930	258						
Biennial Change in Expenditures				(1,188)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	3.32	1.18						

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Office of Administrative Hearings

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AT A GLANCE

- 1,442 new cases filed; 270 hearings held in cases involving challenges to government actions in FY17-18.
- 19,812 new cases filed and 881 hearings held in workers compensation cases in FY17-18.
- Utilized interpreter services in 72 different languages to assure public access in hearing processes.
- Conducted 112 administrative rulemaking cases for 30 state agencies in FY17-18.
- In FY17-18, issued orders on petitions resulting in 223 municipal boundary adjustments affecting 8,111 acres in 62 counties.
- With 32 judges and 41 administrative staff in FY17-18, ensured that individual rights were protected and due process provided in all proceedings.

PURPOSE

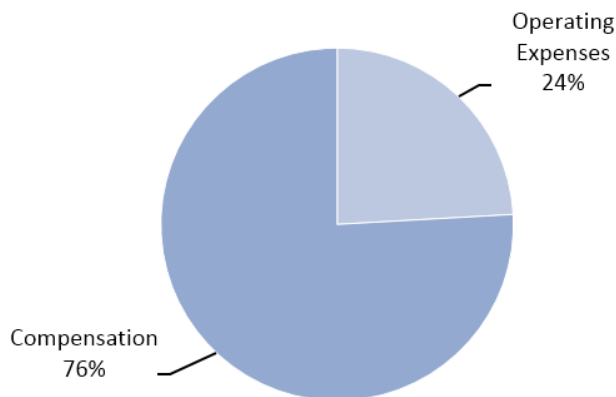
The Office of Administrative Hearings (OAH) administers justice as an independent judicial tribunal within the executive branch. We provide fair and impartial hearings for individuals and residents challenging actions taken by state and local government agencies, and for injured workers and employers in contested workers' compensation matters. OAH also reviews all rulemaking proceedings initiated by state agencies to ensure statutory compliance, and conducts municipal boundary adjustment proceedings throughout the state. All of the agency's work serves to guarantee the public's access to and participation in their governments' processes.

Because OAH provides due process hearings for Minnesotans challenging state agency actions, OAH serves a vital role in contributing to the following statewide outcomes:

- **Economy – A thriving economy that encourages business growth and employment opportunities**
 - Licensing hearings (DHS, Commerce, medical boards); veteran's preferences cases; public employee discharges.
- **Education – Minnesotans have the education and skills needed to achieve their goals**
 - Special education hearings related to services provided by school districts; PELSB licensing matters.
- **Health – All Minnesotans have optimal health**
 - Hearings involving nursing home inspections; restaurant and catering administrative penalties.
- **Community – Strong and stable families and communities**
 - Child care and adult foster care maltreatment cases; campaign practices cases; boundary adjustment matters.
- **Safety – People in Minnesota are safe**
 - Hearings involving community notification ratings for sexual predators being released from confinement.
- **Environment – A clean, healthy environment with sustainable uses of natural resources**
 - Hearings involving utility rates and routes as well as environmental permits or civil citations.
- **Accountability – Efficient and accountable government services**
 - All hearings involve claims that government has overstepped its legal authority by misapplying the facts and/or the law. The neutral and impartial judges at OAH serve as a valuable check on the exercise of government power.

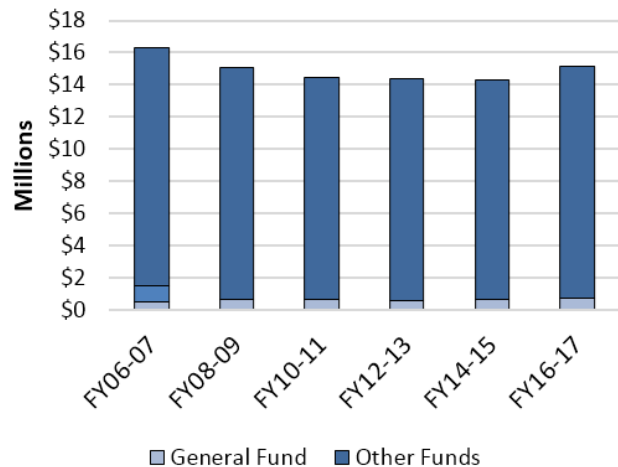
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The agency's funding comes from three sources: (1) over 75 percent of the annual funding comes from the Workers Compensation Special Fund; (2) the agency receives small general fund appropriations (less than \$500,000) to support its work in municipal boundary adjustments, campaign practices challenges, and expedited data practices matters; and (3) operating as an enterprise fund, the agency raises the remaining \$3 million by charging other agencies for its services.

STRATEGIES

As directed by M.S. 176 and associated rules, the Workers' Compensation Division conducts pretrial and trial functions associated with petitions for workers' compensation benefits. Workers' Compensation Judges rule on motions, conduct settlement and pretrial conferences, preside at trials, and issue awards and final decisions. The judicial staff of the division consistently provides well-reasoned, fair and neutral decisions in a timely manner in service to injured workers and employers throughout the state.

Under the authority of M.S. 14 and related rules, the Administrative Law Division provides contested case hearings in matters involving the public's challenges to state agency actions. The subject matter of these proceedings varies widely among the 170-plus state and local agencies which bring cases before OAH. The division is staffed with a highly-experienced team of Administrative Law Judges who preside over contested case hearings and provide mediations and other conflict resolution services throughout the state. The Administrative Law Judges also review all state agency rule submissions for necessity and reasonableness, hear claims of unfair campaign practices in non-statewide elections, and enforce government accountability in accordance with the Minnesota Government Data Practices Act when challenges are filed by members of the public. In all matters, the division's judges serve as fair and impartial decision-makers and produce legally accurate, easily understandable, and timely written decisions.

Pursuant to M.S. 414, the Municipal Boundary Adjustment Unit, acting through administrative law judges, issues orders on petitions for the creation or dissolution of municipalities, alteration of municipal boundaries through consolidation, annexation, or detachment of real property, and the establishment of sanitary districts. Matters are commenced by involved municipal governments and/or affected property owners. As a means of ensuring government accountability and public access, the Unit maintains a searchable electronic database of all docketed information including maps of real property included in boundary adjustment proceedings.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average days for workers' compensation judges to issue final decision after record close.	38	39.6	FY15/ FY16, FY17/ FY18
Quantity	Average days for administrative law judges to issue written opinion after record close.	19.8	19.8	FY15/ FY16, FY17/ FY18
Quantity	Percent of workers' compensation mediations resulting in settlement, thus avoiding hearing.	60%	65%	FY15/ FY16, FY17/ FY18
Quantity	Percent of administrative law mediations resulting in settlement, thus avoiding hearing.	73%	75%	FY15/ FY16, FY17/ FY18
Quantity	Percent of hearings held outside metro area and percent held by video (ITV).	24% + 6%	18% + 5%	FY15/ FY16, FY17/ FY18
Result	Percent of turnover in staff positions.	13.8%	12.8%	FY15/ FY16, FY17/ FY18
Result	Percent of recent hires representing increased diversity (gender, race and/or ethnicity, disability status, other protected class) of staff.	73%	93%	FY15-FY16, FY17-FY18

The primary legal authority for the Office of Administrative Hearings:

M.S. 14 Administrative Procedure (<https://www.revisor.mn.gov/statutes/?id=14>)

M.S. 115 Water Pollution Control; Sanitary Districts (<https://www.revisor.mn.gov/statutes/?id=115>)

M.S. 176 Workers' Compensation (<https://www.revisor.mn.gov/statutes/?id=176>)

M.S. 414 Municipal Boundary Adjustments (<https://www.revisor.mn.gov/statutes/?id=414>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	268	498	332	465	400	400	400	400
2800 - Environmental	1	62	30	70	50	50	50	50
2830 - Workers Compensation	6,820	7,523	7,219	8,370	7,822	7,822	7,831	7,831
5201 - Administrative Hearings	2,683	2,557	2,727	3,040	2,943	2,943	2,943	2,943
5202 - Workers Comp Transcript	3	9	6	9	5	5	5	5
Total	9,775	10,649	10,314	11,954	11,220	11,220	11,229	11,229
Biennial Change				1,844		172		190
Biennial % Change				9		1		1
Governor's Change from Base								18
Governor's % Change from Base								0

Expenditures by Program

Administrative Hearings	9,775	10,649	10,314	11,954	11,220	11,220	11,229	11,229
Total	9,775	10,649	10,314	11,954	11,220	11,220	11,229	11,229

Expenditures by Category

Compensation	7,942	8,083	8,088	9,122	9,219	9,219	9,228	9,228
Operating Expenses	1,808	2,567	2,226	2,832	2,001	2,001	2,001	2,001
Other Financial Transaction	25							
Total	9,775	10,649	10,314	11,954	11,220	11,220	11,229	11,229

Full-Time Equivalents

67.47	68.31	63.88	59.34	59.34	59.34	59.34	59.34
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		112		65				
Direct Appropriation	380	417	397	400	400	400	400	400
Cancellations		31						
Balance Forward Out	112		65					
Expenditures	268	498	332	465	400	400	400	400
Biennial Change in Expenditures				31		3		3
Biennial % Change in Expenditures				4		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.97	2.48	1.93	1.50	1.50	1.50	1.50	1.50

2800 - Environmental

Balance Forward In		49		20				
Transfers In	50	50	50	50	50	50	50	50
Cancellations		37						
Balance Forward Out	49		20					
Expenditures	1	62	30	70	50	50	50	50
Biennial Change in Expenditures				37		0		0
Biennial % Change in Expenditures				59		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.10	0.23	0.30	0.30	0.30	0.30	0.30

2830 - Workers Compensation

Balance Forward In		430		566				
Direct Appropriation	7,250	7,250	7,787	7,804	7,822	7,822	7,831	7,831
Transfers Out			2					
Cancellations		157						
Balance Forward Out	430		566					
Expenditures	6,820	7,523	7,219	8,370	7,822	7,822	7,831	7,831
Biennial Change in Expenditures				1,246		55		73
Biennial % Change in Expenditures				9		0		0
Governor's Change from Base								18

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents	48.48	49.40	45.13	41.00	41.00	41.00	41.00	41.00

5201 - Administrative Hearings

Balance Forward In	1,015	443	752	812	558	490	558	490
Receipts	2,078	2,864	2,786	2,786	2,875	2,875	2,875	2,875
Transfers In		162						
Transfers Out		162						
Balance Forward Out	410	750	812	558	490	422	490	422
Expenditures	2,683	2,557	2,727	3,040	2,943	2,943	2,943	2,943
Biennial Change in Expenditures				526		119		119
Biennial % Change in Expenditures				10		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.02	16.28	16.54	16.54	16.54	16.54	16.54	16.54

5202 - Workers Comp Transcript

Balance Forward In	48	51	49	46	42	42	42	42
Receipts	5	7	3	5	5	5	5	5
Balance Forward Out	51	49	46	42	42	42	42	42
Expenditures	3	9	6	9	5	5	5	5
Biennial Change in Expenditures				3		(5)		(5)
Biennial % Change in Expenditures				28		(35)		(35)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.05	0.05					

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	400	400	400	800
Forecast Base	400	400	400	800
Total Governor's Recommendations	400	400	400	800
Fund: 2830 - Workers Compensation				
FY2019 Appropriations	7,804	7,804	7,804	15,608
Base Adjustments				
Pension Allocation		18	18	36
Forecast Base	7,804	7,822	7,822	15,644
Change Items				
Salary Parity for OAH Assistant Chief Admin. Law Judge and Admin. Law Judge Supervisors		9	9	18
Total Governor's Recommendations	7,804	7,831	7,831	15,662
Dedicated				
Fund: 5201 - Administrative Hearings				
Planned Spending	3,040	2,943	2,943	5,886
Forecast Base	3,040	2,943	2,943	5,886
Total Governor's Recommendations	3,040	2,943	2,943	5,886
Fund: 5202 - Workers Comp Transcript				
Planned Spending	9	5	5	10
Forecast Base	9	5	5	10
Total Governor's Recommendations	9	5	5	10
Revenue Change Summary				
Dedicated				
Fund: 5201 - Administrative Hearings				
Forecast Revenues	2,786	2,875	2,875	5,750
Total Governor's Recommendations	2,786	2,875	2,875	5,750
Fund: 5202 - Workers Comp Transcript				
Forecast Revenues	5	5	5	10
Total Governor's Recommendations	5	5	5	10
Non-Dedicated				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 1000 - General				
Forecast Revenues	43	43	43	86
Total Governor's Recommendations	43	43	43	86
Fund: 2830 - Workers Compensation				
Forecast Revenues	3	3	3	6
Total Governor's Recommendations	3	3	3	6

Office of Administrative Hearings

FY 2020-21 Biennial Budget Change Item

Change Item Title: Salary Parity for OAH Assistant Chief Administrative Law Judge and Administrative Law Judge Supervisors

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	9	9	9	9
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	9	9	9	9
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$9,000 in FY 2020 and each year thereafter from the Workers' Compensation Fund for the Office of Administrative Hearings (OAH) to fund a correction to OAH salaries, which are set in statute. This recommendation increases the salary of the OAH assistant chief administrative law judge and also the OAH supervisory judges so that their salary will be higher than that of the judges that they supervise, correcting a mathematical error made in the 2017 legislative session when salaries were adjusted.

This recommendation is equal to a 0.1% increase to the OAH Workers' Compensation Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

OAH made a mathematical error when it submitted its FY18-19 biennial budget change item for salary parity for OAH judges. The salary of the assistant chief administrative law judge and administrative law judge supervisors was proposed at 93.60 percent of the salary of a chief district court judge. When calculated, this resulted in a total for judge supervisors that was less than the judges they supervise.

Proposal:

OAH seeks to correct this error by increasing the salaries of the assistant chief administrative law judge and administrative law judge supervisors from 93.60 percent of the salary of a chief district court judge to 100 percent of the salary of a district court judge. This will ensure that a judge supervisor is paid more than a judge supervisee and less than the chief judge, which will conform the salary structure to every other court in the state.

Statutory Change(s):

MS 15A.083, subd. 6a, as follows:

Subd. 6a. **Administrative law judge; salaries.**

The salary of the chief administrative law judge is 98.52 percent of the salary of a chief district court judge. The salaries of the assistant chief administrative law judge and administrative law judge supervisors are ~~93.60~~ 100 percent of the salary of a ~~chief district court judge~~. The salary of an administrative law judge employed by the Office of Administrative Hearings is 98.52 percent of the salary of a district court judge as set under section 15A.082, subdivision 3.

Office of Administrative Hearings

Administrative Hearings - Fund 5201

Revenues, Expenses and Changes in Net Assets (Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	2,765	2,787	2,875	2,875
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	2,765	2,787	2,875	2,875
Gross Margin	2,765	2,787	2,875	2,875
Operating Expenses:				
Purchased Services	403	523	354	354
Salaries and Fringe Benefits	2,806	2,476	2,543	2,543
Claims				
Depreciation				
Amortization				
Supplies and Materials	25	25	25	25
Indirect Costs	23	23	23	23
Other Expenses				
Total Operating Expenses	3,257	3,047	2,945	2,945
Operating Income (Loss)	(492)	(260)	(70)	(70)
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Transfers and Contributions	(492)	(260)	(70)	(70)
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	(492)	(260)	(70)	(70)
Net Assets, Beginning as Reported	(1,927)	(2,419)	(2,679)	(2,749)
Net Assets, Ending	(2,012)		(2,749)	(2,819)
Rate increase/(decrease)				
Full Time Equivalents (FTE)	16.5	16.5	16.5	16.5

Office of Administrative Hearings

Administrative Hearings - Fund 5201

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	654	458
Investments		
Accounts Receivable	330	335
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	984	793
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	0	0
Total Assets	984	793
LIABILITIES		
Current Liabilities:		
Accounts Payable	137	137
Interfund Payables		
Unearned Revenue		
Loans Payable		
Compensated Absences Payable	18	18
Total Current Liabilities	155	155
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable	198	198
Other Liabilities		
Total Noncurrent Liabilities	198	198
Total Liabilities	353	353
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		
Unrestricted	984	793
Total Net Assets	984	793

Office of Administrative Hearings

Administrative Hearings - Fund 5201

Brief Narrative

Background:

Administrative Hearings Fund 5201 is both an enterprise and internal service fund. It provides fair and impartial contested case hearings for individuals challenging actions taken by state and local governments.

Detail of any loans from the general fund, including dollar amounts:

None.

Proposed investments in technology or equipment of \$100,000 or more:

The Office of Administrative Hearings plans to make technology improvements in the future to better support e-filing and add e-service.

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

None.

Explain any reasons for rate changes:

By law (*see* Minn. Stat. sec. 16A.126, subd. 1 (2016)), OAH's enterprise fund rates are approved annually by MMB. The agency's rates were approved as of July 1, 2018, and are in effect for the current fiscal year.

Impact of rate changes on affected agencies:

Office of Administrative Hearings

Workers' Compensation Transcript - Fund 5202

Revenues, Expenses and Changes in Net Assets (Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	3	5	5	5
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	3	5	5	5
Gross Margin	3	5	5	5
Operating Expenses:				
Purchased Services	3	8	4	4
Salaries and Fringe Benefits	8			
Claims				
Depreciation				
Amortization				
Supplies and Materials				
Indirect Costs				
Other Expenses				
Total Operating Expenses	11	8	4	4
Operating Income (Loss)	(8)	(3)	1	1
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Transfers and Contributions	(8)	(3)	1	1
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	(8)	(3)	1	1
Net Assets, Beginning as Reported	49	42	39	40
Net Assets, Ending	41	39	40	41
Rate increase/(decrease)				
Full Time Equivalents (FTE)	0.05	0.0	0.0	0.0

Office of Administrative Hearings

Workers' Compensation Transcript - Fund 5202

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	46	42
Investments		
Accounts Receivable		
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	46	42
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	0	0
Total Assets	46	42
LIABILITIES		
Current Liabilities:		
Accounts Payable		
Interfund Payables		
Unearned Revenue		
Loans Payable		
Compensated Absences Payable		
Total Current Liabilities	0	0
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable		
Other Liabilities		
Total Noncurrent Liabilities	0	0
Total Liabilities	0	0
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		
Unrestricted	46	42
Total Net Assets	46	42

Office of Administrative Hearings

Workers' Compensation Transcript - Fund 5202

Brief Narrative

Background:

The Workers' Compensation Transcript revenues are dedicated to the purposes of maintaining record of hearings conducted and preparation of transcript of those hearings for appeals to the Workers' Compensation Court of Appeals. Additional revenue is generated through filing fees.

Detail of any loans from the general fund, including dollar amounts:

None.

Proposed investments in technology or equipment of \$100,000 or more:

none.

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

None.

Explain any reasons for rate changes:

No rate change.

Impact of rate changes on affected agencies:

N/A

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AT A GLANCE

- The Council for Minnesotans of African Heritage was established in 1980. We are one of three Ethnic Councils governed under Minnesota Statute 15.0145 that includes the Asian and Latino councils.
- The Minnesota State Demographer estimates the Minnesota African Heritage population in Minnesota at 425,197.
- The Council is comprised of 11 appointees from the Governor, 4 Legislative members and staffed by 3.5 fulltime employees. Currently the Council has 8 members appointed by the Governor, 2 active Legislators and we are fully staffed.

PURPOSE

According to Minnesota Statute 15.0145, a council must work for the implementation of economic, social, legal, and political equality for its constituency. The council shall work with the legislature and governor to carry out this work by performing the duties in this section. Duties in this section include:

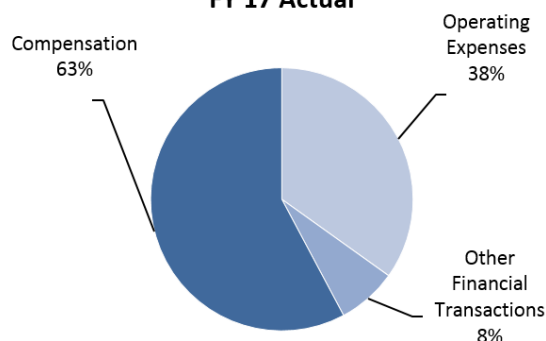
- Advise the governor and the legislature of administrative and legislative changes needed to improve the economic and social condition of the African Heritage community.
- Advise the governor and the legislature of the implications and effect of proposed administrative and legislative changes on the African Heritage community.
- Serve as liaison between state government and organizations that serve the African Heritage community.
- Facilitate studies designed to suggest solutions to the African Heritage community in the areas of education, employment, human rights, health, housing, social welfare, and other related areas.

The Council for Minnesotans of African heritage contributes to the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities for all Minnesotans.**
- **All Minnesotans have the education and skills needed to achieve their goals.**
- **All Minnesotans have optimal health a clean, healthy environment with sustainable use of natural resources.**
- **Minnesota has strong and stable families and communities regardless of their background.**
- **All people in Minnesota are safe.**

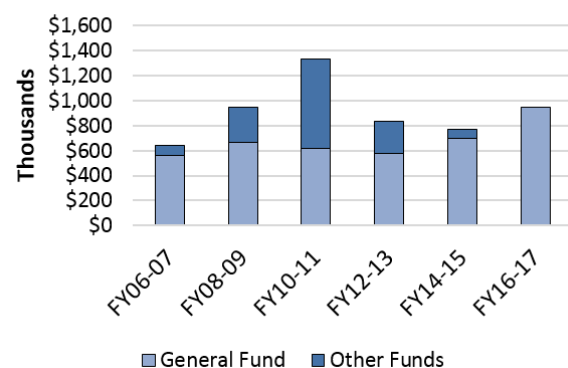
BUDGET

Spending by Category
FY 17 Actual



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Council is funded through an appropriation from the general fund. Other fund spending in prior years represents grants and other external funding the Council has received. For example, during the FY2010-11 and FY2013-14 biennia the Council partnered with Blue Cross and Clearway to address tobacco use in the African Heritage community, and with the Department of Human Services on foster care and adoption initiatives.

In FY17 compensation accounted for 54 percent of the Council's spending. It should be noted that the Council has undergone several staff changes in the last five years, and as of September 2018 is fully staffed for the first time in over a year. Moving forward, the Council anticipates that compensation will represent at least 75% of spending.

STRATEGIES

Our work ensures that families have access to the Council as a resource. Through the Council, our constituents advocate for policies that encourage a thriving economy, access to education, health and a sustainable environment. Our work focuses on making sure Minnesota families are safe, stable, and have a Council that advises the Governor and legislature on their behalf. The Council achieves its mission through three strategies:

Statewide Outreach – We currently target 4 regions of the state (Twin Cities, Rochester, Saint Cloud and Duluth) with a goal of developing relationships and partnering with our constituents in those areas to build and advance a shared agenda.

Legislative Advocacy – The Council works with our statewide partners to build a legislative policy and budgetary agenda. We then work hand in hand with our partners and lawmakers to advance our agenda.

Advisory Role – When the Council has a position on a certain issue, we submit our advice in writing to the Governor and Legislature with a request for specific action steps. We then partner with the appropriate authorities to advance our position.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Statewide Outreach - Increase email/call and volunteer list to 1,000 through in person outreach	80	1,700	2017 & Jan. – Sept. 2018
Quantity	Advisory Role - The Council submitted nine statements to the Governor's office and Legislators. Two of our positions were adopted and taken action on	N/A	9	Jan. – Sept. 2018
Results	Legislative Advocacy - Two of the 5 issues on our Legislative Agenda earned hearings and were debated in the State House	1	2	2017 Session & 2018 Session

M.S. 15.0145 provides the legal authority for the CMAH. (<https://www.revisor.mn.gov/statutes/?id=15.014>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	513	437	247	562	407	407	681	682
Total	513	437	247	562	407	407	681	682
Biennial Change				(142)		5		554
Biennial % Change				(15)		1		68
Governor's Change from Base								549
Governor's % Change from Base								67

Expenditures by Program

African Heritage Council	513	437	247	562	407	407	681	682
Total	513	437	247	562	407	407	681	682

Expenditures by Category

Compensation	211	238	146	328	304	311	502	520
Operating Expenses	302	167	101	231	100	93	176	159
Other Financial Transaction		33		3	3	3	3	3
Total	513	437	247	562	407	407	681	682

Full-Time Equivalents

2.27	2.61	1.81	3.55	3.50	3.50	6.00	6.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		48		156				
Direct Appropriation	396	401	403	406	407	407	681	682
Transfers In	150							
Cancellations		11						
Balance Forward Out	33		156					
Expenditures	513	437	247	562	407	407	681	682
Biennial Change in Expenditures				(142)		5		554
Biennial % Change in Expenditures				(15)		1		68
Governor's Change from Base								549
Governor's % Change from Base								67
Full-Time Equivalents	2.27	2.61	1.81	3.55	3.50	3.50	6.00	6.00

2403 - Gift

Balance Forward In	1	1	1	1	1	1	1	1
Receipts	0	0	0					
Balance Forward Out	1	1	1	1	1	1	1	1

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	406	406	406	812
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	406	407	407	814
Change Items				
Expand Operations		274	275	549
Total Governor's Recommendations	406	681	682	1,363

Council for Minnesotans of African Heritage

FY 2020-21 Biennial Budget Change Item

Change Item Title: Expand Operations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	274	275	275	275
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	274	275	275	275
FTEs	2.5	2.5	2.5	2.5

Recommendation:

The Governor recommends additional funding of \$274 thousand in FY 2020 and \$275 thousand each year thereafter to expand the capacity of the Council for Minnesotans of African Heritage.

Rationale/Background:

The Minnesota Legislature created the Council on Black Minnesotans in 1980 to ensure that people of African heritage fully and effectively participate in and equitably benefit from the political, social, and economic resources, policies and procedures of the State of Minnesota. In 2015, the Council for Minnesotans of African Heritage (Council) was created out of the restructuring of the state's ethnic councils.

MN Statute 15.0145 charges the Council with the following duties:

- Advise the Governor and the Legislature on issues confronting the African heritage community.
- Serves as a liaison between state government and organizations that serve the African heritage community.
- Perform or contract for the performance of studies designed to suggest solutions to the problems faced by Minnesotans of African heritage.
- Report on the measurable outcomes achieved in the Council's strategic plan to meet its mandated duties.

Since its restructure in 2015, the Council has struggled to maintain effective levels of staffing. As a result, the agency has lost the capacity to perform certain duties, including:

- The Council's staffing structure accounts for 3.5 FTEs. The Council currently has a .5 Legislative Coordinator who operates at full time capacity 6 out of 12 months a year. The Council requires 1 FTE to execute its legislative duties.
- The Council has a duty to conduct research and report on activities, concerning the African heritage community. Currently, these duties are divided between 3.5 FTEs. 1 FTE is needed to fully execute reporting and research duties.
- Adjusting the staff structure will require acquiring vacant office space in the Council's suite. This space will be used to house unpaid interns and a Research Analyst. This space is available and accessible within our current suite.

Proposal:

The Governor recommends additional funding for the Council to maintain and enhance the delivery of current services. The increase will allow the Council to fully fund its Legislative Coordinator year round, add a dedicated research analyst to help fulfill its statutory responsibilities, and add a new staff person to focus on expanding the

Council's statewide outreach strategy. The additional funding will also enable the Council to modify its office space to accommodate the new staff and activities.

	FY 2020	FY 2021	FY 2022	FY 2023
Compensation	\$198	\$209	\$209	\$209
Operating Expenses	76	66	66	66
Total	274	275	275	275

The FY 2020-2021 biennial recommendation of \$549,000 represents a 67% increase to the Council's current budget. This proposal will adjust the staff structure of the Council to provide the basic capacity to execute its duties. The full time Legislative Coordinator will lead the Council's legislative strategy, which is a core function of the Council. The Research Analyst will empower the Council to tell a more complete story behind legislation, demographic, economic, and social trends in the community. The new outreach position will help guide the creation of a narrative report focused on the state of the African Heritage community and community driven policy recommendations to address racial disparities. The shift in staffing will require the agency to occupy the full suite which will provide space for unpaid interns who are an additional resource to Council's constituency.

IT Related Proposals:

N/A

Equity and Inclusion:

Statute requires the Council to "work for the implementation of economic, social, legal, and political equality for its constituency." The Council represents a statewide constituency of 425,197 African and African American Minnesotans. This community is diverse and located across the state. While most live in Hennepin and Ramsey County, the number of African and African Americans in Greater Minnesota are growing. Kandiyohi, Stearns, and Nobles County have all seen a substantial shift in population. As these changes happen all over our state, the structure of the state's ethnic councils continue to be an important tool to increase equity and inclusion.

Results:

The Council achieves its mission by utilizing three key strategies. Advising the Legislature and Governor, building and advancing a legislative agenda and statewide outreach. This proposal will fully staff the Council's legislative strategy and enhance the agency's ability to advise lawmakers using the information gathered from the Council's outreach program.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Statewide Outreach - Increase email/call and volunteer list to 1,000 through in-person outreach	80	1,700	Jan - Sept 2018
Quality	Advisory Role - The Council submitted nine statements to the Governor's office and Legislators. Two of our positions were adopted and acted on by the Governor's office	NA	9	Jan – Sept 2018
Results	Legislative Advocacy - Two of the 5 issues on our Legislative Agenda earned hearings and were debated in the State House	1	2	Session 2017 – Session 2018

Statutory Change(s):

N/A

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AT A GLANCE

The Agricultural Utilization Research Institute (AURI) helps create a thriving economic environment by developing new business opportunities in Minnesota. Clients served between state fiscal years 2011 and 2017 reported direct impacts resulting from AURI assistance. Using an input-output model of these results to assess the direct, indirect, and induced effects on the state's economy, a U of M study reports annually recurring impacts of increased gross sales:

- 935 jobs created or retained;
- \$141.8 million in increased economic activity.

Further, direct capital investment in new plants or equipment resulted in:

- \$168.8 million of total economic contribution;
- 1,010 jobs; and
- \$68 million in labor income.

Results above reflect the full economic impact of AURI-assisted projects between state FY 2011 and 2017, based on a 2018 study conducted by the University of Minnesota Extension's Center for Community Vitality.

PURPOSE

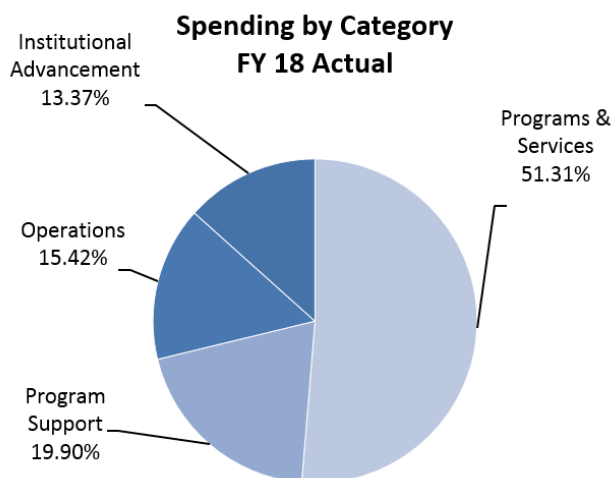
The purpose and mission of the Agricultural Utilization Research Institute (AURI) is to foster long-term economic benefit for Minnesota through value-added agricultural products. It accomplishes this by offering a unique mix of research and development, hands-on scientific assistance, and innovation networks.

AURI helps Minnesota businesses and entrepreneurs identify and develop new markets for agricultural commodities and byproducts. This, in turn, strengthens Minnesota's agriculture industry and economy.

AURI significantly contributes to this statewide outcome:

- **A thriving economy that encourages business growth and employment opportunities**

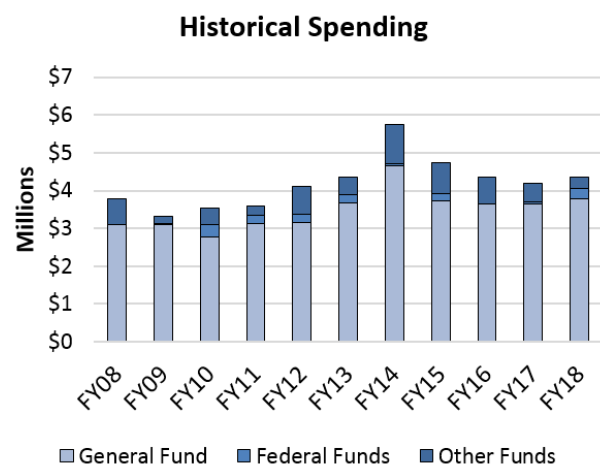
BUDGET



Source: AURI Microsoft GP Accounting System

Past funding came from three general sources:

- 1) Minnesota's General Fund
- 2) Federal funds such as U.S. Department of Agriculture and U.S. Department of Energy grants.
- 3) Other funds including matching project funds from commodity research and promotion councils, grants from Minnesota initiative foundations and an Xcel Energy Renewable Development Fund grant in FY08.



Source: AURI Microsoft GP Accounting System and Annual Audited Financial Statements

AURI utilizes its funding to provide Minnesota agricultural producers, entrepreneurs and agribusinesses with the following resources and services:

- **Applied research and development** identifies opportunities for innovation and commercialization in collaboration with commodity organizations, higher education institutions, federal agencies, and research organizations. Public-domain research spurs innovation in new uses and value-added agriculture.
- **Innovation networks** convenes events for a variety of groups, including industry leaders, academics and project management staff. This program offers access to extensive knowledge and insight into Minnesota's agricultural industry, commercialization and state resources for business development. Innovation networks provide participants with techniques for managing innovation and supporting entrepreneurship, while considering the dynamics and challenges faced by rural communities.
- **Hands-on scientific assistance** gives entrepreneurs and small- to medium-sized businesses access to laboratories and scientific expertise, critical aspects of product and process development that may otherwise be prohibitively expensive.
- **Commercialization services** help entrepreneurs prepare their product or service for market consumption. This includes economic or feasibility assessments and providing counsel on how to best formulate product mixes for scaling up production size.

STRATEGIES

AURI utilizes five primary strategies to spur innovation and grow Minnesota's economy when working with entrepreneurs and agricultural processors. Strategies proven effective to successfully bring new and enhanced agricultural products and processes to market and to support organizational goals include:

- **Generate ideas for new agricultural innovations for the marketplace.** AURI utilizes applied research and development to grow the economy and create new jobs.
- **Select the best ideas for agricultural innovation.** AURI works with small businesses, entrepreneurs, stakeholders, industry thought leaders, and other research leaders to select ideas most likely to succeed in the marketplace.
- **Connect the best ideas to the marketplace.** Staff assist small businesses and entrepreneurs with the hands-on scientific assistance and leverage resource networks to bring an idea to reality.
- **Innovation network building.** AURI events connect interested parties to build synergy and capacity for innovation.
- **Conducting public initiative research.** AURI conducts multiple public domain research projects per year to further spur innovation.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percent of clients who agreed that "AURI's programs and services have been vital to growing my business."	74%	84%	2015; 2018
Results	Percent of clients who agreed that "Because of your work with AURI, your business is more successful."	77%	79%	2015; 2018
Results	Percent of affected clients agreed "AURI connected you to valuable resources/organizations"	76%	79%	2015; 2018
Quality	Percent of affected clients who agreed that "AURI improved your product/process significantly."	73%	73%	2015; 2018
Quality	Percent of clients who agreed that "AURI significantly helped in addressing business needs."	81%	89%	2015; 2018

M.S. 116V.01 provides the legal authority for AURI.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,643	3,643	3,793	3,793	3,793	3,793	3,897	3,900
Total	3,643	3,643	3,793	3,793	3,793	3,793	3,897	3,900
Biennial Change				300		0		211
Biennial % Change				4		0		3
Governor's Change from Base								211
Governor's % Change from Base								3

Expenditures by Program

Ag Utilization Research Institute	3,643	3,643	3,793	3,793	3,793	3,793	3,897	3,900
Total	3,643	3,643	3,793	3,793	3,793	3,793	3,897	3,900

Expenditures by Category

Grants, Aids and Subsidies	3,643	3,643	3,793	3,793	3,793	3,793	3,897	3,900
Total	3,643	3,643	3,793	3,793	3,793	3,793	3,897	3,900

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	3,643	3,643	3,793	3,793	3,793	3,793	3,897	3,900
Expenditures	3,643	3,643	3,793	3,793	3,793	3,793	3,897	3,900
Biennial Change in Expenditures				300		0		211
Biennial % Change in Expenditures				4		0		3
Governor's Change from Base								211
Governor's % Change from Base								3

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	3,793	3,793	3,793	7,586
Forecast Base	3,793	3,793	3,793	7,586
Change Items				
Operating Adjustment		104	107	211
Total Governor's Recommendations	3,793	3,897	3,900	7,797

Agricultural Utilization Research Institute

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	104	107	107	107
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	104	107	107	107
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$211,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Agricultural Utilization Research Institute (AURI).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Without being able to provide increases to staff wages annually, AURI is subject to staff turn-over which leaves the organization vulnerable. Retaining current talent at AURI will allow the organization to provide its services to the agriculture industry.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the AURI, this funding will cover known employee compensation growth.

Equity and Inclusion:

AURI serves a variety of communities in Minnesota and equally protects all citizens of the state, providing services for all people of the State of Minnesota without discrimination.

Results:

This proposal will allow AURI to continue to provide current levels of service and information to the public.

Type of Measure	Name of Measure	Previous	Current
Quantity	Jobs created/retained	N/A	537
Quantity	Annual gross sales revenue generated	N/A	\$73.9 mil.
Quality	Private capital investment	N/A	\$89.3 mil.
Results	Minnesota agriculture commodities utilized	N/A	323,451 tons/yr.

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<http://www.mda.state.mn.us/>

AT A GLANCE

- 450 employees across the state
- Analyzed over 5,000 dairy product samples and 3,000 meat and poultry samples in partnership with the MDA Laboratory Division
- Conducted over 2,800 manufactured food, 7,000 retail food, and 1,000 animal feed inspections to ensure the safety and quality of products manufactured and distributed in Minnesota.
- Approximately 1.6 billion pounds of ag products certified as plant pest free for export to 70 countries by 136 Minnesota companies during 2017
- Assisted Minnesota counties, townships, and cities with the enforcement of noxious weed issues
- Annual Agricultural Growth, Research, and Innovation (AGRI) \$10.235 million state investment in FY17 was matched by \$78 million in private investment with an estimated 1,740 jobs created
- More than 1,300 farms and farmers' markets licensed to use the Minnesota Grown logo
- In partnership with all Minnesota counties, collected over 500,000 pounds of waste pesticides in 2017

PURPOSE

Our mission is to enhance Minnesotans' quality of life by ensuring the integrity of our food supply, the health of our environment, and the strength of our agricultural economy.

The Minnesota Department of Agriculture (MDA) provides many services to Minnesota farmers, their consumers, and the agriculture economy. Among our many efforts, we:

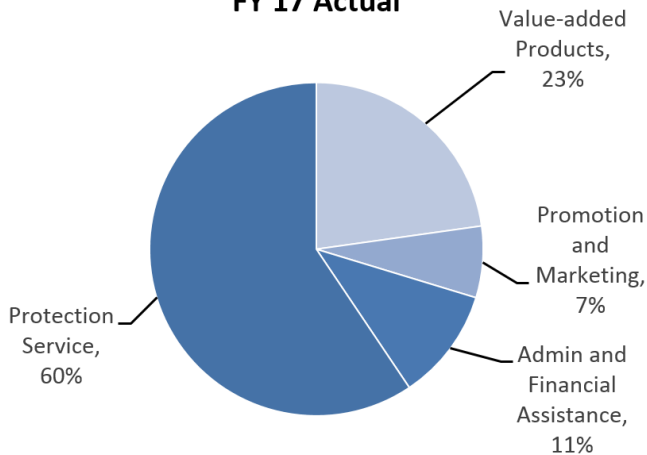
- Invest in farmers through education and grants aimed at modernizing the family farm;
- Invest in the future of the agricultural economy with grants for research and value-added processing;
- Ensure that state and federal regulations for food and health safety are followed;
- Educate producers, suppliers, and consumers on proper production and handling of food products;
- Educate Minnesotans about environmental hazards to keep our farms, homes, businesses, and neighborhoods safe;
- Promote the consumption of Minnesota-grown foods; and
- Promote the export of Minnesota crops and livestock.

We support the following statewide outcomes:

- A thriving economy that encourages business growth and employment opportunities
- All Minnesotans have optimal health
- People in Minnesota are safe
- A clean, healthy environment with sustainable uses of natural resources

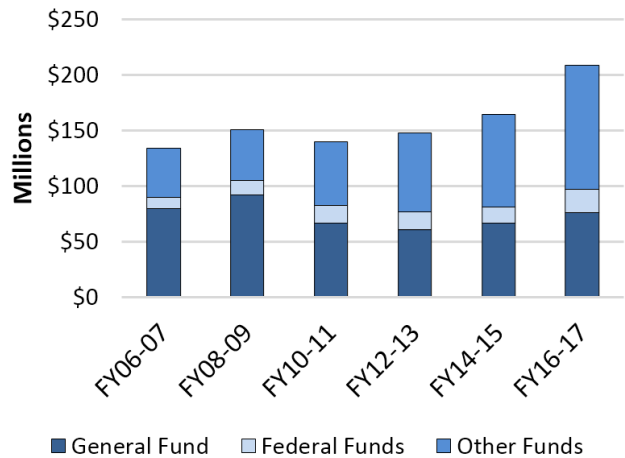
BUDGET

**Spending by Program
FY 17 Actual**



Source: BPAS

Historical Spending



Source: Consolidated Fund Statement

Our budget comes from three primary sources. The most significant funding resource is fee revenues. These revenues must be spent to support the activities from which they are collected and currently make up just over one-third of the agency's budget. The state's General Fund is also a large part of the agency's budget at just over one-third of the budget. A large portion of the general fund budget passes through MDA in AGRI (Agricultural Growth, Research, and Innovation) and other assistance programs. In FY16-17 and FY18-19 federal funds accounted for about 10 percent of MDA's budget.

STRATEGIES

We use a range of regulatory and voluntary strategies to support our mission. This includes the use of registration, labeling, licensing, permitting, inspection, and enforcement efforts. Additionally, we coordinate and conduct outreach activities such as workshops, conferences, and field demonstration projects.

Our staff conduct inspections and verify samples to ensure that producers, processors, wholesalers, haulers, grocery and convenience stores, and other industry personnel are producing and handling dairy, food, meat, and feed products in a safe manner to protect them from unintended alteration and contamination.

We ensure that Minnesota plant products meet the import requirements of our trading partners, meet grading standards established in contracts, that seeds meet viability and purity standards, that general health standards are met for nursery stock, and that standards for freedom from harmful plant pests are met.

Our marketing and promotional initiatives offer producers technical and financial assistance on a variety of issues, including dairy and livestock development, business planning, and emerging water quality and conservation practices.

Our staff facilitates access to new markets through the Minnesota Grown Directory, international trade market research, and client support for trade missions and export assistance. We also support the organic industry through education, direct financial support, and skill development.

Minnesota Statutes Chapter 17, (<https://www.revisor.mn.gov/statutes/?id=17>) creates the Department of Agriculture and provides specific authority to the commissioner.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	32,695	43,884	41,123	45,343	42,250	42,250	45,518	45,114
2000 - Restrict Misc Special Revenue	1,760	1,370	1,971	1,930	1,882	1,899	1,882	1,899
2001 - Other Misc Special Revenue	4,666	4,093	5,348	6,137	6,200	6,340	6,200	6,340
2018 - Agriculture	31,861	36,412	38,486	42,807	40,524	40,537	40,524	40,537
2050 - Environment & Natural Resources	373	405	662	1,615				
2301 - Arts & Cultural Heritage			138	162				
2302 - Clean Water	13,208	13,625	12,343	10,738			11,383	11,382
2403 - Gift	5	13		66	15	15	15	15
2801 - Remediation	1,544	1,607	1,508	1,969	1,959	1,959	1,959	1,959
3000 - Federal	8,686	12,053	13,017	13,284	11,664	11,750	11,664	11,750
6000 - Miscellaneous Agency	61	190	66					
Total	94,859	113,652	114,662	124,051	104,494	104,750	119,145	118,996
Biennial Change				30,202		(29,469)		(572)
Biennial % Change				14		(12)		(0)
Governor's Change from Base								28,897
Governor's % Change from Base								14

Expenditures by Program

Protection Services	62,076	67,813	67,123	75,449	58,680	58,885	72,206	72,331
Promotion and Marketing	6,749	7,777	6,891	8,338	8,177	8,345	8,377	8,545
Value-added Products	13,170	25,583	25,895	25,073	23,561	23,714	23,561	23,714
Admin and Financial Assist	12,864	12,479	14,752	15,191	14,076	13,806	15,001	14,406
Total	94,859	113,652	114,662	124,051	104,494	104,750	119,145	118,996

Expenditures by Category

Compensation	38,209	40,864	43,567	47,606	45,095	45,210	49,660	49,790
Operating Expenses	35,871	36,132	33,878	41,807	30,525	30,470	37,505	37,109
Grants, Aids and Subsidies	20,249	34,956	36,998	34,538	28,765	29,019	31,200	31,454
Capital Outlay-Real Property	120	1,103	93		42		660	539
Other Financial Transaction	411	597	125	100	67	51	120	104
Total	94,859	113,652	114,662	124,051	104,494	104,750	119,145	118,996

Agriculture

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total Agency Expenditures	94,859	113,652	114,662	124,051	104,494	104,750	119,145	118,996
Internal Billing Expenditures	5,260	5,304	5,343	5,580	5,672	5,755	5,778	5,861
Expenditures Less Internal Billing	89,600	108,348	109,319	118,471	98,822	98,995	113,367	113,135

<u>Full-Time Equivalents</u>	447.23	460.17	480.57	506.73	471.44	468.62	521.00	518.18
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	1,414	6,484	1,267	2,701				
Direct Appropriation	51,426	48,698	52,703	52,798	51,856	51,856	55,124	54,720
Transfers In	3,349	6,359	901	1,534	135	135	135	135
Transfers Out	18,176	17,037	11,050	11,690	9,741	9,741	9,741	9,741
Cancellations	42	257						
Balance Forward Out	5,277	362	2,698					
Expenditures	32,695	43,884	41,123	45,343	42,250	42,250	45,518	45,114
Biennial Change in Expenditures			9,887		(1,966)		4,166	
Biennial % Change in Expenditures			13		(2)		5	
Governor's Change from Base							6,132	
Governor's % Change from Base							7	
Full-Time Equivalents	129.77	154.20	159.40	173.43	169.62	169.02	184.27	183.67

2000 - Restrict Misc Special Revenue

Balance Forward In	12,410	11,242	10,793	9,562	7,012	4,813	7,012	4,813
Receipts	2,207	1,581	2,154	1,840	1,667	1,736	1,667	1,736
Transfers In	150	1,877		134	85	85	85	85
Transfers Out	1,182	1,794	2					
Net Loan Activity	(484)	(743)	(1,411)	(2,594)	(2,069)	(673)	(2,069)	(673)
Balance Forward Out	11,342	10,793	9,563	7,012	4,813	4,062	4,813	4,062
Expenditures	1,760	1,370	1,971	1,930	1,882	1,899	1,882	1,899
Biennial Change in Expenditures				771		(120)		(120)
Biennial % Change in Expenditures				25		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.29	8.74	12.01	12.91	12.20	12.14	12.20	12.14

2001 - Other Misc Special Revenue

Balance Forward In	6,859	7,383	8,663	8,633	8,030	7,433	8,030	7,433
Receipts	5,308	5,373	5,458	5,613	5,682	5,788	5,682	5,788
Internal Billing Receipts	5,265	5,296	5,335	5,494	5,582	5,696	5,582	5,696
Transfers Out		3	139	79	79	79	79	79
Balance Forward Out	7,501	8,661	8,633	8,030	7,433	6,802	7,433	6,802

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	4,666	4,093	5,348	6,137	6,200	6,340	6,200	6,340
Biennial Change in Expenditures				2,726		1,055		1,055
Biennial % Change in Expenditures				31		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	35.28	38.11	30.48	30.48	34.34	34.34	34.34	34.34

2018 - Agriculture

Balance Forward In	16,047	18,357	22,788	24,639	20,418	17,353	20,418	17,353
Receipts	28,203	29,872	30,550	28,800	27,973	28,178	27,973	28,178
Transfers In	7,189	13,148	12,062	12,001	11,836	11,836	11,836	11,836
Transfers Out	2,402	3,212	2,276	2,215	2,350	2,350	2,350	2,350
Balance Forward Out	17,178	21,753	24,638	20,418	17,353	14,480	17,353	14,480
Expenditures	31,861	36,412	38,486	42,807	40,524	40,537	40,524	40,537
Biennial Change in Expenditures				13,020		(232)		(232)
Biennial % Change in Expenditures				19		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	183.32	176.17	186.33	192.41	192.09	188.59	192.09	188.59

2050 - Environment & Natural Resources

Balance Forward In	667	294	400	934				
Direct Appropriation		511	1,025	681	0	0	0	0
Transfers In			173					
Cancellations			3					
Balance Forward Out	294	400	933					
Expenditures	373	405	662	1,615				
Biennial Change in Expenditures				1,499		(2,277)		(2,277)
Biennial % Change in Expenditures				193		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.34	3.55	2.94	2.93				

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2301 - Arts & Cultural Heritage

Balance Forward In				12				
Direct Appropriation			150	150	0	0	0	0
Balance Forward Out			12					
Expenditures			138	162				
Biennial Change in Expenditures				300		(300)		(300)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	8,127	6,985	5,570	1,511				
Direct Appropriation	8,584	7,582	8,283	9,283	0	0	11,383	11,382
Transfers In		173						
Transfers Out	500	83		56				
Cancellations	783							
Balance Forward Out	2,219	1,032	1,511					
Expenditures	13,208	13,625	12,343	10,738			11,383	11,382
Biennial Change in Expenditures				(3,753)		(23,081)		(316)
Biennial % Change in Expenditures				(14)		(100)		(1)
Governor's Change from Base								22,765
Governor's % Change from Base								
Full-Time Equivalents	29.35	30.53	32.31	32.51			34.91	34.91

2403 - Gift

Balance Forward In	50	45	80	82	20	11	20	11
Receipts	0	48	1	4	6	6	6	6
Transfers In		30						
Transfers Out		30						
Balance Forward Out	45	80	81	20	11	2	11	2
Expenditures	5	13		66	15	15	15	15
Biennial Change in Expenditures				48		(36)		(36)
Biennial % Change in Expenditures				259				
Governor's Change from Base								0

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents	0.10							

2801 - Remediation

Balance Forward In		15		11				
Direct Appropriation	388	388	393	398	399	399	399	399
Open Appropriation	1,171	1,204	1,126	1,560	1,560	1,560	1,560	1,560
Balance Forward Out	15		11					
Expenditures	1,544	1,607	1,508	1,969	1,959	1,959	1,959	1,959
Biennial Change in Expenditures				326		441		441
Biennial % Change in Expenditures				10		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.68	2.85	2.57	2.57	2.57	2.57	2.57	2.57

3000 - Federal

Balance Forward In	585	81	4					
Receipts	8,290	12,046	13,014	13,284	11,664	11,750	11,664	11,750
Transfers Out	150	13	2					
Balance Forward Out	39	59						
Expenditures	8,686	12,053	13,017	13,284	11,664	11,750	11,664	11,750
Biennial Change in Expenditures				5,562		(2,887)		(2,887)
Biennial % Change in Expenditures				27		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	50.80	45.71	54.22	59.49	60.62	61.96	60.62	61.96

6000 - Miscellaneous Agency

Balance Forward In	57	53	284	231	229	231	229	231
Receipts	7	370	(32)	1	2	2	2	2
Transfers In	50	83	50					
Transfers Out		33	6	3				
Balance Forward Out	53	284	230	229	231	233	231	233

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Expenditures	61	190	66					
Biennial Change in Expenditures				(185)		(66)		(66)
Biennial % Change in Expenditures				(74)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.30	0.31	0.31					

8200 - Clean Water Revolving

Balance Forward In	26,540	26,614	25,163	18,473	9,073	6,873	9,073	6,873
Transfers In				1,000				
Net Loan Activity	74	(1,450)	(6,690)	(10,400)	(2,200)	220	(2,200)	220
Balance Forward Out	26,614	25,163	18,473	9,073	6,873	7,093	6,873	7,093

8250 - Rural Finance Administration

Balance Forward In	2,289	3,432	3,469	3,476	3,526	3,560	3,526	3,560
Receipts	58	84	124	126	129	131	129	131
Transfers In	1,064							
Transfers Out	33	97	53	56	68	70	68	70
Net Loan Activity	55	52	(64)	(20)	(27)	(29)	(27)	(29)
Balance Forward Out	3,432	3,470	3,475	3,526	3,560	3,592	3,560	3,592

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	52,798	52,798	52,798	105,596
Base Adjustments				
All Other One-Time Appropriations		(1,953)	(1,953)	(3,906)
Current Law Base Change		964	964	1,928
Pension Allocation		47	47	94
Approved Transfer Between Appropriation		0	0	0
Forecast Base	52,798	51,856	51,856	103,712
Change Items				
Agricultural Trade and Marketing		200	200	400
Farm and Rural Mental Health Assistance		225	225	450
Ag Emergency Preparedness and Response		625	300	925
Noxious Weed Program		900	900	1,800
Meat Inspection Program		150	150	300
Industrial Hemp Development Program		300	300	600
Critical Core Capacity for Plant Pathogens and Pests		250	250	500
Capital Equipment Replacement		618	539	1,157
Total Governor's Recommendations	52,798	55,124	54,720	109,844
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	681	681	681	1,362
Base Adjustments				
All Other One-Time Appropriations		(681)	(681)	(1,362)
Forecast Base	681	0	0	0
Total Governor's Recommendations	681	0	0	0
Fund: 2301 - Arts & Cultural Heritage				
FY2019 Appropriations	150	150	150	300
Base Adjustments				
One-Time Legacy Fund Appropriations		(150)	(150)	(300)
Forecast Base	150	0	0	0
Total Governor's Recommendations	150	0	0	0
Fund: 2302 - Clean Water				
FY2019 Appropriations	9,283	9,283	9,283	18,566
Base Adjustments				
One-Time Legacy Fund Appropriations		(9,283)	(9,283)	(18,566)
Forecast Base	9,283	0	0	0
Change Items				

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
AgBMP Loan Program (Clean Water Fund Activities)		75	75	150
Agricultural Research/Evaluation (Clean Water Fund Activities)		663	662	1,325
Monitoring of Pesticides In Surface Water and Groundwater (Clean Water Fund Activities)		350	350	700
Forever Green Initiative (Clean Water Fund Activities)		1,650	1,650	3,300
Impaired Waters Technical Assistance (Clean Water Fund Activities)		1,625	1,625	3,250
Irrigation Water Quality Protection (Clean Water Fund Activities)		385	385	770
MN Agricultural Water Quality Certification (MAWQCP)(Clean Water Fund Activities)		3,000	3,000	6,000
Nitrate in Groundwater (Clean Water Fund Activities)		2,585	2,585	5,170
Pesticide Testing of Private Wells (Clean Water Fund Activities)		1,000	1,000	2,000
Research Inventory Database (Clean Water Fund Activities)		50	50	100
Total Governor's Recommendations	9,283	11,383	11,382	22,765
Fund: 2801 - Remediation				
FY2019 Appropriations	398	398	398	796
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	398	399	399	798
Total Governor's Recommendations	398	399	399	798
Open				
Fund: 2801 - Remediation				
FY2019 Appropriations	1,560	1,560	1,560	3,120
Forecast Base	1,560	1,560	1,560	3,120
Total Governor's Recommendations	1,560	1,560	1,560	3,120
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,930	1,882	1,899	3,781
Forecast Base	1,930	1,882	1,899	3,781
Total Governor's Recommendations	1,930	1,882	1,899	3,781
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	6,137	6,200	6,340	12,540
Forecast Base	6,137	6,200	6,340	12,540
Total Governor's Recommendations	6,137	6,200	6,340	12,540
Fund: 2018 - Agriculture				
Planned Spending	42,807	40,524	40,537	81,061

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Base	42,807	40,524	40,537	81,061
Total Governor's Recommendations	42,807	40,524	40,537	81,061
Fund: 2403 - Gift				
Planned Spending	66	15	15	30
Forecast Base	66	15	15	30
Total Governor's Recommendations	66	15	15	30
Fund: 3000 - Federal				
Planned Spending	13,284	11,664	11,750	23,414
Forecast Base	13,284	11,664	11,750	23,414
Total Governor's Recommendations	13,284	11,664	11,750	23,414
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,840	1,667	1,736	3,403
Total Governor's Recommendations	1,840	1,667	1,736	3,403
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	5,613	5,682	5,788	11,470
Total Governor's Recommendations	5,613	5,682	5,788	11,470
Fund: 2018 - Agriculture				
Forecast Revenues	28,800	27,973	28,178	56,151
Total Governor's Recommendations	28,800	27,973	28,178	56,151
Fund: 2403 - Gift				
Forecast Revenues	4	6	6	12
Total Governor's Recommendations	4	6	6	12
Fund: 3000 - Federal				
Forecast Revenues	13,284	11,664	11,750	23,414
Total Governor's Recommendations	13,284	11,664	11,750	23,414
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	1	2	2	4
Total Governor's Recommendations	1	2	2	4

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 8250 - Rural Finance Administration				
Forecast Revenues	126	129	131	260
Total Governor's Recommendations	126	129	131	260
 <i>Non-Dedicated</i>				
Fund: 1000 - General				
Forecast Revenues	3,870	3,870	3,870	7,740
Total Governor's Recommendations	3,870	3,870	3,870	7,740
 Fund: 2801 - Remediation				
Forecast Revenues	115	115	115	230
Total Governor's Recommendations	115	115	115	230
 Fund: 8250 - Rural Finance Administration				
Forecast Revenues	2,072	2,073	2,077	4,150
Total Governor's Recommendations	2,072	2,073	2,077	4,150

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Agricultural Trade and Marketing

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	200	200	200	200
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	200	200	200	200
FTEs	2	2	2	2

Recommendation:

The Governor recommends funding for the Department of Agriculture (MDA) to expand the capacity for market development by adding two FTEs. One FTE will be dedicated to international trade opportunities and the second will focus on domestic marketing opportunities such as within retail grocery stores and large institutional markets like foodservice.

Rationale/Background:

Demand for MDA's marketing services has outgrown our capacity to provide services to farmers and value-added processors and MDA is unable to capitalize on new market development opportunities. Without increased staff capacity, many of these market opportunities will be lost to producers and processors from other states or countries.

Minnesota agricultural exports have increased by 161 percent since 2007, from \$3.2 billion to \$7.1 billion in 2016. Minnesota is ranked 4th in the nation in total agricultural exports. In order to ensure this trend continues, additional resources are required to maintain quality programming to producers, processors, and companies around the state.

International trade has been an increasingly important market for Minnesota farmers and processors in the last decade. In addition, the trade climate has become more complicated and uncertain due to renegotiated trade agreements and the implementation of tariffs. More resources are needed to keep up with industry and trade trends; to communicate with our state's food and agricultural companies; and to execute current marketing efforts including education, hosting Minnesota Pavilions at domestic and global trade shows, and conducting inbound and outbound trade missions.

The food business is competitive and technical assistance is in demand. MDA marketing programs are a crucial part of an ecosystem of organizations that leverage public and private resources to help companies thrive. MDA seeks to expand services with the growing momentum around food, agriculture, and trade in Minnesota. Small to medium sized businesses will not receive vital marketing services necessary to give their products visibility and receive connectivity to markets without proper funding.

Proposal:

This proposal will augment existing programs and help MDA deliver more services to stakeholders and the business and agricultural community. Additional staffing will allow MDA to coordinate services with partner agencies, work extensively with retailers and wholesalers, and expand programs to serve stakeholders with better

quality and quantity. This market education and improved access will ensure the health of Minnesota's agricultural economy.

This proposal will add two FTE's to the Ag Marketing and Development Division. This proposal will expand our programmatic capacity in the following ways:

- One FTE will be dedicated to international trade opportunities. This will allow the MDA to support Minnesota Pavilions in at least two international tradeshow and reach at least six additional exporting companies and develop business in new markets. This position will also provide export education for new to export companies, which is critical for long-term export success. This position will also leverage dollars available through Food Export of the Midwest to expand programming. MDA is unable to execute both inbound and outbound trade missions with existing staff time. This FTE will also bring international buyers to Minnesota, specifically for the World Pork and World Dairy Expos, and explore new and existing markets with Minnesota businesses.
- A second FTE will focus on domestic marketing opportunities within retail grocery stores and large institutional markets, such as foodservice. MDA is currently unable to tap these markets due to staffing constraints. Results of this additional staff person include networks into additional markets; a larger number of food and ingredient companies seeking entry into these markets; and the ability to create new synergies with local, state, and regional organizations already providing technical assistance to food companies.
- Funding for both positions will cover a State Program Administrator Intermediate position including fringe, office space, and equipment.

Key partners are essential for this work. The MDA has existing relationships and partnerships with a broad network of professionals supporting business development, food entrepreneurship, and trade. These include the Department for Employment and Economic Development (DEED), Regional Development organizations, the Agriculture Utilization Research Institute (AURI), United States Department of Agriculture's (USDA) Market Access Program's (MAP) Cooperators; including Food Export of the Midwest, US Grains Council, US Soybean Export Council, and US Meat Export Federation, local nonprofits; such as Grow North, the Good Acre, Greater MSP, educational institutions, such as the University of Minnesota, and Commodity Councils such as MN Soybean and MN Corn.

Implementation will begin with hiring the two positions as soon as possible. MDA will act fast to strategically integrate the new team members to maximize communication and ensure the most efficient way to expand programming.

Equity and Inclusion:

MDA will recruit from diverse sources when hiring and build on existing relationships with diverse farming communities. We do not anticipate any adverse impacts on any of the groups.

This proposal continues and expands existing activities that are not able to keep up with the growing demand for them. Working collaboratively with partners such as commodity groups, farm organizations, and ag processing companies ensures long-term sustainability of these programs.

IT Related Proposals:

This is not an IT-related proposal.

Results:

The new proposed investment will build on the success of our existing portfolio of trade shows, trade missions, and reverse missions to create additional jobs and economic growth with a modest level of additional public investment.

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Return on Investment from MDA pavilions at domestic and international trade shows	n/a	\$60:1	2017

Statutory Change(s):

No statutory changes are needed.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Farm and Rural Mental Health Assistance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	225	225	225	225
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	225	225	225	225
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding to the Agriculture Marketing & Development Division's overall General Fund budget to use towards programs, services, and outreach efforts that support and promote Minnesota farmer mental health.

Rationale/Background:

Farmers and other rural residents are experiencing high levels of stress, linked to farm production challenges, financial distress, changes in the social fabric of rural living, and other factors beyond their control. Farm earnings hit record lows in 2014 and 2015 and declined again in 2017. Corn, soybean, and milk prices continue at or below the cost of production, exhausting working capital and eating into equity. Stresses like these take their toll; there are indications that suicide, divorce, and substance abuse rates are all climbing in this population.

In a 2017 survey of more than 500 Minnesota agriculture advisors (including bankers, veterinarians, county-based agriculture agency staff, and educators), more than 50 percent report they have observed increases in farmers' anxiety, financial worries, and concerns about farm tenure ("Who will take over when I'm gone?") during the past year. Agriculture advisors are concerned about increasing levels of farmer depression, burnout, and marital difficulties. The Minnesota Department of Agriculture (MDA) is also receiving more calls from the media about this topic.

MDA convened farm organization leaders to discuss farmer mental health stressors and their effects. That collaboration led to MDA hosting a series of twelve regional *Down on the Farm* workshops in six locations during 2018. These workshops were widely attended by people who come into contact with farmers on a regular basis (veterinarians, leaders of farm organizations, inspectors, etc.) as well as local and regional service providers (health care professionals, law enforcement, clergy, social service entities, etc.). The idea was to raise awareness of the issue and identify local, regional, and statewide resources that could help assist farmers. MDA was inundated with requests to conduct more workshops in more locations but available resources limit the ability to do so. Participants identified priority actions and efforts; their priorities form the basis of this recommendation.

Proposal:

This recommendation expands our current level of effort by:

- Adding a second Minnesota rural mental health specialist to provide confidential, one-on-one counseling tailored to farmers and their unique concerns: \$115,000 increase from \$113,000 to \$228,000.
- Funding and promoting a 24-hour confidential hotline that connects farmers and other rural residents in distress with a counselor or other resources: \$25,000

- Coordinating public information and outreach activities and engaging farm groups and other agriculture organizations to reduce the stigma of stress, anxiety, and other mental health challenges: \$38,000
- Adding two Farm Advocate advisors and increasing 12 consultants' hourly reimbursement by 2.5 percent. \$47,000 increase from \$220,000 to \$267,000.

This effort continues, expands, and enhances existing activities, like one-on-one farmer counseling and the 24-hour hotline, that are not meeting growing demand for them. Since many partners are involved and interested in working collaboratively, diffusion and sustainability are built into the project. MDA does not bear the entire burden of outreach and delivery.

Equity and Inclusion:

While farmers identify with many racial, ethnic, gender, and ability groups and some are veterans, none of the groups identified in this section will be specifically impacted as a whole by the proposal. The proposal is not submitted to reduce or eliminate ethnic, racial, or gender disparities. We do not anticipate any adverse impacts on the identified groups.

IT Related Proposals:

This is not an IT-related proposal.

Results:

Mental health issues are intensely private and it is difficult to collect data from those who are affected by stress, anxiety, depression, suicide, and other challenges. In addition, there are inherent challenges to measuring prevention (How many suicides prevented? How many divorces prevented? How much is physical illness prevented?) Instead, we will use feedback from agriculture professionals who interact with farmers on a regular basis and metadata from the Farm Advocate program and 24-hour phone anonymous counseling line to monitor changes in levels of farm and rural stress, anxiety, depression, substance abuse, and other challenges. These indicators will help us not only measure impact, but also to determine changes in need.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Farm Advocate hours	8,223 hours	8,400 hours	2016-2018
Quantity	Counseling hours provided	n/a	1,075	2018
Quantity	Agency and community partners engaged	n/a	15	2018

Statutory Change(s):

We do not anticipate that any statutory changes will be needed.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Agricultural Emergency Preparedness and Response

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Department of Agriculture				
General Fund				
Expenditures	625	300	300	300
Revenues	0	0	0	0
Board of Animal Health				
General				
Expenditures	250	250	250	250
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	875	550	550	550
FTEs	1.65	1.65	1.65	1.65

Recommendation:

The Governor recommends \$300,000 in annual funding from the general fund to support the operations of the Department of Agriculture's Incident Management Team (IMT) and a one-time appropriation of \$325,000 from the General Fund to increase the balance of the Agricultural Emergency Account in FY20, allowing the agency to prepare and respond to agricultural emergencies in a timely manner. Additionally, the Governor recommends \$250,000 in annual funding from the General Fund to prepare and respond to agricultural emergencies at the Board of Animal Health (BAH).

In 2016, the Minnesota Legislature (MS 17.041) established the Agriculture Emergency Account in the Agriculture Fund and appropriated a one-time transfer of \$1,000,000. The 2016 appropriation has allowed the Minnesota Department of Agriculture (MDA) to stand up the Office of Emergency Preparedness and Response (OEPR), implement Palmer amaranth response efforts, and begin creating secure food supply plans for agricultural commodities. Replenishing the funds in the Agricultural Emergency Account threatens will allow the agency to continue its newfound emergency preparedness and response capabilities.

Rationale/Background:

Agriculture is a major contributor to Minnesota's economy, creating \$90 billion in economic activity and more than 340,000 jobs. In addition to our 74,000 farms, Minnesota has nearly 1,000 agricultural and food companies. Seven of Minnesota's top 20 companies have roots in the farm and food sector and Minnesota has several firms with an agricultural focus on Forbes' List of America's Largest Companies.

Minnesota's food and agriculture production systems are national leaders:

- No. 1 in turkey production
- No. 2 hog production
- No. 3 food and agriculture exports (nearly 40% of total MN exports)
- No. 3 soybean production
- No. 4 corn production
- No. 8 dairy production
- No. 9 broiler chicken production
- No. 10 egg production

The 2015 outbreak of HPAI in Minnesota and around the nation highlighted both the strengths and weaknesses in our state's ability to plan, prepare for, and respond to agricultural emergencies. Minnesota was successful in responding to the Highly Pathogenic Avian Influenza outbreak partly because the poultry industry, government, and academia had developed a Secure Turkey, Broiler and Egg Supply Plan. This planning and preparedness gave Minnesota the tools to respond effectively and allow for continuity of business operations in areas of the state not effected by the disease.

However, the size, structure, efficiency, and extensive movement inherent in Minnesota's food, crop, livestock, poultry, and allied industries present unprecedented challenges in the event of a foreign animal disease outbreak. The 2015 outbreak also illustrated that MDA cannot sustain a long-term, high resource-intensive event without a dedicated Emergency Preparedness and Response Program.

Currently there is no long-term dedicated funding to support the development and maintenance of the Office of Emergency Preparedness and Response. Dedicated funding will enable the Department to continue to collaborate and coordinate with federal and state agencies, the MN Board of Animal Health, Minnesota counties, academia, and Minnesota's food and agriculture sector.

Proposal:

The Governor recommends funding for The Office of Emergency Preparedness and Response (OEPR). The OEPR is structured such that it is responsible for the emergency preparedness functions of MDA as well as overseeing, preparing, and training the Department's Incident Management Team (IMT). The IMT is being established through a formal sharing of positions with all divisions in the Department, creating a cross-cutting team that functions agency-wide and leverages the expertise housed within the divisions. Together the IMT equals 1.65 FTEs.

Minnesota is not as prepared as it could be to respond to potentially catastrophic outbreaks such as Foot and Mouth Disease, soybean or cereal rusts, or invasive insects or weeds. In order to better protect our agricultural and food economy, an all hazards business continuity approach, like the one the IMT is developing, should be further developed in collaboration with industry, government, and academia. The development of secure food supply plans are critical to strengthening Minnesota's preparedness and response capabilities and helping our state prevent catastrophic events that could threaten trade partnerships and economic stability. Ongoing funding for the OEPR and its planning efforts will make Minnesota as prepared as possible for an agricultural emergency.

In addition to its emergency preparedness and planning duties, the MDA also has a responsibility to respond to emergencies in real-time. A quick intervention during an emergency can prevent a catastrophic result. The Governor recommends a onetime appropriation of \$325,000 so the Agricultural Emergency Account can be restored to approximately \$750,000.

The importance of a sufficient balance in the Agricultural Emergency Account was illustrated with the MDA's response to Palmer amaranth's discovery in Minnesota in 2016. Using funds from the Agricultural Emergency Account, MDA was able to quickly respond to the detection of Palmer Amaranth. This invasive weed has the potential to cause significant economic harm to Minnesota's crop farmers and these resources allowed MDA to swiftly begin eradication activities.

As our world becomes more interconnected, we face growing threats of disease transfer and invasive species movement that could quickly threaten the health and vitality of the agricultural industry in our state. With this proposal, the MDA and BAH will be better prepared to respond to the next emergency.

Equity and Inclusion:

The MDA believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to the Department's diversity goals.

Results:

Unfortunately, quantifying the true impacts of the OEPR will occur after the next agricultural emergency. Absent an ex-post analysis, the MDA has been tracking the OEPR's impact by examining how the office is engaging industry and building our response capabilities.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Prior to 2015</i>	<i>Current</i>
Quantity	Emergency Preparedness Exercises/Drills Conducted	1	4
Quantity	Secure Food Supply Plans Completed or in Progress	1	6
Quantity	Partnerships with Private Sector Entities	0	6

Statutory Change(s):

N/A

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Noxious Weed Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	900	900	900	900
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	900	900	900	900
FTEs	4.5	4.5	4.5	4.5

Recommendation:

The Governor recommends funding for the Noxious Weed Program within the Department of Agriculture (MDA). This appropriation would support a grant program for local governments, weed law enforcement and training, and the continuation of state-led eradication and management programs for noxious weeds on the eradicate list.

Rationale/Background:

In 2009, the Minnesota Legislature significantly expanded the Noxious Weed Law and the duties of the MDA and local enforcement partners at the county, township, and city level. The revised noxious weed law also requires that MDA address invasive plant and pollinator issues, thus creating the need for an all-inclusive program. Resources are needed to implement and maintain noxious weed and invasive plant control programs throughout Minnesota and to address priority invasive plant problems statewide.

The funding provided during in the 2018-2019 biennium of \$850,000 was the first significant appropriation for terrestrial noxious weed and invasive plant management in the state since the elimination of funds for the MDA Noxious Weed Program in 2002. Funds appropriated during the last session have allowed MDA to make significant strides in development of a robust program that serves the many needs of local governments, farmers, agencies, non-profits, and private landowners.

The recent invasion of Palmer amaranth into Minnesota is an example of why a strong proactive noxious weed program is needed in the state. Based on Minnesota's corn and soybean acreage, estimates extrapolated from states already trying to manage this species suggest that corn and soybean production inputs could increase by as much as \$25/acre or \$3 billion dollars annually. Palmer amaranth is just one of many examples of destructive plant species that threaten Minnesota's agricultural industries and natural resources. Because of the investments made in the Noxious Weed Program this biennium, Minnesota is in a position to prevent Palmer amaranth from rapidly spreading across the state and affecting corn and soybean products.

One-time grant funds from the Environmental and Natural Resources Trust Fund of \$950,000 in FY2018-2019 have allowed the MDA to build an effective program for noxious weed eradication at the local level. This recommendation will provide more reliable and stable funding to address the protection of agricultural and conservation lands, pollinator habitats, natural areas, and other private and public lands throughout the state from the impacts of invasive terrestrial plants.

Additionally, in the past, MDA has utilized \$300,000 in funds from the emergency account for work specifically to respond to Palmer amaranth infestations.

The total short-term funding was \$2.1 million for the FY18-19 biennium and this recommendation will be a permanent investment into the support of the Noxious Weed Program.

Proposal:

The Governor recommends maintaining the Noxious Weed Program at its current level of service but through an ongoing appropriation rather than with short-term grant funds and one-time funding. This recommendation provides grants for control of noxious weeds for local governments as well as 1.5 FTE's to administer the grant program and oversee enforcement of the noxious weed law. In the first year of the grant program, 29 projects were funded at levels ranging from \$3,000 to \$25,300 for local weed control projects. Forty-two projects requesting \$820,000 were received, demonstrating the large need for these funds.

This recommendation also allows for the continuation of the noxious weed eradication and management activities by retaining 3 FTE's who implement those projects. Of the three projects supported by the Environment and Natural Resources Trust Fund, one ends on June 30, 2019 and the other two end on June 30, 2020.

Summary of budget request:

Budget Item	Per Fiscal Year	Per Biennium
Grants for local governments	\$375,000	\$750,000
1 professional staff + 0.5 clerical staff to administer grants and noxious weed law	\$125,000	\$250,000
3 professional staff for noxious weed eradication and management work	\$300,000	\$600,000
Treatment contracts, travel, etc. for noxious weed eradication and management work	\$100,000	\$200,000
Total	\$900,000	\$1.8 million

The MDA Noxious Weed Program has been shaped through consultation with the Noxious Weed Advisory Committee (MS 18.91) over the past six years and is unanimously supported by all representatives of the committee. Moreover, the proposed work compliments the activities already underway by MDA and partner agencies –the Department of Natural Resources (Invasive terrestrial and aquatic programs) and the Minnesota Department of Transportation (Integrated Vegetation Management)—and will continue to improve the implementation of the MDA and Noxious Weed Advisory Committee's statewide weed management plan.

MDA will continue to collaborate with and support the following partners through this proposal: Minnesota Association of County Agricultural Inspectors, Minnesota Association of Townships, League of Minnesota Cities, the University of Minnesota, Minnesota Department of Natural Resources, Minnesota Department of Transportation, Board of Water and Soil Resources, Minnesota Association of Soil and Water Conservation Districts, Minnesota Association of County Land Commissioners, Minnesota Nursery and Landscape Association, Minnesota Crop Improvement Association, The Nature Conservancy, Minnesota Timber Industries, and Minnesota Farmer's Union.

Equity and Inclusion:

The Department believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to the Department's diversity goals.

IT Related Proposals:

N/A

Results:

This is an expansion of the current MDA Noxious Weed Program. Newly requested funding is intended to replace current funds obtained through Legislative-Citizen Commission on Minnesota Resources (LCCMR) grants. The following chart shows key measures and performance evaluations. Performance measures are calculated through end-of-year project summaries, Noxious Weed Advisory Committee recommendations, and annual work plans with partners.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Counties with Palmer amaranth detections	2	6	2016-2018
Quantity	Grant funds distributed to local governments	0	\$300,000	2016-2018
Quantity	Acres managed for eradication of noxious weeds	1800	2600	2016-2018
Quality	Enforcement of weed law	Variable	Increasing	2012-2018
Quality	Education and outreach efforts	Variable	Increasing	2012-2018
Quality	Key partnerships with local govts	Low	Improving	2012-2018

Statutory Change(s):

N/A

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Meat Inspection Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	150	150	150	150
Revenues	0	0	0	0
Other Funds				
Expenditures	150	150	150	150
Revenues	150	150	150	150
Net Fiscal Impact = (Expenditures – Revenues)	150	150	150	150
FTEs	2	2	2	2

Recommendation:

The Governor recommends an increase of \$150,000 per year in the General Fund for the Minnesota Meat and Poultry Inspection Program at the Minnesota Department of Agriculture (MDA). This increase would be matched by the United States Department of Agriculture's Food Safety Inspection Service (USDA FSIS) as a part of the State Inspection Program's Cooperative Agreement. Because of this match, the change would add \$150,000 in state funding to the current meat program resources and generate an additional \$150,000 in federal revenue, increasing the availability of resources by \$300,000 in total. The current budget for the meat program is approximately \$3.6 million (50 percent State/50 percent Federal).

Rationale/Background:

The Minnesota Meat and Poultry Inspection Program is a State "Equal To" meat inspection program which provides food safety-based inspection services to small, local and niche processors who need inspection in order to sell their products freely in Minnesota. It is called "Equal To" because the program provides services that are equal to those provided by the USDA's FSIS. Because it meets the "Equal To" standard, the program currently receives a Federal Fund match from the USDA's FSIS which provides 50 percent of the total program funding.

Inspection Availability

State "Equal To" or USDA FSIS continuous inspection is required for meat and poultry processors and livestock producers to sell their products. The availability of these inspection services can affect these business' ability to sell products and can limit their markets. Adequate funding and staffing make for timely delivery of services. A lack of available inspection can be, and has been, a bottleneck in the local agricultural economy. The addition of new plants to the program, as well as new products and activities in existing plants, is limited by the availability of inspectors in the area. The demand for these services varies based on where the demand is, where inspectors are, and how busy the current inspectors are. When the program cannot provide an inspector, the meat processor must wait until an inspector is available, or pursue inspection with the USDA FSIS if it is available.

Because the State program is more user-friendly and size appropriate for small, local, and ethnically diverse processors, many request inspection from the State, choosing to wait for inspection services, even if the wait is expected to be long.

The Meat Inspection Program must also maintain specific standards in order to maintain its standing with the USDA FSIS and continue to receive the federal match. Daily inspections are required, including inspections of each animal slaughtered under inspection. The program must demonstrate it is meeting those standards on a routine basis. As mentioned above, inspection demand is driven by industry need. It is also driven by inspection complexity. As inspection requirements become more complex, more inspection time is needed to ensure requirements are met. When inspection time increases, existing staff are not able to perform as many quality inspections in the same amount of time as they had previously.

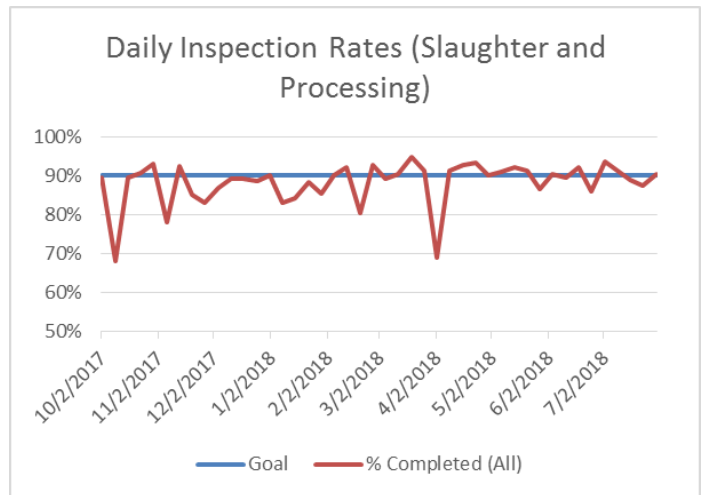


Figure 1. Daily Inspection Rates Over Time

The program measures “Daily Inspection Rates” on an ongoing basis to evaluate how well it is meeting expectations. The trend for the first part of federal fiscal year 2018 is included in Figure 1 (through July 31, 2018). The program achieved its goal of at least 90 percent for many weeks; however, there are also many weeks where it has not met this level. The funding would add an additional inspector to provide the resources needed to boost this inspection rate to acceptable levels, as well as support salaries for existing staff in the program.

Laboratory Capacity

Monitoring of products produced at inspected establishments for food safety pathogens is an important part of ensuring MDA’s inspection program is functioning as intended. In addition, this is also an important part of maintaining the program’s “Equal To” status. Maintaining this status can be costly due to the need to replace laboratory equipment that is aging or needs more maintenance. Additional staff are required to run increasingly complex laboratory analysis, as analysis expands from simple Salmonella and *E.coli* testing to performing tests that differentiate different types of these food safety pathogens based on their genetic profiles, species, and type. These analyses can be complex and take significant laboratory resources and supplies. Laboratory accreditation on all procedures must also now be maintained to support “Equal To” status for the Meat Inspection Program.

Proposal:

This funding will support current staff salaries and fringe equivalent to 1 FTE, the increased costs associated with laboratory supplies and equipment maintenance, and the addition 1 FTE for conducting meat inspections and performing laboratory work associated with the program. This FTE will address resource gaps as well as maintain our current level of service. The inspection program has a very low staff turnover rate (0% in Federal Fiscal 2018), with the most recent staff departure being a retirement for a part-time staff member which occurred in September 2017. All field inspection staff have been employed for at least three years with MDA. The stability of staff is a very positive part of this program as it cultivates strong, consistent working relationships with the industry. Many staff are near the tops of their salary ranges.

Existing resources also must be used efficiently and effectively to accomplish a large amount of work. Increasing complexity in inspection tasks and regulatory requirements means that inspectors must spend more time at individual plants reviewing records and documentation, rather than simply performing slaughter or sanitation

inspections. This change in inspection focus also means additional time must be spent in training –both development of adequate training for staff and conducting training—which is time consuming and resource intense. Resources and inspection personnel will have more opportunities to focus on training and outreach (as an extension of training) with the additional funding.

Laboratory resources needed to support this program have increased substantially in the past two years. Of the \$150,000 being recommended, \$50,000 would be used to support laboratory activities, including supplies and equipment maintenance as necessary. The following table shows the increases in costs of supplies seen in just the past two Federal Fiscal Years, plus the projected costs for Federal Fiscal 2019 which began in October of 2018:

	Federal FY 2017	Federal FY 2018	Federal FY 2019 - Projected
Supplies	\$ 75,886	\$ 82,879	\$ 90,000
Repairs to Equipment	\$ 20,504	\$ 19,981	\$ 30,000

Figure 2. Laboratory Costs for the Past Two Years

Equity and Inclusion:

The meat and poultry inspection program provides resources to any business that requires inspection services to sell their product in the wholesale market. Many of these services are provided to traditional, rural meat processors; however, the program is providing more and more services for a very diverse racial and ethnic community. In order to adequately serve these communities, the program must have adequate resources for inspection, as well as to be able to provide translation services as needed. Many racially diverse ethnic groups, such as Hmong or Somali, have strong agricultural routes; as such they also tend to move into agricultural professions in Minnesota, including meat processing.

As a cooperator with USDA FSIS, the State meat and poultry inspection program must provide services without discrimination and must also work to ensure that we conduct adequate outreach and education with diverse groups. Meeting this requirement is one of the standards required to maintain the “Equal To” status of this program. Having adequate resources is necessary to ensure the program can conduct the necessary inspection and outreach activities. Without adequate resources for inspection, these groups would be more likely to be found operating without the necessary inspection (“underground”), and potentially result in significant food safety related issues that come with the slaughter and processing of animals in an unsanitary environment and without the proper process controls.

IT Related Proposals:

N/A

Results:

Inspection activities are intended to ensure meat and poultry processors are meeting the regulatory requirements. As these requirements become more complex, meat inspection staff invest more effort in outreach and education, as well as inspection. To assess how well establishments and inspection staff are doing, the meat program performs routine audits, called Food Safety Assessments, of the establishments under inspection. The outcomes of these audits are used to measure how well the establishments understand and meet the requirements.

Each year, these outcomes are reviewed and compiled to assess trends and to ensure program outcomes are improving. During the past few years, the program is starting to see a significant increase in more severe enforcement outcomes, such as Notice of Intended Enforcement, which result when significant food safety hazards are identified during these audits. These actions take more inspection resources to address and often

identify gaps in outreach and other educational activities that also need to be addressed. Additional inspection resources are intended to address these issues, as well as build on current outreach efforts.

	2014	2015	2016	2017	2018
Letter of Information	64%	63%	67%	56%	59%
30 Day Reassessment	36%	32%	20%	39%	31%
Notice of Intended Enforcement	0%	5%	13%	6%	10%
Suspension	0%	0%	0%	0%	0%

Figure 3. Enforcement Outcomes after Food Safety Assessments.

Statutory Change(s):

This proposal does not include statutory changes.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Industrial Hemp Development Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	300	300	300	300
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	300	300	300	300
FTEs	2.5	2.5	2.5	2.5

Recommendation:

The Governor recommends funding from the General Fund to continue providing oversight for the regulatory and licensing responsibilities of the Industrial Hemp Development Act (MS 18K).

Rationale/Background:

Industrial hemp is still developing as a crop in Minnesota and the United States. Adequate resources in FY2020-2021 are needed for: licensing and registering growers, on-site field inspections, variety testing and agronomic research, variety development through the University of Minnesota, facilitating U.S. Department of Justice (Drug Enforcement Agency – DEA) permits, preparing for commercial production activities and rulemaking, coordinating with state and local law enforcement, and developing a regulatory framework for overseeing the statutes. In order to assist Minnesota farmers and processors with development of a viable hemp industry in the state, the Minnesota Department of Agriculture (MDA) will need to increase its role in ensuring that processes are in place to allow producers to succeed at developing viable markets, while at the same time establishing a regulatory framework that deters illegal activity.

Currently, one person oversees all of the required duties of the industrial hemp program statewide. MDA would be able to better serve hemp growers and law enforcement by adding a second FTE to assist with the large workload that this unique program requires. Moreover, MDA is expecting a significant increase in growers, processors, and marketing entities within the state over the next five years. Forty states now have active industrial hemp programs and the demand for hemp products is increasing substantially. This growing demand stresses MDA's ability to oversee the growth, cultivation, and marketing of industrial hemp with current staffing and resources. MDA believes that an additional FTE will dramatically increase the agency's efficiency and oversight of the Industrial Hemp Program. As hemp as a crop grows across the nation and competition from growers in other states. Additional support will keep Minnesota growers competitive in the marketplace.

License fees may eventually support this program, however, it is unlikely that enough fees can be collected to fully support the program until issues related to available hemp markets are resolved. Currently, the annual licensing fees collected are about 10 percent of program expenditures. However, this could change and the program can be re-evaluated before the FY22-23 biennium to determine the viability of sustaining the program through fees.

A one-time appropriation of \$400,000 was made to the MDA for this project in FY 2018-2019 but will expire on June 30, 2019. This recommendation would allow MDA the funding to administer this program.

Proposal:

The Governor recommends funding to pay for salary and benefits for two full-time program staff (\$200,000/year); supervisory and administrative support for those staff (\$40,000/year); field certification, testing, and laboratory costs (\$40,000/year); and travel and agency operating expenses such as travel and IT (\$20,000/year). The funding will arm MDA with the staff and financial resources to effectively register and certify growers, oversee regulation of pilot project and commercial production sites, support agronomic research and variety development with the University of Minnesota, ensure that all laws are being adhered to, and assist industrial hemp growers as they attempt to develop this emerging industry for an alternative cropping system in MN and throughout 40 additional states with industrial hemp programs.

Implementation of the proposed work will occur immediately upon funding. MDA has already established an Industrial Hemp Program Coordinator and has established procedures for registration and certification of growers and crop testing fields to ensure that THC levels fall below the maximum allowed limit for industrial hemp.

Due to the federal and state regulatory nature of the Cannabis plant, there is no similar or overlapping work within the agency or other agencies. MDA does work closely with the Minnesota Department of Public Safety and the federal Department of Justice. The program has also established a supportive advisory committee with representation from the Minnesota Farmer's Union, Minnesota Farm Bureau, Minnesota Industrial Hemp Lobby, University of Minnesota, Minnesota Crop Improvement, Minnesota Violent Gang and Drug Task Force, and the United Food and Commercial Workers Union.

Equity and Inclusion:

MDA believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to the Department's diversity goals.

IT Related Proposals:

N/A

Results:

The following chart shows key measures and performance evaluations. Performance measures are calculated based on work performed by MDA since the passage of the Industrial Hemp Development Act in 2015.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of licensed hemp growers	7	40	2016-2018
Quantity	Acres of industrial hemp grown in MN	35	851	2016-2018
Quality	Ease of licensing	Low	Moderate	2016-2018
Quality	Outreach regarding production, processing and marketing	None	Very low	2016-2018
Quality	Key partnerships with industry associations and law enforcement	Low	Moderate	2016-2018

Statutory Change(s):

N/A

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Critical Core Capacity for Plant Pathogens and Pests

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	250	250	250	250
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	250	250	250
FTEs	2	2	2	2

Recommendation:

The Governor recommends ongoing funding in the Department of Agriculture's (MDA) General Fund operating budget to expand current capabilities for rapid detection, identification, containment, control, and management of high priority plant pests and pathogens to safeguard Minnesota's agricultural and natural systems.

Rationale/Background:

The Department of Agriculture is responsible for responding to new and emerging plant pests and pathogens affecting or threatening Minnesota's agricultural, horticultural, and natural resources. Harmful pests and pathogens have been documented to spread around the world quickly due to global pathways of distribution and these organisms can have major implications for farmers in terms of production, profitability, and ability to export. Other introduced pests have dramatically affected Minnesota's landscape.

Every year there are new organisms that threaten the production of crops and access to markets. Since 2015, several national issues have arisen which have increased the need for monitoring and analysis to quickly identify their presence in or document their absence from Minnesota. The most significant recent national issues have included: flag smut of wheat in Kansas, blackleg of potatoes in Maine, and a new species of *Xanthomonas* bacteria discovered in multiple states including Minnesota.

There are also organisms that are considered widespread at the national level, but are not yet significantly impacting Minnesota. For instance, in 2016, the Swede midge was found in Minnesota for the first time and is just beginning to cause damage at some localized sites. In other states the Swede midge has caused serious production issues for producers of crucifers such as broccoli, cabbage, and canola. Additionally, the brown marmorated stink bug and velvet longhorn borer are also on the increase in parts of Minnesota. The brown marmorated stink bug has had tremendous impacts on apple producers in the eastern U.S. and can affect a wide variety of crops. The velvet longhorn borer has been recovered from walnut wood products in rustic furniture. Federal funding can be difficult to obtain for these pests of state concern, yet more pre-emptive and responsive work is needed in Minnesota to ensure that our producers, foresters, and citizens are not surprised and harmed by these or other new plant pests.

In the FY 2018-2019 biennium, funding provided an opportunity for the plant analysis lab and the Plant Protection Division to plan for and respond to pests of state concern that are not addressed through federal grants, increased the number of plant pathogen analyses that can be conducted and correspondingly, increased surveillance efforts for pathogens that can affect production and access to markets for Minnesota producers.

Specifically, during the 2018-2019 biennium, MDA added a lab analyst who developed protocols for five high-priority lab analyses, including steps for assessing samples with unknown targets as well as completed foundational work to expand the range of available analyses in the future. This has created a base level of capability for plant analysis that did not exist in the past. Prior to this appropriation the lab was funded inconsistently through unpredictable federal grants. If received, these grants could only fund short-term employees possessing limited skill sets. As a result of this unpredictable funding, only a very narrow range of pest analyses could be conducted. The one-time appropriation also augmented the Plant Protection Division's ability to monitor for and collect samples related to insects and pathogens of state concern. Currently, the Lab Services Division does not have any other appropriations supporting this work. The Plant Protection Division General Fund appropriation is about \$1.75 million per fiscal year but this funding supports work across all areas of the Division.

The improvements in laboratory capability has allowed MDA to expand the range of pathogens that are targeted through surveys and export certification as well as increase the breadth of samples that are submitted for analysis. For example, the number of different insects and pathogens for which MDA was able to monitor increased from 54 in 2016 to 84 in 2018. MDA was also able to provide monitoring for invasive pests in small grains, soybeans, and canola. As a result, our ability to safeguard Minnesota agricultural production and access to export markets has been improved.

Proposal:

This proposal will maintain and grow the capacity that MDA has built to address insects/pathogens of state concern and provide analytical services and monitoring for important pathogens of concern to production and market access. Additionally, it will allow MDA to maintain a laboratory scientist as well as the basic infrastructure needed to respond to changing plant analysis needs.

In addition to a laboratory scientist, this appropriation will allow MDA to maintain the equivalent of one FTE working on insects and pathogens of significant state concern that could otherwise not be funded through federal projects. For instance, in the previous biennium after two incidents of rustic log furniture brought invasive wood boring insects into Minnesota, the appropriation allowed MDA to conduct a survey of furniture importers and pest control operators. Through this survey, we identified that the issue occurs more often than is reported and that there were critical gaps in the knowledge of both industries when these events occur. MDA produced and disseminated informational materials to the two impacted industries and homeowners to address this gap, to avoid similar problems in the future, and to rapidly respond to future pest introductions in these products.

MDA was also able to conduct some basic survey for the velvet longhorned beetle, Swede midge, and brown marmorated stink bug. All three of these insects are established in small areas of Minnesota but only one is widespread at a national scale. These insects require additional work to track their distribution and alert stakeholders in Minnesota before major impacts occur. MDA had the ability to monitor the distribution and abundance of these emerging threats without the availability of federal funds in the past biennium and has identified the need to continue plant pest monitoring and analysis. This additional funding would allow MDA to continue this work and give the flexibility to shift work in order to address the highest priority threats at that time.

Equity and Inclusion:

MDA believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to MDA's diversity goals.

IT Related Proposals:

N/A

Results:

A key measure is MDA's capability to analyze the threat posed by new and emerging plant pests and pathogens and then to monitor and respond to their presence in a timely and effective manner.

MDA has also been able to track the spread and increase of new invasive pests of state concern. For example, MDA was able to document damage from the Swede midge in 2018 at several sites in the Twin Cities metro. During 2018, MDA held a field day for growers at an infested site to highlight the damage and how to recognize it.

During 2018, MDA has been able to track the spread of the brown marmorated stink bug into several apple orchards in the metro area. Apples are one of the crops at greatest risk from this insect. Because of this work, these growers are fully aware of the issue and will be in a position to deal with the insect before damage occurs. This was not the pattern in other areas of the country where growers took significant losses after being surprised by populations of this insect.

MDA has identified one area of the infestation of the velvet longhorn beetle in rustic furniture that is much larger than previously thought, but there could be others remaining to be found. Most importantly, a pathway through which this insect followed into Minnesota has been identified and addressed through outreach efforts by MDA.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of invasive insects and diseases monitored	54	84	2016-2018
Quantity	Number of apple orchards identified with brown marmorated stink bug	0	5	2016-2018
Results	Understanding of exotic wood borer pathway by furniture importers	Low	High	2016-2018

Statutory Change(s):

N/A

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Capital Equipment Replacement

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	618	539	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	618	539	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends one-time funding in FY2020-2021 for replacement of capital assets needed to protect public safety, the natural environment, and the agricultural economy for the Minnesota Department of Agriculture's (MDA) Laboratory Services Division.

Rationale/Background:

The laboratory plays a critical role in emergency response, surveillance, and consumer protection. The MDA Laboratory provides data critical for decision making on issues affecting food safety and security, the environment, plant health, and the overall agricultural sector. In order to provide this data, the laboratory must maintain an extensive array of specialized capital and non-capital equipment. The nature of laboratory work has evolved in the last twenty years to require increasingly more sophisticated equipment to meet program goals and objectives. Most analytical techniques employed in analyses require significant capital investment in laboratory equipment. This equipment is also required in order to meet regulatory standards and the objectives of our customers. The costs associated with these systems can range up to \$500,000 each.

Budgetary pressures have resulted in limited capital program expenditures or investments for maintenance and replacement of laboratory capital equipment, making it difficult to sustain the assets in a condition necessary to provide expected service levels. Deferring essential maintenance or asset replacement reduces MDA's ability to provide appropriate services. Additionally, such deferment of equipment maintenance and/or replacement will increase long-term costs and liabilities to MDA. The laboratory is currently working with equipment past its life expectancy that poses risks to protecting public safety and in performance of analytical services.

Proposal:

This proposal allows the MDA Laboratory to invest in the procurement of strategic capital equipment assets defined as those with a value over \$30,000 during the FY 2020-21 biennium. Funds allocated under this initiative benefit existing programs that depend on capital assets for sample analysis. These include all the regulatory divisions of MDA and the Division of Ecological and Water Resources at the Department of Natural Resources.

Equity and Inclusion:

MDA believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to MDA's diversity goals.

Results:

Laboratory performance is measured, in part, by our ability to respond to issues as they emerge. Having reliable working equipment is critical to effective and timely response in all program areas served. The laboratory evaluates the condition of its capital equipment by tracking its depreciated capital value. The current depreciated capital value shows a trend that, if unaltered, poses risk to laboratory capability, effectiveness, and responsiveness. The Laboratory Services Division has capital assets with a received value of \$6,579,894. At the start of FY18 this equipment had a current value of \$1,888,700. As equipment ages, repair costs increase and more of our program budgets become unavailable for staffing which in turn negatively affects other performance indicators such as turnaround time and results in decreased capacity for analyses. If this trend remains unaltered, by FY22 our capital inventory will have an undepreciated value of \$665,067 putting the laboratory and the programs it serves at great risk.

Every year the MDA Laboratory will provide a plain language Capital Equipment Replacement Plan to elected officials and make available to the general public. The plan will:

- Establish each asset's condition, the remaining life of each asset, and whether they still provide the most appropriate method to deliver services.
- Outline a list of equipment that will be replaced in the upcoming fiscal year and the replacement cost of each item.
- Summary of what changes were made to the previous year's plan and the reason for the change.
- Calculate the depreciation for each year and replacement life cycle(s) along with year-to-year changes in net value of assets.
- Identify investments in new capital equipment technologies.
- Document year-to-year changes in net value of asset.

Statutory Change(s):

N/A

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clarify AGRI Fund Availability Dates in Budget Riders to Match Statute

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends allowing for use of funds appropriated to the Agricultural Growth, Research, and Innovation Program (AGRI) to be expanded to three years in the budget riders as is written in statute.

Rationale/Background:

The Minnesota Department of Agriculture (MDA) administers multiple grant programs where the third year of a project is critical. The AGRI Sustainable Agriculture Demonstration Grant statute (17.116) specifically states that grant projects may last up to three years. These projects typically require three growing seasons to demonstrate and share results. Similarly, the AGRI Crop Research Grant, which does not have a separate statute, funds university-level research that shows promise for delivering near term benefits to farmers. These projects have robust research components that can easily take three years (multiple growing seasons) to complete.

Proposal:

The AGRI statute, M.S. 41A.12, allows grant projects to last up to three years. AGRI budget riders for FY 2016-2017 and FY 2018-2019, however, only make funds available for two years in the second year of biennium. For example, in the FY 2018-2019 rider, funds are available until June 30, 2021. Grants entered into during the first year of biennium (July 1, 2017 to June 30, 2018) have a full three years before the funding expires. In contrast, grants entered into during the second year of the biennium (July 1, 2018 and June 30, 2019), only have two years available. This amendment is technical in nature and will bring the AGRI budget riders in line with the authorizing statute.

Equity and Inclusion:

This is a technical amendment relates to the maximum length of time a grant can be in effect and will not have an adverse impact on any group.

We do take specific efforts to ensure that the underlying grant programs reduce or eliminate disparities for Racial and Ethnic groups, Persons with Disabilities, and Veterans. Specifically, our requests for proposals (RFPs) gives preference to veteran and minority owned businesses and we ensure that our grant review committees includes members of traditionally underserved communities. For example, we reach out to the state's ethnic councils for suggested grant reviewers.

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Livestock Investment Grant Program Leverage	\$39 M private/ \$1M state	\$52 M private/ \$2.1M state	2008 - 2017
Result	Value Added Grant Program Leverage	\$4.3M private/ \$1M state	\$18.6M private/ \$2M state	2013 - 2017
Result	Agricultural Jobs Created – Value Added Grants	54	161	2013 - 2017

Statutory Change(s):

The AGRI statute (41A.12) does not need to be changed. The requested changes are to the budget riders covering FY16-17 and FY18-19.

For FY16-17 (Laws of Minnesota, 2015 First Special Session, chapter 4, article 1, section 2, subdivision 4), should be amended as follows:

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, ~~2019~~ 2020.

For FY18-19 (Laws of Minnesota 2017, chapter 88, article 1, section 2, subdivision 4), should be amended as follows:

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2019, for agricultural growth, research, and innovation grants are available until June 30, ~~2021~~ 2022.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Payment for Wolf Depredation Claim Valuations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends that up to \$5,000 from funds designated for reimbursing livestock producers for losses due to wolves be eligible for payment to U of M Extension for time spent providing valuations for livestock lost.

Rationale/Background:

When livestock producers have losses due to wolf depredation they are eligible for payments to recoup their losses after they have been documented to be due to wolves and a market value for the loss has been assigned. Documentation of wolves as responsible for losses is done by conservation officers, United States Department of Agriculture Animal and Plant Health Inspection Service (USDA APHIS) Wildlife Services personnel, and in some instances by county sheriffs as part of their regular duties. Market valuations are provided by University of Minnesota Extension livestock experts. However, due to the county based structure of the U of M Extension, it becomes problematic for livestock experts to use their work time paid for by their home county to value losses incurred in other counties. Many counties with wolf populations do not have Extension livestock experts in residence. As a result, the Minnesota Department of Agriculture (MDA) must pay U of M Extension for this service out of state General Funds.

Funds are appropriated to MDA annually for the compensation of livestock losses to wolves. For FY 2018-2019, \$175,000 was appropriated for each year. In most years, livestock losses do not reach this level. In 2017 and 2018 there was approximately \$33,000 of these money left unspent in claims, however funds from this appropriation can be shared with a similar appropriation for crop damage from elk.

Proposal:

The Governor recommends that the appropriation language be amended to allow MDA to pay U of M Extension up to \$5,000 for market valuation of losses due to wolves. This would be consistent with a change made in 2017 to the elk depredation funds which allows MDA to pay agents who evaluate and submit farmer claims. This change would allow MDA to cover this program cost out of the appropriation that is designated to pay claims for the program.

Equity and Inclusion:

The Department believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to the Departments diversity goals.

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Wolf claims need valuations	94	113	2017-2018

Statutory Change(s):

For FY18-19 (Laws of Minnesota 2017, chapter 88, article 1, section 2, subdivision 2g), should be amended as follows:

(g) \$175,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2017. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$5,000 of this appropriation each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock.

Agriculture

FY 2020-21 Biennial Budget

Change Item Title: Clean Water Fund—AgBMP Loan Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	75	75	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	75	75	0	0
FTEs	0.5	0.5	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund to provide revolving low interest loans from the AgBMP Loan Program for eligible activities that reduce or eliminate water pollution. The program is administered by local governments, has very low transaction costs, and repayments fund additional projects. Proposed funding will provide for continued 0.5 FTE staff funding to administer the program.

Rationale/Background:

The AgBMP loan program provides low interest loans to farmers and rural landowners to help finance practices, structures, and other improvements that reduce or eliminate water pollution. This loan program is administered by local governments, has very low transaction cost, and as loans are repaid, the repayments are used to fund additional projects. The goal of the AgBMP Loan Program is to implement recognized management practices with proven environmental benefits.

Proposal:

The AgBMP Loan Program is a well-established program to provide funding to address non-point source water quality issues. AgBMP loans are used to fund practices that prevent, reduce, or eliminate a nonpoint source water pollution problems in rural Minnesota, whether on a farm, a residence or business, an unsewered community, or a lakeside cabin. Funded projects typically include manure management, feedlot improvements, septic system upgrades, purchase of conservation tillage equipment, erosion control structures, and the repair or relocation of drinking water wells.

Equity and Inclusion:

The Minnesota Department of Agriculture does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Results will be measured by the number of loans issued, conservation practices implemented, and private dollars leveraged. The number of local governments who collaborate will also be tracked. Results will also be measured by reduction in nutrients, sediment, bacteria, and other pollutants. This is estimated by multiplying the number of practices installed by pollutant load reduction numbers from peer reviewed articles.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Agricultural Research and Evaluation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	663	662	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	663	662	0	0
FTEs	1.25	1.25	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund to provide ‘pass through funding’ from the Minnesota Department of Agriculture (MDA) to research institutes and organizations that are developing agricultural best management practices (BMPs). Additionally, funding will go to research that quantifies agricultural contributions to impaired waters with a focus on gaining a better understanding of the processes that underlie these contributions. BMPs will be developed and evaluated to protect and restore water resources while maintaining farm profitability.

Rationale/Background:

There is a need for current and accurate scientific data on the environmental impacts of agricultural practices as well as the need to develop or revise conservation practices that reduce environmental impacts while maintaining farm profitability. Research project results will also be used to validate models and computer simulations and are referenced in most Watershed Restoration and Protection Strategies (WRAPS) and Total Maximum Daily Load (TMDL) studies. The Agricultural Research and Evaluation Program evaluates the effectiveness of agricultural conservation practices, identifies underlying processes that affect water quality, and develops technologies to target critical areas of the landscape. Through technical assistance activities, the MDA shares results from research projects. The goal is to translate scientific information into positive actions that protect and restore Minnesota waters.

Proposal:

The Agricultural Research/Evaluation Program researches and evaluates practices and technologies that will protect and improve water quality. This program is intended to answer questions regarding processes and practices that can lead to clean water such as:

- Where pollutants coming from and what is the magnitude of each source?
- How will we improve water quality? Which practices work best? What are the costs and benefits?
- Where in the landscape should conservation practices be placed?
- What tools can local resource managers use to focus limited funds?

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Results will be evaluated by whether research is integrated into multi-agency efforts to protect and restore Minnesota waters such as TMDL and WRAPS reports. Long term success will be achieved when research is adopted for such activities such as targeting of conservation practices and implementation of water quality practices such as cover crops.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Monitoring of Pesticides in Surface Water and Groundwater

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	350	350	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	350	350	0	0
FTEs	2.41	2.41	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund for the Monitoring of Pesticides in Surface Water and Groundwater Program to provide ongoing pesticide monitoring using Clean Water Fund-sponsored state-of-the-art laboratory instruments which provide increased capability and greater capacity. Funding is also used to support staff positions that process and analyze pesticide samples.

Rationale/Background:

This program activity monitors and assesses pesticides in surface and groundwater to ensure water quality standards are met. Pesticides are frequently detected in surface water and groundwater and can be a source for surface water impairments and pose a risk for drinking water. Having reliable long-term data about pesticides in surface water and groundwater is extremely important for informed decision-making about imposing or removing restrictions on pesticide use to protect the environment. Long-term pesticide monitoring allows for the evaluation of trends to protect water quality based on monitoring results. Results indicate whether the water resource is being protected by having low or no pesticide detection findings or if restoration is needed based on monitoring results such as pesticide exceeding a threshold or if an upward trend is found.

Proposal:

The Governor recommends project funding to provide the Minnesota Department of Agriculture (MDA) a greater capacity to continue to effectively monitor the waters of the state for pesticide contamination. Having reliable long-term data on concentration trends for pesticides in surface water and groundwater is extremely important for informed decision-making on imposing or removing restrictions on pesticide use to protect the environment which are ongoing issues of public concern.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Clean Water funding for the Monitoring of Pesticides in Surface Water and Groundwater Program has increased the capability of the MDA's pesticide laboratory. It has allowed the MDA to increase the number of detectable pesticides from 44 in 2009 to 150 in 2017, increase the sensitivity of detection of certain pesticides, and increase the overall number of samples that can be analyzed on an annual basis. The increased laboratory capacity has

allowed the MDA to provide cooperative pesticide monitoring and assessment with other state agencies (MDH and MPCA) on lakes, wetlands, and public water supply systems.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Forever Green Initiative

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,650	1,650	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,650	1,650	0	0
FTEs	0	0	0	0

Recommendations:

The Governor recommends funding from the Clean Water Fund for the Forever Green Initiative (FGI) at the University of Minnesota for research, implementation, and partnership development. Funding will be used for 1) empirical research related to crop breeding, genetics, genomics, agronomy, food science, and economic aspects of Forever Green crops; 2) implementation of these new crops in targeted, critical areas of the landscape, including wellhead protection areas; and 3) to support working relationships between public, private, and non-profit sectors that are critical to development of new production systems that feature perennial and winter annual crops.

Rationale/Background:

The FGI brings researchers from multiple departments together including plant breeding, agronomy, food science, and economics. FGI's goal is to develop new high-value commodity crops and cropping systems that preserve and enhance water quality and to support development of new supply chains that provide profitable markets for these crops. Examples of FGI crops include intermediate wheatgrass, pennycress, camelina, and winter barley. The crops listed, and others in the FGI portfolio, are now ready for a focused effort to accelerate their commercialization and wide adoption through a concerted and strategic public-private effort.

Many of the new FGI crops could fit into a corn and soybean rotation to provide soil and water protection and new economic opportunity for rural Minnesota. Perennial crops provide continuous cover on the land, while winter annuals and cover crops grow between the time when annual crops are harvested in the fall and a new planting is established in the spring. This is the time when fields are bare and most vulnerable to erosion and nutrient loss.

Proposal:

FGI will provide research on new crops and systems that are protective of water quality. The Minnesota Department of Agriculture (MDA) will also work with researchers at the University of Minnesota and local partners (SWCDs, cities, counties, etc.) to identify opportunities to get perennials and winter annuals out onto vulnerable areas of the landscape. Priority will be given to areas with vulnerable groundwater or surface water and where leverage of other public and private funds are available.

An approximate itemization of these activities for FY20-21:

\$2.5 million for research, \$500,000 for implementation, and \$300,000 for partnership development. Funding will be 100 percent pass through to project partners. All staff time at the MDA is considered in-kind and no charges will be assessed. In addition to continuation of research and implementation, FY 20-21 funding will support a

Steering Council and Network which will provide critically needed coordination and facilitation between all stakeholders involved in the Forever Green Initiative. The goal is new working relationships between public, private, and non-profit sectors that are critical to development of new production systems that feature perennial and winter annual crops.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Success will result in planting of Forever Green developed crops and cropping systems that result in significant adoption on the Minnesota landscape.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Impaired Waters Technical Assistance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,625	1,625	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,625	1,625	0	0
FTEs	7.0	7.0	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund for the Technical Assistance Program to provide technical assistance and on-farm demonstrations to support the adoption of conservation practices that protect and improve water quality. This funding helps ensure accurate scientific information is available and used to address water quality concerns in agricultural areas.

Rationale/Background:

Technical assistance activities are a primary vehicle to work with the agricultural community to promote best management practices. This funding is used to evaluate conservation practices, share information about research and new technologies, and enhance outreach and education to the agricultural community and local government partners. Technical assistance also fills an important need for field demonstration and validation of practices. The Minnesota Department of Agriculture (MDA) uses on-farm, edge-of-field monitoring to assess sediment and nutrient loss at the field-scale and to evaluate the effectiveness of conservation practices. New and existing conservation practices are evaluated at these sites including practices that have been developed or studied within MDA's Clean Water Agricultural Research/Evaluation Program. MDA works with many partners including universities, crop consultants, soil and water conservation districts, farmers, and state agencies. Technical assistance and on-farm demonstration should result in increased adoption of conservation practices protective of water quality. Examples of projects include: Discovery Farms Minnesota, Root River Field to Stream Partnership, Nutrient Management Initiative, Red River Valley Drainage Water Management, and the Clay County Drainage site.

Proposal:

The Governor recommends funding in the form of pass through money from MDA to local governments. Funding also supports the existing conservation delivery system. MDA's technical assistance activities helps translate information from research and on-farm demonstrations with a goal to develop and promote conservation practices that protect and restore water quality.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

Results:

MDA has engaged more than 3,000 agricultural producers, crop advisers, and local government partners through approximately 150 education and outreach events (2013-2017) and manages 42 edge-of-field monitoring stations through four major on-farm demonstration programs. Results from these edge-of-field sites are used for outreach

and education to calibrate computer simulations models (PTMApp, Adapt-N, SWAT, and the Runoff Risk Advisory Tool) and to directly support the Water Quality Framework.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Irrigation Water Quality Protection

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	385	385	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	385	385	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund to provide an irrigation water quality specialist position through a contract with the University of Minnesota Extension. The water quality specialist develops guidance and provides education on irrigation and nitrogen best management practices (BMPs) for Minnesota irrigators. Many farmers, particularly those newly implementing irrigation, will benefit from increased education, training, and direct support. A new proposed activity in FY20-21, complementary to the efforts of the irrigation water quality specialist, is \$500,000 of funding to support expansion of the Irrigation Management Assistant (IMA) scheduling tool to make it a statewide resource for Minnesota Irrigators.

Rationale/Background:

Irrigation of row crops is a potential source of nitrate in groundwater especially in the areas with coarse-textured (sandy) soils which are highly vulnerable to groundwater contamination. These soils are common in central Minnesota. There are many farmers, particularly those newly implementing irrigation, who would benefit from increased education on irrigation and nitrogen BMPs. This funding supports an irrigation water quality specialist who will develop guidance and provide education on irrigation, such as irrigation scheduling, and nitrogen BMPs. This position is located at the University of Minnesota Extension.

The need for an Irrigation Specialist was identified as a critical need by the irrigation community and other agricultural stakeholders to provide education and technical assistance on irrigation and nitrogen management.

Proposal:

Continued funding will support the Minnesota Department of Agriculture's (MDA) ongoing efforts and enable the implementation of irrigation BMPs to protect groundwater. Activities led by an irrigation specialist are critically important for protecting groundwater from a major source of nitrate contamination in sensitive areas. Nitrate is one of the contaminants of greatest concern in Minnesota's groundwater. Nitrate losses from irrigation of nitrogen demanding crops (such as corn, potatoes, and edible beans) is a potential source of nitrate in groundwater. Of new funding, \$500,000 in FY20-21 is for the development and statewide expansion of the Irrigation Management Assistant (IMA) tool. The IMA is an on-line agricultural irrigation scheduling system. It is anticipated that this portion will be a one-time appropriation what will not be continued into FY22-23.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Results will be measured by the number of irrigators who receive information and subsequently adopt water and nitrogen management practices. Results will also be measure by the number of local governments and other agricultural stakeholders who collaborate in this effort.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency specific performance measures are also tracked by project staff and reported on the Minnesota's Legacy website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Minnesota Agricultural Water Quality Certification Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	3,000	3,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,000	3,000	0	0
FTEs	7.4	7.4	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund for the Minnesota Agricultural Water Quality Certification Program (MAWQCP) that combines the technical expertise and financial resources of federal and state government to address water quality in agricultural areas. This first of its kind program is a federal-state partnership between Minnesota Department of Agriculture (MDA), the United States Department of Agriculture (USDA) and the Environmental Protection Agency (EPA). A majority (65 percent) of the requested funding is passed through to local governments to provide technical assistance and implementation funds. State dollars maintain a federal match of \$9 million for FY16-FY19, with a renewal application due to USDA in early 2020.

Rationale/Background:

Agriculture is a key and core industry in Minnesota's economy that can function to improve or harm water quality. The MAWQCP is a voluntary program designed to accelerate adoption of on-farm conservation practices that protect and improve Minnesota's lakes, rivers, streams, and groundwater. The MAWQCP is designed to identify and mitigate risks to water quality on a whole farm basis, thereby correcting potential harm and generating improvement to water quality.

Producers who implement and maintain approved farm management practices will be certified and in turn assured that their operation meets the state's water quality goals and standards for a period of 10 years. Certification will give farmers and the public greater certainty about conservation achievements and regulatory standards.

Proposal:

MDA and its partners are actively enrolling farmers in the MAWQCP statewide and this funding will support current ongoing efforts that are needed to support: 1) program expansion generated by public/private partnership agreements and 2) meeting the increased demand for certification and conservation services and resources by Minnesota's farms.

Additionally, the program has had broad expansion in participation, private partnerships, and new proposals for credit trading and other potential mechanisms for using MAWQCP's unique structure, requiring new resources. The integration of program outreach and delivery of services through private industry partners established in multiple formal agreements are providing both a significant increase in capacity for producer interaction and a higher demand for management of increased, new, and further dispersed program operations. This creates additional financial and staffing resource demands. This recommendation therefore includes an increase of \$500,000 per year for to address these demands.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

MAWQCP acres will increase and conservation practices will be implemented which will result in improvements to water quality. An increase in certified acres will ensure that farming practices are protective of water quality. Nutrients (nitrogen and phosphorous) and soil loss and sediment models are used to show the estimated annual reductions in these pollutants.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Nitrate in Groundwater

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	2,585	2,585	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,585	2,585	0	0
FTEs	13.0	13.0	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund to allow the Minnesota Department of Agriculture (MDA) and local partners to reduce the contamination of groundwater due to the use of nitrogen fertilizer and support a variety of project activities that target nitrate in groundwater. Clean Water Funds will include support for: private well testing; best management practices (BMP) promotion; demonstration and adoption; increased education; technical support; and training and direct support at the University of Minnesota Extension and local advisory teams.

Rationale/Background:

Nitrate is one of the contaminants of greatest concern for groundwater in Minnesota. In some shallow vulnerable aquifers, a significant percentage of the drinking water wells exceeds the drinking water standard. In 2015, the MDA revised the state Nitrogen Fertilizer Management Plan (NFMP) to address nitrate contamination of groundwater. MDA will target efforts to vulnerable areas to help prevent groundwater from becoming degraded. MDA works in close partnership with local governments and other local stakeholders.

Proposal:

The Governor recommends funding that will go towards the implementation of the Nitrogen Fertilizer Management Plan (NFMP) which is the state's blueprint for addressing nitrate in groundwater. Implementing these NFMP activities will result in prevention and mitigation of groundwater from exceeding the health standard for nitrate. These efforts include:

- Working with the University of Minnesota and other partners to refine and demonstrate BMPs to protect groundwater;
- Pass through funding to local government to develop and implement locally led nitrogen BMP promotion and evaluation projects;
- Monitoring of private wells for nitrate;
- Working with local governments and farmers to improve water quality in areas that have nitrate levels above the drinking water standard in groundwater; and
- Conducting farm surveys to evaluate on-farm adoption of BMPs.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

Results will be measured by the number of areas monitored and assessed for nitrate in groundwater and the subsequent prevention and mitigation activity that will occur in those areas. Success will also be measured by the number of local farmers, agricultural organizations, and local governments who collaborate in this effort.

Successful implementation of the NFMP will result in reduction in groundwater contamination from nitrate and safe drinking water in those targeted areas.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Pesticide Testing of Private Wells

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,000	1,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	0	0
FTEs	2.75	2.75	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund for the Pesticide Testing of Private Wells Program within the Department of Agriculture (MDA) to identify, monitor, and assess the presence of pesticides in private wells in vulnerable areas of the state.

Rationale/Background:

Citizens may be concerned if pesticides are in their drinking water, especially when nitrate has been detected. Pesticide testing of private wells will address this concern. Due to lack of monitoring, there is limited information on the presence of pesticides in private wells where nitrate is found. Pesticide monitoring of private wells will provide data that can be analyzed to determine the type, concentration, and frequency of pesticides in private wells.

Proposal:

Under the Nitrogen Fertilizer Management Plan (NFMP), all private wells in townships with vulnerable groundwater are offered a free nitrate test through MDA's Township Testing Program. When nitrate is detected, homeowners will also be offered a free pesticide test that provides additional information on the potential health risk from the presence of pesticides in groundwater. Funding is also used to support staff positions who collect private well water samples and for a private laboratory to analyze these samples for a suite of pesticides.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

The pesticide testing of private wells program will result in increased monitoring of private wells for pesticides and better informed well owners.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the Minnesota's Legacy website.

Statutory Change(s):

No statutory change is required.

Agriculture

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Research Inventory Database

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	50	50	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	50	0	0
FTEs	0.6	0.6	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund for the Minnesota Water Research Digital Library (MNWRL) to support a user-friendly, searchable inventory of water research relevant to Minnesota. This funding will support Minnesota Department of Agriculture (MDA) staff that administer MNWRL.

Rationale/Background:

Water research that is relevant to Minnesota may not be easy to access or available to water resource professionals who could use this information. The MNWRL is a user-friendly, searchable inventory of water research relevant to Minnesota, including both peer reviewed articles as well as white papers and reports. The Library provides one-stop access to all types of water research, enabling users to find, share, and coordinate research to support their efforts to protect, conserve, manage, and restore water in Minnesota.

Proposal:

The MNWRL includes over 2,700 diverse research articles and scientific reports. The MNWRL is intended to provide easy access to a broad collection of water research. The MDA will provide support and training for partner organizations and conduct intensive outreach to Minnesota's water and research organizations and communities that use this resource.

Equity and Inclusion:

The MDA does not believe this proposal will adversely impact any disadvantaged communities.

IT Related Proposals:

This is not an IT proposal.

Results:

This user-friendly searchable inventory provides agency staff, researchers, water planners, and the public with fast access to all types of research relevant to water management in Minnesota. The inventory will grow steadily from its current base of over 2,700 articles (FY 18), increasing the utility of research that was previously scattered across many websites, reports, and journals.

In addition, all Clean Water Fund activities include performance measures published in the Clean Water Fund Performance Report. MDA and other agency-specific performance measures are also tracked by project staff and reported on the *Minnesota's Legacy* website.

Statutory Change(s):

No statutory change is required.

Program: Protection Services

Activity: Pesticide and Fertilizer Management Division

<http://www.mda.state.mn.us/pesticide-fertilizer/pesticide-fertilizer>

AT A GLANCE

- In partnership with all Minnesota counties, collected over 500,000 pounds of waste pesticides in 2017, and over 8 million pounds of waste pesticides have been collected since 1990.
- In our 28 year history, over \$41 million from the Agricultural Chemical Response & Reimbursement Account has been spent to reimburse persons for the environmental cleanup of ag chemicals.
- Funded over \$1.1 million annually for fertilizer research, directed by a council of agriculture organizations.
- Monitored groundwater (690 samples at 168 locations) and surface water (1,218 samples at 208 locations) for pesticides in 2017
- Pesticide monitoring of groundwater since 1985 and surface water since 1991, now analyzing for 150 different chemicals

PURPOSE & CONTEXT

The Pesticide and Fertilizer Management Division is responsible for almost all aspects of fertilizer and pesticide regulation in Minnesota as well as many other water resources protection efforts.

We support the agency's mission by regulating pesticides and fertilizers to ensure the integrity of our food supply, implementing programs that protect and improve the health of our environment, and managing a regulatory system that instills confidence and consistency in support of a strong agricultural economy.

SERVICES PROVIDED

We have broad responsibilities in the regulation of pesticides and fertilizers as it relates to ensuring water quality and protection of the environment. We have a wide variety of services, regulatory activities and voluntary programs that are listed below.

- Inspections
- Pesticide/fertilizer training, licensing, and permitting
- Emergency response 24/7
- Site cleanups and Superfund administration
- Anhydrous ammonia (AA) regulation
- Commercial manure application licensing
- Pesticide and fertilizer use surveys
- Pesticide misuse investigations
- Best Management Practices (BMP)
- Discovery Farms technical support
- Reimbursement for cleanups
- Actions to protect pollinators in both urban and rural settings
- Pesticide Management Plan implementation
- Nitrogen Fertilizer Management Plan implementation
- Groundwater monitoring for pesticides and nitrates
- Surface water monitoring for pesticides and nitrates
- Free waste pesticide collection for agricultural and urban users
- Soil and manure laboratory certification
- Research funding for fertilizer impact on water quality
- Agriculture Water Quality Certification for farmers and landowners
- Nitrate water quality technical support for municipalities
- Anhydrous Ammonia private inspector certification

RESULTS

- **Pesticide Inspections.** Inspections of pesticide facilities are designed to correct violations and assist in compliance. Our electronic/paperless Compliance Information System (CIS) results in more timely, comprehensive and consistent inspections.
- **Waste Pesticide Collections.** The Minnesota Department of Agriculture has conducted Waste Pesticide Collections since the early 1990s. Since 2001, the majority of the waste pesticide has been generated in urban settings. Agricultural waste pesticides have decreased due to changes in technology, packaging, and stewardship.
- **Pesticide Licensing.** The Minnesota Department of Agriculture has been investing in online electronic pesticide testing tools and additional testing locations that have drastically reduced the time it takes for the 12,823 commercial and non-commercial pesticide applicators in MN to begin work after passing their test to demonstrate competency.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Pesticide inspections of various facilities, dealers, and sites	270	268	FY16 to FY17
Quantity	Pounds of waste pesticides collected	400,000	500,770	FY16 to FY17
Quantity	Wait time to receive pesticide license during peak licensing season	5 weeks	10 days	FY16 to FY17

Authority for this activity is found in Minnesota Statutes, Chapters
M.S. 18B (<https://www.revisor.mn.gov/statutes/?id=18B>),
M.S. 18C (<https://www.revisor.mn.gov/statutes/?id=18C>),
M. S, 18D (<https://www.revisor.mn.gov/statutes/?id=18D>),
M.S. 18E (<https://www.revisor.mn.gov/statutes/?id=18E>),
M.S. 103H (<https://www.revisor.mn.gov/statutes/?id=103H>),
M.S. 115E (<https://www.revisor.mn.gov/statutes/?id=115E>)

Pesticide and Fertilizer Mgmt

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	555	611	553	651	611	611	611	611
2000 - Restrict Misc Special Revenue	9	3	2	74				
2018 - Agriculture	15,902	16,440	15,239	18,063	15,790	15,884	15,790	15,884
2050 - Environment & Natural Resources				250				
2302 - Clean Water	13,179	13,587	12,294	10,693			11,308	11,307
2403 - Gift	5							
2801 - Remediation	1,544	1,607	1,508	1,969	1,959	1,959	1,959	1,959
3000 - Federal	441	268	300	431	324	324	324	324
Total	31,635	32,515	29,897	32,131	18,684	18,778	29,992	30,085
Biennial Change				(2,122)		(24,566)		(1,951)
Biennial % Change				(3)		(40)		(3)
Governor's Change from Base								22,615
Governor's % Change from Base								60

Expenditures by Category

Compensation	11,142	11,494	11,548	12,260	9,636	9,749	12,791	12,917
Operating Expenses	18,517	18,312	14,980	17,407	9,031	9,012	15,186	15,153
Grants, Aids and Subsidies	1,828	2,642	3,351	2,438			1,945	1,945
Capital Outlay-Real Property	2							
Other Financial Transaction	145	66	18	26	17	17	70	70
Total	31,635	32,515	29,897	32,131	18,684	18,778	29,992	30,085

Total Agency Expenditures	31,635	32,515	29,897	32,131	18,684	18,778	29,992	30,085
Internal Billing Expenditures	2,679	2,826	2,496	2,669	2,357	2,386	2,463	2,492
Expenditures Less Internal Billing	28,955	29,690	27,400	29,462	16,327	16,392	27,529	27,593

Full-Time Equivalents

122.55	121.96	119.25	120.60	86.99	86.89	121.40	121.30
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Pesticide and Fertilizer Mgmt

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		24		42				
Direct Appropriation	564	564	837	838	611	611	611	611
Transfers In	14	23	8	21				
Transfers Out			250	250				
Balance Forward Out	23		42					
Expenditures	555	611	553	651	611	611	611	611
Biennial Change in Expenditures				39		18		18
Biennial % Change in Expenditures				3		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.15	4.18	4.03	4.03	4.03	4.03	4.03	4.03

2000 - Restrict Misc Special Revenue

Balance Forward In		0						
Receipts	9	3	2	74				
Transfers Out		0						
Balance Forward Out	0							
Expenditures	9	3	2	74				
Biennial Change in Expenditures				64		(76)		(76)
Biennial % Change in Expenditures				535		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.14							

2018 - Agriculture

Balance Forward In	8,723	8,677	9,412	10,972	7,992	6,220	7,992	6,220
Receipts	16,235	17,376	18,174	16,473	15,408	15,600	15,408	15,600
Transfers In	209	339	16					
Transfers Out	1,510	1,517	1,390	1,390	1,390	1,390	1,390	1,390
Balance Forward Out	7,756	8,435	10,972	7,992	6,220	4,546	6,220	4,546
Expenditures	15,902	16,440	15,239	18,063	15,790	15,884	15,790	15,884
Biennial Change in Expenditures				960		(1,628)		(1,628)
Biennial % Change in Expenditures				3		(5)		(5)

Pesticide and Fertilizer Mgmt

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	85.03	83.23	78.73	78.73	77.89	77.89	77.89	77.89

2050 - Environment & Natural Resources

Direct Appropriation				250	0	0	0	0
Expenditures				250				
Biennial Change in Expenditures				250		(250)		(250)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	8,127	6,939	5,570	1,485				
Direct Appropriation	8,509	7,507	8,208	9,208	0	0	11,308	11,307
Transfers In		173						
Transfers Out	500							
Cancellations	783							
Balance Forward Out	2,173	1,032	1,484					
Expenditures	13,179	13,587	12,294	10,693			11,308	11,307
Biennial Change in Expenditures				(3,780)		(22,987)		(372)
Biennial % Change in Expenditures				(14)		(100)		(2)
Governor's Change from Base								22,615
Governor's % Change from Base								
Full-Time Equivalents	29.07	30.18	31.96	32.16			34.41	34.41

2403 - Gift

Balance Forward In	5							
Expenditures	5							
Biennial Change in Expenditures				(5)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Pesticide and Fertilizer Mgmt

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Full-Time Equivalents	0.10							

2801 - Remediation

Balance Forward In		15		11				
Direct Appropriation	388	388	393	398	399	399	399	399
Open Appropriation	1,171	1,204	1,126	1,560	1,560	1,560	1,560	1,560
Balance Forward Out	15		11					
Expenditures	1,544	1,607	1,508	1,969	1,959	1,959	1,959	1,959
Biennial Change in Expenditures				326		441		441
Biennial % Change in Expenditures				10		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.68	2.85	2.57	2.57	2.57	2.57	2.57	2.57

3000 - Federal

Receipts	441	268	300	431	324	324	324	324
Expenditures	441	268	300	431	324	324	324	324
Biennial Change in Expenditures				23		(83)		(83)
Biennial % Change in Expenditures				3		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.38	1.52	1.96	3.11	2.50	2.40	2.50	2.40

Program: Protection Services
Activity: Plant Protection Division

<http://www.mda.state.mn.us/plants-insects>

AT A GLANCE

- 29 million units of corn and soybeans and 112 million hundredweights of other agricultural seed sold under state permit in 2017
- \$11 billion in grain purchased and over 290 million bushels stored under grain licenses and bonds during 2017
- 249 nursery growers certified and 1,954 dealers inspected to ensure nursery stock sold in Minnesota is free of serious plant pests during 2017
- \$300,000 in grants awarded to local governments for management of noxious weeds in FY18
- Assisting Minnesota counties, townships, and cities with the enforcement of noxious weed issues statewide, costing \$4 million dollars annually or approximately \$170,000/county
- During FY18, \$138,000 paid in claims for wolf depredation and \$120,000 granted to producers for predation prevention programs
- Spread of emerald ash borer held to 1/3 the national average despite 10 years of infestation
- Eight firewood producers certified to offer heat-treated, pest-free firewood to help slow the spread of emerald ash borer and gypsy moth

PURPOSE & CONTEXT

The Plant Protection Division (PPD) has two broad areas of responsibility. First, PPD is responsible for detecting, excluding, containing, and managing invasive or exotic plant pests that threaten both agriculture and Minnesota's forests and the environment. Second, PPD inspects and certifies agricultural commodities for export, grade and freedom from specific pests. These activities contribute to the mission of the agency by protecting agriculture and the environment from pest threats and by verifying the quality of Minnesota products for sale or export. Minnesota farmers are protected by grain bonds, seed labeling laws and inspection, noxious weed programs and many other PPD programs designed to protect public and private land as well as critical pollinator habitat.

SERVICES PROVIDED

We ensure that seeds and plants sold, planted, exported, or stored in Minnesota meet purity, viability, and health standards, and that the environmental, societal, and recreational impacts of plant pests such as noxious weeds, gypsy moth, and emerald ash borer are reduced or eliminated.

These goals are achieved by:

- Inspecting and certifying plants and plant parts (such as seed, grain, fruit, logs, and lumber). Inspection and certification programs ensure Minnesota's plant commodities meet standards for import and export requirements, germination and purity of seeds, health of nursery stock, and the absence of harmful plant pests.
- Excluding, eradicating, or managing plant pests that threaten Minnesota's agriculture or environment. We keep Minnesota as free as possible from harmful plant pests. Our survey, audit, regulatory, quarantines, and treatment programs benefit farmers, the forest and recreation industries, and conservation plantings including critical pollinator habitat and the general public.

Fee-generated dedicated funds comprise over 45 percent of the division activities and about 25 percent of activities are funded through federal and state grants from the Environment and Natural Resources Trust Fund. The remaining 30 percent of our funds are from the state General Fund, of which about 20 percent of those are one-time appropriations for the FY18-19 biennium.

RESULTS

- Minnesota plant products are exported to markets without delays, during 2017, 1.6 billion pounds of agriculture products were certified for export to 70 countries by 136 Minnesota companies.
- Produce for sale is quickly inspected, during 2017, 1.2 billion pounds of potatoes and 21.1 million pounds of fruits and other vegetables were inspected.
- Nursery stock, seeds, and seed potatoes sold in Minnesota are viable and free of serious plant pests. Routine inspections of 250 seed retailers and 1,858 seed samples tested for quality during 2017 demonstrated that 95% of seed is accurately labeled in the state and 4 seed lots contained Palmer amaranth, a prohibited noxious weed seed
- Invasive plant pests are kept out of Minnesota and their impacts on agriculture and the environment are minimized, for example the spread of gypsy moth was reduced by over 40% by placing 20,000 gypsy moth survey traps and treating 76,000 acres to slow the advancing gypsy moth population.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>
Quantity	Acres managed for eradicating noxious weeds	1800 – 2016 2000 - 2017	2600 – 2018
Quantity	Number of seed samples collected and analyzed and their compliance percentage	1386 (91%) – 2016 1422 (94%) – 2017	1858 (95%) – 2018
Quantity	Number of permitted hemp growers	7 – 2016 34 - 2017	40 – 2018
Quantity	Number of invasive insects and diseases monitored	54 – 2015 67 – 2016 83 - 2017	84 - 2018

M.S. Section 3.737 (<https://www.revisor.mn.gov/statutes/?id=3.737>) and 3.7371

(<https://www.revisor.mn.gov/statutes/?id=3.7371>) provides the authority to compensate farmers and landowners for loss caused by wolf or elk.

M.S. Section 17.445 (<https://www.revisor.mn.gov/statutes/?id=17.445>) provides the authority to provide apiary inspection services for interstate commerce

M.S. Chapter 18F (<https://www.revisor.mn.gov/statutes/cite/18F>) provides authority to issue permits for release of genetically engineered organisms

M.S. Chapter 18G (<https://www.revisor.mn.gov/statutes/?id=18G>) provides the authority to exclude and manage invasive and exotic plant pests and to certify commodities for export

M.S. Chapter 18H (<https://www.revisor.mn.gov/statutes/?id=18H>) provides the authority to inspect and certify nursery dealers and growers

M.S. Chapter 18J (<https://www.revisor.mn.gov/statutes/cite/18J>) defines enforcement procedures for violations of Chapters 18G, 18H, 18K, 27, 223, 231, and 232; sections [21.80](#) to [21.92](#); and associated rules.

M.S. Chapter 18K (<https://www.revisor.mn.gov/statutes/cite/18K>) provides authority to implement an industrial hemp pilot program

M.S. Section 18.75-91 (<https://www.revisor.mn.gov/statutes/?id=18.75>) provides the authority to administer a state noxious weed program

M.S. Chapter 21.71-78 (<https://www.revisor.mn.gov/statutes/cite/21.71>) provides the authority to inspect and certify seed potatoes.

M.S. Section 21.80-92 (<https://www.revisor.mn.gov/statutes/?id=21.80>) provides the authority to inspect seeds for distribution and enforce seed label requirements.

M.S. Chapter 27 (<https://www.revisor.mn.gov/statutes/?id=27>) provides the authority to provide a wholesale produce dealer bonding program.

M.S. Chapter 223 (<https://www.revisor.mn.gov/statutes/?id=223>) provides the authority to provide a bond program for grain.

M.S. Chapter 230 (<https://www.revisor.mn.gov/statutes/cite/230>) provides authority to mediate disputes between elevators or other buying or storing sites of agricultural commodities and railroads

M.S. Chapter 231 (<https://www.revisor.mn.gov/statutes/?id=231>) provides the authority to provide a bond program for warehouses

Plant Protection

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,956	2,419	2,813	3,237	2,483	2,483	3,808	3,808
2000 - Restrict Misc Special Revenue			53	13	13	13	13	13
2018 - Agriculture	3,779	3,998	4,420	5,023	4,808	4,774	4,808	4,774
2050 - Environment & Natural Resources	373	405	662	1,365				
3000 - Federal	1,547	1,149	1,329	1,773	1,720	1,758	1,720	1,758
6000 - Miscellaneous Agency		125						
Total	7,655	8,096	9,278	11,411	9,024	9,028	10,349	10,353
Biennial Change				4,939		(2,637)		13
Biennial % Change				31		(13)		0
Governor's Change from Base								2,650
Governor's % Change from Base								15

Expenditures by Category

Compensation	4,862	4,783	5,303	5,829	5,264	5,248	6,019	6,003
Operating Expenses	2,787	3,011	3,184	5,007	3,748	3,767	3,943	3,962
Grants, Aids and Subsidies		134	775	563			375	375
Capital Outlay-Real Property		6	4					
Other Financial Transaction	6	162	12	12	12	13	12	13
Total	7,655	8,096	9,278	11,411	9,024	9,028	10,349	10,353

Total Agency Expenditures	7,655	8,096	9,278	11,411	9,024	9,028	10,349	10,353
Internal Billing Expenditures	728	648	682	772	828	844	828	844
Expenditures Less Internal Billing	6,927	7,447	8,597	10,639	8,196	8,184	9,521	9,509

Full-Time Equivalents

	68.49	65.40	69.59	72.27	65.57	65.07	73.57	73.07
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Plant Protection

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		218		190				
Direct Appropriation	2,068	2,268	2,859	2,864	2,483	2,483	3,808	3,808
Transfers In	41	66	444	483				
Transfers Out		120	300	300				
Cancellations		13						
Balance Forward Out	153		190					
Expenditures	1,956	2,419	2,813	3,237	2,483	2,483	3,808	3,808
Biennial Change in Expenditures				1,675		(1,084)		1,566
Biennial % Change in Expenditures				38		(18)		26
Governor's Change from Base								2,650
Governor's % Change from Base								53
Full-Time Equivalents	15.09	14.69	18.93	18.60	15.18	15.18	23.18	23.18

2000 - Restrict Misc Special Revenue

Balance Forward In				1	1	1	1	1
Receipts			54	13	13	13	13	13
Balance Forward Out			1	1	1	1	1	1
Expenditures			53	13	13	13	13	13
Biennial Change in Expenditures				66		(40)		(40)
Biennial % Change in Expenditures						(61)		(61)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.17	0.25	0.25	0.25	0.25	0.25

2018 - Agriculture

Balance Forward In	2,075	2,693	3,398	3,625	3,606	3,403	3,606	3,403
Receipts	4,782	5,024	4,748	5,014	5,065	5,065	5,065	5,065
Transfers In		20	300	300				
Transfers Out	403	342	400	310	460	460	460	460
Balance Forward Out	2,676	3,398	3,626	3,606	3,403	3,234	3,403	3,234
Expenditures	3,779	3,998	4,420	5,023	4,808	4,774	4,808	4,774
Biennial Change in Expenditures				1,666		139		139
Biennial % Change in Expenditures				21		1		1

Plant Protection

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	34.24	34.65	34.53	35.99	35.99	34.99	35.99	34.99

2050 - Environment & Natural Resources

Balance Forward In	667	294	400	934				
Direct Appropriation		511	1,025	431	0	0	0	0
Transfers In			173					
Cancellations			3					
Balance Forward Out	294	400	933					
Expenditures	373	405	662	1,365				
Biennial Change in Expenditures				1,249		(2,027)		(2,027)
Biennial % Change in Expenditures				161		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.34	3.55	2.94	2.93				

3000 - Federal

Balance Forward In	343	0						
Receipts	1,204	1,149	1,329	1,773	1,720	1,758	1,720	1,758
Transfers Out		0						
Expenditures	1,547	1,149	1,329	1,773	1,720	1,758	1,720	1,758
Biennial Change in Expenditures				406		376		376
Biennial % Change in Expenditures				15		12		12
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.82	12.51	13.02	14.50	14.15	14.65	14.15	14.65

6000 - Miscellaneous Agency

Balance Forward In	0	0	227	227	229	231	229	231
Receipts	0	352		2	2	2	2	2
Transfers Out		0						
Balance Forward Out	0	227	227	229	231	233	231	233

Plant Protection

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Expenditures		125						
Biennial Change in Expenditures				(125)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Protection Services

Activity: Laboratory Services Division

<http://www.mda.state.mn.us/laboratory-services>

AT A GLANCE

For Fiscal Year 2018:

- Performed 8,293 tests for 8,421 analytes (an organism or chemical constituent of a sample) on 3,830 samples for MDA's Dairy and Meat Inspection Division;
- Performed 12,946 tests for 153,643 analytes on 8,646 samples for MDA's Pesticide and Fertilizer Inspection Division;
- Performed 21,817 tests for 41,364 analytes on 2,116 samples for MDA's Plant Protection Division;
- Performed 11,112 tests for 11,138 analytes on 4,185 samples for the Food and Feed Safety Division.
- Performed 14,241 tests for 15,163 analytes on 4,658 samples for the Department of Natural Resources.

PURPOSE & CONTEXT

The Laboratory Services Division's goal is to furnish scientifically and legally defensible testing that supports the Minnesota Department of Agriculture's (MDA) agency objectives. These activities are critical to the protection of Minnesota's food supply, agricultural industry, and natural environment.

SERVICES PROVIDED

The Laboratory Services Division provides analytical testing primarily for:

- MDA Dairy and Meat Inspection Division
- MDA Food and Feed Safety Division
- MDA Pesticide and Fertilizer Management Division
- MDA Plant Protection Division
- Minnesota Department of Natural Resources

Specific Services:

Foodborne outbreaks:

- Ag chemical spills
- Human and animal exposure
- Product tampering
- Plant disease outbreaks
- Food security events
- Natural disasters

Surveillance testing for:

- Food safety
- Pesticides in water
- Dairy product safety
- Interstate marketing of milk
- Seed health
- Meat safety for small producers
- Plant disease

Other services include:

- Method development
- Technical consultation
- Data interpretation
- Quality assessment

RESULTS

The Department grades laboratory performance on our ability to provide accurate defensible data that meets established program objectives in a timely manner. In order to measure this performance we survey our customers annually to measure their satisfaction level with our services. We discuss problem areas and address them through our formal corrective action procedure.

Performance Measures based on customer survey

Satisfaction with technical assistance provided by laboratory

<i>Type of Measure</i>	<i>Dissatisfied</i>	<i>Somewhat Satisfied</i>	<i>Satisfied</i>	<i>Very Satisfied</i>
Previous Score (2016)	0%	5%	15%	80%
Current Score (2017)	0%	0%	9%	91%

Satisfaction with data quality

<i>Type of Measure</i>	<i>Dissatisfied</i>	<i>Somewhat Satisfied</i>	<i>Satisfied</i>	<i>Very Satisfied</i>
Previous Score (2016)	0%	10%	10%	80%
Current Score (2017)	4%	0%	20%	76%

Satisfaction with overall Laboratory performance

<i>Type of Measure</i>	<i>Dissatisfied</i>	<i>Somewhat Satisfied</i>	<i>Satisfied</i>	<i>Very Satisfied</i>
Previous Score (2016)	0%	0%	10%	90%
Current Score (2017)	0%	0%	9%	91%

Authority for this activity is found in M.S. Chapter 17, (<https://www.revisor.mn.gov/statutes/?id=17>) and other statutes authorizing specific protection services activities.

Laboratory Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	4,105	5,572	4,344	5,252	4,743	4,743	5,536	5,457
2000 - Restrict Misc Special Revenue	79	75	121	95	115	116	115	116
2018 - Agriculture	2,464	2,633	3,041	3,089	3,299	3,308	3,299	3,308
3000 - Federal	1,916	2,016	1,879	2,067	2,033	1,995	2,033	1,995
Total	8,565	10,296	9,384	10,503	10,190	10,162	10,983	10,876
Biennial Change				1,027		465		1,972
Biennial % Change				5		2		10
Governor's Change from Base								1,507
Governor's % Change from Base								7

Expenditures by Category

Compensation	4,034	4,085	4,349	4,767	4,721	4,757	4,831	4,867
Operating Expenses	4,446	4,938	4,904	5,692	5,407	5,389	5,472	5,454
Capital Outlay-Real Property	3	1,014	85		42		660	539
Other Financial Transaction	82	258	45	44	20	16	20	16
Total	8,565	10,296	9,384	10,503	10,190	10,162	10,983	10,876

Total Agency Expenditures	8,565	10,296	9,384	10,503	10,190	10,162	10,983	10,876
Internal Billing Expenditures	644	587	640	612	725	722	725	722
Expenditures Less Internal Billing	7,920	9,709	8,744	9,891	9,465	9,440	10,258	10,154

Full-Time Equivalents

46.78	46.35	48.60	56.33	54.06	53.16	55.06	54.16
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Laboratory Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		369		389				
Direct Appropriation	4,421	4,421	4,746	4,750	4,743	4,743	5,536	5,457
Transfers In	142	828	156	373	135	135	135	135
Transfers Out	95	45	170	260	135	135	135	135
Cancellations		1						
Balance Forward Out	363		388					
Expenditures	4,105	5,572	4,344	5,252	4,743	4,743	5,536	5,457
Biennial Change in Expenditures				(81)		(110)		1,397
Biennial % Change in Expenditures				(1)		(1)		15
Governor's Change from Base								1,507
Governor's % Change from Base								16
Full-Time Equivalents	14.20	14.04	14.00	18.32	15.30	15.45	16.30	16.45

2000 - Restrict Misc Special Revenue

Balance Forward In		67	59	35	80	59	80	59
Receipts	146	67	96	140	94	97	94	97
Balance Forward Out	67	59	35	80	59	40	59	40
Expenditures	79	75	121	95	115	116	115	116
Biennial Change in Expenditures				62		15		15
Biennial % Change in Expenditures				40		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.56	0.58	0.59	0.50	0.50	0.50	0.50	0.50

2018 - Agriculture

Balance Forward In	1,119	1,392	1,605	1,662	1,504	1,271	1,504	1,271
Receipts	538	663	853	716	716	716	716	716
Transfers In	2,193	2,202	2,260	2,215	2,350	2,350	2,350	2,350
Transfers Out		20	16					
Balance Forward Out	1,386	1,603	1,662	1,504	1,271	1,029	1,271	1,029
Expenditures	2,464	2,633	3,041	3,089	3,299	3,308	3,299	3,308
Biennial Change in Expenditures				1,033		477		477
Biennial % Change in Expenditures				20		8		8

Laboratory Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	18.67	19.52	22.34	26.84	26.61	25.76	26.61	25.76

3000 - Federal

Balance Forward In	0							
Receipts	1,915	2,016	1,879	2,067	2,033	1,995	2,033	1,995
Balance Forward Out	0							
Expenditures	1,916	2,016	1,879	2,067	2,033	1,995	2,033	1,995
Biennial Change in Expenditures				14		82		82
Biennial % Change in Expenditures				0		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	13.35	12.21	11.67	10.67	11.65	11.45	11.65	11.45

Program: Protection Service

Activity: Food and Feed Safety Division

<http://www.mda.state.mn.us/food-feed/food-feed>

AT A GLANCE

In Fiscal Years 2017 and 2018,

- Conducted over 2,800 manufactured food, 7,000 retail food, and 1,000 animal feed inspections to ensure the safety and quality of products manufactured and distributed in Minnesota.
- Created a new program specific to on-farm produce safety to support Minnesota produce growers in conforming to new Food Safety Modernization Act (FSMA) requirements through outreach, education, and regulatory review.
- Conducted and participated in over 80 outreach activities on food and feed safety related issues which included: providing training on new regulations related to the feed and produce safety, hosting emergency response exercises, presenting at educational conferences, and facilitating meetings with stakeholders and partner agencies.
- Participated in 48 human illness outbreak investigations to rapidly respond to and prevent the spread of illness in partnership with the Minnesota Department of Health.
- Issued 1,762 food and 156 animal feed certificates to Minnesota companies so products could be sold and distributed internationally
- Analyzed over 1,800 animal feed product samples for over 16,000 analytes in partnership with the MDA Laboratory Division

PURPOSE & CONTEXT

The Food and Feed Safety Division (FFSD) supports the Minnesota Department of Agriculture's mission to ensure the integrity of the food supply by conducting regulatory and outreach activities related to the production, manufacturing and sale of food and commercial animal feed products. Our activities contribute to a strong agricultural economy by ensuring food and feed producers have access to interstate and international markets, giving these processors opportunities to expand their business, and providing farmers with access to processing services necessary to market their products within Minnesota, nationally, and internationally.

Inspection work focuses on ensuring that safe food and animal feed handling practices are employed from the farm to processor and distributor so that consumers receive safe food and feed products. Much of this work is also required for manufacturers and farmers to conduct in-state, interstate and international sales of their products. The success of these programs is critical to ensuring the safety of human and animal consumers, as well as strong viable food and animal agriculture industries in the State.

SERVICES PROVIDED

Inspections: Our inspectors conduct food and feed safety based inspections as required by federal and state law that focus on ensuring processors and distributors of food and commercial animal feed have systems in place to ensure products are safe and are produced in a clean and sanitary environment. Changes in inspection focus will continue as the Food Safety Modernization Act (FSMA) is phased in and expands the regulatory requirements for manufacturers of human and animal foods.

Outreach: The Division maintains a strong emphasis on outreach and education, prior to and as a part of regulation. When food business operators have a good understanding of food safety principles and the regulations, they can more effectively apply good food safety practices. Outreach and education are also key to assisting new operators in navigating the rules as they begin a new business, as well as ensuring that existing operators have strong foundational knowledge in food safety risks that exist in their processes.

Investigations, Compliance, and Enforcement: Investigators and staff work to conduct many specialized reviews. Examples of specialized reviews include product labels and equipment plans, analyzing patterns of operators working outside of the regulations and following up when food safety systems fail and a recall of product is necessary or an outbreak is detected. Enforcement actions, such as warning letters, penalties, or license and permit suspensions may be used to address compliance issues when they are more severe and cannot be addressed through inspections or outreach.

RESULTS

Overall compliance rates are routinely assessed by conducting reviews that provide an assessment of how well food and feed producers are meeting the regulatory requirements designed to ensure the products they produce are safe.

Retail Food Inspection: Inspection Rates

The Retail Food Program is responsible for inspecting and licensing all retail food handlers in Minnesota and consists of 24 field inspectors, four supervisors, and one program manager. There are approximately 6,000 retail food facilities and 1,500 retail mobile food licenses in the state. Retail facilities are classified according to food safety risk based on food handling activities. Retail facilities are inspected according to a schedule based on the classified risk.

The Retail Food Program has steadily increased the rate of inspections conducted according to the risk-based schedule as a result of added staff that were hired within the last three years. The inspections conducted review food handling practices and sanitary conditions to meet the requirements of the Minnesota Food Code. These inspections are essential to protect public health and serve to inform retail food handlers when food handling practices require intervention measures due to the potential to foodborne illness.

Number of Retail Food Inspections Conducted by Fiscal Year

Fiscal Year	2016	2017	2018
Inspection Count	2,365	3,388	5,252

Manufactured Food Inspection: Full Implementation of Manufactured Food Regulatory Program Standards

Building an Integrated Food Safety System (IFSS) is mandated by the Food Safety Modernization Act (FSMA). The U.S Food and Drug Administration System (FDA) manages programs and initiatives that build the infrastructure and capacity of state, local, territorial, and tribal regulatory agencies and promote a national IFSS. The Manufactured Food Regulatory Program Standards (MFRPS) are a critical component in establishing the national IFSS. The goal of the MFRPS is to implement a nationally integrated, risk-based, food safety system focused on protecting public health. The ten standards identified in the MFRPS provide a roadmap for effective program management and are based on a quality management systems approach to regulatory program oversight. The MFRPS ten standard element are identified in the table below.

Manufactured Food Program Standards

Standard Number	Element
Standard 1	Regulatory Foundation
Standard 2	Training Program
Standard 3	Inspection Program
Standard 4	Inspection Audit Program
Standard 5	Food-related Illness, Outbreak and Response
Standard 6	Compliance and Enforcement Program
Standard 7	Industry and Community Relations
Standard 8	Program Resources
Standard 9	Program Assessment
Standard 10	Laboratory Services – <i>Partnership with MDA Laboratory Services Division</i>

The Manufactured Food Program has committed to meet the MFRPS, requiring documentation of the program's policies and procedures as well as records of their consistent use to demonstrate the quality management system is in place. In February of 2017, the FDA assessed the Manufactured Food Program and the program demonstrated full implementation of and conformance to the MFRPS. The FFSD Manufactured Food Program is one of only a few food inspection programs in the country to achieve the full implementation and conformance outcome from and FDA assessment. This accomplishment provides the foundation for effective public health protection of manufactured food safety systems in Minnesota and allows for more efficient partnership with partner agencies, such as the FDA.

Commercial Feed Inspection: Sample Analysis Findings

The Commercial Feed Program routinely samples feed and pet food products distributed in Minnesota. The sampling program was structured to represent the Minnesota feed industry geographically and to capture product and seasonal variations. One goal of the feed sampling program is to assist commercial feed producers through the identification of unapproved drug residues and other contaminants which may indicate system design flaws or sanitation concerns. Some samples that do not comply with regulatory standards also require an investigation to be completed by the feed manufacturer. The reports of these investigations are reviewed by Commercial Feed Program Staff.

The percentage of samples found not in compliance with regulations and the percentage of samples requiring a manufacturer's report of their investigation has remained relatively steady to slightly decreasing in the last four calendar years. One variation observed in 2016 may be due to the October 1, 2015 implementation of an amendment to the veterinary feed directive (VFD) drugs section of the Animal Drug Availability Act of 1996 (ADAA). A VFD drug is intended for use in animal feeds, and such use of the VFD drug is permitted only under the professional supervision of a licensed veterinarian.

During this period, the Commercial Feed Program has focused on targeted outreach activities and maintaining a responsive relationship to address challenges the feed industry faces with implementing new regulations. New regulations for the use of animal drugs requiring the professional supervision of a licensed veterinarian may have impacted these findings.

Feed Sample Results by Calendar Year

<i>Calendar Year</i>	<i>Samples Found Non-compliant</i>	<i>Samples Requiring Manufacturer's Report of Investigation</i>
2014	12.8%	4.3%
2015	14.8%	4.1%
2016	8.0%	1.7%
2017	12.5%	3.7%

M.S. 31 (<https://www.revisor.mn.gov/statutes/?id=31>) provides the legal authority for Food Inspection Program activities.

M.S. 34A (<https://www.revisor.mn.gov/statutes/cite/34A>) provides the legal authority for Food Inspection Program enforcement activities.

M.S. 25 (<https://www.revisor.mn.gov/statutes/?id=25>) provides the legal authority for Commercial Feed Inspection Activities

Food and Feed Safety

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	4,375	6,333	5,812	7,527	6,759	6,759	6,759	6,759
2000 - Restrict Misc Special Revenue	1,080	724	1,133	1,298	1,257	1,269	1,257	1,269
2018 - Agriculture	2,237	2,317	2,886	2,977	3,292	3,403	3,292	3,403
3000 - Federal	2,245	1,293	2,063	2,628	2,330	2,230	2,330	2,230
6000 - Miscellaneous Agency	60							
Total	9,997	10,668	11,895	14,430	13,638	13,661	13,638	13,661
Biennial Change				5,659		974		974
Biennial % Change				27		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Compensation	7,271	7,900	8,711	9,785	10,419	10,431	10,419	10,431
Operating Expenses	2,721	2,714	3,065	4,470	3,152	3,160	3,152	3,160
Grants, Aids and Subsidies		20	118	175	67	70	67	70
Capital Outlay-Real Property	5	0						
Other Financial Transaction	0	34	0					
Total	9,997	10,668	11,895	14,430	13,638	13,661	13,638	13,661
Total Agency Expenditures	9,997	10,668	11,895	14,430	13,638	13,661	13,638	13,661
Internal Billing Expenditures	812	601	774	776	908	930	908	930
Expenditures Less Internal Billing	9,186	10,067	11,120	13,654	12,730	12,731	12,730	12,731
<u>Full-Time Equivalents</u>	83.83	88.91	96.30	105.10	107.07	107.40	107.07	107.40

Food and Feed Safety

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		2,175	0	783				
Direct Appropriation	6,460	6,460	6,505	6,520	6,759	6,759	6,759	6,759
Transfers In	289	1,329	129	264				
Transfers Out	200	3,625	40	40				
Cancellations	19	5						
Balance Forward Out	2,154		782					
Expenditures	4,375	6,333	5,812	7,527	6,759	6,759	6,759	6,759
Biennial Change in Expenditures				2,630		179		179
Biennial % Change in Expenditures				25		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	37.54	56.52	52.67	56.27	58.21	57.46	58.21	57.46

2000 - Restrict Misc Special Revenue

Balance Forward In	427	971	1,051	1,213	999	820	999	820
Receipts	1,473	855	1,296	1,084	1,078	1,172	1,078	1,172
Transfers In	150							
Transfers Out		50						
Balance Forward Out	970	1,051	1,214	999	820	723	820	723
Expenditures	1,080	724	1,133	1,298	1,257	1,269	1,257	1,269
Biennial Change in Expenditures				627		95		95
Biennial % Change in Expenditures				35		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	9.80	6.06	9.18	10.65	9.95	9.89	9.95	9.89

2018 - Agriculture

Balance Forward In	2,166	3,044	3,891	4,021	3,911	3,695	3,911	3,695
Receipts	3,320	3,477	3,346	3,197	3,406	3,408	3,406	3,408
Transfers Out	230	361	330	330	330	330	330	330
Balance Forward Out	3,020	3,843	4,020	3,911	3,695	3,370	3,695	3,370
Expenditures	2,237	2,317	2,886	2,977	3,292	3,403	3,292	3,403
Biennial Change in Expenditures				1,310		832		832

Food and Feed Safety

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				29		14		14
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	18.85	18.02	21.24	22.44	23.96	23.96	23.96	23.96

3000 - Federal

Balance Forward In	188	38	2					
Receipts	2,217	1,283	2,063	2,628	2,330	2,230	2,330	2,230
Transfers Out	150		2					
Balance Forward Out	10	28						
Expenditures	2,245	1,293	2,063	2,628	2,330	2,230	2,330	2,230
Biennial Change in Expenditures				1,153		(131)		(131)
Biennial % Change in Expenditures				33		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.34	8.30	13.21	15.74	14.95	16.09	14.95	16.09

6000 - Miscellaneous Agency

Balance Forward In	43	33						
Transfers In	50							
Transfers Out		33						
Balance Forward Out	33							
Expenditures	60							
Biennial Change in Expenditures				(60)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.30	0.01						

Program: Protection Service

Activity: Dairy and Meat Inspection Division

<http://www.mda.state.mn.us/food-feed/meat-poultry-and-egg-inspection>

<http://www.mda.state.mn.us/food/dairy-inspection-minnesota>

AT A GLANCE

In State Fiscal Years 2017 and 2018,

- Conducted over 9,000 daily inspections of slaughter and processing operations at Minnesota “Equal To” meat and poultry processors so that they and the farmers they serve could sell their product openly in Minnesota
- Conducted over 80 outreach activities with dairy and meat industry stakeholders, regulated clientele, and other partners.
- Fully implemented two certified dairy industry inspection programs designed to train and certify industry personnel to perform basic regulatory functions.
- Analyzed over 5,000 dairy product samples and 3,000 meat and poultry samples in partnership with the MDA Laboratory Division.
- Issued approximately 600 certificates each year allowing Minnesota companies to sell their products internationally.

PURPOSE & CONTEXT

The Dairy and Meat Inspection Division (DMID) supports the Minnesota Department of Agriculture’s mission to ensure the integrity of the food supply by conducting regulatory and outreach activities related to the production and manufacturing of dairy, meat, poultry, and eggs. Our activities contribute to a strong agricultural economy by ensuring dairy processors have access to interstate and international markets, giving small meat processors opportunities to expand their business, and providing farmers access to slaughter and processing services necessary to market their products within Minnesota.

Dairy, meat, poultry, and egg products are traditionally high-risk food safety products and as such, have specific inspection and regulatory requirements designed to address these unique risks. Inspection work focuses on ensuring safe food handling practices are employed from the farm to processor and manufacturer so that consumers receive safe food. Much of this work is also required for manufacturers and farmers to conduct in-state, interstate, and international sales of their product. These programs are critical to ensuring the safety of consumers as well as strong viable animal agriculture industries in the state.

SERVICES PROVIDED

Inspections: Our inspectors conduct food safety based inspections that focus on ensuring farmers and manufacturers of dairy, meat, poultry and egg products have systems in place to ensure products are safe and are producing food in a clean and sanitary environment. These inspections are also required by federal and state law. The inspection program will also begin to focus its efforts on enforcing the Food Safety Modernization Act requirements in dairy manufacturing facilities; this expands the requirements for these processors, along with other food manufacturers, for systems-based food safety programs in their plants. The program also manages two certified industry inspection programs which help improve dairy industry business continuity by ensuring required inspections are performed on a timely basis and promoting improved food safety practices on an ongoing basis.

Outreach: The Division maintains a strong emphasis on outreach and education, prior to and as a part of regulation. When operators have a good understanding of food safety principles and the regulations, they can

more effectively use good food safety practices daily, not just for an upcoming inspection. Outreach and education are also key to assisting new operators in navigating the rules as they begin a new business, as well as ensuring that existing operators have strong foundational knowledge in food safety risks that exist in their processes.

Investigations, Compliance, and Enforcement: Investigators and specialized staff work to conduct reviews of product labels and equipment plans, identify operators working outside of the regulations and to follow up when food safety systems fail and a recall of product is necessary or an outbreak is detected. Enforcement actions, such as warning letters, penalties, or license and permit suspensions may be used to promote or address compliance issues when they are more severe and cannot be addressed through inspections or outreach.

RESULTS

Overall compliance rates are routinely assessed by conducting audits that provide an assessment of how well inspected entities are meeting the regulatory requirements designed to ensure the dairy, meat, poultry, and egg products they produce are safe.

Dairy Inspection: Interstate Milk Shipment (IMS) Audits

States and industries must participate in IMS in order to be able to ship milk across state lines. IMS audits are used to assess overall compliance of the farms, plants, and dairy program. Failure of an audit results in a lost market until the audit can be passed; achieving passing results is critical to maintaining business continuity and market access and therefore the program targets a 100% passing rate. The percentage of dairy farm, plant, and enforcement food safety audits that achieve passing scores (see table below) is monitored to assess overall conditions of farms and plants, as well as how well the regulatory program is meeting its obligations. This evaluation measures the quality of inspections being performed, as well as how well entities are complying with the regulatory requirements. The overall trend for this measure is stable.

Percent of Passing IMS Audits

	2013	2014	2015	2016	2017	2018
Percent	98%	98%	96%	97%	94%	95%

Meat and Poultry Inspection: Food Safety Assessment Results

In-depth assessments and audits of the food safety systems at each meat and poultry establishment are performed at least once every 3 years and for new establishments after a 90 day operating period. The assessment provides a deeper look at how well establishments are complying with the regulatory requirements as well as how well inspection staff are working with establishments to move toward compliance. The goal for this measure is to have less than 33% of audits result in significant follow up required by the auditor. A follow-up is required if the audit results in a 30 reassessment action or a Notice of Intended Enforcement, which would result in suspension if specific items are not corrected in a timely manner. The overall trend for this measure is stable to declining. This trend reflects the results of a number of new establishments joining the inspection program that have struggled complying with the regulatory requirements, sometimes due to language or cultural barriers. Additionally, federal regulatory requirements continue to grow in complexity and small operators cannot always easily implement these requirements. As a result, the program is focusing on improving outreach and educational activities for new and existing establishments.

Percent of FSA's Requiring Follow-Up

	2013	2014	2015	2016	2017	2018
Percent	58%	36%	37%	33%	36%	55%

M.S. 32D (<https://www.revisor.mn.gov/statutes/cite/32D>) provides the legal authority for Dairy Inspection Program activities.

M.S. 31A (<https://www.revisor.mn.gov/statutes/?id=31A>) provides the legal authority for Meat and Poultry Inspection Activities.

Dairy and Meat Inspection

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<u>Expenditures by Fund</u>								
1000 - General	2,220	3,940	2,421	2,668	2,579	2,579	2,679	2,679
2000 - Restrict Misc Special Revenue	8	122	127	89	96	96	96	96
2018 - Agriculture	1,995	831	2,378	2,471	2,590	2,671	2,590	2,671
3000 - Federal		1,281	1,676	1,746	1,879	1,910	1,879	1,910
6000 - Miscellaneous Agency		65	66					
Total	4,224	6,239	6,669	6,974	7,144	7,256	7,244	7,356
Biennial Change				3,180		757		957
Biennial % Change				30		6		7
Governor's Change from Base								200
Governor's % Change from Base								1
<u>Expenditures by Category</u>								
Compensation	3,254	4,747	5,120	5,368	5,441	5,530	5,539	5,628
Operating Expenses	970	1,482	1,546	1,606	1,703	1,726	1,705	1,728
Capital Outlay-Real Property			3					
Other Financial Transaction		10						
Total	4,224	6,239	6,669	6,974	7,144	7,256	7,244	7,356
Total Agency Expenditures	4,224	6,239	6,669	6,974	7,144	7,256	7,244	7,356
Internal Billing Expenditures	243	486	580	559	658	673	658	673
Expenditures Less Internal Billing	3,981	5,753	6,089	6,415	6,486	6,583	6,586	6,683
<u>Full-Time Equivalents</u>	36.83	51.50	53.95	55.60	56.56	56.56	58.56	58.56

Dairy and Meat Inspection

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		187		94				
Direct Appropriation	2,361	2,361	2,481	2,487	2,579	2,579	2,679	2,679
Transfers In	43	3,940	34	87				
Transfers Out		2,548						
Balance Forward Out	184		94					
Expenditures	2,220	3,940	2,421	2,668	2,579	2,579	2,679	2,679
Biennial Change in Expenditures				(1,071)		69		269
Biennial % Change in Expenditures				(17)		1		5
Governor's Change from Base								200
Governor's % Change from Base								4
Full-Time Equivalents	17.94	27.80	19.98	25.06	24.66	24.66	26.66	26.66

2000 - Restrict Misc Special Revenue

Balance Forward In			40	2	2	2	2	2
Receipts	10	112	91	11	11	11	11	11
Transfers In		50		78	85	85	85	85
Transfers Out			2					
Balance Forward Out	1	40	2	2	2	2	2	2
Expenditures	8	122	127	89	96	96	96	96
Biennial Change in Expenditures				85		(24)		(24)
Biennial % Change in Expenditures				65		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		1.29	1.29	0.41	0.40	0.40	0.40	0.40

2018 - Agriculture

Balance Forward In	399	618	2,094	2,085	1,942	1,705	1,942	1,705
Receipts	2,396	2,396	2,508	2,513	2,523	2,523	2,523	2,523
Transfers In		652						
Transfers Out	150	741	140	185	170	170	170	170
Balance Forward Out	649	2,094	2,085	1,942	1,705	1,387	1,705	1,387
Expenditures	1,995	831	2,378	2,471	2,590	2,671	2,590	2,671
Biennial Change in Expenditures				2,023		412		412

Dairy and Meat Inspection

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures				72		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	18.89	12.59	20.24	17.08	16.90	16.90	16.90	16.90

3000 - Federal

Receipts	1,281	1,676	1,746	1,879	1,910	1,879	1,910
Expenditures	1,281	1,676	1,746	1,879	1,910	1,879	1,910
Biennial Change in Expenditures			2,142		367		367
Biennial % Change in Expenditures					11		11
Governor's Change from Base							0
Governor's % Change from Base							0
Full-Time Equivalents	9.52	12.13	13.05	14.60	14.60	14.60	14.60

6000 - Miscellaneous Agency

Balance Forward In		18	3				
Receipts	0	0					
Transfers In	83	50					
Transfers Out			3				
Balance Forward Out	18	3					
Expenditures	65	66					
Biennial Change in Expenditures			1		(66)		(66)
Biennial % Change in Expenditures							
Governor's Change from Base							0
Governor's % Change from Base							
Full-Time Equivalents	0.30	0.31					

Program: Promotion and Marketing

Activity: Agricultural Marketing and Development

<http://www.mda.state.mn.us/business-dev-loans-grants/economic-analysis-and-market-research>

<http://www.mda.state.mn.us/about/mnfarmerstress>

AT A GLANCE

- 1,332 farms and farmers' markets licensed to use the Minnesota Grown logo
- 26 farmers and/or local governments assisted with livestock permitting and or ordinance creation/amendment
- 300 farmers assisted by dairy profit teams
- 101,571 students reached by MN Agriculture in the Classroom with printed resources in 2017/2018 school year
- 868 pre-service and in-service teachers received ag literacy training during the 2015/2016 school year
- 150 farmers using the Farm Link website to assist with the transition of farm ownership
- 504 farmers and processors attend the 2018 Organic Conference

PURPOSE & CONTEXT

Agricultural Marketing and Development works to help farmers and other agricultural businesses:

- Be profitable;
- Protect our natural environment and resources; and
- Meet society's needs for food, fiber, and fuel.

We serve:

- Farmers
- Consumers
- Local government
- Environment and natural resource professionals
- Early care and K-12 teachers and students
- Commodity Councils
- Minnesota agribusinesses including the biofuels industry and agricultural organizations

SERVICES PROVIDED

We provide numerous and diverse services to meet our goals, including:

- Minnesota Grown, an umbrella marketing program that connects consumers and wholesale buyers with producers of specialty crops, livestock, and other agricultural products grown or raised in Minnesota;
- Organic information and financial assistance to growers, processors, and consumers;
- Marketing support, including business development, tradeshow support, and international marketing;
- Women, Infant and Children (WIC) Farmers' Market Nutrition and Senior Farmers' Market Nutrition Programs that distribute vouchers for fresh produce;
- Minnesota Agriculture in the Classroom, an educational resources and professional development provider that embeds agriculture, food, and natural resources education into K-12 classrooms;
- Livestock producer and local government information and assistance on livestock development and permitting, including preparation of conservation grazing plans for use of public land;
- Dairy Profit Team which is one-on-one assistance with farmers to improve dairy farm profitability;
- Licensing and bonding of livestock buyers and weighing of livestock at processing facilities;
- Renewable bio-energy sector technical analysis and assistance, information, and market analysis;

- Economic analysis and domestic and international agricultural market research;
- Conservation, environmental protection, and resource-management activities to increase farmer adoption of innovative practices and technology;
- Farm transition assistance through information on resources and through a new online service, Farm Link, that matches transitioning farmers with beginning farmers;
- Agricultural land use assistance including land access for immigrant farmer community and information on agricultural zoning and business development;
- Agricultural commodity research and promotion councils oversight of creation and operation;
- Good Food Access Program administration;
- Farm safety information and tractor rollover protection rebates; and
- Agricultural Growth, Research, and Innovation (AGRI) Program and Agriculture Research, Education, Extension and Technology Transfer Grant (AGREETT) Program administration.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Unique visitors to the MN Grown Directory website	308,000	381,000	2015 - 2017
Quantity	Pre-service and in-service teachers that received ag literacy training	868	1,025	2015 – 2017
Quantity	Number of certified organic operations (farms & handlers)	818	945	2015 - 2018
Quantity	Number of Seniors and WIC participants receiving Farmers' Market Nutrition Program vouchers	59,815	62,001	2014 - 2017
Result	Minnesota Pavilions – Return on Investment	18:1	41:1	2015 - 2017

M. S. 17.03 Subds. 1, 6, 7, and 7a (<https://www.revisor.mn.gov/statutes/?id=17.03>) authorizes the development of agricultural industries, promotion of agricultural products to international markets and promotion of agricultural diversification and nontraditional agriculture.

M.S. 17.101 Subd. 1 (<https://www.revisor.mn.gov/statutes/?id=17.101>) provides authority for promotion and support of production and marketing of products of Minnesota agriculture.

M.S. 17.102 (<https://www.revisor.mn.gov/statutes/?id=17.102>) authorizes the establishment and promotion of the Minnesota Grown label.

M.S. 17.1017 (<https://www.revisor.mn.gov/statutes/cite/17.1017>) and M.S. 17.1018

(<https://www.revisor.mn.gov/statutes/cite/17.1018>) establishes the Good Food Access Program.

M.S. 17.119 (<https://www.revisor.mn.gov/statutes/cite/17.119>) establishes the Tractor Rollover Protection Pilot Grant Program.

M.S. 17.58 (<https://www.revisor.mn.gov/statutes/?id=17.58>) defines the duties of the agency related to oversight of the promotion councils.

M.S. 17.80 (<https://www.revisor.mn.gov/statutes/?id=17.80>), 17.81

(<https://www.revisor.mn.gov/statutes/?id=17.81>), 17.82 (<https://www.revisor.mn.gov/statutes/?id=17.82>), 17.84

(<https://www.revisor.mn.gov/statutes/?id=17.84>) articulate state agricultural land preservation and conservation policy and define duties of the agency.

M.S. 17.844 (<https://www.revisor.mn.gov/statutes/?id=17.844>) authorizes promotion of livestock production.

M. S. 17A (<https://www.revisor.mn.gov/statutes/?id=17A>) provides authority over livestock marketing and dealer licensing.

M. S. 31.94 (<https://www.revisor.mn.gov/statutes/?id=31.94>) authorizes the promotion of organic agriculture.

M. S. 40A (<https://www.revisor.mn.gov/statutes/?id=40A>) establishes the agricultural land preservation program.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,320	4,294	3,202	4,020	3,660	3,660	3,860	3,860
2000 - Restrict Misc Special Revenue	497	343	433	197	229	233	229	233
2018 - Agriculture	889	808	1,099	978	910	919	910	919
2403 - Gift	1	1		15				
3000 - Federal	2,042	2,331	2,157	3,128	3,378	3,533	3,378	3,533
Total	6,749	7,777	6,891	8,338	8,177	8,345	8,377	8,545
Biennial Change				703		1,293		1,693
Biennial % Change				5		8		11
Governor's Change from Base								400
Governor's % Change from Base								2

Expenditures by Category

Compensation	2,707	2,727	2,637	2,667	2,736	2,769	2,936	2,969
Operating Expenses	1,559	1,648	1,489	1,842	1,871	1,863	1,871	1,863
Grants, Aids and Subsidies	2,483	3,392	2,720	3,829	3,570	3,713	3,570	3,713
Capital Outlay-Real Property	0	5	1					
Other Financial Transaction	0	5	43					
Total	6,749	7,777	6,891	8,338	8,177	8,345	8,377	8,545

Total Agency Expenditures	6,749	7,777	6,891	8,338	8,177	8,345	8,377	8,545
Internal Billing Expenditures	95	138	131	149	160	162	160	162
Expenditures Less Internal Billing	6,654	7,639	6,760	8,189	8,017	8,183	8,217	8,383

Full-Time Equivalents

	31.80	30.64	31.04	31.97	32.23	32.23	34.23	34.23
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Ag Marketing and Development

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		555		367				
Direct Appropriation	3,973	4,123	3,996	4,004	3,846	3,846	4,046	4,046
Transfers In	76	123	52	127				
Transfers Out	186	489	478	478	186	186	186	186
Cancellations		18						
Balance Forward Out	543		368					
Expenditures	3,320	4,294	3,202	4,020	3,660	3,660	3,860	3,860
Biennial Change in Expenditures				(391)		98		498
Biennial % Change in Expenditures				(5)		1		7
Governor's Change from Base								400
Governor's % Change from Base								5
Full-Time Equivalents	22.56	21.90	21.03	21.67	21.67	21.67	23.67	23.67

2000 - Restrict Misc Special Revenue

Balance Forward In	1,330	181	178	116	143	139	143	139
Receipts	412	340	371	224	225	226	225	226
Transfers Out	1,064							
Balance Forward Out	181	178	116	143	139	132	139	132
Expenditures	497	343	433	197	229	233	229	233
Biennial Change in Expenditures				(211)		(168)		(168)
Biennial % Change in Expenditures				(25)		(27)		(27)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.18	0.15	0.15					

2018 - Agriculture

Balance Forward In	483	528	849	698	614	595	614	595
Receipts	722	685	762	708	705	713	705	713
Transfers In	186	436	186	186	186	186	186	186
Balance Forward Out	501	841	698	614	595	575	595	575
Expenditures	889	808	1,099	978	910	919	910	919
Biennial Change in Expenditures				380		(248)		(248)
Biennial % Change in Expenditures				22		(12)		(12)

Ag Marketing and Development

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.38	6.94	7.63	7.88	7.79	7.79	7.79	7.79

2403 - Gift

Balance Forward In	16	15	15	15				
Receipts	0	0	0					
Balance Forward Out	15	15	15					
Expenditures	1	1		15				
Biennial Change in Expenditures				13		(15)		(15)
Biennial % Change in Expenditures				731				
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	19	14	2					
Receipts	2,040	2,333	2,155	3,128	3,378	3,533	3,378	3,533
Transfers Out		13						
Balance Forward Out	17	2						
Expenditures	2,042	2,331	2,157	3,128	3,378	3,533	3,378	3,533
Biennial Change in Expenditures				913		1,626		1,626
Biennial % Change in Expenditures				21		31		31
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.68	1.65	2.23	2.42	2.77	2.77	2.77	2.77

Program: Value-added Products

Activity: Ag Advancement Programs

mda.state.mn.us/grants/agri

AT A GLANCE

- Annual AGRI \$10.235 million state investment in FY17 matched by \$78 million in private investment with estimated 1740 jobs created.
- 105 livestock operations assisted where 91 were beginning farmers and 99% of livestock operations made environmental improvements
- 49 agriculture businesses expanded or entered new markets
- 22 meat processing businesses upgraded or expanded
- 20 schools increased purchases of Minnesota grown produce, meat, dairy and grains
- \$2.11 million invested in commodity and cover crop research
- 103 Minnesota food businesses received cost share for retail sampling and wholesale tradeshow attendance
- University of Minnesota hired 17 AGREETT agriculture faculty positions.

PURPOSE & CONTEXT

The Agricultural Growth, Research, and Innovation Program (AGRI) provides financial assistance to the agricultural and renewable energy industries to support profitable farms and businesses, generate jobs, and strengthen the agricultural economy.

The Agriculture Research, Education, Extension, and Technology Transfer (AGREETT) passed through grants to the University of Minnesota and provides long-term funding primarily for human infrastructure such as research and extension faculty, extension educators, graduate students, and post-doctoral fellowships.

The Good Food Access Program assists grocery stores and small food retailers in making physical improvements to their buildings and purchasing equipment to stimulate sales of affordable, nutritious, and culturally appropriate food and produce in underserved communities.

We serve:

- Farmers
- Agribusinesses and entrepreneurs
- Schools, early care, and education organizations
- Biofuels and bio-based chemical industries

SERVICES PROVIDED

Through AGRI, we stimulate agricultural business activities by providing financial assistance to:

- Initiate and expand livestock production as well as support environmental improvements;
- Aid entry of new farmers;
- Add value-added enterprises to diversify farm income sources;
- Initiate, upgrade, and modernize value-added businesses including meat processing;
- Accelerate business entry into new markets;
- Improve compliance of farms, meat processors, and food businesses with food safety standards including increasing the number of farms that are Good Agricultural Practices (GAP) certified;

- Increase farmers' processing and aggregating capacity to enter farm-to-institution and other markets;
- Purchase food processing and storage equipment for schools to increase purchase of locally produced food;
- Provide incentives for production of renewable fuels, chemicals, and thermal energy from agricultural and forestry sources; and
- Advance applied crop research to improve agricultural product quality, quantity, and value.

Financial assistance is provided through several grant and cost sharing programs:

- AGRI Livestock Investment Grants
- AGRI Value Added Equipment Grants
- AGRI Value Added Feasibility Study Grants
- AGRI Farm to Schools and Early Care and Education Grants
- AGRI New Market Development, including Tradeshow Support and Minnesota Pavilions
- AGRI Crop Research Grants
- AGRI Sustainable Agriculture Demonstration Grants
- Minnesota Biofuel Infrastructure Partnership Cost Share
- AGRI Bioincentive Program (payments for the production of advanced biofuels, renewable chemicals, and biomass thermal energy)
- AGRI Beginning Farmer Farm Business Management Scholarships
- AGRI Good Agricultural Practices/Good Handling Practices Cost Share Assistance
- AGRI County Fair Grants
- AGRI Urban Agriculture Grants
- Good Food Access Program Equipment/Physical Improvements Grants

Through AGREETT, we provide funds to the University of Minnesota for agricultural faculty positions in the College of Food, Agricultural and Natural Resource Sciences, Extension, and the College of Veterinary Medicine. In addition, funds are provided for rapid response for plant and animal diseases and for agricultural education.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Livestock Investment Grant Program Leverage	\$39 M private/ \$1 M state	\$52 M private/ \$2.1 M state	FY2008; FY2017
Result	Agricultural Jobs Created – Livestock Investment Grants (Construction/Farm)	1,100/227	1325/254	FY2014; FY2017
Result	Minnesota Pavilion – Return on Investment	18:1	41:1	FY2015; FY2017
Result	Value Added Grant Program Leverage	\$4.3 M private/ \$1 M state	\$18.6 M private/\$2 M state	FY2013; FY2017
Result	Agricultural Jobs Created – Value Added Grants	54	161	FY2013; FY2017

M.S. 41A.12 (<https://www.revisor.mn.gov/statutes/?id=41A.12>) provides the legal authority for the AGRI program.

M.S.41A.14 (<https://www.revisor.mn.gov/statutes/?id=41A.14>) provides the legal authority for the AGREETT program.

M.S. 41A.16 (<https://www.revisor.mn.gov/statutes/?id=41A.16>) provides the legal authority for the advanced biofuel production incentive.

M.S. 41A.17 (<https://www.revisor.mn.gov/statutes/?id=41A.17>) provides the legal authority for the renewable chemical production incentive.

M.S. 41A.18 (<https://www.revisor.mn.gov/statutes/?id=41A.18>) provides the legal authority for the biomass thermal production incentive.

M.S. 17.116 (<https://www.revisor.mn.gov/statutes/?id=17.116>) establishes the sustainable agriculture demonstration grants.

M.S. 17.118 (<https://www.revisor.mn.gov/statutes/?id=17.118>) establishes the livestock investment grant program.

Ag Advancement Programs

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	9,474	12,635	13,056	13,923	14,300	14,300	14,300	14,300
2018 - Agriculture	3,624	9,232	9,228	9,650	9,261	9,414	9,261	9,414
3000 - Federal	73	3,716	3,611	1,500				
Total	13,170	25,583	25,895	25,073	23,561	23,714	23,561	23,714
Biennial Change				12,215		(3,693)		(3,693)
Biennial % Change				32		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	332	341	473	533	494	504	494	504
Operating Expenses	254	294	283	512	540	565	540	565
Grants, Aids and Subsidies	12,584	24,935	25,139	24,027	22,526	22,644	22,526	22,644
Other Financial Transaction	1	13	1	1	1	1	1	1
Total	13,170	25,583	25,895	25,073	23,561	23,714	23,561	23,714

Full-Time Equivalents

5.28	4.82	6.61	7.40	7.40	7.40	7.40	7.40
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Ag Advancement Programs

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	461	2,498	362	587				
Direct Appropriation	14,993	19,116	22,581	22,636	23,600	23,600	23,600	23,600
Transfers Out	4,483	8,500	9,300	9,300	9,300	9,300	9,300	9,300
Cancellations		116						
Balance Forward Out	1,497	362	587					
Expenditures	9,474	12,635	13,056	13,923	14,300	14,300	14,300	14,300
Biennial Change in Expenditures			4,870		1,621		1,621	
Biennial % Change in Expenditures			22		6		6	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	5.13	4.77	6.53	7.25	7.25	7.25	7.25	7.25

2018 - Agriculture

Balance Forward In		876	177	290		74		74
Receipts	17	33	41	60	35	40	35	40
Transfers In	4,483	8,500	9,300	9,300	9,300	9,300	9,300	9,300
Balance Forward Out	876	177	290		74		74	
Expenditures	3,624	9,232	9,228	9,650	9,261	9,414	9,261	9,414
Biennial Change in Expenditures				6,023		(203)		(203)
Biennial % Change in Expenditures				47		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.15	0.05	0.08	0.15	0.15	0.15	0.15	0.15

3000 - Federal

Receipts	73	3,716	3,611	1,500				
Expenditures	73	3,716	3,611	1,500				
Biennial Change in Expenditures				1,322		(5,111)		(5,111)
Biennial % Change in Expenditures				35		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Administration and Financial Assistance

Activity: Grants and Assistance

mda.state.mn.us

AT A GLANCE

- Partnered with and assisted hundreds of organizations and individuals
- Administered a variety of specialized programs
- Assisted and worked with many different sectors of the agricultural industry, including ag youth, farmers and farm customers in need, ag researchers, and others.

PURPOSE & CONTEXT

The Grants and Assistance activity passes money through the Minnesota Department of Agriculture (MDA) to other organizations and programs that focus on specific ag-related subjects. By providing this assistance, MDA helps strengthen the agricultural economy at its “roots” and in areas that might otherwise get overlooked. These programs reach individual farmers, farm youth and specially-targeted customers of agricultural products. The money also supports key efforts to research and promote agricultural activities specific to Minnesota’s climate.

SERVICES PROVIDED

- This activity provides assistance to county fairs and agricultural associations, the Minnesota Livestock Breeders Association, the Minnesota Poultry Association and the Minnesota Agricultural Education Leadership Council. These organizations maintain generations of expertise, enhance it with the latest research, and pass it on to future generations through their educational programs for youth.
- Through the Farm Advocates program, MDA provides one-on-one assistance to farmers who face crisis due to natural disasters or financial problems. Trained, experienced advocates help farmers determine how to address difficulties through agricultural lending options, mediation, farm programs, crisis counseling, disaster programs, and legal and social services. Related to this work, MDA passes funds through to the farm business management program at colleges in the Minnesota State system to provide farm families with mental health counseling support.
- MDA partners with Second Harvest Heartland to help provide food to Minnesota’s food shelves and other charitable organizations. Money provided through MDA has been used to purchase milk for distribution to these organizations and to compensate producers and processors for harvesting and packaging surplus fruits, vegetables, and other agricultural commodities that would otherwise go un-harvested or would be discarded.
- This activity also supports the development of future products for agricultural industries. By partnering with the Minnesota Turf Seed Council, the Minnesota Horticultural Society and the Northern Crops Institute, MDA supports their research, development, and promotion of northern-hardy products and other activities.

RESULTS

Each of our partners reports to MDA on its educational, research, and assistance activities. For county fair assistance, we measure against the formula provided in statute.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of county fair aid formula that is funded	95%	96%	FY2012; FY2019
Quantity	Tons of food provided to food shelves and other emergency feeding organizations	3,044	3,803	FY2016; FY2018

Minnesota Statutes Chapter 38, (<https://www.revisor.mn.gov/statutes/?id=38>), Chapter 41D (<https://www.revisor.mn.gov/statutes/?id=41D>) and others.

Grants and Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,572	3,995	4,752	3,303	2,592	2,592	2,655	2,655
2018 - Agriculture	952							
2301 - Arts & Cultural Heritage			138	162				
2403 - Gift		12		36				
Total	3,524	4,007	4,890	3,501	2,592	2,592	2,655	2,655
Biennial Change				861		(3,207)		(3,081)
Biennial % Change				11		(38)		(37)
Governor's Change from Base								126
Governor's % Change from Base								2

Expenditures by Category

Compensation	20	11	2					
Operating Expenses	176	180					63	63
Grants, Aids and Subsidies	3,327	3,815	4,888	3,501	2,592	2,592	2,592	2,592
Total	3,524	4,007	4,890	3,501	2,592	2,592	2,655	2,655

Full-Time Equivalents

0.20	0.16	0.05	0.05	0.05	0.05	0.05	0.05
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Grants and Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	775	96	905	3				
Direct Appropriation	1,918	4,026	3,850	3,300	2,592	2,592	2,655	2,655
Transfers Out	113	113						
Cancellations		14						
Balance Forward Out	8		3					
Expenditures	2,572	3,995	4,752	3,303	2,592	2,592	2,655	2,655
Biennial Change in Expenditures				1,489		(2,871)		(2,745)
Biennial % Change in Expenditures				23		(36)		(34)
Governor's Change from Base								126
Governor's % Change from Base								2
Full-Time Equivalents	0.20	0.16	0.05	0.05	0.05	0.05	0.05	0.05

2018 - Agriculture

Balance Forward In	1,083	232						
Transfers Out	109	232						
Balance Forward Out	21							
Expenditures	952							
Biennial Change in Expenditures				(952)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2301 - Arts & Cultural Heritage

Balance Forward In				12				
Direct Appropriation			150	150	0	0	0	0
Balance Forward Out			12					
Expenditures			138	162				
Biennial Change in Expenditures				300		(300)		(300)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2403 - Gift

Grants and Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward In	30	30	36	36				
Receipts	0	48						
Transfers Out		30						
Balance Forward Out	30	36	36					
Expenditures		12		36				
Biennial Change in Expenditures				24		(36)		(36)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	23	23				
Receipts	(22)					
Balance Forward Out		23				

Program: Administration and Financial Assistance

Activity: Agency Services

<http://www.mda.state.mn.us/commissionersoffice>

AT A GLANCE

- Implementation of statewide policies
- Leadership on agricultural issues

PURPOSE & CONTEXT

This activity makes sure MDA stays responsive to the needs of agriculture in Minnesota and stays focused on advancing our mission. *The Department's mission is to enhance Minnesotans' quality of life by ensuring the integrity of our food supply, the health of our environment, and the strength of our agricultural economy.*

SERVICES PROVIDED

This activity provides leadership and support services to the agency and its employees and performs agency-level services for the public, agricultural industries, and other governmental entities. Agency Services includes:

- The Commissioner's Office
- The Human Resources Division
- The Finance and Budget Division, including staffing for loan programs under the Rural Finance Authority, a separate board of state officials and public members, and Ag Best Management Practices (AgBMP) loans.
- Hosting for staff of MN.IT, the state's office of information technology

RESULTS

We maintain communication and coordination with farmers, ag groups, state boards, interagency committees, and national and international associations. Communication and outreach activities are provided in person and through the media, including the agency's web page and social media sites.

www.mda.state.mn.us

twitter.com/mnagriculture

www.youtube.com/mnagriculture

www.facebook.com/mnagriculture

The reach of our social media presence continues to increase and has helped with outreach on many issues, including the recent outbreak of avian influenza in 2015. The following table shows recent social media measurements.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Facebook Fans	3,822	4,751	Sep 2016-Aug 2018
	Facebook Monthly Reach	61,138	83,000	
Results	Twitter Followers	15,154	17,878	Sep 2016-Aug 2018
	Twitter Monthly Impressions	94,200	124,665	

M.S. Chapter 17 (<https://www.revisor.mn.gov/statutes/?id=17>) outlines the responsibilities of the Commissioner of Agriculture.

Agency Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	4,117	4,086	4,169	4,762	4,523	4,523	5,310	4,985
2000 - Restrict Misc Special Revenue	85	103	102	164	172	172	172	172
2001 - Other Misc Special Revenue	4,666	4,093	5,348	6,137	6,200	6,340	6,200	6,340
2018 - Agriculture	19	152	194	556	574	164	574	164
2302 - Clean Water	29	37	49	45			75	75
2403 - Gift				15	15	15	15	15
3000 - Federal	423			11				
6000 - Miscellaneous Agency	0		0					
Total	9,340	8,472	9,862	11,690	11,484	11,214	12,346	11,751
Biennial Change				3,740		1,146		2,545
Biennial % Change				21		5		12
Governor's Change from Base								1,399
Governor's % Change from Base								6

Expenditures by Category

Compensation	4,587	4,775	5,423	6,397	6,384	6,222	6,631	6,471
Operating Expenses	4,440	3,552	4,427	5,271	5,073	4,988	5,573	5,161
Grants, Aids and Subsidies	27	18	6	5	10		125	115
Capital Outlay-Real Property	110	77						
Other Financial Transaction	177	49	5	17	17	4	17	4
Total	9,340	8,472	9,862	11,690	11,484	11,214	12,346	11,751

Total Agency Expenditures	9,340	8,472	9,862	11,690	11,484	11,214	12,346	11,751
Internal Billing Expenditures	59	18	39	43	36	38	36	38
Expenditures Less Internal Billing	9,281	8,454	9,823	11,647	11,448	11,176	12,310	11,713

Full-Time Equivalents

	51.47	50.43	55.18	57.41	61.51	59.86	63.66	62.01
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Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	178	365		246				
Direct Appropriation	14,668	5,359	4,848	5,399	4,643	4,643	5,430	5,105
Transfers In	2,744	49	78	179				
Transfers Out	13,099	1,598	512	1,062	120	120	120	120
Cancellations	22	88						
Balance Forward Out	351		245					
Expenditures	4,117	4,086	4,169	4,762	4,523	4,523	5,310	4,985
Biennial Change in Expenditures				727		115		1,364
Biennial % Change in Expenditures				9		1		15
Governor's Change from Base								1,249
Governor's % Change from Base								14
Full-Time Equivalents	12.96	10.14	22.18	22.18	23.27	23.27	24.92	24.92

2000 - Restrict Misc Special Revenue

Balance Forward In	10,654	10,023	9,465	8,195	5,787	3,792	5,787	3,792
Receipts	156	204	244	294	246	217	246	217
Transfers In		1,827		56				
Transfers Out	118	1,743						
Net Loan Activity	(484)	(743)	(1,411)	(2,594)	(2,069)	(673)	(2,069)	(673)
Balance Forward Out	10,123	9,465	8,195	5,787	3,792	3,164	3,792	3,164
Expenditures	85	103	102	164	172	172	172	172
Biennial Change in Expenditures				78		78		78
Biennial % Change in Expenditures				41		29		29
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.61	0.66	0.63	1.10	1.10	1.10	1.10	1.10

2001 - Other Misc Special Revenue

Balance Forward In	6,859	7,383	8,663	8,633	8,030	7,433	8,030	7,433
Receipts	5,308	5,373	5,458	5,613	5,682	5,788	5,682	5,788
Internal Billing Receipts	5,265	5,296	5,335	5,494	5,582	5,696	5,582	5,696
Transfers Out		3	139	79	79	79	79	79
Balance Forward Out	7,501	8,661	8,633	8,030	7,433	6,802	7,433	6,802

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	4,666	4,093	5,348	6,137	6,200	6,340	6,200	6,340
Biennial Change in Expenditures				2,726		1,055		1,055
Biennial % Change in Expenditures				31		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	35.28	38.11	30.48	30.48	34.34	34.34	34.34	34.34

2018 - Agriculture

Balance Forward In		297	1,362	1,286	849	390	849	390
Receipts	193	218	117	119	115	113	115	113
Transfers In	118	1,000						
Balance Forward Out	292	1,362	1,286	849	390	339	390	339
Expenditures	19	152	194	556	574	164	574	164
Biennial Change in Expenditures				578		(12)		(12)
Biennial % Change in Expenditures				337		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.11	1.17	1.54	3.30	2.80	1.15	2.80	1.15

2302 - Clean Water

Balance Forward In		46		26				
Direct Appropriation	75	75	75	75	0	0	75	75
Transfers Out		83		56				
Balance Forward Out	46		26					
Expenditures	29	37	49	45			75	75
Biennial Change in Expenditures				27		(94)		56
Biennial % Change in Expenditures				41		(100)		60
Governor's Change from Base								150
Governor's % Change from Base								
Full-Time Equivalents	0.28	0.35	0.35	0.35			0.50	0.50

2403 - Gift

Balance Forward In			30	31	20	11	20	11
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Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts		0	0	4	6	6	6	6
Transfers In		30						
Balance Forward Out		30	31	20	11	2	11	2
Expenditures				15	15	15	15	15
Biennial Change in Expenditures				15		15		15
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	12	6						
Receipts	423			11				
Transfers Out		0						
Balance Forward Out	12	6						
Expenditures	423			11				
Biennial Change in Expenditures				(412)		(11)		(11)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	2.23							

6000 - Miscellaneous Agency

Balance Forward In	14	21	39	1				
Receipts	7	18	(32)	(1)				
Transfers Out			6					
Balance Forward Out	21	39	1					
Expenditures	0		0					
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

8200 - Clean Water Revolving

Agency Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	26,540	26,614	25,163	18,473	9,073	6,873	9,073	6,873
Transfers In				1,000				
Net Loan Activity	74	(1,450)	(6,690)	(10,400)	(2,200)	220	(2,200)	220
Balance Forward Out	26,614	25,163	18,473	9,073	6,873	7,093	6,873	7,093

8250 - Rural Finance Administration

Balance Forward In	2,289	3,432	3,469	3,476	3,526	3,560	3,526	3,560
Receipts	58	84	124	126	129	131	129	131
Transfers In	1,064							
Transfers Out	33	97	53	56	68	70	68	70
Net Loan Activity	55	52	(64)	(20)	(27)	(29)	(27)	(29)
Balance Forward Out	3,432	3,470	3,475	3,526	3,560	3,592	3,560	3,592

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Dept. of Agriculture Natural Resources Conservation Service CFDA #10.912	Drainage Water Management Red River Basin – demonstrate on-farm the benefits of drainage water management to surface water quality and quantity (PFMD-B041F18)		25	0	0	0	Match	0
Environmental Protection Agency CFDA #66.605	Pesticides Performance Partnership – support pesticide programs, groundwater and surface monitoring (PFMD-B041F60)		256	402	324	324	Match	2.40
Dept. of Agriculture Sustainable Agriculture Research and Education CFDA #10.215	Farm Research to Quantify the Value of Cover Crops for Nutrient Crediting – evaluate ability of cover crops to scavenge and recycle soil nutrients (PFMD-B041F65)		4	21	0	0		0
Dept. of Interior Fish and Wildlife Service CFDA #15.608	Fishers & Farmers Root River Field to Stream Partnership Project-conservation planning, site assessments, and water quality monitoring (PFMD-B041F68)		15	8	0	0	Match	0
	Activity Total: Pesticide & Fertilizer		300	431	324	324		2.40
Dept. of Interior Fish and Wildlife Service CFDA #15.666	Wolf Livestock Demonstration Project Grant-Wolf Depredation and Livestock Compensation (PPD-B042F47)		0	59	125	125	Match	.25
Dept. of Agriculture Forest Service CFDA #10.664	Slow the Spread Foundation Gypsy Moth Trapping and Treatment-monitor and control Gypsy Moth, delimit and treat sites (PPD-B042F56)		490	503	516	530	Match	4.95
Dept. of Agriculture Forest Service CFDA #10.680	Emerald Ash Borer (EAB) Management Initiative-facilitate more discoveries of EAB and promote the need for cities to monitor for EAB (PPD-B042F57)		105	115	86	89	Match	.50
Dept. of Agriculture Animal Plant Health Inspection Services CFDA #10.025	Plant & Animal Disease, Pest Control & Animal Care (PPD-B042F62)		734	1,096	993	1,014		8.95
	Activity Total: Plant Protection		1,329	1,773	1,720	1,758		14.65
Dept. of Health & Human Services Food & Drug Administration CFDA #93.103	Animal Feed Regulatory Program Standards, ISO Lab Accreditation, and Food Protection Rapid Response Capacity Building (LAB-B043F08)		361	415	330	327		1.75

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Dept. of Health & Human Services Food & Drug Administration CFDA #93.367	Advancing MN Efforts towards a Nationally Integrated Food Safety System by supporting manufactured food regulatory standards, rapid response teams, and food protection task force programs (LAB-B043F09)		0	35	35	35		.24
Dept. of Agriculture Food Safety Inspection Services CFDA #10.479	Food Emergency Response Network (FERN)-protect animal resources and improve the safety of the nation's food supply (LAB-B043F55)		427	462	455	440		1.95
Dept. of Health & Human Services Food & Drug Administration CFDA #93.448	Food Emergency Response Network (FERN) Chemical & Microbiological Cooperative Agreement-Lab participation in FERN proficiency testing, capacity and capability exercises, and food defense surveillance assignments (LAB-B043F58)		592	640	635	635		3.60
Environmental Protection Agency CFDA #66.605	Pesticides Performance Partnership – support pesticide programs, groundwater and surface monitoring (LAB-B043F60)		327	325	338	318	Match	2.12
Dept. of Agriculture Food Safety Inspection Services CFDA # 10.475	Equal to Meat & Poultry Inspection (LAB-B043F83)		173	190	240	240	Match	1.79
	Activity Total: Laboratory Services		1,880	2,067	2,033	1,995		11.45
Dept. of Health & Human Services Food & Drug Administration CFDA #93.103	Animal Feed Regulatory Program Standards, Produce Safety, Manufactured Food Regulatory Standards, and Food Protection Rapid Response Capacity Building (FFSD-B044F08)		2,063	2,048	1550	1550		11.28
Dept. of Health & Human Services Food & Drug Administration CFDA #93.367	Advancing MN Efforts towards a Nationally Integrated Food Safety System by supporting manufactured food regulatory standards, rapid response teams, and food protection task force programs (FFSD-B044F09)		0	580	780	680		4.79
	Activity Total: Food & Feed Inspection Services		2,063	2,628	2,330	2,230		16.07
Dept. of Health & Human Services Food & Drug Administration CFDA #93.103	Veterinary Drug Residue Prevention Program-create and implement program that addresses appropriate and legal extra label drug use for vet drugs, improve awareness and knowledge (DMID-B045F08)		154	190	190	190		1.00
Dept. of Agriculture Food Safety Inspection Services CFDA # 10.475	Equal to Meat & Poultry Inspection (DMID-B045F83)		1,522	1,556	1,689	1,720	Match	13.60
	Activity Total: Dairy & Meat Inspection		1,676	1,746	1,879	1,910		14.60

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	Total Program 01: Protection Services		7,248	8,645	8,286	8,217		59.17
Dept. of Agriculture Food & Nutrition Service CFDA #10.572	WIC Farmers Market Nutrition Program (AMDD-B046F17)		317	380	380	380	Match	0
Dept. of Agriculture Agricultural Marketing Service CFDA #10.156	Consumer Research for Direct Marketers-explore new market opportunities for U.S. food and agricultural products (AMDD-B046F20)		33	4	75	75		.50
Dept. of Agriculture Agricultural Marketing Service CFDA #10.171	National Organic Certification Cost Share Program-provide cost assistance to organic producers and handlers for organic certification (AMDD-B046F21)		433	540	555	555		.20
USDA National Institute of Food & Agriculture - Sustainable Agriculture Research & Education CFDA #10.215	Trying Times-Tools to Understand and Alleviate Farm Stress – develop and deliver trainings on farmer stress and mental health topics (AMDD-B046F65)		0	66	78	78		.20
Dept. of Agriculture Agricultural Marketing Service CFDA #10.170	Specialty Crop Block Grant-enhance the competitiveness of our specialty crop industries (AMDD-B046F91)		1,263	1,933	2,080	2,230		1.77
Centers for Disease Control & Prevention-National Institute for Occupational Safety & Health CFDA #93.262	Airing Out Farm Stress – Shared Stress Podcast – create and air radio programs addressing how stress can affect well- being of farmers and family members. Use podcasts to reduce societal stigmas relating to coping with stress and related conditions. Promote resources for recovery. (AMDD-B046F93)		0	45	50	55		.10
Dept. of Agriculture Food & Nutrition Service CFDA #10.576	Senior Farmers' Market Nutrition Program (AMDD-B046F95)		112	160	160	160		0
	Activity Total: Ag Marketing & Development		2,158	3,128	3,378	3,533		2.77
	Total Program 02: Promotion & Marketing		2,158	3,128	3,378	3,533		2.77
Dept. of Agriculture Commodity Credit Corporation CFDA #10.117	Biofuel Infrastructure Partnership-ethanol retail infrastructure development to increase use of higher ethanol fuel blends in MN to increase use of locally grown renewable fuels, reduce vehicle emissions (AMDD-B047F78)		3,611	1,500	0	0	Match	0
	Activity Total: Ag Advancement Programs		3,611	1,500	0	0		0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	Total Program 04: Ag Energy Bio Product Advancement Program		3,611	1,500	0	0		0
Dept. of Homeland Security CFDA #97.067	Homeland Security Risk Assessment (ADMIN-B049F52)		0	11	0	0		0
	Activity Total: Agency Services		0	11	0	0		0
	Total Program 06: Admin		0	11	0	0		0
	Total Agency: Agriculture – B04		13,017	13,284	11,664	11,750		61.94

Narrative

The Minnesota Department of Agriculture (MDA) receives funding from many federal sources including the Departments of Agriculture, Health and Human Services, and Department of the Interior as well as the Environmental Protection Agency. MDA obtains federal funds directly from the federal government as the primary recipient or as a sub-recipient of a larger grant from another state agency or outside organization.

Pesticide and Fertilizer Management Division

Federal awards received from the Environmental Protection Agency fund core activities such as pesticide enforcement, applicator certification and training, groundwater monitoring urban initiatives, and endangered species activities. MDA matching funds are provided through special revenue funds from the Pesticide Regulatory account. Since the federal funds support only a small portion of the state's pesticide program, MDA matching funds greatly exceed the amount required under the federal awards.

Plant Protection Division

Through the U.S. Department of Agriculture's Forest Service and Animal Plant Health Inspection Service federal awards support efforts to protect agriculture crops, commodities and forests from a number of plant pests and pathogens. Federal funds are utilized to implement detection programs for invasive pests such as potato cyst nematode, gypsy moth, karnal bunt of wheat and many others. Plant pest surveys serve as a basis for making decisions to eradicate, contain, or manage plant pest threats. These surveys also serve as a basis for MDA to certify that pests do not exist in Minnesota which ensures open access to a number of foreign markets for Minnesota commodities. Federal funds also help to support eradication and suppression programs for emerald ash borer and gypsy moth. When matching funds are required they are provided through State General Fund appropriations, state grants from the Environment and Natural Resources Trust Fund, or local government expenditures. Funds from the U.S. Department of Interior's Fish and Wildlife Service help to compensate farmers and ranchers with damage claims related to elk or wolf and required matching funds are provided by State General Fund appropriations.

Laboratory Services Division

Through the U.S. Department of Agriculture's Food Safety and Inspection Service federal funding to the MDA Laboratory Services is used to analyze food matrices for microbiological and chemical threat agents and improve laboratory capacities for surveillance and outbreak response. In addition, funds are provided to maintain one of two National Food Emergency Response Network Training Centers that will host and conduct training. The USDA also provides funding for the testing of meat sold under their "Equal to Meat & Poultry Inspection" program. These federal dollars are matched with General Fund. Funding received from the Food and Drug Administration funds the laboratory's analytical capability and capacity for the analysis of food and food products in order to rapidly respond to any local or national food safety or security threat from the use of chemical contaminants, toxins, and poisons. The FDA also funds our efforts to expand our scope of methods accredited to the International Organization for Standardization (ISO)/International Electrotechnical Commission (IEC) 17025:2017 laboratory testing standard. The laboratory receives funding from the USEPA to provide regulatory enforcement testing related incident response events and to test ground and surface water for pesticides to determine their environmental fate. Federal funds for the USDA "Equal to Meat & Poultry Inspection" program are expected to increase due to additional costs necessary to support laboratory testing. General fund match dollars have already increased to meet the funding needs. Funding from all other federal sources is expected to remain stable.

Food and Feed Safety Division

Federal awards received by the MDA's Food and Feed Safety Division have been relatively stable with the exception of increased funds provided by the Food and Drug Administration for food safety projects that enable faster response to foodborne disease outbreaks, produce safety implementation and manufactured, retail, and animal feed regulatory program standards. The purposes of these increased funds are project-specific and are intended to support and not supplant existing state resources.

Dairy and Meat Inspection Division

Federal awards received by the MDA's Dairy and Meat Inspection Division (DMID) have increased over the past year. The DMID received federal funding for a drug residue prevention project which is a 3 year project intended to focus on residue prevention and appropriate veterinary drug use education. These funds replace funds received in a previous cooperative agreement, but are increased by \$25,000 per year. The funds support efforts, but do not supplant existing State funds. Federal funding for the meat and poultry inspection program provided from the USDA Food Safety and Inspection Service was increased in FY 2019 to a level which fully matches the State funding used to support these activities. It is expected that the current level of funding will stabilize, but would increase should additional State funds become available to support the program's activities. The required State match is from the General Fund. No fees are currently used to support this activity.

Marketing and Development Division

The U.S. Department of Agriculture's Ag Marketing Services provides funding to enhance the competitiveness of specialty crops and provide support for socially disadvantaged and beginning farmers of these crops. Funding for this grant has increased in recent years. Funding provided to defray the costs of organic certification is expected to remain stable. Currently, there are no required matching funds. The USDA Food and Nutrition Service provides funding for the WIC and Senior Farmers' Market Nutrition programs. Funding is used to educate low income, nutritionally-at-risk families about the value of fresh, locally grown produce and to increase direct sales for farmers through farmers' markets. Matching funds for the WIC FMNP are provided by the General Fund; there is no matching requirements for Senior FMNP. Federal funding for the biofuel infrastructure partnership with USDA Commodity Credit Corporation will end at the end of fiscal year 2019.

Agency Summary

Current federal appropriation levels as well as guidance provided from our federal agencies were taken into consideration to determine Minnesota Department of Agriculture's federal funding level for the biennial budget years 2020 and 2021. Based on informed communication with our federal agencies, no significant change in future federal funding is foreseen at this time.

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AT A GLANCE

In FY2018:

- \$76.6 million was spent on amateur sports in Minnesota by sports visitors
- \$53.6 million was spent at the National Sports Center (NSC) by sports visitors
- 5.2 million visitors at Minnesota Amateur Sports Commission (MASC) affiliate facilities
- 4.1 million visitors to the NSC

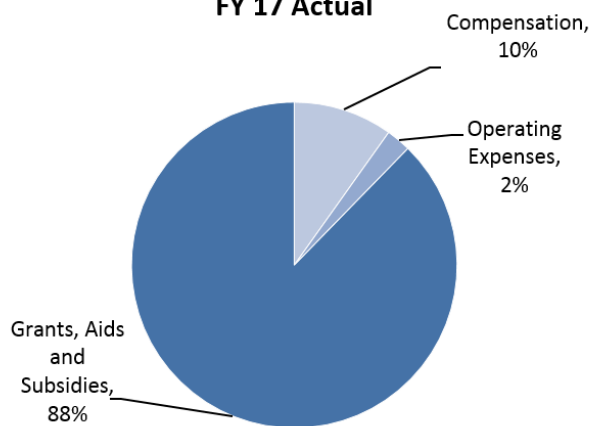
PURPOSE

The Minnesota Amateur Sports Commission (MASC) was created to promote the economic and social benefits of sport for Minnesota citizens and organizations. The MASC contributes to the statewide outcomes of **a thriving economy that encourages business growth and employment opportunities and all Minnesotans have optimal health by:**

- Generating economic benefits through sport events;
- Providing increased amateur sport opportunities for Minnesota residents; and
- Improving infrastructure through developing new sport facilities and programs.

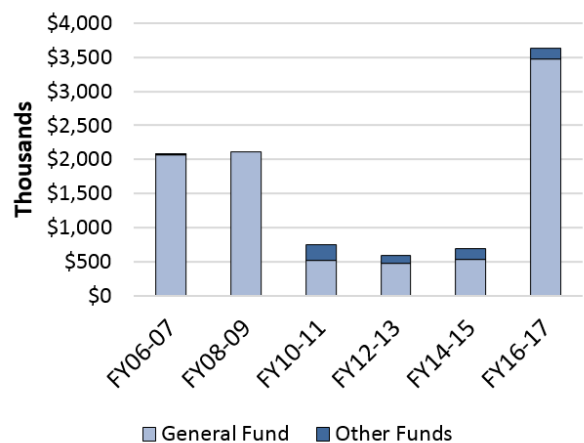
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The MASC activities are funded by the general fund, contracts, and the Hennepin County Youth Sports Grant Program. About 88% of the MASC funding is from the General Fund and about 12% is from the MASC contract for services with Hennepin County. The Hennepin County agreement allows the MASC to maintain a minimum of three full-time staff.

The MASC receives annual funding from the general fund of approximately \$300,000 that is primarily used to fund its three full-time staff positions. From FY 2002 to FY 2009 MASC received \$750,000 annually to access space at the Target Center. In addition, the MASC received additional funding in FY2016-17 for the Mighty Ducks Grant Program. This grant program awarded over \$3.5 million in statewide grants to public ice facilities for the purpose

of improving indoor air quality/eliminating R-22 and purchasing electric ice resurfacers. The MASC did not receive funds for the Mighty Duck Grant Program in FY2018-19.

STRATEGIES

The MASC employs several strategies to achieve the agency's goals and mission to bring the economic and social benefits of amateur sports to Minnesota:

1. Develop top class amateur sport facilities in partnership with select Minnesota cities. The Regional Centers are facilities that attract out-of-state visitors and serve many Minnesotans. The Regional Centers are located in Rochester, Marshall, Blaine, St. Cloud, and Biwabik.
2. Create and attract new amateur sports programs and events in Minnesota with a focus on the National Sports Center in Blaine.

RESULTS

The MASC closely tracks the success of its major priorities:

- The performance of the National Sports Center (NSC) in Blaine, which is the flagship amateur sports facility in Minnesota, is the one facility in the state directly overseen by the MASC. The NSC has shown strong financial performance, is operationally self-sufficient, and shows stable attendance and growing economic-impact numbers.
- The MASC has developed a model to compute economic impact for its major sports events. In addition to using this model on its own events, the MASC shares the model with other sport organizations, parks and recreation departments, and anyone hosting sports events in the state. This model was specifically designed to be used by non-economists, but it has been verified as accurate and conservative in its estimates by professionals in the field of event economics.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	National Sports Center visitor direct spending	\$46.3 million	\$53.6 million	FY17, FY18
Quantity	Annual visitors to the National Sports Center	4.0 million	4.1 million	FY17, FY18

Chapter 240A of the Minnesota Statutes provides the legal authority for the Amateur Sports Commission. (<https://www.revisor.mn.gov/statutes/cite/240A>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	298	3,183	300	308	306	306	341	306
2000 - Restrict Misc Special Revenue	78	77	423	87	81	81	81	81
2403 - Gift				1				
Total	376	3,260	722	396	387	387	422	387
Biennial Change				(2,517)		(344)		(309)
Biennial % Change				(69)		(31)		(28)
Governor's Change from Base								35
Governor's % Change from Base								5

Expenditures by Program

Amateur Sports Commission	376	3,260	722	396	387	387	422	387
Total	376	3,260	722	396	387	387	422	387

Expenditures by Category

Compensation	308	321	331	342	345	347	380	347
Operating Expenses	43	80	392	54	42	40	42	40
Grants, Aids and Subsidies	25	2,859						
Total	376	3,260	722	396	387	387	422	387

Full-Time Equivalents

3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
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Amateur Sports Commission

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	50	52		3				
Direct Appropriation	300	10,300	303	305	306	306	341	306
Cancellations		7,169						
Balance Forward Out	52		3					
Expenditures	298	3,183	300	308	306	306	341	306
Biennial Change in Expenditures				(2,873)		4		39
Biennial % Change in Expenditures				(83)		1		6
Governor's Change from Base								35
Governor's % Change from Base								6
Full-Time Equivalents	2.50	2.60	2.60	2.50	2.40	2.40	2.40	2.40

2000 - Restrict Misc Special Revenue

Balance Forward In	13	0	3	6				
Receipts	65	79	425	81	81	81	81	81
Balance Forward Out	0	3	6					
Expenditures	78	77	423	87	81	81	81	81
Biennial Change in Expenditures				355		(348)		(348)
Biennial % Change in Expenditures				230		(68)		(68)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.50	0.40	0.40	0.50	0.60	0.60	0.60	0.60

2403 - Gift

Balance Forward In	1	1	1	1				
Balance Forward Out	1	1	1					
Expenditures				1				
Biennial Change in Expenditures				1		(1)		(1)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	305	305	305	610
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	305	306	306	612
Change Items				
Operating Adjustment		35		35
Total Governor's Recommendations	305	341	306	647
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	87	81	81	162
Forecast Base	87	81	81	162
Total Governor's Recommendations	87	81	81	162
Fund: 2403 - Gift				
Planned Spending	1			
Forecast Base	1			
Total Governor's Recommendations	1			
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	81	81	81	162
Total Governor's Recommendations	81	81	81	162

Amateur Sports Commission

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	35	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	35	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$35 thousand in FY 2020 to maintain the current level of service delivery at the Amateur Sports Commission.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related cost increases. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Amateur Sports Commission, this funding will cover anticipated retirement costs in FY 2020-2021.

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

N/A

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AT A GLANCE

In FY2018,

- 45 employees across the state.
- Conducted 118 foreign animal disease investigations.
- Permitted and inspected 96 county fairs and the Minnesota State Fair.
- Tested and certified 76 commercial poultry and 77 waterfowl, exhibition, gamebird and backyard Authorized Poultry Testing Agents to submit samples to the Minnesota Poultry Testing Laboratory for routine disease monitoring.
- Received 29,697 Certificates of Veterinary Inspection representing livestock imports and exports for Minnesota during the fiscal year 2018.

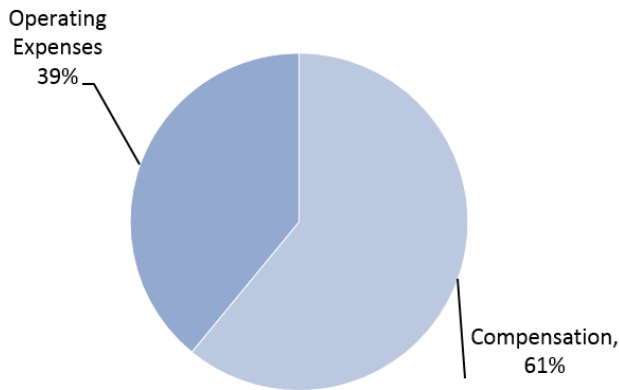
PURPOSE

The mission of the Minnesota Board of Animal Health is to protect the health of the state's domestic animals through education and cooperation with veterinarians, producers, owners and communities. As part of its work, the Board provides many services to Minnesota's veterinarians, livestock owners, and the public:

- Partner with veterinarians and farmers to promote animal health through things like vaccination and biosecurity plans.
- Inspect livestock markets and auctions to make sure animals are officially identified and in good health when they are bought and sold.
- Permit exhibitors so they can show their animals at fairs, petting zoos and events throughout Minnesota.
- Teach livestock producers how to collect testing samples from their herd to help identify illness and disease.
- Educate all our stakeholders about biosecurity and the process of minimizing risks of diseases entering their farms on people, equipment, feed and wild animals.
- Protect public health with the Department of Health by monitoring and reporting zoonotic diseases like rabies, which are capable of spreading from animals to people.
- Distribute monthly reportable disease newsletters to remind veterinarians about a different disease each month that could appear in livestock and must be reported to the Board.
- The following is a breakdown of the number of animals we worked to keep disease-free in Minnesota FY18:
 - 35,200 cattle herds
 - 7,895 swine herds
 - 11,055 poultry premises
 - 180 commercial dog or cat breeders
 - 85 kennels
 - 430 deer and elk herds
 - 16,525 farms with registered horses
 - 3,890 sheep herds
 - 3,750 goat herds

BUDGET

**Spending by Category
FY 17 Actual**



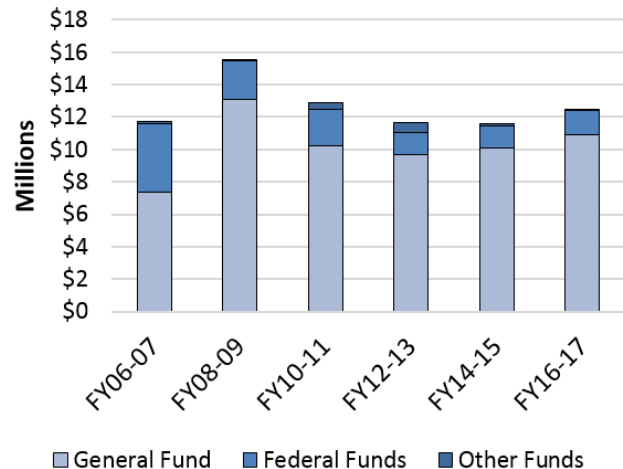
Source: Budget Planning & Analysis System (BPAS)

Total expenditures for FY17 = \$5.991 million.

We use our funding for three main activities:

1. Disease surveillance, control, and eradication
2. Inspections
3. Education and outreach

Historical Spending



Source: Consolidated Fund Statement

We have three funding sources:

1. General funds appropriation
2. Federal cooperative agreements
3. Other sources, e.g. licensing and inspection fees

STRATEGIES

Many animals move into and out of Minnesota every day. One of our biggest tasks is to confirm those animals are disease-free. We also work to make sure that if an outbreak does occur, our animals can be traced and the diseases contained. We have a system in place to detect, control, and when necessary, eliminate domestic animal diseases.

Along with detection and containment of diseases, another important role we play is enforcement. Our staff make regular visits to farms, livestock sales, livestock exhibitions, and kennels to assure all rules and laws governing animal health and safety are being followed.

A strategy of economic importance to Minnesota's livestock is our earnest effort to maintain animals free of certain diseases of national and international importance to allow for free trade of animals and animal products with other states and countries.

An example of implementing one of our strategies is the constant vigilance and response of our Foreign Animal Disease Diagnostician (FADD) team. This group is led by our Senior Veterinarian who is in charge of Emergency Planning and Response. A total of 118 Foreign Animal Disease investigations were conducted in Minnesota FY 2018 and 16 investigations have taken place as of August in FY 2019.

These investigations are a collaborative effort between our agency and the farmers, processors, veterinarians, and general public who contact us to report suspicious clinical disease signs in an animal. Once a suspect case is submitted to the Board, it is logged, assigned a case number and assigned a FADD to investigate. The Board has a FADD on call at all times and they respond to the reported site to collect diagnostic samples from the suspect

animal. They then package those samples and submit them to the United States Department of Agriculture's (USDA) National Veterinary Services Laboratory to be tested for foreign animal diseases.

While samples are en-route to the laboratory, the Senior Veterinarian assesses the case and clinical signs to determine if emergency response team notifications are necessary. If they suspect a foreign animal disease they can notify private and federal partner agencies of the pending test. Once results are reported, the Senior Veterinarian makes the decision to stand down the team or pursue a foreign animal disease response.

These situations routinely take place with little to no interruption in our livestock producers' daily work nor in Minnesota's livestock markets and exhibitions. There are enormous economic repercussions for a positively identified foreign animal disease in Minnesota and the FADD team handles cases with discretion and professionalism to maintain public confidence.

RESULTS

Our most noticeable work is during an animal disease emergency like northwest Minnesota's tuberculosis response in the early 2000's and the avian influenza outbreak in 2015, which affected the state's poultry. Minnesota is the top turkey producing state in the country, annually raising between 44 and 46 million birds. The state's approximately \$800 million turkey industry supports families and communities across Minnesota. In 2015, the Minnesota Board of Animal Health worked with poultry producers to stop the spread of Highly Pathogenic Avian Influenza (HPAI). Together, they were able to stop the spread of avian flu and ensure producers were able to restock their barns as soon as possible.

- 2015 avian influenza outbreak farms affected: 108
- Turkeys affected: 9,024,632
- Counties impacted: 23
- Estimated economic impact: \$650 million
- Last case of avian influenza: June 5, 2015
- Quarantine ended: July 2015

However, a majority of emergency preparedness occurs during the times when we are not actively responding to diseases. We focus on how we can improve through exercises, like our participation in the Agricultural Response Management and Resources (ARMAR) exercise this past spring with the United States Department of Agriculture (USDA), state, local, and regional agencies from across the country. Minnesota was one of many states to take part in the four day simulated exercise to test our emergency response efforts addressing a fictitious case of foot and mouth disease (an economically devastating and highly contagious animal disease). This national exercise took several years to plan and coordinate. During the drill, FADD staff "detected" the disease and began the simulation for a multi-agency response in St. Paul. The Board's relatively small response team was quickly overwhelmed and was able to call upon its agreements with other state agencies and federal partners to respond together. Refreshing these relationships allowed us to identify needed improvements in our incident response.

It takes years of preparation and coordination to confidently and successfully respond to a foreign animal disease, which is why the Board participated in the ARMAR. New and existing relationships were tested and public/private partnerships were found to be extremely valuable as we worked through the exercise. Building relationships with these livestock organizations allowed the Board to develop "Secure Supply Plans." Secure Supply Plans are invaluable emergency response plans that answer the questions of how to keep the food supply and Minnesota's agricultural economy moving while simultaneously eliminating a disease from the affected species.

Minnesota was evaluated in this exercise and anecdotal results from the evaluators indicate we responded well. Evaluators also suggested the Board continue to strengthen relationships with the livestock industry while waiting

for the final results to be published in 2019. This is an ongoing goal as we focus on future emergency response efforts.

The following table represents additional efforts by the Board in FY18.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of permitted county fairs and exhibitions.	117	118	FY17, FY18
Quantity	Number of bovine tuberculosis traces into Minnesota.	32	13	FY17, FY18
Quality	Number of cervid farms inspected.	498	464	FY17, FY18
Quality	Number of inspections in markets.	421	336	FY17, FY18
Quality	Number of commercial dog or cat breeder inspections.	183	169	FY17, FY18
Quality	Number of inspected county fairs and exhibitions.	92	94	FY17, FY18
Quality	Number of tuberculosis tests in Minnesota.	22,375	28,546	FY17, FY18
Quality	Number of poultry dealer inspections.	183	224	FY17, FY18
Results	Number of tuberculosis positive animals discovered in Minnesota.	0	0	FY17, FY18
Results	Number of disease outbreaks at a fair or exhibition.	0	0	FY17, FY18
Results	Number of carcass disposal complaints resolved.	16	3	FY17, FY18

Minnesota Statute 35 (<https://www.revisor.mn.gov/statutes/?id=35>) provides the legal authority for the Board of Animal Health.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	5,351	5,550	5,181	7,001	5,477	5,477	5,935	6,256
2000 - Restrict Misc Special Revenue	116	3	61	70	289	67	289	67
3000 - Federal	1,044	438	982	580	580	580	580	580
Total	6,511	5,992	6,225	7,651	6,346	6,124	6,804	6,903
Biennial Change				1,373		(1,406)		(169)
Biennial % Change				11		(10)		(1)
Governor's Change from Base								1,237
Governor's % Change from Base								10

Expenditures by Program

Livestock and Poultry Health	6,511	5,992	6,225	7,651	6,346	6,124	6,804	6,903
Total	6,511	5,992	6,225	7,651	6,346	6,124	6,804	6,903

Expenditures by Category

Compensation	4,278	3,641	3,828	4,166	4,328	4,393	4,536	4,922
Operating Expenses	2,231	2,333	2,396	3,467	2,017	1,730	2,267	1,980
Capital Outlay-Real Property		0						
Other Financial Transaction	2	17	1	18	1	1	1	1
Total	6,511	5,992	6,225	7,651	6,346	6,124	6,804	6,903

Full-Time Equivalents

	49.75	39.21	40.20	44.90	44.40	44.40	44.40	44.40
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Animal Health, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	316	2,157	1,297	1,534				
Direct Appropriation	7,171	5,384	5,419	5,467	5,477	5,477	5,935	6,256
Transfers Out		99						
Cancellations		594						
Balance Forward Out	2,136	1,297	1,534					
Expenditures	5,351	5,550	5,181	7,001	5,477	5,477	5,935	6,256
Biennial Change in Expenditures				1,281		(1,228)		9
Biennial % Change in Expenditures				12		(10)		0
Governor's Change from Base								1,237
Governor's % Change from Base								11
Full-Time Equivalents	38.85	36.50	35.95	42.00	39.54	41.67	39.54	41.67

2000 - Restrict Misc Special Revenue

Balance Forward In	258	204	260	263	260	38	260	38
Receipts	62	59	64	67	67	67	67	67
Balance Forward Out	204	260	263	260	38	38	38	38
Expenditures	116	3	61	70	289	67	289	67
Biennial Change in Expenditures				12		225		225
Biennial % Change in Expenditures				10		171		171
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.06		0.49	0.53	2.41	0.33	2.41	0.33

3000 - Federal

Receipts	1,044	438	982	580	580	580	580	580
Expenditures	1,044	438	982	580	580	580	580	580
Biennial Change in Expenditures				80		(402)		(402)
Biennial % Change in Expenditures				5		(26)		(26)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	9.84	2.71	3.76	2.37	2.45	2.40	2.45	2.40

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	5,467	5,467	5,467	10,934
Base Adjustments				
Pension Allocation		10	10	20
Forecast Base	5,467	5,477	5,477	10,954
Change Items				
Farmed Cervidae Oversight		208	529	737
Ag Emergency Preparedness and Response		250	250	500
Total Governor's Recommendations	5,467	5,935	6,256	12,191
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	70	289	67	356
Forecast Base	70	289	67	356
Total Governor's Recommendations	70	289	67	356
Fund: 3000 - Federal				
Planned Spending	580	580	580	1,160
Forecast Base	580	580	580	1,160
Total Governor's Recommendations	580	580	580	1,160
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	67	67	67	134
Total Governor's Recommendations	67	67	67	134
Fund: 3000 - Federal				
Forecast Revenues	580	580	580	1,160
Total Governor's Recommendations	580	580	580	1,160
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	5	5	5	10
Total Governor's Recommendations	5	5	5	10

Board of Animal Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Improving Oversight of Deer and Elk Farms

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	208	529	529	529
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	208	529	529	529
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding in FY20-21 from the General Fund to allow the Board of Animal Health (BAH) to implement changes and enforce laws related to the regulation of farmed deer and elk as described in the April 2018 Evaluation Report from the Office of the Legislative Auditor (OLA), *Board of Animal Health's Oversight of Deer and Elk Farms*. The funding will allow the BAH to continue to protect the health of Minnesota's domestic animals.

Rationale/Background:

Minnesota also has one of the nation's largest populations of farmed deer, elk, and similar species (cervidae). Minnesota law allows people to raise farmed deer and elk as long as they register both their herds and their individual animals with the BAH. People choose to keep deer and elk for a variety of reasons. Some of the smaller producers keep one or a few deer as pets or on a hobby farm. Other deer and elk producers operate businesses in which they sell animals for meat, breeding stock, or other deer and elk products such as velvet antler, dog chews, and nutritional supplements.

Minnesota ranks high among U.S. states with respect to volume of deer and elk production. According to agricultural census data compiled by the United States Department of Agriculture, in 2012, Minnesota (1) ranked sixth in terms of the number of farmed deer raised and fifth for the number of deer farms and (2) raised more farmed elk than any other state save Texas.

Deer and elk health is threatened by chronic wasting disease (CWD), an always-fatal, neurodegenerative disease found among wild and farmed cervids. CWD is difficult to manage because there is currently no live-animal diagnostic test approved for routine herd monitoring. Further, infected animals do not typically show clinical signs until the disease is quite advanced, therefore the only way to definitively diagnose CWD is to analyze specific tissues from a dead deer or elk.

In FY 2017, even though 44 percent of the BAH's 41 staff members spent at least some portion of their time working on deer and elk oversight, none were fully dedicated to the deer and elk program during this time. This included some time spent by the executive director, the assistant director who serves as program director for the deer and elk program, some office staff, and all 13 field staff. The BAH spends approximately \$549,000 on the deer and elk program. The amount of revenues generated through fees assessed to the cervidae farms in FY17 totaled \$32,000. Since fee revenue is not sufficient to cover program expenses, the remaining revenue is diverted from our General Fund appropriation.

Proposal

This proposal would appropriate \$737,000 in FY20-21 to the BAH in order to provide proper management and regulation of deer and elk farms as recommended by the OLA report. Funding would go towards implementation of five OLA recommendations (see below) as well as enhance current operations as related to the proper regulation of deer and elk farms. The development and implementation of the protocol and practices to meet these recommendations takes significant staff time and other program expenses.

Recommendation 1: The Board of Animal Health should update its inventory report form to collect statutorily required information regarding the origin of the deer and elk that make up the registered herds.

- The BAH is constantly working on methods to better communicate with and educate livestock producers of all species, including cervidae producers, about the necessity and importance of maintaining accurate records and will continue to do so.
- This proposal will allow the BAH to update and streamline its farmed cervidae forms as well as use this recommendation to guide future development of forms and documents.

Recommendation 2: The Board of Animal Health should clarify expectations of whether and how often producers must verify their herd inventory on an animal-by-animal basis.

- The responsibility for an accurate herd inventory belongs to the producer and their accredited veterinarian. BAH field staff are expected to view and verify that all animals are tagged with an official identification during annual inspections.
- Minnesota Rule gives the BAH the authority to require the producer to present the entire herd for physical animal-by-animal inventory if tags cannot be visualized by our field staff or the office staff cannot reconcile the herd inventory from the producer and accredited veterinarian with our records in our database. The Board will strengthen enforcement of this authority.
- The BAH will improve livestock data quality and tracking in its database and work to clarify our expectations with cervid producers regarding herd inventories.
- The only laws currently dictating the frequency of physical herd inventories are the USDA requirements for herds enrolled in the federal CWD Herd Certification Program. This program requires a complete physical inventory to be completed no more than three years after the last complete physical herd inventory and applies to moving animals interstate. The Board will fully enforce and require a physical animal-by-animal inventory every three years for each herd where the official identification in an animal's ear cannot be verified by other means.

Recommendation 3: The Board of Animal Health should track whether producers submit tissue samples from all deceased deer and elk to test for chronic wasting disease and, appropriately penalize those producers who fail to submit samples.

- The BAH gathers data on whether all deceased deer and elk are tested for CWD as producers are required to keep these records and these tests can only be conducted after the animal has died.
- The BAH will create a tracking report to match deceased animals with CWD testing submissions. This tracking report will allow us to compare the testing submissions to death reports of animals in the herd.

Recommendation 4: The Board of Animal Health should develop an approval program for deer and elk producers who wish to collect their own chronic wasting disease test samples.

- The BAH has an existing approval program in place with its poultry producers and this template has been tailored for use in other livestock species. The BAH will evaluate how to begin developing it for use with the cervidae program.
- A "CWD Sampling Guide" has been created and will be updated regularly with new information for producers that wish to successfully harvest their own CWD samples and submit them to the laboratory for testing without having to be assisted by trained BAH field staff. This practice increases correct sample collection.

Recommendation 5: The Board of Animal Health should fully enforce Minnesota law and strengthen consequences for failure to comply.

- Field staff work with herd producers to educate them on our requirements and gain their cooperation in complying with our regulations, striking a balance between education and enforcement actions. Program managers work with field staff regarding the proper use of their enforcement powers and the necessity of proper documentation during routine field work to increase communications regarding situations where producers are uncooperative.
- The BAH is currently working with field staff to use its “Notice of Violation” and “Notice of Civil Penalty” enforcement tools more effectively. A Notice of Violation (NOV) is issued when a producer is not in compliance with any of the Board farmed cervid regulations, including 1) failing to register a herd, 2) missing forms or incomplete information on forms, 3) fencing non-compliance, 4) animal identification, 5) timely payment of fees, 6) CWD testing, or 7) animals running at large. The NOV includes a timeline and plan to correct the non-compliance, which is usually 30 days. This requires follow up by our field staff with the producer to ensure the producer gets into compliance.
- If the timeline for compliance is not met, the producer is issued a Civil Penalty which is currently set at \$250 for each violation. The BAH will strengthen the enforcement of this penalty.
- The BAH is already using, in some instances, recommended enforcement actions such as the reduction in CWD herd status. For producers that have prolonged or chronic and/or egregious non-compliance with CWD testing requirements, the BAH will enforce the reduction of the CWD status level of their herd, impacting the animal movement allowed out of the herd (exporting animals from the herd either within Minnesota or across state lines). The producer must demonstrate compliance with CWD testing requirements to have their status upgraded on a yearly basis to regain the ability to move animals out of the herd.
- Lastly, the BAH will continue to use electronic documentation to better track corrective actions issued by field staff.

Equity and Inclusion:

The BAH believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to the Board’s diversity goals.

Results:

The Board of Animal Health will use the recommendations to implement a number of changes including:

- Number of cervidae producers reached with information on maintaining accurate inventory records
- Tracking of animal-by-animal inventory every three years in producers whose herds could not be identified with official identification
- Number of CWD Sampling Guides sent out when requests for self-submitting of tissue samples come from producers
- Number of corrective actions issued per year

Statutory Change(s):

N/A

Board of Animal Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Agricultural Emergency Preparedness and Response

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Department of Agriculture				
General Fund				
Expenditures	625	300	300	300
Revenues	0	0	0	0
Board of Animal Health				
General Fund				
Expenditures	250	250	250	250
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	875	550	550	550
FTEs	1.65	1.65	1.65	1.65

Recommendation:

The Governor recommends \$250,000 in annual funding from the General Fund to prepare for and respond to agricultural emergencies for the Board of Animal Health (BAH). Additionally, the Governor recommends \$300,000 in annual funding from the General Fund to support the operations of the Department of Agriculture's Incident Management Team (IMT) and a one-time appropriation of \$325,000 from the General Fund to increase the balance of the Agricultural Emergency Account in FY20, allowing the agency to prepare and respond to agricultural emergencies in a timely manner.

Rationale/Background:

Early detection of a highly contagious animal disease and prompt reporting are critical to a successful response. We work with private practice veterinarians so they can identify the symptoms of these diseases when they examine farm animals. The primary goal is to successfully eradicate the disease as quickly as possible. Minnesota has a network of producer groups, organizations, and agencies that have worked together to develop plans to respond to disease events. Our state has been successful in eliminating diseases, including bovine tuberculosis and low pathogenic avian influenza, in the past. However, each situation will have unique concerns such as:

- Timely depopulation, or euthanasia, of infected and exposed animals,
- Enhanced biosecurity for farms which have susceptible livestock and associated businesses and people,
- Environmentally-sound disposal of carcasses and other infected products,
- Use of environmentally-safe disinfectants,
- Timely dissemination of pertinent public information, and
- Economic impact to owners of infected or exposed herds and flocks.

The Board considers all of these factors when determining the best course of action in responding to a disease.

Dedicated funding to emergency preparedness will enable the Board to continue to collaborate and coordinate with state agencies such as the Department of Agriculture.

Proposal:

The Governor recommends funding added to the Board's base General Fund appropriation able to maintain up-to-date training for all of our FADDs, and provide the emergency planning and preparedness work as described above, in addition to being able to maintain the staff who support the work of foreign animal disease diagnosticians (FADD).

Minnesota has foreign animal disease diagnosticians (FADD) located throughout the state that are available 24 hours a day to investigate suspected cases of a foreign animal disease (FAD). The FADDs are state or federal regulatory veterinarians with specialized, hands-on training in diagnosing these diseases.

An investigation is triggered when the state veterinarian receives a report of animals with symptoms indicative of an FAD or when a diagnostic laboratory identifies a suspicious test result. The state veterinarian assigns an FADD to investigate the case immediately. Should an FAD be identified in Minnesota, the State would initiate its FAD response plan. This plan was drafted as a coordinated effort between the Board, Minnesota Department of Agriculture, and the U.S. Department of Agriculture.

As our world becomes more interconnected, we face growing threats of disease transfer and invasive species movement that could quickly threaten the health and vitality of the agricultural industry in our state. With this proposal, the MDA and BAH will be better prepared to respond to the next emergency.

Equity and Inclusion:

The BAH believes this initiative equally protects all citizens of the state. We would not anticipate any issues from under-represented communities or negative impacts to the Board's diversity goals.

Statutory Change(s):

N/A

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
United States Department of Agriculture – Animal and Plant Health Inspection Service-Veterinary Services 10.025	Animal Health Technical Services (AHTS) – Traceability Purpose: Animal Disease Traceability Program	No	748	139	139	139	No	1.72
United States Department of Agriculture – Animal and Plant Health Inspection Service-Veterinary Services 10.025	Managing National Surveillance and Response for Animal Health Activities Umbrella Purpose: Animal Health Surveillance and Response	No	234	441	441	441	No	1.16
	Budget Activity Total		982	580	580	580		2.88
	Program Total		982	580	580	580		2.88
	Federal Fund – Agency Total		982	580	580	580		2.88

Narrative

Funding received from United States Department of Agriculture – Animal and Plant Health Inspection Service-Veterinary Services will/has been used to:

- Maintain continuity of the Board’s surveillance, testing and education programs for our livestock disease programs. These programs include avian influenza, scrapie, as well as other sheep, swine, and cattle disease prevention, control, and preparedness programs.
- Maintain continuity of the Board’s animal disease traceability program. This funding will help support key elements of traceability, including breeding cattle identification and capturing both interstate and intrastate animal movement in a searchable database.

The Board of Animal Health manages the Managing National Surveillance and Response for Animal Health Activities program and the Animal Disease Traceability program funded by Federal money in accordance with Title 2 Code of Federal Regulations Part 200 and the associated Office of Management and Budget (OMB) Circular governing costs allowed, and all other applicable laws, regulations and guidelines.

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Board of Architecture, Engineering, Land Surveying,
Landscape Architecture, Geoscience and Interior Design

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mn.gov/aelslagid/

AT A GLANCE

In FY 2017-18, the Board:

- Evaluated 4,826 applications for examination and licensure
- Issued 19,116 licenses
- Investigated 110 new complaints
- Issued 793 in-training certificates
- Gave 22 presentations

PURPOSE

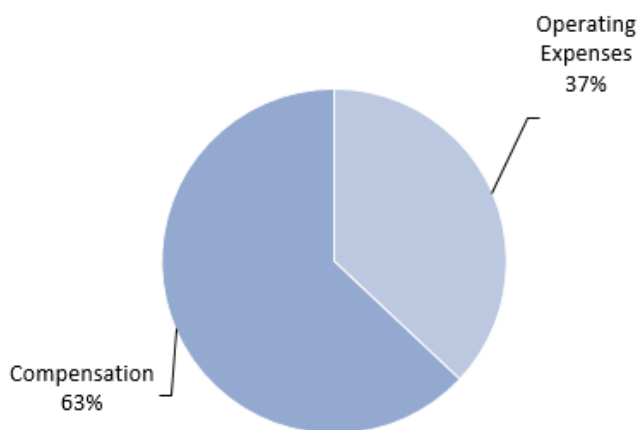
The Minnesota Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design regulates the professions and enforces the statutes and rules in order to protect the health, safety and welfare of the public. We ensure that individuals meet the education, examination and experience standards for licensure or certification, and maintain their records in good standing. We take disciplinary action against those who violate the statutes, rules and standards governing the practice of the professions.

The Board contributes to the statewide outcomes of:

- **People in Minnesota are safe**
- **Efficient and accountable government services**
- **A thriving economy that encourages business growth and employment opportunities**

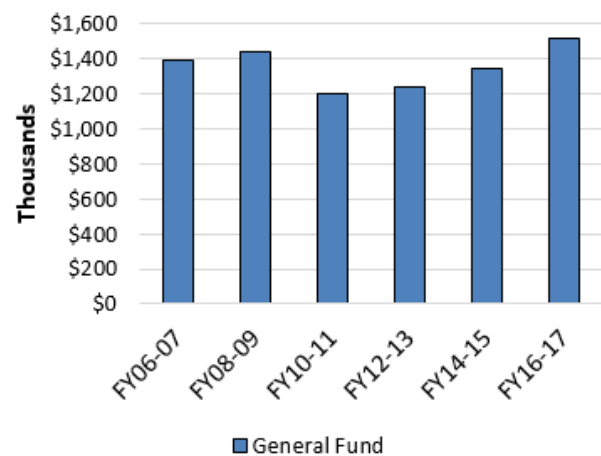
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board collects application and licensure fees which are deposited in the State's General Fund. The Board's budget is funded through General Fund appropriations.

STRATEGIES

To accomplish its mission, the Board uses the following strategies:

1. **Regulatory** – Collaboration with the national councils on consistent standards for examination, licensure and enforcement. Evaluating applications to ensure that those entering professional practice have completed the required education, examination and experience.
2. **Enforcement** – Investigating complaints and taking action against licensees and unlicensed individuals who violate the Board's statutes and rules. Removing individuals from practice when necessary. Exchanging enforcement data across jurisdictions. Providing public access to license status, discipline history and the complaint process. Ensuring that the Board's statutes and rules are up-to-date and understandable.
3. **Outreach and Education** – Providing information to Minnesota citizens, legislators, building officials, fire marshals, other state agencies, schools and national councils about the value of licensure and the requirements of competent practice.

The Board of AELSLAGID contributes to the statewide outcome of keeping people in Minnesota safe by:

- Setting education, examination, and experience standards for licensure and certification;
- Reviewing applicant credentials to ensure that those entering professional practice have completed the required education, examination, and experience; and
- Investigating complaints and taking enforcement action against those who violate the Board's statutes and rules.

We contribute to creating a thriving economy in Minnesota that encourages business growth and employment opportunities by:

- Ensuring that statutes and rules reflect the minimum standards to protect the public; and
- Updating statutes and rules to remove unnecessary barriers to licensure and certification.

We contribute to providing efficient and accountable government services by:

- Responding quickly and professionally to applicants, licensees, certificate holders, and the public;
- Providing education and information to the public, students, licensees, and certificate holders; and
- Thoroughly and efficiently investigating complaints and taking enforcement action when appropriate.

The Board strives for equity in licensure and certification by:

- Ensuring that standards for Minnesota residents are not easier or harder to achieve than standards for those already licensed or certified in another state transferring to Minnesota;
- Consistently applying the statutes and rules to all applicants, licensees, and certificate holders; and
- Using plain language on application forms and in administrative rules.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of licenses and certificates renewed on time	90%	91%	FY 15/16 & FY 17/18
Quality	Average days to approval/denial of applications for examination	13	12	FY 15/16 & FY 17/18
Quality	Average days to approval/denial of applications for licensure by those already licensed in another jurisdiction.	43	39	FY 15/16 & FY 17/18

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Average days to resolve a complaint Note: The Board had no investigator for nearly 1 year.	95	130	FY 15/16 & FY 17/18
Results	Number of educational presentations given	24	22	FY 15/16 & FY 17/18

The Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design's legal authority comes from M.S. 214.01 and M.S. 326.02 – 326.15.

(<https://www.revisor.mn.gov/statutes/cite/214.01>)

(<https://www.revisor.mn.gov/statutes/cite/326>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	758	764	725	879	806	806	905	851
Total	758	764	725	879	806	806	905	851
Biennial Change				82		8		152
Biennial % Change				5		0		9
Governor's Change from Base								144
Governor's % Change from Base								9

Expenditures by Program

AELSLA	758	764	725	879	806	806	905	851
Total	758	764	725	879	806	806	905	851

Expenditures by Category

Compensation	465	479	441	516	490	496	509	511
Operating Expenses	272	285	284	363	316	310	396	340
Other Financial Transaction	21		0					
Total	758	764	725	879	806	806	905	851

Full-Time Equivalents

6.17	6.66	6.03	6.88	6.38	6.38	6.38	6.38
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		26		74				
Direct Appropriation	784	794	799	805	806	806	905	851
Cancellations		55						
Balance Forward Out	26		74					
Expenditures	758	764	725	879	806	806	905	851
Biennial Change in Expenditures				82		8		152
Biennial % Change in Expenditures				5		0		9
Governor's Change from Base								144
Governor's % Change from Base								9
Full-Time Equivalents	6.17	6.66	6.03	6.88	6.38	6.38	6.38	6.38

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	805	805	805	1,610
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	805	806	806	1,612
Change Items				
Operating Adjustment		49	45	94
Online Permitting System		50		50
Total Governor's Recommendations	805	905	851	1,756
Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	690	2,165	690	2,855
Total Governor's Recommendations	690	2,165	690	2,855

Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	49	45	25	15
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	49	45	25	15
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$94 thousand in the FY 2020-2021 biennium and \$40 thousand in the FY 2022-2023 biennium to maintain the current level of service delivery at the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design, and for one-time legal and rulemaking costs.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related cost increases. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year. Additionally, the Board anticipates retirement expenses of about \$5 thousand in the upcoming biennium.

Enforcement of statutes and rules (i.e. complaint resolution) is one of the major ways the Board fulfills its mission to protect the public health, safety, and welfare. The Board has several enforcement cases that are in the appeal process. In addition to its legal fees for the Attorney General's Office, the Board anticipates increases in non-AGO-related legal fees in FY 2020-2023, estimated at \$10 thousand annually.

Additionally, the Board is working on rule modifications for three separate rule packages. Additionally, based on changes to standards at a national level, certain rule changes must move forward quickly while other changes are still under Board consideration and language development and are not ready to move forward. Rulemaking expenses for the Board are estimated at \$20,000 in each FY 2020 and FY 2021, and include publication of notices in the *State Register*, mailing notifications to affected parties, and holding public hearings.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board, this funding will cover known employee compensation and retirement costs. It also includes one-time funding for rulemaking costs in FY 2020 and legal costs from FY 2020-2023.

	FY 2020	FY 2021	FY 2022	FY 2023
Compensation	\$14	\$15	\$15	\$15
Retirement	5			
Rulemaking	20	20		
Legal Fees	10	10	10	
Total	49	45	25	15

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Results:

This proposal is intended to allow the Board to continue to provide current levels of service and information to the public.

Statutory Change(s):

N/A

Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design

FY 2020-21 Biennial Budget Change Item

Change Item Title: Online Permitting System

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	50	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional, one-time funding of \$50 thousand in FY 2020 for website and application system updates at the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design.

Rationale/Background:

- The Board launched its online system for individuals to apply for engineering examinations, certifications and licensure in the fall of FY19. Applicants are able to check the status of their application 24/7 and print customized reference and experience forms that are required as a part of the application process. During FY20-21, the Board would like to enhance the system to allow online applications for the other professions, as well as implement a system for payment of the license fee following application approval.
- For each credit card transaction for online initial applications or renewals, the Board is charged a fee. The actual fee varies depending on the user's credit card (Visa, MasterCard, Discover, etc.) and the rewards the user gets from using that card, however the Board must charge a set fee for each transaction. The Board has been processing applications for renewal online for over a decade and each year goes through a lengthy process of analyzing the fees charged to the Board by the bank relative to the amount the Board collected from its applicants the previous year to set the fee for the upcoming year. The process is cumbersome and unreliable and results in the Board either over-recovering or under-recovering the fees. There is a new process available whereby US Bank processes the convenience fees on behalf of the Board. In order to take advantage of this new process, the Board must make changes to its website and interface with US Bank.
- The Board's database currently requires a social security number to be entered for each applicant for examination, licensure and certification. However, Minnesota Statutes 370C.72, subdivision 4, does not require collection of the social security number or Individual Tax Identification Number until the point at which the applicant is licensed. Therefore, the Board must make changes to its database to allow for processing of applications without a social security number and then requirement of the number at the point in which a license is issued. This will allow the Board to make changes to how the data is collected and reduce the number of staff that have access to this data thereby increasing data security and reducing the potential for a data breach.
- The Board reports disciplinary action it takes against individuals who have violated its statutes and rules. These actions are reported to national databases through which all states share information. The Board would like to make enhancements to its database to allow for more robust sharing of this information by

including other identifying data (such as the licensee's national council record number). Licensees often practice across borders and obtain licenses in multiple jurisdictions. Sharing disciplinary information nationally helps Boards remain aware of licensee transgressions and increases public protection.

Proposal:

The Governor recommends this one-time increase to the Board in order to complete the modernization of its application system, update its database to be more secure, and more efficiently process payment transactions.

IT Related Proposals:

The Board will use an external vendor to complete this project.

Results:

The additional funding will help the Board achieve the following results:

- The Board's goal is to have 80% of applications submitted online by the end of the biennium.
- The Board's goal is to have 80% of initial license fees paid online by the end of the biennium.
- Updating the interface with US Bank will result in more accurate fee collection, and reduce the amount of money the Board must contribute from its operating budget to cover the cost of under-recovery.
- Social Security Numbers will not be collected until the time in which the applicant's license or certificate is issued reducing the risk of data breach.
- Provide the funding for enhancements to the Board's database will allow for more robust data sharing in regard to disciplinary action taken against licensees and certificate holders.

Statutory Change(s):

N/A

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Minnesota State Arts Board

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AT A GLANCE

- The arts are a significant industry in Minnesota, generating more than \$2 billion in economic activity each year.
- Minnesota is home to more than 1,600 nonprofit arts organizations and 100,000 artists and creative workers
- Together, the Minnesota State Arts Board and the state's 11 regional arts councils serve residents and communities in all 87 Minnesota counties.
- Activities supported by the Arts Board and the regional arts councils during the FY 2016-2017 biennium served a combined audience of 24.6 million children and adults.

PURPOSE

The Minnesota State Arts Board stimulates and encourages the creation, performance, and appreciation of the arts. It serves as an adviser, resource, and policy maker by distributing grants and other forms of assistance for artistic activities; it also serves as the fiscal agent for legislative appropriations to eleven regional arts councils.

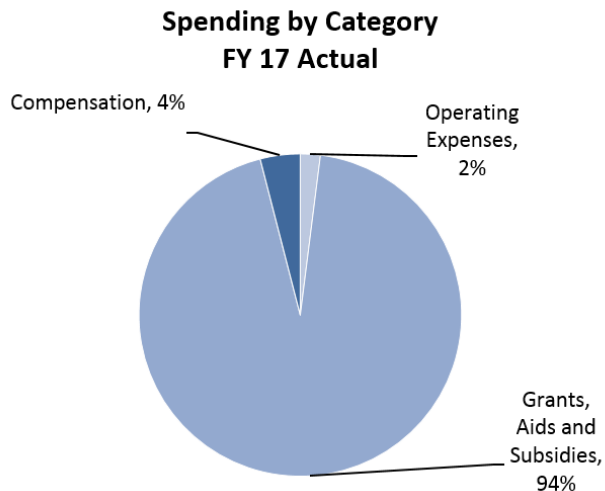
The purpose of the arts is to inspire, enlighten, connect, and challenge individuals. They give us new experiences, and help us understand and imagine the world from another person's point of view. However, the arts also produce tremendous secondary benefits that help Minnesota achieve many of its most important public goals.

Research shows that the arts increase academic achievement. Nontraditional learners or at-risk students often become high achievers in arts learning settings; this success becomes a bridge to learning in other areas. The arts stimulate 21st century work skills, including creativity, which will be an important characteristic of jobs and the workforce of the future. Arts bring people together. Residents of a community better understand their new immigrant neighbors after experiencing a traditional dance. A struggling downtown begins to "hum" with new energy on the evenings the community arts center offers a concert. Towns celebrate their identity and heritage through annual arts festivals. Artists and arts participation build social capital—the social bonds and civic engagement needed in a healthy, thriving society.

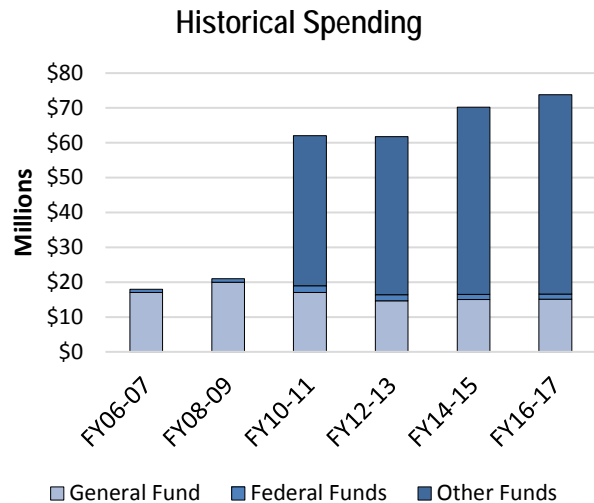
As it stimulates the arts and the many benefits they provide, the Arts Board helps achieve the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **Minnesotans have the education and skills needed to achieve their goals**
- **Strong and stable families and communities**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The board receives an appropriation from the State's general fund, and from the State's arts and cultural heritage fund (ACHF). Appropriations from the ACHF may be spent only "for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage." The board also receives an annual state partnership grant from the National Endowment for the Arts.

STRATEGIES

The Arts Board provides financial support and other services to enable Minnesota and its residents and communities to reap the many benefits the arts provide. To accomplish its mission, the board is pursuing the following long-term goals and strategies:

- The arts are interwoven into every facet of community life
 - Develop strategic relationships and partnerships
- Minnesotans believe the arts are vital to who we are
 - Enhance public understanding of the value of the arts
- People of all ages, ethnicities, and abilities participate in the arts
 - Fully engage with nontraditional and underrepresented participants
 - Transform everyone's life by experiencing the arts
- People trust Minnesota's stewardship of public arts funding
 - Provide an accountable arts support system
 - Be responsible stewards of public funds
- The arts thrive in Minnesota
 - Foster visionary, skilled arts leaders and organizations statewide
 - Ensure sufficient resources to sustain the arts and artists
 - Serve as a clearinghouse of information on best practices and successful programs

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of persons who benefit from funded activities	20,563,917	24,656,498	2008-09 biennium, 2016-17 biennium (a)
Quantity	Percent of Minnesotans who attend arts activities	67%	74%	Previous – 2001 Current - 2017 (b)

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of grant applications reviewed (top number) and grants awarded (bottom number)	1,901 1,308	3,929 2,429	Previous – 2009 Current - 2017 (c)

- a) Comparing the biennium just prior to creation of arts and cultural heritage fund to a recently completed biennium.
- b) Data source: Minnesota State Survey, University of Minnesota
- c) Comparing the fiscal year 2009 (just prior to creation of arts and cultural heritage fund) to a recently completed fiscal year 2017. Numbers are combined Arts Board and regional arts council applications and grants.

The Arts Board's authorizing statute is M. S. 129D.01-129D.05. (<https://www.revisor.mn.gov/statutes/?id=129D>).

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	7,502	7,575	7,464	7,610	7,541	7,541	8,241	7,541
2000 - Restrict Misc Special Revenue	3	19	5	3				
2301 - Arts & Cultural Heritage	26,621	30,510	26,993	32,409			32,861	33,696
2403 - Gift	40	39	40					
3000 - Federal	720	766	773	783	783	783	783	783
Total	34,886	38,909	35,274	40,805	8,324	8,324	41,885	42,020
Biennial Change			2,283		(59,431)		7,826	
Biennial % Change			3		(78)		10	
Governor's Change from Base							67,257	
Governor's % Change from Base							404	

Expenditures by Program

Arts Board	34,886	38,909	35,274	40,805	8,324	8,324	41,885	42,020
Total	34,886	38,909	35,274	40,805	8,324	8,324	41,885	42,020

Expenditures by Category

Compensation	1,220	1,374	1,414	1,578	549	558	1,535	1,569
Operating Expenses	618	731	721	1,104	378	369	32,296	32,380
Grants, Aids and Subsidies	32,901	36,783	33,088	38,123	7,397	7,397	8,054	8,071
Other Financial Transaction	147	20	50					
Total	34,886	38,909	35,274	40,805	8,324	8,324	41,885	42,020

Full-Time Equivalents

17.04	18.29	18.36	19.53	5.75	5.75	18.75	18.75
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		45		70				
Direct Appropriation	7,522	7,530	7,534	7,540	7,541	7,541	8,241	7,541
Cancellations		0						
Balance Forward Out	20		70					
Expenditures	7,502	7,575	7,464	7,610	7,541	7,541	8,241	7,541
Biennial Change in Expenditures				(3)		8		708
Biennial % Change in Expenditures				(0)		0		5
Governor's Change from Base								700
Governor's % Change from Base								5
Full-Time Equivalents	4.97	5.32	5.49	5.71	4.25	4.25	4.25	4.25

2000 - Restrict Misc Special Revenue

Balance Forward In	6	26	7	3				
Receipts	23	0	0					
Balance Forward Out	26	7	3					
Expenditures	3	19	5	3				
Biennial Change in Expenditures				(15)		(8)		(8)
Biennial % Change in Expenditures				(66)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.01	0.03						

2301 - Arts & Cultural Heritage

Balance Forward In	266	470	1,317	673				
Direct Appropriation	26,819	31,312	26,370	31,736	0	0	32,861	33,696
Transfers In			939					
Transfers Out			939					
Cancellations	31	16	21					
Balance Forward Out	432	1,257	674					
Expenditures	26,621	30,510	26,993	32,409			32,861	33,696
Biennial Change in Expenditures				2,271		(59,402)		7,155
Biennial % Change in Expenditures				4		(100)		12
Governor's Change from Base								66,557

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								
Full-Time Equivalents	11.76	12.62	12.03	13.30			13.00	13.00

2403 - Gift

Balance Forward In	202	243	206	210	213	216	213	216
Receipts	81	2	43	3	3	3	3	3
Balance Forward Out	243	206	210	213	216	219	216	219
Expenditures	40	39	40					
Biennial Change in Expenditures				(40)		(40)		(40)
Biennial % Change in Expenditures				(50)				
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	720	766	773	783	783	783	783	783
Expenditures	720	766	773	783	783	783	783	783
Biennial Change in Expenditures				70		10		10
Biennial % Change in Expenditures				5		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.30	0.32	0.84	0.52	1.50	1.50	1.50	1.50

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	7,540	7,540	7,540	15,080
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	7,540	7,541	7,541	15,082
Change Items				
Office Relocation		700		700
Total Governor's Recommendations	7,540	8,241	7,541	15,782
Fund: 2301 - Arts & Cultural Heritage				
FY2019 Appropriations	31,736	31,736	31,736	63,472
Base Adjustments				
One-Time Legacy Fund Appropriations		(31,736)	(31,736)	(63,472)
Forecast Base	31,736	0	0	0
Change Items				
Arts & Cultural Heritage Legacy Fund Appropriation		32,861	33,696	66,557
Total Governor's Recommendations	31,736	32,861	33,696	66,557
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	3			
Forecast Base	3			
Total Governor's Recommendations	3			
Fund: 3000 - Federal				
Planned Spending	783	783	783	1,566
Forecast Base	783	783	783	1,566
Total Governor's Recommendations	783	783	783	1,566
Revenue Change Summary				
Dedicated				
Fund: 2403 - Gift				
Forecast Revenues	3	3	3	6
Total Governor's Recommendations	3	3	3	6
Fund: 3000 - Federal				
Forecast Revenues	783	783	783	1,566

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	783	783	783	1,566

Minnesota State Arts Board

FY 2020-21 Biennial Budget Change Item

Change Item Title: Office Relocation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	700	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	700	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$700 thousand in FY 2020 for one-time relocation costs for the Minnesota State Arts Board.

Rationale/Background:

The Board has been in its current office location since 1995. On August 21, 2017, the Board was notified by its landlord that it would not be able to renew its current lease because the building is going to be repurposed. The Board's lease expires on October 31, 2019. Since receiving the notification, the Board has been working with the Department of Administration's Real Estate and Construction Services division to identify suitable office spaces and estimate the cost of relocating.

Proposal:

The Governor recommends one-time funding for the Board's relocation expenses, which includes building out the new space, modular workstations, IT and equipment installation, moving costs, and other administrative costs.

Equity and Inclusion:

The Board's primary function is grant making, and it also manages the state's Percent for Art in Public Place program (MS 16B.35). The Board reviews grant applications, artist qualifications, and project proposals in open, public meetings. The Board holds approximately 100 days of public meetings per year, and a space that is visible, safe, and accessible to all Minnesotans is vital. Proximity to public transportation and free or inexpensive parking will be key for low income constituents. A location that meets (or exceeds) ADA requirements will be necessary to allow persons with disabilities full access to the board.

IT Related Proposals:

N/A

Results:

This proposal is intended to allow the Board to continue to provide current levels of service and information to the public.

Statutory Change(s):

N/A

Minnesota State Arts Board

FY 2020-21 Biennial Budget Change Item

Change Item Title: Arts & Cultural Heritage Legacy Fund Appropriation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	32,861	33,696	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	32,861	33,696	0	0
FTEs	13.0	13.0	0	0

Recommendation:

The Governor recommends an appropriation of \$66.557 million to the agency for the FY 2020-2021 biennium from the state's dedicated arts and cultural heritage fund. This is in keeping with current law which states "At least 47 percent of the money deposited in the arts and cultural heritage fund must be for grants and services awarded through the Minnesota State Art Board, or regional arts councils subject to appropriation." (Minnesota Statutes 129D.17, subd 4.)

Rationale/Background:

The Arts Board is a state agency; its statutory charge is to "stimulate and encourage the creation, performance and appreciation of the arts in the state." It also serves as the fiscal agent for a system of eleven regional arts councils. Together, the board and councils serve as an effective mechanism to assess the arts needs of the state, and provide funding and services to best meet those needs.

Funds appropriated from the arts and cultural heritage fund are used to help achieve the following outcomes:

- The arts are interwoven into every facet of community life.
- People of all ages, ethnicities, and abilities participate in the arts.
- People trust Minnesota's stewardship of public arts funding.
- The arts thrive in Minnesota.

The Arts Board has received an appropriation from the arts and cultural heritage fund each year since its creation in FY 2010. With those funds, there has been a positive trend in each of the goal areas, however significant work remains to be done to achieve them.

Proposal:

The Arts Board and regional arts councils' core business is grant making. Rather than investing funds in only a few communities or regions, or a small number of artists, arts organizations, or arts programs, the Arts Board and regional arts council system is designed to ensure that there is investment in every county of the state and in thousands of artists, arts organizations, and arts activities each year. This structure, and broad investment through it, is intentional. Because its long term goals are statewide, with the intent that all Minnesotans will be served, a broad strategy and mechanism will best help turn the curve.

At the moment, the Arts Board is able to measure the number of applicants that can be funded (i.e., how many investments can be made), and the number of persons who are served by the funded activities (i.e., impact). Each year, the number of requests, and dollars requested, far surpass the funds available.

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of persons who benefit from funded activities	20,563,917	24,656,498	2008-09 biennium, 2016-17 biennium (a)
Quantity	Percent of Minnesotans who attend arts activities	67%	74%	Previous: 2001 Current: 2017 (b)
Quantity	Number of grant applications reviewed (top number) and grants awarded (bottom number)	1,901 1,308	3,929 2,429	Previous: 2009 Current: 2017 (c)

- a) Comparing the biennium just prior to creation of arts and cultural heritage fund to a recently completed biennium.
- b) Data source: Minnesota State Survey, University of Minnesota
- c) Comparing the fiscal year just prior to creation of arts and cultural heritage fund to a recently completed fiscal year

Statutory Change(s):

N/A

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
National Endowment for the Arts 45.025	Partnership Agreement-To stimulate and encourage the creation, performance, and appreciation of the arts in the state.		773	783	783	783	Yes	1.5
	Federal Fund – Agency Total		773	783	783	783		1.5

Narrative

The Minnesota State Arts Board receives federal support in the form of an annual State Partnership grant from the National Endowment for the Arts (NEA). NEA dollars are restricted to the following three purposes:

- Arts in education – the Arts Board must use these funds to support arts activities in schools and/or developmental programs to make arts in education programs more accessible or successful. Minnesota school children, teachers, school districts, parents, and communities benefit directly from these grants. Teaching artists also benefit from developmental programs that enhance their skills and expand their professional capacity.
- Underserved – the Arts Board must use these funds to support arts experiences for individuals/groups/areas that traditionally have fewer opportunities to participate in the arts. In Minnesota, this includes individuals/communities in greater Minnesota, artists/arts organizations based in communities of color, and arts activities that involve persons with disabilities and/or older adults.
- State basic grant – the Arts Board is free to use these funds as it sees fit to help achieve its vision – that all Minnesotans should have the opportunity to participate in the arts.

The National Endowment for the Arts requires a one-to-one cash match. The Arts Board must receive state funding in order to qualify for NEA funding.

As long as Congress continues to fund the National Endowment for the Arts, support from the NEA to the Arts Board will be forthcoming each year. The NEA is required to pass at least 40 percent of its annual support from Congress on to states in the form of State Partnership (block) grants. The block grants are determined by a formula, predominantly based on population.

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<https://mn.gov/capm>

AT A GLANCE

The Council represents a diverse community estimated to be about 290,000 Asians and 7,500 Pacific Islanders.¹ This community is descended from more than 40 nations including India, Tibet, the Philippines, Laos, and Burma.

According to the U.S. Census Bureau, the Asian American community is the fastest growing minority population in Minnesota, and the nation. In Minnesota, the Asian population grew from 4.4 % in 2010 to 5.3% in 2016.^{1,2}

The following are the ten largest Asian ethnic populations in Minnesota¹:

- Hmong – 75,422
- Asian Indian – 45,716
- Chinese – 35,176
- Vietnamese – 31,602
- Korean – 24,751
- Filipino – 18,612
- Lao – 13,729
- Burmese – 10,518
- Japanese – 9,455
- Cambodian – 8,999

PURPOSE

Pursuant to Minn. Stat. § 15.0145, the Council on Asian Pacific Minnesotans is an executive branch agency tasked with the responsibility of working for the implementation of economic, social, legal, and political equality of Asian Pacific Minnesotans. Our primary customers are the Governor, the Legislature, state agencies, and Asian Pacific organizations and citizens.

The Council's priorities include:

- Advisory – Publish policy briefs and original research/reports, and provide comments and public testimony on issues.
- Advocacy – Direct engagement with policy-makers to influence public policy and resource allocation decisions.
- Facilitation– Facilitate opportunities for engagement, inclusion, and recognition of Asian Pacific Minnesotans.

In carrying out its statutory responsibilities, the Council's work contributes to the following statewide outcome(s):

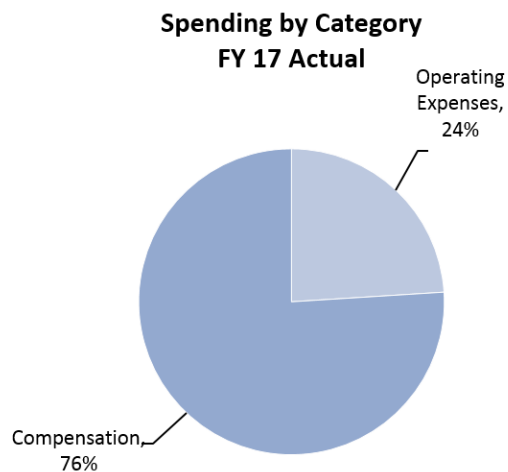
- Minnesotans have the education and skills needed to achieve their goals.
- A thriving economy that encourages business growth and employment opportunities.
- Minnesotans are healthy.
- Minnesotans are safe.

BUDGET

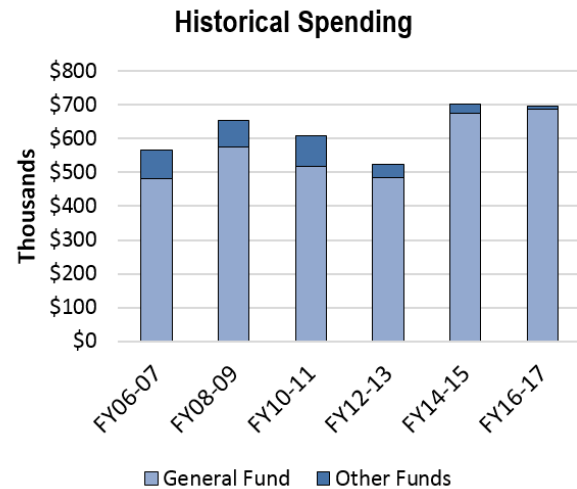
Source: BPAS

¹ U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates.

² U.S. Census Bureau, 2006-2010 American Community Survey 5-Year Estimates.



The Council's main source of revenue in FY17 is the General Fund.



Source: Consolidated Fund Statement

The majority of the Council's budget is funded through an appropriation from the general fund. The Council also collects fees in a special revenue fund to help pay for events held by the Council.

STRATEGIES

The Council utilizes several strategies to deliver on its mission and support statewide outcomes:

- Research and Information Analysis – Develop and publish original research reports for use by decision makers and citizens.
- Policy Advisory and Advocacy – Provide quantitative and data-driven advice to policy makers.
- Citizen Outreach – Identify and/or create forums and advocacy trainings to inform and influence public policy.
- Facilitation and Coordination – Develop and deploy engagement, inclusion, and recognition activities.

RESULTS

The following measurements are used to track the Council's performance in implementing its strategies:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous – Jan. 2017 to Dec. 2017</i>	<i>Current – Jan. 2018 to Dec. 2018</i>
Quantity	Publication of Original Research Reports	0	1
Quantity	Legislative Activities During the Session	90	100
Quantity	Attendance at Cultural Events and Community-led Meetings	58	70
Quantity	Facilitation and Coordination of Community Engagement and Inclusion Activities	30	40

Legal Authority: Minn. Stat. § 15.0145 (<https://www.revisor.mn.gov/statutes/?id=15.0145>) provides the legal authority for the Council on Asian Pacific Minnesotans.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	303	385	412	510	465	465	609	616
2000 - Restrict Misc Special Revenue	6	2	20	21	20	20	20	20
2403 - Gift			2					
Total	309	387	435	531	485	485	629	636
Biennial Change				269		4		299
Biennial % Change				39		0		31
Governor's Change from Base								295
Governor's % Change from Base								30

Expenditures by Program

Asian Pacific Council	309	387	435	531	485	485	629	636
Total	309	387	435	531	485	485	629	636

Expenditures by Category

Compensation	231	296	332	391	386	390	505	512
Operating Expenses	78	91	101	139	98	94	123	123
Other Financial Transaction	0		1	1	1	1	1	1
Total	309	387	435	531	485	485	629	636

Full-Time Equivalents

3.04	3.63	4.13	4.38	4.00	4.00	5.00	5.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		61		45				
Direct Appropriation	359	364	457	465	465	465	609	616
Cancellations		41						
Balance Forward Out	56		45					
Expenditures	303	385	412	510	465	465	609	616
Biennial Change in Expenditures				234		8		303
Biennial % Change in Expenditures				34		1		33
Governor's Change from Base								295
Governor's % Change from Base								32
Full-Time Equivalents	3.04	3.63	4.13	4.38	4.00	4.00	5.00	5.00

2000 - Restrict Misc Special Revenue

Balance Forward In	2	2	0	1				
Receipts	6	1	20	20	20	20	20	20
Balance Forward Out	2	0	1					
Expenditures	6	2	20	21	20	20	20	20
Biennial Change in Expenditures				33		(1)		(1)
Biennial % Change in Expenditures				405		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Balance Forward In	2	2	2					
Receipts	0	0	0					
Balance Forward Out	2	2	0					
Expenditures			2					
Biennial Change in Expenditures				2		(2)		(2)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	465	465	465	930
Forecast Base	465	465	465	930
Change Items				
Operating Adjustment		45	50	95
Communications Specialist		99	101	200
Total Governor's Recommendations	465	609	616	1,225
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	21	20	20	40
Forecast Base	21	20	20	40
Total Governor's Recommendations	21	20	20	40
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	20	20	20	40
Total Governor's Recommendations	20	20	20	40

Council on Asian Pacific Minnesotans

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	45	50	50	50
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	45	50	50	50
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$45 thousand in FY 2020 and \$50 thousand each year thereafter to maintain the current level of service delivery at the Council on Asian Pacific Minnesotans.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related cost increases. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Council, this funding will cover known employee compensation growth, professional/technical contracts, workers' compensation premiums, and other operating costs.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

N/A

Council on Asian Pacific Minnesotans

FY 2020-21 Biennial Budget Change Item

Change Item Title: Communications Specialist

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	99	101	101	101
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	99	101	101	101
FTEs	1	1	1	1

Recommendation:

The Governor recommends additional funding of \$99 thousand in FY 2020 and \$101 thousand each year thereafter to expand the capacity of the Council on Asian Pacific Minnesotans.

Rationale/Background:

Minnesota's fastest growing population is the Asian American community. Minnesota's Asian Pacific community is descended from more than sixty nationalities and is arguably the most diverse community in the state. Many of our East Asian and South Asian Minnesotan families came to Minnesota educated and economically stable, or have been here for several generations; whereas, the majority of our Southeast Asian Minnesotan families came here as recently as forty-five years ago as displaced refugees. The divergent historical experiences of these communities has led to a vastly different understanding of, and level of engagement with government. Consistent, frequent, and meaningful communication via a variety of modalities is necessary for the Council to be successful.

The Council cannot fully deliver on its communication strategy because it does not have a dedicated communications position. A dedicated position would enable the Council to maximize its statewide communication and information-sharing strategy, using both social and traditional media. While the Asian Pacific community is large in terms of population, the population is dispersed across the state. The Communications Specialist will further the Council's ability to help create and represent a pan-Asian Pacific Minnesota composed of unique ethnicities.

The Legislature restructured the ethnic councils in 2015. Under current statute (MS 15.0145), the Council is required to work with the legislative and executive branches of government to ensure equality for Minnesotans of Asian Pacific descent. In January 2018, after a two year long strategic planning process, the Council adopted its current 4-year strategic plan. Under this plan, the Council must have the ability and capacity to deliver on the following goals:

- Minnesota's Asian Pacific communities benefit from the Council's work
- Minnesota's Asian Pacific Communities trust the Council
- The Council is an agent of change in state government
- The Council leads dynamically and effectively

Proposal:

The Governor recommends additional funding for the Council to add a new Communications Specialist. This position will lead the Council's communication efforts and will greatly enhance the Council's capacity to communicate with Asian Pacific Minnesotans about key Council, state, and local government topics. This position will support the Executive Director to:

- Increase communication with diverse Asian Pacific communities in the 7 county metro area, as well as greater Minnesota; such as Warroad and Baudette, where there are Filipina and Lao communities; and in southern Minnesota, in Austin, where there are Hmong, Karen, and Karenni communities.
- Increase communication with legislators and the community at large about Asian Pacific Minnesotans, specifically the issues confronting the many ethnic groups that make up this community.
- Increase culturally-responsive engagement of community members in their efforts to influence legislative and administrative decisions.
- Expand and strengthen relationships within and among the legislative and executive branches, and form more strategic partnerships with Asian Pacific Minnesotans, community-based organizations, and businesses.

This recommendation includes funding for compensation, work space, IT costs, and in-state travel.

Equity and Inclusion:

The Asian Pacific Minnesotan community is descended from more than 40 nations. Some members of the community are highly educated, native born, and business owners, while others are struggling to meet the challenges that come with life in the United States as refugee-experienced communities. This recommendation would better equip the Council to shape policies that reflect the multiple realities of the Asian Pacific Minnesotan community.

IT Related Proposals:

N/A

Results:

The Council uses the following to track its performance in implementing its strategies:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous – Jan. 2017 to Dec. 2017</i>	<i>Current – Jan. 2018 to Dec. 2018</i>
Quantity	Publication of Original Research Reports	0	1
Quantity	Legislative Activities During the Session	90	100
Quantity	Attendance at Cultural Events and Community-led Meetings	58	70
Quantity	Facilitation and Coordination of Community Engagement and Inclusion Activities	30	40

Statutory Change(s):

N/A

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AT A GLANCE

- Chief Legal Officer for the State of Minnesota
- Provides legal representation to State agencies, boards, and commissions
- Takes legal action on behalf of Minnesota residents

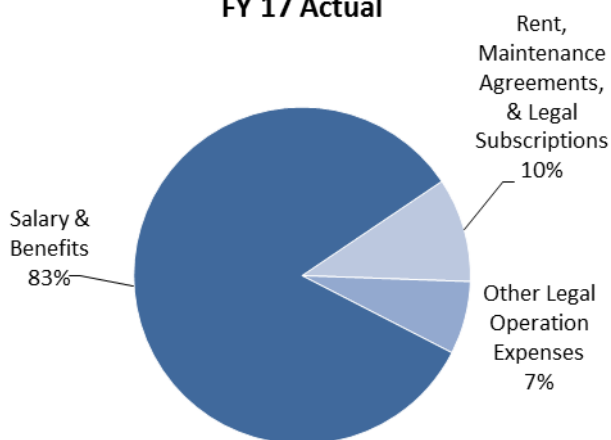
PURPOSE

The Attorney General is the State of Minnesota's Chief Legal Officer. The Attorney General helps to ensure that the laws the Legislature enacts are upheld. The Attorney General's Office provides legal representation to State agencies, boards, and commissions. The Attorney General's Office also protects the public by bringing lawsuits on behalf of the residents of Minnesota. Through its legal work, including the representation of State agencies, the Attorney General's Office helps to support the following statewide outcomes:

- Efficient and accountable government services
- People in Minnesota are safe
- Strong and stable families and communities
- A thriving economy that encourages business growth and employment opportunities
- All Minnesotans have optimal health
- Minnesotans have the education and skills needed to achieve their goals
- A clean, healthy environment with sustainable uses of natural resources

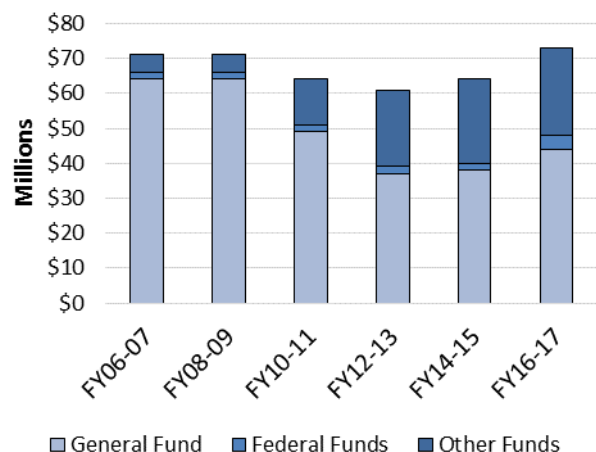
BUDGET

**Spending by Category
FY 17 Actual**



Source: SWIFT

Historical Spending



Source: MAPS & SWIFT

STRATEGIES

- Facilitate the enforcement of laws passed by the Minnesota Legislature.
- Defend laws enacted by the Minnesota Legislature against constitutional and other legal challenges.
- Deliver high-quality, efficient and effective legal representation to State agencies, boards and officials.
- Protect and save taxpayers' dollars by defending claims for monetary judgments against State agencies and employees.

- Provide legal representation to State agencies and boards in various civil and administrative proceedings and obtain monetary payments as directed by the Minnesota Legislature.
- Provide proactive legal advice to avoid lawsuits.
- Provide Minnesota counties and law enforcement agencies with assistance in serious criminal matters.
- Ensure that the public interest is protected in delivering legal services.
- Population primarily served is the residents of the State of Minnesota and the executive, legislative, and judicial branches of State government and State agencies, boards, and commissions.

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	20,754	23,414	20,849	23,322	22,198	22,198	23,822	24,824
1201 - Health Related Boards	2,387	2,378	2,303	2,508	2,410	2,410	2,464	2,521
2000 - Restrict Misc Special Revenue	468	47	29	33	33	33	33	33
2001 - Other Misc Special Revenue	9,036	10,332	10,561	12,847	11,751	11,751	11,751	11,751
2800 - Environmental				145	145	145	145	145
2801 - Remediation				250	250	250	250	250
3000 - Federal	1,685	1,970	2,126	2,974	3,123	3,123	3,123	3,123
6000 - Miscellaneous Agency	816	4,390	407	127	6	6	6	6
Total	35,145	42,530	36,275	42,206	39,916	39,916	41,594	42,653
Biennial Change				806		1,351		5,766
Biennial % Change				1		2		7
Governor's Change from Base								4,415
Governor's % Change from Base								6
<u>Expenditures by Program</u>								
Attorney General	35,145	42,530	36,275	42,206	39,916	39,916	41,594	42,653
Total	35,145	42,530	36,275	42,206	39,916	39,916	41,594	42,653
<u>Expenditures by Category</u>								
Compensation	29,818	31,552	31,204	35,156	34,252	34,252	35,930	36,989
Operating Expenses	5,205	10,393	4,933	6,400	5,644	5,644	5,644	5,644
Capital Outlay-Real Property	60	61	90	83	19	19	19	19
Other Financial Transaction	62	524	48	567	1	1	1	1
Total	35,145	42,530	36,275	42,206	39,916	39,916	41,594	42,653
Total Agency Expenditures	35,145	42,530	36,275	42,206	39,916	39,916	41,594	42,653
Internal Billing Expenditures	246	291	321	452	472	472	472	472
Expenditures Less Internal Billing	34,899	42,239	35,954	41,754	39,444	39,444	41,122	42,181
Full-Time Equivalents	331.01	333.58	327.30	338.70	338.70	338.70	346.70	347.70

Attorney General

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,371		1,182				
Direct Appropriation	22,125	22,125	22,031	22,140	22,198	22,198	23,822	24,824
Transfers In	532	2,574						
Transfers Out	532	2,574						
Cancellations		82						
Balance Forward Out	1,371		1,182					
Expenditures	20,754	23,414	20,849	23,322	22,198	22,198	23,822	24,824
Biennial Change in Expenditures				3		225		4,475
Biennial % Change in Expenditures				0		1		10
Governor's Change from Base								4,250
Governor's % Change from Base								10
Full-Time Equivalents	287.51	288.46	281.40	287.60	287.60	287.60	295.60	296.60

1201 - Health Related Boards

Balance Forward In				102				
Direct Appropriation	1,823	1,823	2,405	2,406	2,410	2,410	2,464	2,521
Receipts	564	564						
Cancellations		9						
Balance Forward Out			102					
Expenditures	2,387	2,378	2,303	2,508	2,410	2,410	2,464	2,521
Biennial Change in Expenditures				46		9		174
Biennial % Change in Expenditures				1		0		4
Governor's Change from Base								165
Governor's % Change from Base								3
Full-Time Equivalents	24.02	23.20	23.23	24.50	24.50	24.50	24.50	24.50

2000 - Restrict Misc Special Revenue

Balance Forward In	2,776	2,335	2,309	2,302	2,287	2,272	2,287	2,272
Receipts	279	22	21	18	18	18	18	18
Internal Billing Receipts	246							
Transfers Out	251							
Balance Forward Out	2,336	2,309	2,301	2,287	2,272	2,257	2,272	2,257
Expenditures	468	47	29	33	33	33	33	33

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial Change in Expenditures				(453)		4		4
Biennial % Change in Expenditures				(88)		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.96	0.23						

2001 - Other Misc Special Revenue

Balance Forward In		251	330	1,301	205	205	205	205
Receipts	6,127	7,294	11,532	11,751	11,751	11,751	11,751	11,751
Internal Billing Receipts		291	321	376	376	376	376	376
Transfers In	10,391	10,597	8,371	8,387	8,387	8,387	8,387	8,387
Transfers Out	7,232	7,489	8,371	8,387	8,387	8,387	8,387	8,387
Balance Forward Out	251	321	1,301	205	205	205	205	205
Expenditures	9,036	10,332	10,561	12,847	11,751	11,751	11,751	11,751
Biennial Change in Expenditures				4,040		94		94
Biennial % Change in Expenditures				21		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		3.79	4.20	5.00	5.00	5.00	5.00	5.00

2800 - Environmental

Balance Forward In		145		145				
Direct Appropriation	145	145	145	145	145	145	145	145
Cancellations		290		145				
Balance Forward Out	145		145					
Expenditures				145	145	145	145	145
Biennial Change in Expenditures				145		145		145
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

2801 - Remediation

Balance Forward In		250		250				
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Attorney General

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Direct Appropriation	250	250	250	250	250	250	250	250
Cancellations		500		250				
Balance Forward Out	250		250					
Expenditures				250	250	250	250	250
Biennial Change in Expenditures				250		250		250
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	1,685	1,970	2,126	2,974	3,123	3,123	3,123	3,123
Expenditures	1,685	1,970	2,126	2,974	3,123	3,123	3,123	3,123
Biennial Change in Expenditures				1,445		1,146		1,146
Biennial % Change in Expenditures				40		22		22
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.52	17.90	18.47	21.60	21.60	21.60	21.60	21.60

6000 - Miscellaneous Agency

Balance Forward In	8,459	7,805	20,093	18,880	18,042	18,037	18,042	18,037
Receipts	2,498	16,688	2,254	25	1	1	1	1
Transfers In			140					
Transfers Out	2,337	11	3,197	736				
Balance Forward Out	7,805	20,092	18,881	18,042	18,037	18,032	18,037	18,032
Expenditures	816	4,390	407	127	6	6	6	6
Biennial Change in Expenditures				(4,671)		(522)		(522)
Biennial % Change in Expenditures				(90)		(98)		(98)
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	22,140	22,140	22,140	44,280
Base Adjustments				
Pension Allocation		58	58	116
Forecast Base	22,140	22,198	22,198	44,396
Change Items				
Maintain and Stabilize Experienced Attorney Staff		630	1,315	1,945
Enhanced Criminal Enforcement		994	1,311	2,305
Total Governor's Recommendations	22,140	23,822	24,824	48,646
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	2,406	2,406	2,406	4,812
Base Adjustments				
Pension Allocation		4	4	8
Forecast Base	2,406	2,410	2,410	4,820
Change Items				
Maintain and Stabilize Experienced Attorney Staff		54	111	165
Total Governor's Recommendations	2,406	2,464	2,521	4,985
Fund: 2800 - Environmental				
FY2019 Appropriations	145	145	145	290
Forecast Base	145	145	145	290
Total Governor's Recommendations	145	145	145	290
Fund: 2801 - Remediation				
FY2019 Appropriations	250	250	250	500
Forecast Base	250	250	250	500
Total Governor's Recommendations	250	250	250	500
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	33	33	33	66
Forecast Base	33	33	33	66
Total Governor's Recommendations	33	33	33	66
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	12,847	11,751	11,751	23,502
Forecast Base	12,847	11,751	11,751	23,502

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	12,847	11,751	11,751	23,502
Fund: 3000 - Federal				
Planned Spending	2,974	3,123	3,123	6,246
Forecast Base	2,974	3,123	3,123	6,246
Total Governor's Recommendations	2,974	3,123	3,123	6,246
Fund: 6000 - Miscellaneous Agency				
Planned Spending	127	6	6	12
Forecast Base	127	6	6	12
Total Governor's Recommendations	127	6	6	12
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	18	18	18	36
Total Governor's Recommendations	18	18	18	36
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	11,751	11,751	11,751	23,502
Total Governor's Recommendations	11,751	11,751	11,751	23,502
Fund: 3000 - Federal				
Forecast Revenues	2,974	3,123	3,123	6,246
Total Governor's Recommendations	2,974	3,123	3,123	6,246
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	25	1	1	2
Total Governor's Recommendations	25	1	1	2
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	11,046	1,641	1,641	3,282
Total Governor's Recommendations	11,046	1,641	1,641	3,282

Attorney General

FY 2020-21 Biennial Budget Change Item

Change Item Title: Maintain and Stabilize Experienced Attorney Staff

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	630	1,315	1,315	1,315
Revenues	0	0	0	0
Other Funds				
Expenditures	54	111	111	111
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	684	1,426	1,426	1,426
FTEs	0	0	0	0

Recommendation:

The Governor recommends an increase of \$630,000 in FY 2020 and \$1.315 million in FY 2021 and each year thereafter from the General Fund, and \$54,000 in FY 2020 and \$111,000 in FY 2021 and each year thereafter from the Health Related Boards Fund, for the Office of the Attorney General (AGO) to maintain and stabilize experienced attorney staff.

This recommendation is equal to a 4.4% increase to the Office's General Fund base budget and a 3.4% increase to the Office's Health Related Boards Fund base budget for the FY 2020-2021 biennium.

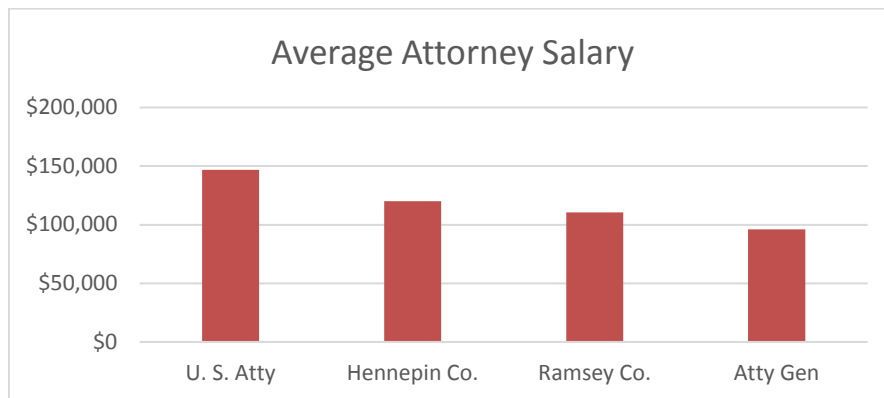
Rationale/Background:

The Attorney General's Office is the second largest public law office in Minnesota. Few public law offices in Minnesota handle the range, quantity, and complexity of civil litigation as the Minnesota Attorney General's Office. No other public law office serves as many clients as the Attorney General. The clients include over 100 state agencies, boards and commissions. Its lawyers handle more than 7,000 legal files per year covering a wide range of legal matters. It defends and implements laws enacted by the state legislature. This may require the Office to commence lawsuits to implement the laws enacted and to defend those laws against constitutional challenge. In many instances the litigation involves significant claims for monetary damages or compensation against the state and state officials.

Further, on the basis of size the Attorney General's Office would rank among the top ten private law offices in Minnesota. Matters litigated by attorneys of the Office bring them face to face across the table with attorneys employed by most of these law offices. The attorneys at these firms receive compensation equivalent to multiple times that of their Attorney General Office opponents. Often these firms are able to recruit staff attorneys away from the Attorney General's Office by offering them significant pay increases. Public law offices cannot compete with the salaries paid lawyers in private law offices of similar size, but the Attorney General's Office and other public law offices must be able to pay salaries that will enable them to recruit and retain attorneys capable of defending the interests of the state, its agencies and people in court.

Similarly, the Attorney General's Office must be able to compete with other public law offices for the best attorneys who are interested in public service. But an analysis of the salaries paid by the U. S. Attorney's Office, and Ramsey and Hennepin County Attorney Offices shows that the Attorney General salaries are a distant fourth. Comparisons with these federal and county law offices demonstrate that across the board Attorney General staff are paid less than their counterparts in those offices.

C. Y. 2018 Average Staff Attorney (non-manager attorneys)			
U. S. Atty	Hennepin Co.	Ramsey Co.	Atty Gen
\$146,733	\$120,094	\$110,399	\$96,102



A number of factors may explain this disparity in pay but certainly the freeze on the general fund appropriation to the Attorney General's Office is a significant one. For three successive biennia the general fund appropriation for the Attorney General's Office has been \$22,125,000. Every measure of inflation, including the Consumer Price Indicator (CPI) and the Implicit Price Deflator for State & Local Government Purchases (IPD) for FY 2014 to FY 2017, records growth over that period. Without positive action on this request pay to Attorney General staff will fall further behind.

Increases negotiated for Hennepin and Ramsey County Attorney Offices in calendar year 2019-21 will be 2.5% per year for all attorneys plus step increases and promotion amounts of 3% or more for some. Attorneys who separated from the Attorney General's Office for reasons other than retirement exceeded those at the Hennepin and Ramsey County Offices.

Proposal:

The Attorney General's Office requests an increase for competitive salary increases for attorney staff. The requested funds will not eliminate or reduce the gap between salaries paid in these three comparable law offices, but they will help keep the gap from growing greater.

Equity and Inclusion:

The Attorney General's Office is committed to broaden its recruitment of attorneys, legal assistants and support staff that better reflects the State's diverse population. This will enhance service to marginalized communities and protected classes.

IT Related Proposals:

This is not an information technology proposal.

Statutory Change(s):

This proposal will not require statutory changes.

Attorney General

FY 2020-21 Biennial Budget Change Item

Change Item Title: Enhanced Criminal Enforcement – Assistance to Rural Counties and Prosecution of Economic Crimes

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	994	1,311	1,311	1,311
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	994	1,311	1,311	1,311
FTEs	8.0	9.0	9.0	9.0

Recommendation:

The Governor recommends an increase of \$994,000 in FY 2020 and \$1.311 million in FY 2021 and each year thereafter from the General Fund for the Office of the Attorney General (AGO) to provide needed legal services to rural county attorneys and prosecute crimes that unfairly harm consumers and legitimate, law-abiding businesses. The outcome of additional resources would be to gradually rebuild the Office's capacity to aid counties to enforce the criminal laws in their jurisdiction that are beyond the scope of their resources and hold unscrupulous businesses accountable.

This recommendation is equal to a 5.2% increase to the Office's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

Pursuant to Minn. Stat. Sect. 8.01, upon request of the county attorney, the attorney general shall appear in court in such criminal cases as the attorney general deems proper.

Since 1999, the AGO has decreased its capacity to assist county attorneys with criminal prosecutions. At the present time, the Attorney General's Office has only one full-time criminal prosecutor whose assistance is limited to homicide cases. Requests from county attorneys for assistance with prosecution of other violent crimes, white collar crime, financial exploitation, multi-county prosecutions of drug or human trafficking, or other complex or unusual cases are routinely not accepted for prosecution due to lack of staff.

Many counties are served by small offices, in some cases, staffed by part-time county attorneys. These offices do an admirable job of handling local enforcement and prosecution of crimes more typical to their communities. It is the rare instance of an atypical serious crime, including attempted murder, violent domestic or sexual assault, murder for hire, large-scale drug manufacture and sales, sex and human trafficking, or identified pattern of crime that crosses county lines, that is often beyond the experience and resources of these small offices. As the statute states, when faced with such alleged crimes, the county attorney has the option to request assistance. It is their expectation that the Attorney General's Office will employ a small group of experienced prosecutors to handle these uncommon matters efficiently and effectively, as requested.

It is the intent of the Attorney General to begin the process of rebuilding this capacity to serve the counties that request assistance.

Pursuant to Minn. Stat. Sect 8.31, the attorney general shall investigate violations of the law of this state respecting unfair, discriminatory, or otherwise unlawful practices in business, commerce or trade. Although the

Attorney General's Office has initiated civil litigation, no white-collar crime prosecutions (outside of Medicaid fraud) have been brought by the Attorney General in several years. Some cases have been referred to the federal government for prosecution, but those have not been prosecuted at the state level because of lack of resources. Allowing such criminal activity to go unchecked exploits both the victims of the activity, and the businesses that act ethically and within the law. It is anticipated that one of the positions will be filled by a forensic accountant, and that the office will also work closely with investigators at the Bureau of Criminal Apprehension, Department of Commerce, and Department of Labor and Industry.

Current level of services: In addition to prosecuting homicide cases, the Attorney General's Office handles 90 - 110 criminal appeals each year for 80 of the 87 Minnesota counties, and provides some materials and sample pleadings to help county attorneys conduct grand juries and respond to habeas corpus petitions. It also conducts Medicaid Fraud investigations and prosecutions, but these efforts are supported by dedicated state and federal funds that, by law, may not be used for any other purpose.

Proposal:

The Attorney General requests \$994,000 in FY 2020 and \$1.311 million in FY 2021 and each year thereafter to rebuild the capacity of the office to meet its obligation to aid in the enforcement of the criminal laws of the state.

As soon as the funds are appropriated, the Attorney General will recruit and train staff, and develop formal lines of communication with the county attorneys and state investigators at the Bureau of Criminal Apprehension, Department of Commerce and Department of Labor and Industry. Since it will take some time to rebuild the capacity, two of the positions would be added in the second year of the biennium.

Equity and Inclusion:

The Attorney General's Office is committed to broaden its recruitment of attorneys, legal assistants and support staff that better reflects the State's diverse population.

This will enhance service to marginalized communities, including but not limited to persons of color, those with limited education or English-language skills, and those living on fixed incomes or at or near the poverty level, who are disproportionately represented among crime victims. However, crime victims cut across all groups and demographics.

IT Related Proposals:

This request contains no information technology changes.

Results:

With these resources, the Attorney General's Office will better respond to the unmet needs of the counties and begin to rebuild the capacity to provide necessary assistance with prosecution of serious offenses. It will also build the capacity to prosecute targeted cases against perpetrators of crimes that effect the economic security of Minnesotans.

It is expected that this initiative will become part of the Attorney General's Office base budget, and its efforts will be informed in the future by changing patterns of criminal activity. When unscrupulous actors, both individuals and businesses, recognize that illegal actions will be prosecuted, it should help deter future criminal activity, and increase the confidence of those businesses that follow the law that the unscrupulous will be held accountable.

The Attorney General will track the number of investigations and prosecutions commenced and completed, as well as the characteristics of crime victims and scope of economic loss.

Statutory Change(s):

No statutory changes are required.

Program: Attorney General**Activity: Government Legal Services Section****AT A GLANCE**

In 2018, the Government Legal Services Section:

- Enforced the laws and rules enacted to protect Minnesota residents.
- Defended State entities and laws in enforcement proceedings.
- Defended claims against State entities and employees saving millions of taxpayer dollars.

PURPOSE & CONTEXT

The Government Legal Services Section provides a broad range of legal representation to various Minnesota State entities including Minnesota Management and Budget, the Minnesota Departments of Corrections, Commerce, Health and Transportation and the State Board of Investment.

The section primarily provides legal representation in state agency's enforcement, disciplinary and regulatory actions to protect Minnesota residents. The section represents State entities in licensing, regulatory, rate making, disciplinary and enforcement actions. The section advises State agencies and boards in financial, investment, real estate, contract and bond issuance transactions.

SERVICES PROVIDED

- State agencies and boards are provided legal representation in enforcement and disciplinary proceedings.
- Claims and litigation are avoided by proactive legal advice.
- Millions of tax dollars are saved by defense of legal claims.
- Agencies and boards are represented in complex financial and contract transactions.

RESULTS

- Enforcement of Minnesota laws and regulations protects Minnesotans' rights, health and safety.
- Legal advice and representation facilitates the implementation and enforcement of laws enacted by the Minnesota Legislature.
- The implementation and enforcement of laws enacted by the Minnesota Legislature are facilitated by the provision of efficient and competent legal advice and representation.
- Litigation is conducted in a manner to advance the public interest.
- Defense of claims and recovery actions for State entities protects the State Treasury.

Government Legal Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,508	4,337	3,769	4,113	3,963	3,963	4,074	4,198
2001 - Other Misc Special Revenue	1,804	2,726	2,025	2,617	2,365	2,365	2,365	2,365
Total	5,312	7,063	5,794	6,730	6,328	6,328	6,439	6,563
Biennial Change				149		132		478
Biennial % Change				1		1		4
Governor's Change from Base								346
Governor's % Change from Base								3

Expenditures by Category

Compensation	4,979	5,520	5,475	6,099	5,991	5,991	6,102	6,226
Operating Expenses	307	1,414	289	504	331	331	331	331
Capital Outlay-Real Property	13	13	20	20	5	5	5	5
Other Financial Transaction	13	115	10	107	1	1	1	1
Total	5,312	7,063	5,794	6,730	6,328	6,328	6,439	6,563

Full-Time Equivalents

47.43	50.28	49.71	45.10	45.10	45.10	45.10	45.10
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Government Legal Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		227		162				
Direct Appropriation	3,723	3,723	3,931	3,951	3,963	3,963	4,074	4,198
Transfers In	12	426						
Transfers Out		32						
Cancellations		8						
Balance Forward Out	227		162					
Expenditures	3,508	4,337	3,769	4,113	3,963	3,963	4,074	4,198
Biennial Change in Expenditures			38		44		390	
Biennial % Change in Expenditures			0		1		5	
Governor's Change from Base							346	
Governor's % Change from Base							4	
Full-Time Equivalents	47.43	50.28	49.71	45.10	45.10	45.10	45.10	45.10

2001 - Other Misc Special Revenue

Balance Forward In		0	60	252				
Receipts	6,127	7,001	10,588	10,752	10,752	10,752	10,752	10,752
Transfers In	2,908	3,143						
Transfers Out	7,232	7,368	8,371	8,387	8,387	8,387	8,387	8,387
Balance Forward Out	0	51	252					
Expenditures	1,804	2,726	2,025	2,617	2,365	2,365	2,365	2,365
Biennial Change in Expenditures				112		88		88
Biennial % Change in Expenditures				2		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Attorney General

Activity: Regulatory Law and Professions Section

AT A GLANCE

In 2018, the Regulatory Law and Professions Section:

- Provided legal counsel and representation to state agencies and boards to ensure that the laws enacted by the Minnesota Legislature were enforced and upheld.
- Defended the State in actions for money judgments and in tax appeals to preserve taxpayer dollars
- Protected the public by representing the health licensing boards in disciplinary actions against licensed health care professionals.
- Upheld the public interest by providing proactive legal advice and in resolving disputes.

PURPOSE & CONTEXT

The Regulatory Law and Professions Section of the Attorney General's Office provides legal advice and representation to the Department of Revenue, Pollution Control Agency, Department of Natural Resources, Department of Agriculture, Environmental Quality Board, Professional Educator Licensing and Standards Board and all of the Minnesota health licensing boards.

The section represents these state agencies and boards in disciplinary and enforcement proceedings in state, administrative, and federal courts to ensure that Minnesota law is enforced and upheld. The section provides consistent high quality legal advice and representation in a cost effective manner and works to ensure the public interest is represented in all matters. By representing the Department of Revenue, the section helps to enforce State tax laws and protects the public through its representation of the state agencies and boards. The section also regularly provides legal advice and representation in matters involving real estate to numerous state agencies and boards.

SERVICES PROVIDED

The Regulatory Law and Professions Section provides the following services:

- Represents the Department of Revenue, Department of Education, Pollution Control Agency, Department of Natural Resources, Department of Agriculture, Environmental Quality Board, Professional Educator Licensing, and Minnesota's health licensing boards.
- Provides proactive legal counsel and representation in an effort to avoid lawsuits or resolve disputes.
- Litigates matters on behalf of state agencies and boards to ensure that Minnesota laws are enforced and upheld and that the public interest is protected.
- Protects taxpayer dollars by defending the state agencies and boards in actions to recover money judgments and by representing the Department of Revenue in tax appeals.

RESULTS

- Recovers funds owed to the State and also defends monetary claims brought against the State to protect taxpayer dollars.
- Laws enacted by the Minnesota Legislature are enforced and upheld.
- Delivers proactive and effective legal representation to state agencies and boards in a cost effective and efficient manner.
- Protects the public interest in its representation of state agencies and boards.
- Resident's rights are protected by ensuring that laws are enforced and upheld.
- Represents the health licensing boards in disciplinary action so that Minnesota residents are provided with access to safer health care professionals.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,900	2,592	2,194	2,604	2,413	2,413	2,482	2,555
1201 - Health Related Boards	2,366	2,357	2,282	2,487	2,389	2,389	2,443	2,500
2001 - Other Misc Special Revenue	991	1,323	1,817	2,184	2,020	2,020	2,020	2,020
2800 - Environmental				145	145	145	145	145
2801 - Remediation				250	250	250	250	250
Total	5,257	6,271	6,293	7,670	7,217	7,217	7,340	7,470
Biennial Change				2,435		471		847
Biennial % Change				21		3		6
Governor's Change from Base								376
Governor's % Change from Base								3

Expenditures by Category

Compensation	4,903	5,837	5,969	7,023	6,776	6,776	6,899	7,029
Operating Expenses	340	359	307	564	438	438	438	438
Capital Outlay-Real Property	7	8	12	13	3	3	3	3
Other Financial Transaction	7	68	6	70				
Total	5,257	6,271	6,293	7,670	7,217	7,217	7,340	7,470

Full-Time Equivalents

50.77	58.52	58.41	65.80	65.80	65.80	65.80	65.80
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Regulatory Law and Professions

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		197		199				
Direct Appropriation	2,085	2,085	2,393	2,405	2,413	2,413	2,482	2,555
Transfers In	62	392						
Transfers Out	50	81						
Cancellations		0						
Balance Forward Out	197		199					
Expenditures	1,900	2,592	2,194	2,604	2,413	2,413	2,482	2,555
Biennial Change in Expenditures				306		28		239
Biennial % Change in Expenditures				7		1		5
Governor's Change from Base								211
Governor's % Change from Base								4
Full-Time Equivalents	26.75	35.32	35.18	41.30	41.30	41.30	41.30	41.30

1201 - Health Related Boards

Balance Forward In				102				
Direct Appropriation	1,802	1,802	2,384	2,385	2,389	2,389	2,443	2,500
Receipts	564	564						
Cancellations		9						
Balance Forward Out			102					
Expenditures	2,366	2,357	2,282	2,487	2,389	2,389	2,443	2,500
Biennial Change in Expenditures				46		9		174
Biennial % Change in Expenditures				1		0		4
Governor's Change from Base								165
Governor's % Change from Base								3
Full-Time Equivalents	24.02	23.20	23.23	24.50	24.50	24.50	24.50	24.50

2001 - Other Misc Special Revenue

Balance Forward In			8	164				
Receipts			622	622	622	622	622	622
Transfers In	991	1,331	1,351	1,398	1,398	1,398	1,398	1,398
Balance Forward Out		8	164					
Expenditures	991	1,323	1,817	2,184	2,020	2,020	2,020	2,020
Biennial Change in Expenditures				1,688		39		39

Regulatory Law and Professions

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures				73		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

2800 - Environmental

Balance Forward In		145		145				
Direct Appropriation	145	145	145	145	145	145	145	145
Cancellations		290		145				
Balance Forward Out	145		145					
Expenditures				145	145	145	145	145
Biennial Change in Expenditures				145		145		145
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

2801 - Remediation

Balance Forward In		250		250				
Direct Appropriation	250	250	250	250	250	250	250	250
Cancellations		500		250				
Balance Forward Out	250		250					
Expenditures				250	250	250	250	250
Biennial Change in Expenditures				250		250		250
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Attorney General
Activity: State Government Services Section

AT A GLANCE

In 2018, the State Government Services Section:

- Provided Minnesota counties and law enforcement agencies with prosecutorial assistance in serious criminal matters.
- Prosecuted healthcare providers that fraudulently obtained State Medicaid funds.
- Participated in False Claims Act cases.
- Protected and saved taxpayer dollars by defending claims for monetary judgments against the Department of Human Services.
- Represented the Department of Public Safety at implied consent hearings.
- Provided assistance to Minnesota residents.

PURPOSE & CONTEXT

The State Government Services Section provides a broad range of legal services with the goals of protecting public safety and taxpayer dollars. The section provides assistance to county attorneys and local law enforcement agencies in prosecuting serious crimes and in the civil commitment of sex offenders. The section further provides assistance to Minnesota counties with criminal appeals. The section prosecutes healthcare providers committing Medicaid fraud and assists county attorneys in prosecuting vulnerable adult abuse, neglect, and financial exploitation cases. The section also provides assistance to Minnesota residents.

Through its defense of the Minnesota Department of Human Services in litigation, the section defends the State's laws and the constitutionality of the State's actions and decisions. In addition, the section provides legal representation to the Commissioner of Public Safety, including at implied consent hearings.

SERVICES PROVIDED

The State Government Services Section provides the following services:

- Assists Minnesota counties and law enforcement in prosecuting serious crimes.
- Assists county attorneys in civil commitment hearings involving dangerous sexual predators.
- Provides assistance to county attorneys in felony appeals, including murder, sexual assault, child sexual abuse, felony assault, and drug distribution cases.
- Prosecutes healthcare provider fraud within the Medicaid program and recovers fraudulently obtained Medicaid funds.
- Provides legal counsel to the Minnesota Department of Human Services, including the defense of the constitutionality of the Minnesota Sex Offender Program.
- Appears in court on behalf of the Commissioner of Public Safety in implied consent cases.
- Delivers proactive legal advice to avoid lawsuits.
- Assists residents who contact the office.

RESULTS

- Legal work helps facilitate the implementation and enforcement of laws enacted by the Minnesota Legislature.
- High quality, effective and efficient legal representation delivered to state agencies, boards, and commissions.
- Providers are prosecuted for fraudulent use of Medicaid funds.
- Public interest is advanced by providing assistance in prosecutions and appeals.
- Public interest is advanced in civil litigation.
- Residents' rights and safety are protected.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	5,228	7,110	6,286	6,956	6,652	6,652	7,835	8,357
1201 - Health Related Boards	21	21	21	21	21	21	21	21
2000 - Restrict Misc Special Revenue	50	30	14	15	15	15	15	15
2001 - Other Misc Special Revenue	2,851	3,732	3,780	4,492	4,086	4,086	4,086	4,086
3000 - Federal	1,685	1,970	2,126	2,974	3,123	3,123	3,123	3,123
6000 - Miscellaneous Agency			7					
Total	9,835	12,863	12,233	14,458	13,897	13,897	15,080	15,602
Biennial Change				3,993		1,103		3,991
Biennial % Change				18		4		15
Governor's Change from Base								2,888
Governor's % Change from Base								10

Expenditures by Category

Compensation	8,895	11,185	10,990	12,519	12,398	12,398	13,581	14,103
Operating Expenses	904	1,456	1,190	1,678	1,488	1,488	1,488	1,488
Capital Outlay-Real Property	18	23	34	31	11	11	11	11
Other Financial Transaction	18	198	19	230				
Total	9,835	12,863	12,233	14,458	13,897	13,897	15,080	15,602

Total Agency Expenditures	9,835	12,863	12,233	14,458	13,897	13,897	15,080	15,602
Internal Billing Expenditures	246	291	321	452	472	472	472	472
Expenditures Less Internal Billing	9,588	12,572	11,912	14,006	13,425	13,425	14,608	15,130

Full-Time Equivalents

	115.80	136.27	133.00	136.40	136.40	136.40	144.40	145.40
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State Government Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		195		319				
Direct Appropriation	5,321	5,321	6,605	6,637	6,652	6,652	7,835	8,357
Transfers In	152	1,596						
Transfers Out	50							
Cancellations		2						
Balance Forward Out	195		319					
Expenditures	5,228	7,110	6,286	6,956	6,652	6,652	7,835	8,357
Biennial Change in Expenditures				903		62		2,950
Biennial % Change in Expenditures				7		0		22
Governor's Change from Base								2,888
Governor's % Change from Base								22
Full-Time Equivalents	101.28	118.37	114.53	114.80	114.80	114.80	122.80	123.80

1201 - Health Related Boards

Direct Appropriation	21	21	21	21	21	21	21	21
Expenditures	21	21	21	21	21	21	21	21
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	2,380	2,329	2,299	2,286	2,271	2,256	2,271	2,256
Balance Forward Out	2,330	2,299	2,285	2,271	2,256	2,241	2,256	2,241
Expenditures	50	30	14	15	15	15	15	15
Biennial Change in Expenditures				(51)		1		1
Biennial % Change in Expenditures				(64)		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In			21	406				
Transfers In	2,851	3,779	4,164	4,086	4,086	4,086	4,086	4,086

State Government Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Transfers Out		25						
Balance Forward Out		21	406					
Expenditures	2,851	3,732	3,780	4,492	4,086	4,086	4,086	4,086
Biennial Change in Expenditures				1,689		(100)		(100)
Biennial % Change in Expenditures				26		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	1,685	1,970	2,126	2,974	3,123	3,123	3,123	3,123
Expenditures	1,685	1,970	2,126	2,974	3,123	3,123	3,123	3,123
Biennial Change in Expenditures				1,445		1,146		1,146
Biennial % Change in Expenditures				40		22		22
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.52	17.90	18.47	21.60	21.60	21.60	21.60	21.60

6000 - Miscellaneous Agency

Balance Forward In				9	9	9	9	9
Receipts			16					
Balance Forward Out			9	9	9	9	9	9
Expenditures			7					
Biennial Change in Expenditures				7		(7)		(7)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Attorney General**Activity: Civil Law Section****AT A GLANCE**

In 2018, the Civil Law Section:

- Upheld and implemented the laws enacted by the Minnesota Legislature.
- Ensured Minnesota nonprofits, charities, and trusts registered and complied with Minnesota law.
- Advocated for residential and small business ratepayers on utility matters.

PURPOSE & CONTEXT

The Civil Law Section of the Attorney General's Office regulates nonprofits, charities, and trusts that operate and fundraise in Minnesota. The section also advocates for the interest of residential and small business ratepayers in matters involving electric, natural gas, and telecommunications services and rates. The Civil Law Section also enforces Minnesota's antitrust laws and ensures that businesses operating in Minnesota comply with state consumer protection laws by investigating and taking enforcement actions against entities that violate state law.

SERVICES PROVIDED

The Civil Law Section provides the following services:

- Oversees and regulates Minnesota nonprofit organizations, charities and trusts.
- Advocates for residential and small business ratepayers in utility matters before the Minnesota Public Utilities Commission.
- Files enforcement actions to ensure businesses comply with the state consumer protection and antitrust laws.

RESULTS

- Ensure nonprofits, charities, and trusts manage, preserve, and use their charitable assets for the benefit of the public.
- Legal work facilitates the implementation and enforcement of laws enacted by the Minnesota Legislature.
- Recover funds for the State and obtain restitution to Minnesota consumers.
- Ensure the public interest is advanced in civil litigation.
- Residents' rights are protected by making sure Minnesota laws are enforced and upheld.
- Ensures nonprofits, charities and trusts register and comply with Minnesota laws.
- Residential and small business ratepayer interests are advanced in utility matters.
- Consumer protection and antitrust laws are fairly enforced.

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	4,928	3,386	3,042	3,455	3,264	3,264	3,357	3,458
2001 - Other Misc Special Revenue	2,685	1,686	1,830	2,229	2,043	2,043	2,043	2,043
6000 - Miscellaneous Agency	816	4,390	401	127	6	6	6	6
Total	8,428	9,461	5,272	5,811	5,313	5,313	5,406	5,507
Biennial Change				(6,806)		(457)		(170)
Biennial % Change				(38)		(4)		(2)
Governor's Change from Base								287
Governor's % Change from Base								3

Expenditures by Category

Compensation	7,127	4,576	4,520	5,041	4,889	4,889	4,982	5,083
Operating Expenses	1,265	4,774	726	642	424	424	424	424
Capital Outlay-Real Property	18	12	17	13				
Other Financial Transaction	18	99	9	115				
Total	8,428	9,461	5,272	5,811	5,313	5,313	5,406	5,507

Full-Time Equivalents

77.43	49.54	45.67	50.00	50.00	50.00	50.00	50.00
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Civil Law

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		336		199				
Direct Appropriation	5,020	5,020	3,240	3,256	3,264	3,264	3,357	3,458
Transfers In	244	20						
Transfers Out		1,947						
Cancellations		44						
Balance Forward Out	336		199					
Expenditures	4,928	3,386	3,042	3,455	3,264	3,264	3,357	3,458
Biennial Change in Expenditures				(1,816)		31		318
Biennial % Change in Expenditures				(22)		0		5
Governor's Change from Base								287
Governor's % Change from Base								4
Full-Time Equivalents	77.43	49.54	45.67	50.00	50.00	50.00	50.00	50.00

2001 - Other Misc Special Revenue

Balance Forward In			3	186				
Transfers In	2,685	1,748	2,013	2,043	2,043	2,043	2,043	2,043
Transfers Out		59						
Balance Forward Out		3	186					
Expenditures	2,685	1,686	1,830	2,229	2,043	2,043	2,043	2,043
Biennial Change in Expenditures				(312)		27		27
Biennial % Change in Expenditures				(7)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

6000 - Miscellaneous Agency

Balance Forward In	8,459	7,805	20,093	18,871	18,033	18,028	18,033	18,028
Receipts	2,498	16,688	2,238	25	1	1	1	1
Transfers In			140					
Transfers Out	2,337	11	3,197	736				
Balance Forward Out	7,805	20,092	18,872	18,033	18,028	18,023	18,028	18,023
Expenditures	816	4,390	401	127	6	6	6	6
Biennial Change in Expenditures				(4,677)		(516)		(516)
Biennial % Change in Expenditures				(90)		(98)		(98)

Civil Law

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Attorney General
Activity: Civil Litigation Section

AT A GLANCE

In 2018, the Civil Litigation Section:

- Provided high-quality legal advice and representation to all three branches of Minnesota Government, including Constitutional officers, State agencies, boards, public officials, and employees.
- Successfully defended Minnesota laws from legal challenges brought before state and federal courts.
- Defended the State of Minnesota against employment and tort claims, protecting and saving taxpayer dollars in cases that often seek significant monetary payments.
- Provided legal advice to the Public Utilities Commission, and defended its decisions in court.

PURPOSE & CONTEXT

The Civil Litigation Section provides high-quality and effective legal advice and representation to all three branches of Minnesota Government in a wide variety of civil cases.

The section defends Minnesota laws against legal challenges, including challenges to the constitutionality of the laws. The section provides advice, representation, and defense to Constitutional officers, State agencies, boards, public officials, and employees across state government in tort, employment, and other civil legal claims. These cases often involve defending important legal principles and seek significant monetary damages.

The section also provides legal advice to the Minnesota Public Utilities Commission on matters pending before the Commission, and defends Commission decisions against legal challenges in both state and federal courts.

The population primarily served by the Civil Litigation Section includes the executive, legislative, and judicial branches of State government and the residents of Minnesota.

SERVICES PROVIDED

The Civil Litigation Section provides the following services:

- Represents the State of Minnesota in legal matters pending before state and federal courts, including at district court and appellate levels.
- Defends Minnesota laws enacted by the Legislature against constitutional and other legal challenges.
- Defends Constitutional officers, State agencies, boards, public officials and employees in challenges to their implementation of Minnesota laws.
- Defends Constitutional officers, State agencies, boards, public officials and employees in a variety of other civil matters, including in tort and employment claims.
- Advises Constitutional offices, State agencies, boards, public officials and employees in an effort to avoid meritorious adverse legal claims.
- Defends successfully against significant claims for monetary damages, saving and protecting taxpayer dollars.
- Provide legal representation to the Public Utilities Commission, both in matters pending before the Commission and in legal cases challenging their decisions.

RESULTS

As a result of the Civil Litigation Section:

- The laws enacted by the Minnesota Legislature are protected from constitutional and other legal challenges, and therefore can be enforced as intended by the Legislature.
- Constitutional officers, State agencies, boards, public officials, and employees are able to execute the authority and legal directives of the Legislature, because they receive effective and high-quality defense from civil claims challenging their actions.
- Significant taxpayer dollars are protected by the successful defense against civil legal claims seeking monetary damages, as well as through preventative legal advice which allows agencies to avoid potential civil legal claims.
- Public interest is advanced in litigation.

Civil Litigation

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,658	1,720	1,543	1,685	1,622	1,622	1,668	1,718
2001 - Other Misc Special Revenue	705	554	760	948	860	860	860	860
Total	2,363	2,274	2,303	2,633	2,482	2,482	2,528	2,578
Biennial Change				298		28		170
Biennial % Change				6		1		3
Governor's Change from Base								142
Governor's % Change from Base								3

Expenditures by Category

Compensation	2,233	2,110	2,188	2,365	2,314	2,314	2,360	2,410
Operating Expenses	120	118	104	217	168	168	168	168
Capital Outlay-Real Property	5	5	7	6				
Other Financial Transaction	5	42	4	45				
Total	2,363	2,274	2,303	2,633	2,482	2,482	2,528	2,578

Full-Time Equivalents

23.06	20.48	20.44	21.00	21.00	21.00	21.00	21.00
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Civil Litigation

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		73		67				
Direct Appropriation	1,669	1,669	1,610	1,618	1,622	1,622	1,668	1,718
Transfers In	62							
Transfers Out		19						
Cancellations		2						
Balance Forward Out	73		67					
Expenditures	1,658	1,720	1,543	1,685	1,622	1,622	1,668	1,718
Biennial Change in Expenditures				(151)		16		158
Biennial % Change in Expenditures				(4)		1		5
Governor's Change from Base								142
Governor's % Change from Base								4
Full-Time Equivalents	23.06	20.48	20.44	21.00	21.00	21.00	21.00	21.00

2001 - Other Misc Special Revenue

Balance Forward In			5	88				
Transfers In	705	596	843	860	860	860	860	860
Transfers Out		37						
Balance Forward Out		5	88					
Expenditures	705	554	760	948	860	860	860	860
Biennial Change in Expenditures				449		12		12
Biennial % Change in Expenditures				36		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Attorney General
Activity: Administrative Operations

AT A GLANCE

In 2018, Administrative Operations:

- Provided administrative, human resources, accounting services, and support services to the Attorney General's Office in order to provide efficient and effective legal representation.

PURPOSE & CONTEXT

- Ensure that budget, human resources, payroll, and accounting practices are in accordance with State law and procedures.
- Protect and save taxpayer dollars by ensuring an efficient use of resources and staff.
- Purchase goods and services pursuant to State guidelines and requirements.
- Interact with other State agencies and boards on personnel, administrative and accounting issues.

SERVICES PROVIDED

- Protect taxpayer dollars by ensuring accounting and payroll services are complete, accurate and in accordance with the law.
- Maintain budget and accounting systems to ensure that they are in compliance with State law and practice.
- Develop and implement administrative policies and procedures in accordance with State law and requirements.
- Provide the Attorney General's Office with necessary administrative support to provide high quality and efficient legal representation.
- Supply human resource, administrative and accounting services.
- Ensure that purchasing is cost effective and in accordance with all applicable laws and regulations.

RESULTS

- Administrative support is provided to efficiently carry out the delivery of high quality legal services.
- Legal resources are available to ensure timely and effective representation.
- Fiscal matters are handled to ensure that efficient and accountable government services are provided and that the systems are in accordance with the laws of the State.

Administrative Operations

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,532	4,269	4,016	4,509	4,284	4,284	4,406	4,538
2000 - Restrict Misc Special Revenue	418	18	15	18	18	18	18	18
2001 - Other Misc Special Revenue		311	349	377	377	377	377	377
Total	3,950	4,598	4,380	4,904	4,679	4,679	4,801	4,933
Biennial Change				736		74		450
Biennial % Change				9		1		5
Governor's Change from Base								376
Governor's % Change from Base								4
<u>Expenditures by Category</u>								
Compensation	1,682	2,324	2,062	2,109	1,884	1,884	2,006	2,138
Operating Expenses	2,269	2,273	2,318	2,795	2,795	2,795	2,795	2,795
Other Financial Transaction		2						
Total	3,950	4,598	4,380	4,904	4,679	4,679	4,801	4,933
<u>Full-Time Equivalents</u>								
	16.52	18.49	20.07	20.40	20.40	20.40	20.40	20.40

Administrative Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		343		236				
Direct Appropriation	4,307	4,307	4,252	4,273	4,284	4,284	4,406	4,538
Transfers In		139						
Transfers Out	432	495						
Cancellations		25						
Balance Forward Out	343		236					
Expenditures	3,532	4,269	4,016	4,509	4,284	4,284	4,406	4,538
Biennial Change in Expenditures				723		43		419
Biennial % Change in Expenditures				9		1		5
Governor's Change from Base								376
Governor's % Change from Base								4
Full-Time Equivalents	11.56	14.47	15.87	15.40	15.40	15.40	15.40	15.40

2000 - Restrict Misc Special Revenue

Balance Forward In	396	6	10	16	16	16	16	16
Receipts	279	22	21	18	18	18	18	18
Internal Billing Receipts	246							
Transfers Out	251							
Balance Forward Out	6	10	16	16	16	16	16	16
Expenditures	418	18	15	18	18	18	18	18
Biennial Change in Expenditures				(402)		3		3
Biennial % Change in Expenditures				(92)		8		8
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.96	0.23						

2001 - Other Misc Special Revenue

Balance Forward In		251	233	205	205	205	205	205
Receipts		293	321	377	377	377	377	377
Internal Billing Receipts		291	321	376	376	376	376	376
Transfers In	251							
Balance Forward Out	251	233	205	205	205	205	205	205
Expenditures		311	349	377	377	377	377	377

Administrative Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Biennial Change in Expenditures				415		28		28
Biennial % Change in Expenditures						4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		3.79	4.20	5.00	5.00	5.00	5.00	5.00

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Dept. of Health and Human Services Office of the Inspector General 93.775	Minnesota Medicaid Fraud Control Unit Investigate and prosecute health care providers committing fraud against the Medicaid program.	No	2,126	2,974	3,123	3,123	Yes	21.6
	Budget Activity Total		2,126	2,974	3,123	3,123		21.6
	Program Total		2,126	2,974	3,123	3,123		21.6
	Federal Fund – Agency Total		2,126	2,974	3,123	3,123		21.6

Narrative

The AGO uses federal grant money for 75% of the funding of its Medicaid Fraud Control Unit (MFCU). The MFCU investigates and criminally prosecutes health care providers committing fraud against the Medicaid program in cases referred by the Minnesota Department of Human Services or other agencies. The MFCU provides investigative support to and jointly prosecutes providers with the U.S. Attorney's Office for the District of Minnesota. The Maintenance of Effort level for the MFCU is a 25% funding match by the State of Minnesota. The Minnesota legislature appropriates this match bi-annually as part of the state budget process.

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mn.gov/boards/barber-examiners/

AT A GLANCE

The Board is comprised of five members: four barbers and one public member, all of whom are appointed by the Governor. The Board also has three full time staff to carry out its responsibilities.

FY 2017 Credentialing Services

1,896	Registered Barbers
788	Barber Shops
117	Student Barbers
24	Barber Instructors
6	Barber Schools
2,831	Registrations issued and/ or renewed

FY 2017 Inspection and Investigation Services

The Board completed 1,007 Barber shop and barber school visits, inspections, re-inspections, and/or investigations

FY 2017 Discipline Services

The Board received 34 complaints and issued 9 disciplinary orders

PURPOSE

The Board of Barber Examiners was established in 1897 to regulate the practice of barbering. The mission of the Board of Barber Examiners is to promote public health and safety by ensuring that barbers are appropriately trained and demonstrate the skills necessary to conduct barber services in a safe, sanitary environment, while using appropriate disinfection procedures to avoid injury and the spread of disease.

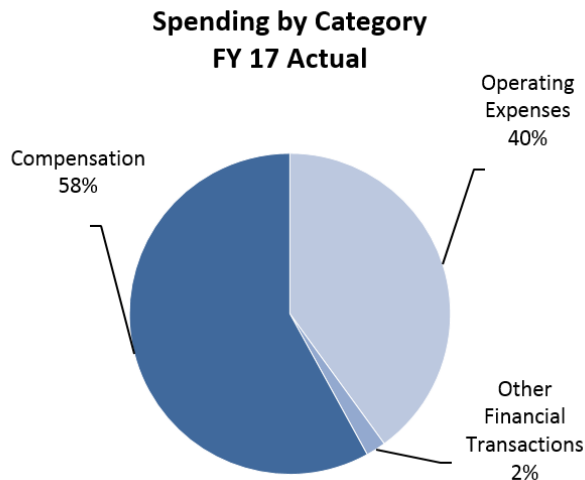
The Board Contributes to the statewide outcome of **people in Minnesota are safe** by:

- Setting the minimum standards of safe practice for barber services.
- Conducting examination of new barbers to assure appropriate training and skill level.
- Conducting regular inspection of barber shops and schools to assure that barbers conduct barber services in a safe manner while using appropriate infection control methods.

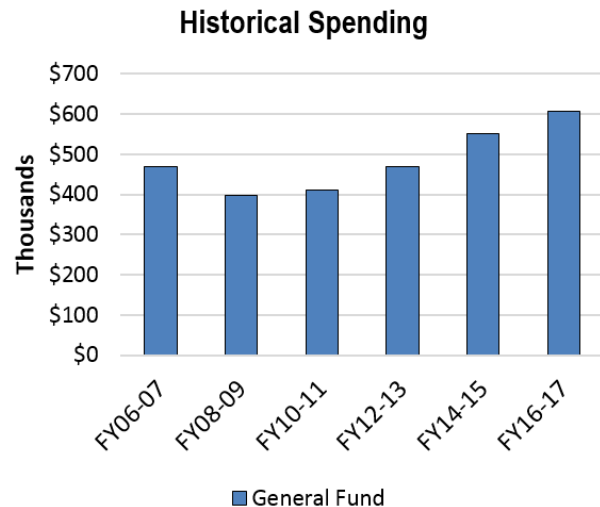
The Board contributes to the statewide outcome of **efficient and accountable government services** by:

- Assessing credentials, issuing registrations, conducting examinations, inspecting barber establishments, and responding to inquiries in a timely and courteous manner.
- Investigating and resolving complaints and concerns regarding the practice of barbering. The Board conducts investigations within the jurisdiction granted in Minnesota Statute Chapters 154 and 214 and disciplines barbers as provided by law.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Board receives a direct appropriation from the general fund for all operating expenses. In fiscal year 2017 the Board's appropriation was \$325,000. All revenue received by the Board is deposited in the general fund as non-dedicated receipts.

STRATEGIES

The Board of Barber Examiners contributes to helping keep people in Minnesota safe by setting standards of practice and infection control procedures to reduce the potential of injury or the spread of disease. The Board is an active participant in the National Association of Barber Boards of America (NABBA). As a NABBA member the Board remains informed of emerging educational, examination, and infection control standards. The Board members conduct examination of new barbers to ensure minimum standards of safe practice and infection control are met. The Board inspector conducts regular, surprise inspections of barbering facilities to ensure compliance with infection control standards.

The Board contributes to providing efficient and accountable government services through courteous and responsive customer interaction. Board staff respond to applications as they are received and completed applications are promptly processed. It is an expectation that phone calls and e-mail inquiries be answered or promptly returned. Board staff are available to provide information and assistance in person, by phone, or email.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of Barber Registrations	2,899	2,831	6/30/2016 6/30/2018
Quality	Average time from receipt of completed application to certificate issued	2 days	2 days	6/30/2016 6/30/2018
Results	Number of inspections completed	695	697	6/30/2016 6/30/2018

Source(s):

Government Licensing Data System (GLSolution) Previous Barber Board database (2016 data)

Automated Licensing and Disciplinary Management System (ALiMS) Current Barber Board database

Minnesota Statute Chapter 154 Barbers <https://www.revisor.mn.gov/statutes/?id=154>

Minnesota Statute Chapter 214 Examining and Licensing Boards <https://www.revisor.mn.gov/statutes/cite/214>

Minnesota Statute Chapter 13 Government Data Practices <https://www.revisor.mn.gov/statutes/cite/13>

Minnesota Statute Chapter 14 Administrative Procedures <https://www.revisor.mn.gov/statutes/cite/14>

Minnesota Statute Chapter 15 State Agencies in General <https://www.revisor.mn.gov/statutes/cite/15>

Minnesota Administrative Rules Chapter 2100 Barber Examiners Board <https://www.revisor.mn.gov/rules/2100/>

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	257	349	265	419	343	343	343	343
Total	257	349	265	419	343	343	343	343
Biennial Change				77		2		2
Biennial % Change				13		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Barbers	257	349	265	419	343	343	343	343
Total	257	349	265	419	343	343	343	343

Expenditures by Category

Compensation	206	204	207	230	235	239	235	239
Operating Expenses	51	139	58	189	108	104	108	104
Other Financial Transaction		6						
Total	257	349	265	419	343	343	343	343

Full-Time Equivalents

	2.80	2.63	2.63	3.00	3.00	3.00	3.00	3.00
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		64		76				
Direct Appropriation	321	325	341	343	343	343	343	343
Cancellations		40						
Balance Forward Out	64		76					
Expenditures	257	349	265	419	343	343	343	343
Biennial Change in Expenditures				77		2		2
Biennial % Change in Expenditures				13		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.80	2.63	2.63	3.00	3.00	3.00	3.00	3.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Direct</i>				
Fund: 1000 - General				
FY2019 Appropriations	343	343	343	686
Forecast Base	343	343	343	686
Total Governor's Recommendations	343	343	343	686
<i>Revenue Change Summary</i>				
<i>Non-Dedicated</i>				
Fund: 1000 - General				
Forecast Revenues	295	299	301	600
Total Governor's Recommendations	295	299	301	600

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mn.gov/boards/behavioral-health/

AT A GLANCE

Licensing Services-FY 2017

- 5,296 total number of licenses and temporary permits
- 929 new licenses and temporary permits issued
- 919 new license and temporary permit applications received
- 3,223 licenses and temporary permits renewed

Complaint Services-FY 2017

- 175 new complaints received
- 113 complaints closed
- 10 disciplinary actions taken

Staff

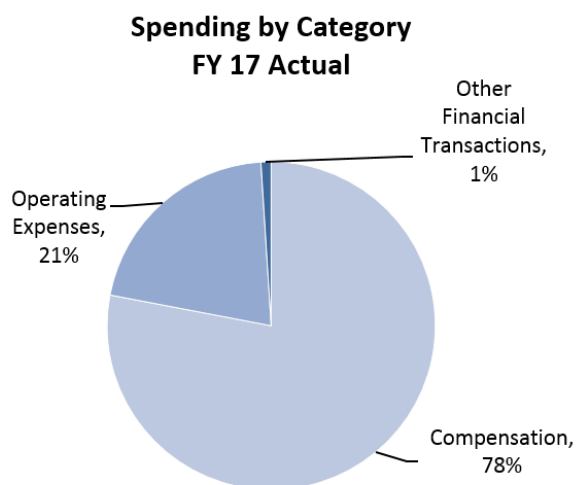
- 6.0 full time equivalent employees

PURPOSE

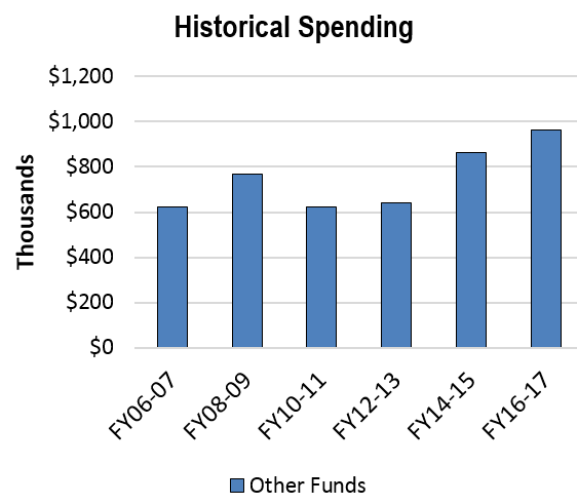
The Board of Behavioral Health and Therapy exists to regulate the practices of alcohol and drug counseling, professional counseling, and professional clinical counseling in the State of Minnesota. Regulation of these professions is necessary to protect the health, safety and welfare of the public when they receive mental health and chemical health/substance use disorder counseling services. The Board carries out its mission through effective licensure and enforcement of statutes and rules that ensure a standard of competent and ethical practice. The Board supports the following statewide outcomes:

- People in Minnesota are safe
- All Minnesotans have optimal health
- Efficient and accountable government services

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

Licensure fees fund the Board and we receive no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect

expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases, and operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are the Administrative Services Unit (inter-board), Health Professionals Services Program (inter-board), Office of the Attorney General for legal services, and the Criminal Background Check Program (inter-board).

STRATEGIES

The Board of Behavioral Health and Therapy promotes and protects the health and safety of the citizens of Minnesota, accomplishes its public protection mission, and contributes to statewide outcomes by:

- Setting educational, supervision, and examination requirements for initial licensure as a licensed professional counselor (LPC), licensed professional clinical counselor (LPCC), or licensed alcohol and drug counselor (LADC);
- Issuing the LADC license or permit, LPC license, or LPCC license to practice only to qualified individuals;
- Setting the requirements for renewal of a license or permit and administering the renewal process;
- Setting standards of ethical practice;
- Responding to inquiries, complaints and reports regarding applicants and licensees;
- Investigating complaints of alleged violations of statutes and rules, holding educational and disciplinary conferences with licensees and applicants, taking disciplinary or corrective action when appropriate against practitioners who fail to meet minimum standards of practice, and reporting public actions to national databanks;
- Maintaining a website that provides information to the public about complaints and discipline, including a list of disciplinary and corrective actions taken by the Board;
- Offering online services from the Board's website, including license verification and links to the full text of public disciplinary orders the Board has adopted against licensed professionals;
- Approving continuing education activities; and
- Providing information about licensure requirements and standards of practice to students, applicants, licensees, and other interested parties.

RESULTS

The information included below was generated using the Board's licensure and regulatory database. The information demonstrates a stable trend in the Board's activities and an increase in efficiency in processing license renewals through online services. The total number of licensees continues to rise. The number of disciplinary actions taken depends on complaints the Board receives and the level of severity of misconduct that is substantiated. The Board took a total of 36 disciplinary actions in FY 2014 and FY 2015. The Board took a total of 21 disciplinary actions in FY 2016 and FY 2017. The Board's public outreach efforts to students and other stakeholders may have impacted the trend in fewer disciplinary actions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of new licenses issued	821	929	FY16 & FY17
Quality	Percent of licensees renewing their licenses online	63%	70%	FY14-15 & FY16-17
Quantity	Number of disciplinary actions taken	36	21	FY14-15 & FY16-17

The Board's activities are governed by Minnesota Statutes sections 148B.50 to 148B.593 (<https://www.revisor.mn.gov/statutes/?id=148b.50>) and Minnesota Rules chapter 2150 (<https://www.revisor.mn.gov/rules/?id=2150>) (professional counseling and professional clinical counseling), Minnesota Statutes chapter 148F (<https://www.revisor.mn.gov/statutes/?id=148F>) and Minnesota Rules chapter 4747 (<https://www.revisor.leg.state.mn.us/rules/?id=4747>) (alcohol and drug counseling), and Minnesota Statutes chapter 214 (<https://www.revisor.mn.gov/statutes/?id=214>).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	457	507	460	991	669	669	950	871
2000 - Restrict Misc Special Revenue			19	30	26	26	26	26
Total	457	507	479	1,021	695	695	976	897
Biennial Change				536		(110)		373
Biennial % Change				56		(7)		25
Governor's Change from Base								483
Governor's % Change from Base								35

Expenditures by Program

Behavioral Health & Therapy	457	507	479	1,021	695	695	976	897
Total	457	507	479	1,021	695	695	976	897

Expenditures by Category

Compensation	382	396	366	530	541	549	701	724
Operating Expenses	75	105	110	439	149	141	270	168
Other Financial Transaction		6	3	52	5	5	5	5
Total	457	507	479	1,021	695	695	976	897

Full-Time Equivalents

4.99	5.00	4.34	5.50	6.50	6.50	7.50	7.50
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		23		324				
Direct Appropriation	480	486	777	655	656	656	937	858
Open Appropriation		8		12	13	13	13	13
Transfers In			7					
Cancellations		10						
Balance Forward Out	23		324					
Expenditures	457	507	460	991	669	669	950	871
Biennial Change in Expenditures				487		(113)		370
Biennial % Change in Expenditures				50		(8)		26
Governor's Change from Base								483
Governor's % Change from Base								36
Full-Time Equivalents	4.99	5.00	4.34	5.50	6.50	6.50	7.50	7.50

2000 - Restrict Misc Special Revenue

Balance Forward In			4					
Receipts			23	26	26	26	26	26
Balance Forward Out			4					
Expenditures			19	30	26	26	26	26
Biennial Change in Expenditures				49		3		3
Biennial % Change in Expenditures						6		6
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	655	655	655	1,310
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	655	656	656	1,312
Change Items				
Operating Adjustment		281	202	483
Total Governor's Recommendations	655	937	858	1,795
Open				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	12	12	12	24
Base Adjustments				
Forecast Open Appropriation Adjustment		1	1	2
Forecast Base	12	13	13	26
Total Governor's Recommendations	12	13	13	26
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	30	26	26	52
Forecast Base	30	26	26	52
Total Governor's Recommendations	30	26	26	52
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	26	26	26	52
Total Governor's Recommendations	26	26	26	52
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	1,119	1,119	1,119	2,238
Total Governor's Recommendations	1,119	1,119	1,119	2,238

Behavioral Health and Therapy, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	281	202	177	177
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	281	202	177	177
FTEs	1	1	1	1

Recommendation:

The Governor recommends additional funding of \$483,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Board of Behavioral Health and Therapy.

The proposal also funds the addition of one new senior investigator.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The Board issues licenses to Licensed Alcohol and Drug Counselors (LADCs), Licensed Professional Counselors (LPCs), and Licensed Professional Clinical Counselors (LPCCs). The Board collects fees to be deposited in the State Government Special Revenue Fund. The Board receives no General Fund dollars. Current staffing levels are 6 FTEs: Executive Director, Office Manager, 2 licensing administrators, and 2 office and administrative specialists who provide clerical support.

Proposal:

The Governor recommends increasing the Board's operating budget to maintain the delivery of current services. For the Board of Behavioral Health and Therapy, this funding will cover known employee compensation growth, a new senior investigator, office space needs and rent, legal services, employee development opportunities, and IT. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases.

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Salary Adjustments and Salary Reallocations (current staff increases)	\$36,000	\$44,000	\$44,000	\$44,000
Salary – New Position – Investigator Senior	\$104,000	\$106,000	\$106,000	\$106,000
Storage Space	\$3,000	\$3,000	\$3,000	\$3,000
Out of State Travel	\$2,000	\$4,000	\$4,000	\$4,000
Conference / Membership Fees	\$1,000	\$3,000	\$3,000	\$3,000
Employee Development / Training	\$0	\$2,000	\$2,000	\$2,000
Rulemaking	\$20,000	\$25,000	\$0	\$0
Professional / Technical Contracts – Expert Witness	\$5,000	\$5,000	\$5,000	\$5,000

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Office of Administrative Hearings (Contested Cases)	\$5,000	\$5,000	\$5,000	\$5,000
Database Maintenance	\$5,000	\$5,000	\$5,000	\$5,000
Build out / remodel (1284 to 2100 sq. feet)	\$70,000			
Furniture	\$30,000			
Total	\$281,000	\$202,000	\$177,000	\$177,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

IT Related Proposals:

A portion of this request includes an increase for database maintenance.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
MNIT FTEs						
Agency FTEs						

Results:

This proposal is intended to allow the Board to continue to provide current levels of service and information to the public.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of regulated persons (both active and inactive licenses)	2604	5977	FY 2008 – FY 2018
Quantity	Number of Complaints Received	165	359	FY 2008-- FY 2018
Results	Board members and staff members will have the resources they need to perform regulatory duties effectively			

Statutory Change(s):

No changes required.

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<https://cfb.mn.gov>

AT A GLANCE

Campaign Finance Regulation and Disclosure

- Administers registration and reporting for about 700 candidates, 320 political party units, and 345 political committees and funds, and 60 independent expenditure committees and funds.
- Approximately 4,800 campaign financial reports will be filed with the Board in 2018.
- Between 2000 and 2016, independent expenditures reported to and regulated by the Board increased from \$3.7 million to \$21.3 million.
- Will distribute approximately \$2.2 million in public subsidy money to constitutional and house candidates in 2018.

Lobbyist Registration and Disclosure

- Administers registration and reporting for about 1,450 lobbyists.
- Approximately 4,500 lobbyist reports filed each year.
- In 2017, the 1,427 principals represented by lobbyists reported \$75.7 million in expenditures to influence the official actions of public officials. This is the highest amount ever reported to the Board.

Public Officials Financial Disclosure

- Currently maintain disclosure for 3,100 public official positions. Disclosure reported to the Board now includes county commissioners and judges.

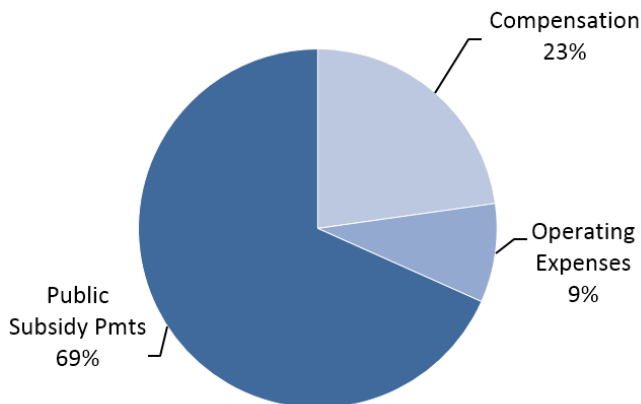
PURPOSE

The Board's mission is to promote public confidence in state government decision-making through development, administration, and enforcement of disclosure and public financing programs that will ensure public access to, and understanding of, information filed with the Board. The Board contributes to the statewide goal of **providing efficient and accountable government services**:

- The Board uses technology to gather and publish data, and to facilitate candidates, lobbyists, and officials in providing financial information to citizens and complying with legal requirements.
- Through the Board's financial disclosure and public official integrity programs, citizen confidence in state government is maintained.
- The Board administers a public subsidy program that provides partial funding to candidates who agree to limit their campaign spending; this helps challengers compete with incumbents, and reduces the fundraising demands placed on candidates compared to elections in similar states.
- The Board provides support to candidates so that they can comply with Minnesota's various laws related to campaign finance, which makes running for office easier for ordinary citizens.

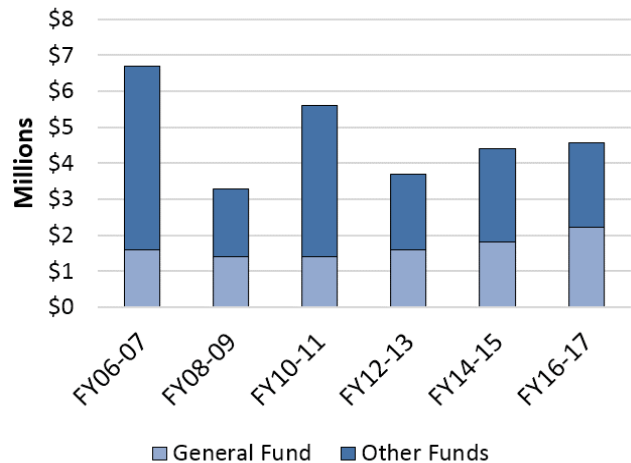
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Other Funds represents public subsidy payments. Public subsidy funds are derived from a \$1,020,000 biennial general fund appropriation and transfers to the special revenue fund based on political party check-off by individuals on state income and property tax forms.

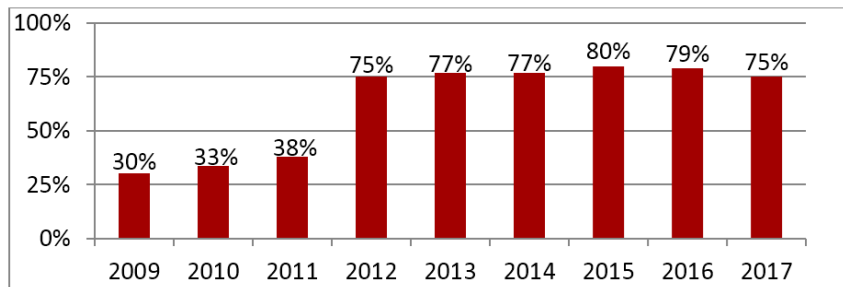
STRATEGIES

The Campaign Finance and Public Disclosure Board achieves its mission using these strategies:

- Facilitate easier and more universal compliance with Chapter 10A (Minnesota's campaign finance and public disclosure statutes) by providing strong support for treasurers, most of whom are volunteers, and for other filers so that they can understand and meet the obligations of their positions.
- Cultivate an environment of voluntary compliance by providing educational programs, publications, training, consultation, software, internet applications, and other aids to enable those governed by Chapter 10A to understand and comply with their statutory obligations.
- Provide consistent, non-partisan administration of the compliance and disclosure statutes so that regulated entities understand that when compliance is not voluntary, it will be required through agency action and to ensure that subjects of compliance procedures are treated fairly and impartially.
- Help citizens become better informed about public and private financing of election campaigns and about lobbying. With access to campaign finance and lobbying data, citizens will have a higher level of confidence that elected officials' decision-making is not unduly influenced by outside interests.
- Provide transparency concerning money in Minnesota politics by publishing campaign finance and other data filed with the Board in easily accessible and meaningful formats for citizen use through its worldwide website, printed materials, and electronic communications.
- Ensure the integrity of the state's program of partial public financing of political campaigns by determining eligibility, calculating amounts, and distributing public subsidy funding to qualified candidates and parties.

RESULTS

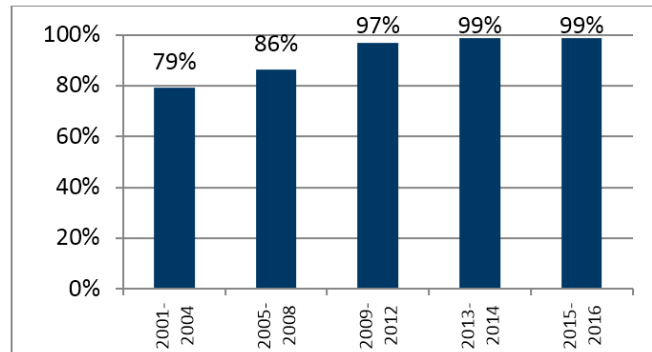
Measure: Quantity – Percentage of campaign finance filers reporting electronically



Outcome:

- Electronically filed reports are available for public inspection sooner than paper reports.
- The software used to generate electronic reports also performs a compliance check on data entry, helping treasurers identify contributions that should not be accepted, and expenditures that are prohibited.

Measure: Quantity – Percent of transactions where donor and recipient reports of contributions reconcile



Outcome:

- Accurate campaign finance data is published so that citizens are better informed about money used to influence elections.
- Increased compliance with campaign finance disclosure laws.

Note: Differences of \$100 or less excluded from this analysis.

Minnesota Statutes Chapter 10A provides the legal authority for the Campaign Finance and Public Disclosure Board. (revisor.mn.gov/statutes/?id=10A)

Campaign Finance and Public Disclosure Board

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	1,181	1,036	894	1,188	1,048	1,048	1,173	1,123
2001 - Other Misc Special Revenue	103	2,238	92	2,346	84	2,504	84	2,504
Total	1,283	3,273	987	3,534	1,132	3,552	1,257	3,627
Biennial Change				(36)		163		363
Biennial % Change				(1)		4		8
Governor's Change from Base								200
Governor's % Change from Base								4

Expenditures by Program

Campaign Finance & Publ Disc	1,283	3,273	987	3,534	1,132	3,552	1,257	3,627
Total	1,283	3,273	987	3,534	1,132	3,552	1,257	3,627

Expenditures by Category

Compensation	775	739	791	923	891	899	966	974
Operating Expenses	405	283	93	261	147	144	197	144
Grants, Aids and Subsidies	103	2,246	92	2,346	84	2,504	84	2,504
Capital Outlay-Real Property		1						
Other Financial Transaction	1	5	10	4	10	5	10	5
Total	1,283	3,273	987	3,534	1,132	3,552	1,257	3,627

Full-Time Equivalents

8.61	8.06	7.36	9.00	8.00	8.00	9.00	9.00
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Campaign Finance and Public Disclosure Board

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	0	86		142				
Direct Appropriation	1,164	2,048	1,036	2,066	1,048	2,068	1,173	2,143
Open Appropriation	137	1,654	112	1,403	85	1,403	85	1,403
Transfers In	912		467	62				
Transfers Out	947	2,666	579	2,485	85	2,423	85	2,423
Cancellations		86						
Balance Forward Out	86		142					
Expenditures	1,181	1,036	894	1,188	1,048	1,048	1,173	1,123
Biennial Change in Expenditures				(134)		14		214
Biennial % Change in Expenditures				(6)		1		10
Governor's Change from Base								200
Governor's % Change from Base								10
Full-Time Equivalents	8.61	8.06	7.36	9.00	8.00	8.00	9.00	9.00

2001 - Other Misc Special Revenue

Balance Forward In	1,359	696	1,125	678	695	698	695	698
Receipts	11	1	1	2	2	2	2	2
Transfers In	137	2,666	112	2,423	85	2,423	85	2,423
Transfers Out	707		467	62				
Balance Forward Out	696	1,125	678	695	698	619	698	619
Expenditures	103	2,238	92	2,346	84	2,504	84	2,504
Biennial Change in Expenditures				98		150		150
Biennial % Change in Expenditures				4		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Campaign Finance and Public Disclosure Board

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	2,066	2,066	2,066	4,132
Base Adjustments				
Current Law Base Change		(1,020)		(1,020)
Pension Allocation		2	2	4
Forecast Base	2,066	1,048	2,068	3,116
Change Items				
Operating Adjustment		75	75	150
Web-based Campaign Finance Reporter Application		50		50
Total Governor's Recommendations	2,066	1,173	2,143	3,316
Open				
Fund: 1000 - General				
FY2019 Appropriations	1,443	1,443	1,443	2,886
Base Adjustments				
Forecast Open Appropriation Adjustment		(1,358)		(1,358)
November Forecast Adjustment	(40)		(40)	(40)
Forecast Base	1,403	85	1,403	1,488
Total Governor's Recommendations	1,403	85	1,403	1,488
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	2,346	84	2,504	2,588
Forecast Base	2,346	84	2,504	2,588
Total Governor's Recommendations	2,346	84	2,504	2,588
Revenue Change Summary				
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	2	2	2	4
Total Governor's Recommendations	2	2	2	4
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	16	16	16	32
Total Governor's Recommendations	16	16	16	32

Campaign Finance and Public Disclosure Board

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	75	75	75	75
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	75	75	75	75
FTEs	1	1	1	1

Recommendation:

The Governor recommends additional funding of \$150 thousand in the FY 2020-2021 biennium to maintain the current level of service delivery at the Campaign Finance Board.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related cost increases. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The Board last asked for, and received, a change to its base budget for the fiscal year 2014 – 2015 biennium. At that time, the base budget was increased to \$1,000,000 to allow for a staff of nine and for IT related projects.

During the six budget years from 2014 to 2019, the percentage of the Board’s budget that is tied to salary and benefits has increased significantly, as shown in the chart below. The projected salary and benefits for fiscal years 2020 and 2021, shown in bold, increases the percentage to 89% and 91% respectively.

	Base Budget	Salary and Benefits	% of Budget*
FY 2014	\$ 1,000,000	\$ 635,000	64%
FY 2015	\$ 1,000,000	\$ 778,000	78%
FY 2016	\$ 1,014,000	\$ 771,000	76%
FY 2017	\$ 1,028,000	\$ 834,000	81%
FY 2018	\$ 1,036,000	\$ 846,000	82%
FY 2019	\$ 1,048,000	\$ 888,000	85%
FY 2020	\$ 1,048,000	\$ 930,000	89%
FY 2021	\$ 1,048,000	\$ 949,000	91%

**Note: the salary and benefits listed in the table is the budgeted amount for that fiscal year. Actual expenditures were lower than the budgeted amount in some years due to vacancies.*

The Board considered reducing other operating expenses as an alternative to requesting an increase to the operating base. However, other fixed operating expenses make that alternative impractical. At the July 2018,

monthly meeting the Board authorized the Executive Director to request an increase to the operating budget sufficient to maintain the agency's current operations and staffing level.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board, this funding will cover known employee compensation growth. The additional funding is not for a new initiative and does not represent a significant change to an existing program. The funding is necessary to: 1) offset increases in staff salary and benefit costs that have occurred in the past six years since the last increase to the Board's operating budget; and 2) offset projected increases in staff salary and benefits in the next four years.

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Results:

The Board's programs typically are not subject to simple performance measures. However, by all measures, the time it takes the Board to complete its work is directly related to the staff available to complete the work. As recently as FY 2012, the Board operated with only seven staff. A staff of seven resulted in the Board taking months to issue advisory opinions and complete even simple investigations. Additionally, the lack of staff resulted in the end of client training sessions in greater Minnesota, and a lack of progress in critical web-based public disclosure and reporting applications. Restoring staff levels to nine FTEs allowed the Board to restart training in greater Minnesota, develop online reporting for the lobbyist and economic interest programs, upgrade the disclosure provided on the Board's website, and resolve most citizen-initiated Board actions in less time.

The Board's mission is to foster citizen confidence in government by providing and administering programs of regulation and disclosure. This mission requires staff that is experienced in program administration, the conduct of investigations, client training, and producing meaningful data in a context relevant to citizens. This proposal will allow the Board to maintain the staff needed to complete this mission.

Statutory Change(s):

N/A

Campaign Finance and Public Disclosure Board

FY 2020-21 Biennial Budget Change Item

Change Item Title: Web-based Campaign Finance Reporter Application

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	50	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional, one-time funding of \$50 thousand in FY 2020 to update the Campaign Finance Board's Campaign Finance Reporter application.

Rationale/Background:

In 2011, the legislature enacted the Board's recommendation that campaign finance reports of receipts and expenditures must be filed electronically (MS 10A.20, subd 1(c)). The electronic filing may be completed by using the free Campaign Finance Reporter software provided by the Board, or by using third-party vendor software that complies with standards developed by the Board. Electronic filing eliminates the need for manual data entry of reports by Board staff, and makes the data in the Board's systems available to the public more quickly.

The Board currently provides, at no charge, the Campaign Finance Reporter software for use in filing required periodic reports of receipts and expenditures by candidate committees, political party units, political committees, and political funds. The current version of the software is PC based, and was first released in 1998. Board staff is in the process of developing a web-based reporting application that will replace Campaign Finance Reporter.

The Board does waive the requirement to file electronically for good cause. The Board considers good cause to include the use of a computer that is not compatible with Campaign Finance Reporter. Without a Windows emulation program, Campaign Finance Reporter will not work on an Apple computer, and to the Board's knowledge it is not possible to use the software on a Chrome computer. This limitation has forced a number of political committees to file by paper when they would prefer to file electronically.

Additionally, Campaign Finance Reporter provides a number of compliance checks on receipts, contributions, spending limits, and other reporting requirements. Each time there is a statutory change to the compliance requirements of Chapter 10A the code for Campaign Finance Reporter must be modified, and then the upgrade must be provided to each treasurer who uses the software. Although the software alerts users when an upgrade is available, the experience of the Board is that many treasurers ignore this message and continue using a version of Campaign Finance Reporter that is out of date. This problem would be resolved by moving to a web-based reporting system. If the web-based reporting application were modified to reflect a statutory change each treasurer would automatically have the most up-to-date reporting application when they next signed on to work on a report.

Proposal:

The Governor recommends a one-time increase of \$50 thousand for professional/technical services for the Board to complete the Campaign Finance Reporter application. This funding will ensure that the web-based application is completed during a non-election year, and available for use during the next election.

The Board is using existing IT staff who currently support Campaign Finance Reporter to develop the on-line reporting application. However, the web-based reporting application must be ready for initial release during calendar year 2019, which is a non-election year for state-level candidates. During a non-election year there is only one report due from registered committees for the year. Releasing the application during a state election year would be too risky because there are multiple reports due during the course of that year.

To insure that the application is ready for release during the non-election year the Board will contract for programming and other professional services related to the web-based reporting application that will supplement the work of staff. In effect, the contracted services will spread out the workload and buy time for staff to complete the project in time for release in 2019.

The Board also intends to use salary savings available in fiscal year 2019 to purchase professional/technical services through June of 2019. The requested funds will provide resources for the project in the second half of calendar year 2019.

Equity and Inclusion:

N/A

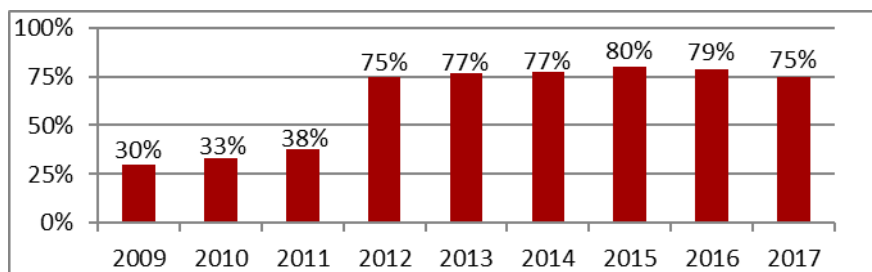
IT Related Proposals:

The Board is not a part of MN.IT consolidation. No additional agency staff will be required.

Results:

The Board has tracked the number of political committees that file electronically. The percentage of all campaign finance reports filed electronically has been in decline over the last two years. This trend is alarming because committees that file by paper are more likely to have compliance errors that would have been identified if the transactions had been entered into Campaign Finance Reporter. Further, reports filed on paper require staff data entry and therefore are not available for public disclosure as readily as electronic reports.

Percentage of campaign finance filers reporting electronically



The Board will consider the move to a web-based reporting application successful if the percentage of reports filed electronically increases during calendar year 2020.

Statutory Change(s):

N/A

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Capitol Area Architectural and Planning Board

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AT A GLANCE

- Zoning jurisdiction, design review, and planning authority in a 60-block area around the Capitol Building.
- Two full-time, two part-time staff, and three professional advisors serve the Board, which meets six times per year.
- The non-partisan Board consists of twelve members appointed by the Governor, Mayor of Saint Paul, and Legislature, and is chaired by the Lieutenant Governor.

PURPOSE

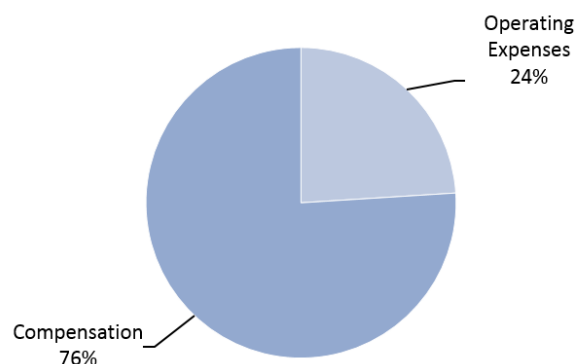
The Capitol Area Architectural and Planning Board (CAAPB) is a small state agency with responsibilities unique to the state. Our mission is:

- To preserve and enhance the architectural integrity of the Capitol Building and area.
- To improve and protect open areas for public enjoyment.
- To develop accessible approaches to the Capitol Area for pedestrians, roadways, and mass transit systems.
- To establish a framework for growth in keeping with the original Cass Gilbert design.

Our framework of operations is a comprehensive plan and codified zoning and design rules, developed with input from stakeholders and maintained by staff. We coordinate our responsibilities with other state agencies, the City of Saint Paul, neighborhood planning bodies, and private sector professionals. We contribute to the statewide outcome of: **Efficient and accountable government services.**

BUDGET

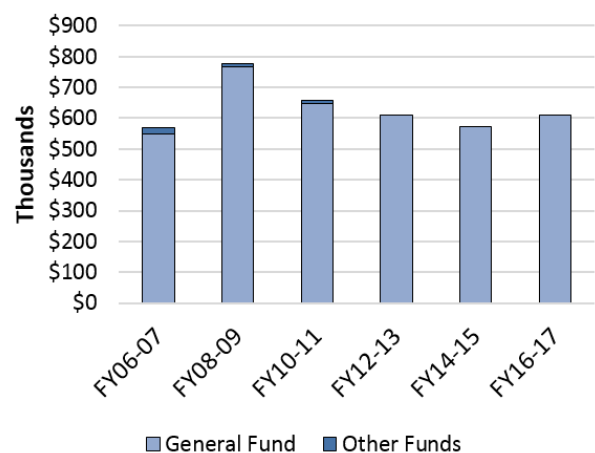
**Spending by Category
FY 17 Actual**



The CAAPB's operations are funded through a general fund appropriation.

Source: Budget Planning & Analysis system (BPAS)

Historical Spending



The FY08-09 appropriation was increased to fund the required 10-year updating of our comprehensive plan and re-write of our zoning and design guidelines. Budgets between FY10-11 and FY12-13 reflect one FTE retiring.

Source: Consolidated Fund Statement

STRATEGIES

Regulation:

- The CAAPB acts on requests for zoning permits or design review approvals for projects within the Capitol Area, acting on zoning requests within 60 days of filing being deemed complete.
- A Saint Paul building permit for projects in the Capitol Area is issued only after the CAAPB has approved a zoning permit. A Certificate of Design Compliance may be required, if changes occur during City review.

Development and Planning:

- Provide project-specific guidelines for Capitol Area work and encourage post construction analysis.
- We have a development framework and maintenance standards for the Capitol mall and its memorials.
- Conduct open, fair, and timely competitions for state buildings and memorials in the Capitol Area.
- Provide open consultation with other state agencies and the City of Saint Paul.
- Initiate funding requests and promote design integrity and restoration, of the Capitol Building and other State buildings in the Capitol Area, in cooperation with the Department of Administration and the Minnesota Historical Society.

Policy – the CAAPB’s work is guided by the following:

- The 1998 Comprehensive Plan for the MN State Capitol Area, amended in 2009. A more thorough rewrite than originally envisioned will be completed by early 2020 using in-house staff.
- The 2009 Rules Governing Zoning and Design for the MN State Capitol Area, scheduled for revision in 2020.
- The 1998 Policy for Works of Art in the MN State Capitol, revised in 2015.
- The Policy for Commemorative Works in the MN State Capitol Area, 2012.

RESULTS

We are proud of our performance of the following measurable outcomes and successes over the past two years:

- Helped secure legislative funding of comprehensive restoration for memorials on the Capitol Mall.
- Upgraded the CAAPB website in an effort to serve the public more efficiently.
- Revised zoning permit applications and posted them online to maximize accessibility.
- Coordinated, with the City of Saint Paul, a visioning for the Rice Street commercial district in support of 2040 Comprehensive Plan and to spur City investment of \$300,000 in improvements to properties.
- Initiated several measures toward Travel Demand Management to improve sustainability.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Enforcing zoning regulations: Action within 60 days.	100% achieved.	100% achieved.	July, 2017-July, 2019
Quantity	Project design document review and commentary (buildings and memorials).	16	9	2014-2018
Quality	Timely management of new memorials (competition through construction).	4-5 years to complete.	2-4 years to complete.	2017 -2018

The legal authority for the CAAPB is MN Statute 15B (<https://www.revisor.mn.gov/statutes/?id=15B>).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	287	323	301	396	351	351	351	351
2000 - Restrict Misc Special Revenue			12		27		27	
Total	287	323	312	396	378	351	378	351
Biennial Change				98		21		21
Biennial % Change				16		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Capitol Area Arch Planning Bd	287	323	312	396	378	351	378	351
Total	287	323	312	396	378	351	378	351

Expenditures by Category

Compensation	230	247	254	282	277	257	277	257
Operating Expenses	56	76	58	114	101	94	101	94
Other Financial Transaction	0	0						
Total	287	323	312	396	378	351	378	351

Full-Time Equivalents

2.62	2.70	2.98	3.20	3.10	2.60	3.10	2.60
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	13	67	13	59	13	13	13	13
Direct Appropriation	340	345	347	350	351	351	351	351
Cancellations		75						
Balance Forward Out	66	13	59	13	13	13	13	13
Expenditures	287	323	301	396	351	351	351	351
Biennial Change in Expenditures				87		5		5
Biennial % Change in Expenditures				14		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.62	2.70	2.85	3.20	2.60	2.60	2.60	2.60

2000 - Restrict Misc Special Revenue

Balance Forward In	27	27	27	27	27		27	
Receipts			12					
Balance Forward Out	27	27	27	27				
Expenditures			12		27		27	
Biennial Change in Expenditures				12		15		15
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.13		0.50		0.50	

2403 - Gift

Balance Forward In	0	0	0					
Receipts	0	0	0					
Balance Forward Out	0	0	0					

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Direct</i>				
Fund: 1000 - General				
FY2019 Appropriations	350	350	350	700
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	350	351	351	702
Total Governor's Recommendations	350	351	351	702
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending		27		27
Forecast Base		27		27
Total Governor's Recommendations		27		27

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AT A GLANCE

- The Minnesota Board of Chiropractic Examiners (MBCE) licenses and regulates over 3,000 active and 150 inactive Doctors of Chiropractic (DC)
- In addition to the DC license, the MBCE issues sub-registrations in Acupuncture, Animal Chiropractic, independent examination, professional firms, and a graduate preceptorship program
- The board is composed of 5 professional members (licensees of the board) and 2 public members
- Employs five full time staff

PURPOSE

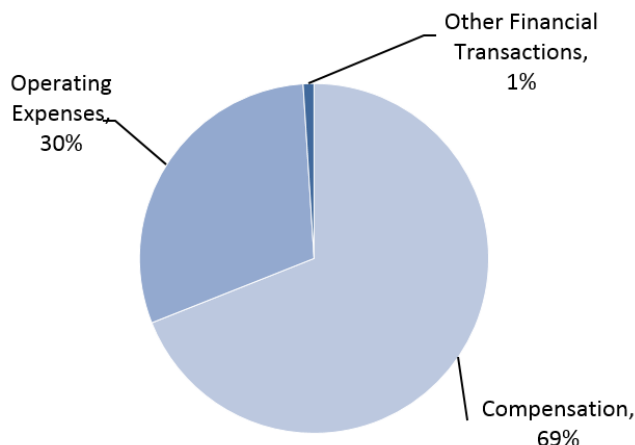
The mission of the Minnesota Board of Chiropractic Examiners (MBCE) is to protect the public through effective licensure and enforcement of the statutes and rules governing the practice of chiropractic to ensure a standard of competent and ethical practice in the profession.

The Board of Chiropractic Examiners contributes to the following statewide outcomes:

- **People in Minnesota are safe**

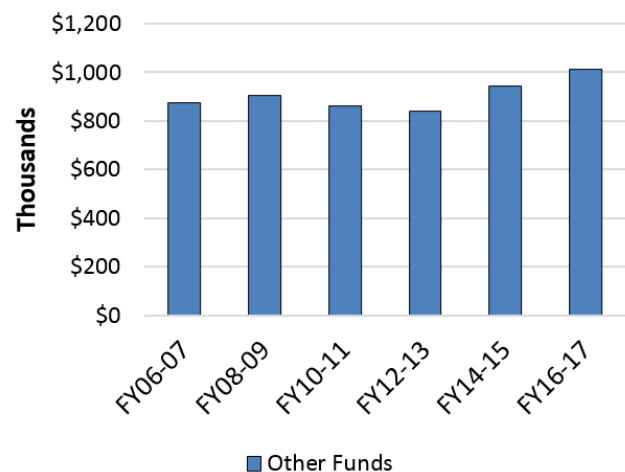
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases, and operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are: the Administrative Services Unit (interboard), Health Professionals Services Program

(interboard), Office of the Attorney General for legal services, and the Criminal Background Check Program (interboard).

STRATEGIES

The Board protects the public and ensures the competency of doctors of chiropractic by:

- Reviewing the education and credentials of applicants for licensure
- Allowing externships under a licensed doctor of chiropractic for recent graduates
- Collaborating with other states to assess legal, educational and professional trends
- Approving continuing education programs and auditing licensees for these requirements
- Receiving, reviewing and if necessary investigating complaints from the public
- Initiating educational meetings or disciplinary action with licensees where necessary
- Maintaining a website with relevant information for licensees and members of the public
- Promulgating rules where additional direction may be required
- Monitoring budget data to ensure efficient utilization of fiscal resources

The Board partners with the 1) National Board of Chiropractic Examiners, which provides the necessary professional testing for licensure in Minnesota; 2) the Minnesota Attorney General's office as the attorney for the Board; and 3) The Federation of Chiropractic Licensing Boards, an information repository for chiropractic regulation across the United States, as well as internationally. This organization also provides a national database of disciplinary actions, assisting the Board in licensing / regulatory decisions.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality / Quantity	Number of complaints against new licensees within the first 65 months of practice	145 complaints	66 complaints	FY2006-FY2011 & FY2012-FY2016
Quality / Quantity	Number of violations by new licensees within the first 65 months of practice	55 violations	12 Violations	FY2006-2011 & FY2012-FY2016
Results	Continuing Education (CE) Audits Deficiencies / Failures*** License Terminations	(4 years)** 179 9	(2 years) 108 9	FY2007-2010 & FY2011-FY2012

Notes:

**The 2007-2010 CE audits did 4 years at once, where the 2011-2012 audit was only 2; therefore the numbers in the previous and current columns may be divided according to how many years were audited.

***Audit "failures" means a licensee had a CE deficiency that was not rectified and their license was terminated.

M.S. 148.01 to 148.107 <https://www.revisor.mn.gov/statutes/cite/148> and M.R. 2500.0100 to 2500.7090 <https://www.revisor.mn.gov/rules/2500.0100/> provide legal authority to the MBCE. National Board of Chiropractic Examiners <http://www.nbce.org/>, Federation of Chiropractic Licensing Boards <http://www.fclb.org/>

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	454	559	526	731	605	605	648	660
2000 - Restrict Misc Special Revenue			3	5	5	5	5	5
Total	454	559	529	736	610	610	653	665
Biennial Change				252		(45)		53
Biennial % Change				25		(4)		4
Governor's Change from Base								98
Governor's % Change from Base								8

Expenditures by Program

Chiropractors Board	454	559	529	736	610	610	653	665
Total	454	559	529	736	610	610	653	665

Expenditures by Category

Compensation	352	388	341	404	396	396	418	429
Operating Expenses	90	165	188	330	214	214	235	236
Other Financial Transaction	11	6	0	2				
Total	454	559	529	736	610	610	653	665

Full-Time Equivalents

4.75	4.69	4.71	4.88	4.88	4.88	5.25	5.25
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In	63	116	63	132				
Direct Appropriation	507	513	570	580	586	586	629	641
Open Appropriation		22	25	19	19	19	19	19
Transfers In		37						
Cancellations		66						
Balance Forward Out	116	63	132					
Expenditures	454	559	526	731	605	605	648	660
Biennial Change in Expenditures				244		(47)		51
Biennial % Change in Expenditures				24		(4)		4
Governor's Change from Base								98
Governor's % Change from Base								8
Full-Time Equivalents	4.75	4.69	4.71	4.88	4.88	4.88	5.25	5.25

2000 - Restrict Misc Special Revenue

Receipts		4	5		5	5	5	5
Balance Forward Out		0						
Expenditures		3	5		5	5	5	5
Biennial Change in Expenditures			8			2		2
Biennial % Change in Expenditures						20		20
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	580	580	580	1,160
Base Adjustments				
Current Law Base Change		5	5	10
Pension Allocation		1	1	2
Forecast Base	580	586	586	1,172
Change Items				
Operating Adjustment		43	55	98
Total Governor's Recommendations	580	629	641	1,270
Open				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	19	19	19	38
Forecast Base	19	19	19	38
Total Governor's Recommendations	19	19	19	38
Dedicated				
Fund: 1201 - Health Related Boards				
Planned Spending	63			
Forecast Base	63			
Total Governor's Recommendations	63			
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	5	5	5	10
Forecast Base	5	5	5	10
Total Governor's Recommendations	5	5	5	10
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	5	5	5	10
Total Governor's Recommendations	5	5	5	10
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	821	842	877	1,719
Total Governor's Recommendations	821	842	877	1,719

Chiropractic Examiners, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	43	55	55	55
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	43	55	55	55
FTEs	.37	.37	.37	.37

Recommendation:

The Governor recommends additional funding of \$98,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Minnesota Board of Chiropractic Examiners.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Legal Costs: Each year, costs for the Attorney General and Administrative Hearings rise. This increase will ensure the Board can meet these costs.

Salaries: Each year, the Board hires a temporary .25 employee to assist with the increased volume of work during the renewal season. In addition, the Board is moving from biannual to annual continuing education audits which also requires the above additional .25 temporary staff to assist in bringing all audits current in preparation for the change. Currently the Board has 4.88 FTE staff, this change would equal 5.25 FTE staff time.

IT: The costs of regular services from MN.IT has risen for the past two years. Also, the Board continues to develop the Automated Licensure Information Management System (ALIMS) database for licensing, complaint processing, and renewals. This database is capable of many online services to the public and licensees, as well as enabling the Board to continue to move toward paperless files. This increased spending authority will enable the Board to continue to maintain and improve the database and meet the rising costs of MN.IT.

Rent: The Board anticipates an increase of annual rental lease rates for the current commercial lease. The Board's current lease ends in FY 2021.

The Board is solely fee supported and will collect sufficient revenue to meet projected operational cost increases.

Proposal:

The Governor recommends increasing the Board's operating budgets to maintain the delivery of current services. For the Board of Chiropractic Examiners, this funding will cover known employee compensation growth, legal costs, IT Enterprise services, and rent rate increases. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases. Implementation will begin as soon as increased spending authority is granted.

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Salary Increases (current staff increases)	\$22,000	\$33,000	\$33,000	\$33,000
Rent Increase	\$1,000	\$2,000	\$2,000	\$2,000
Centralized MN.IT costs for database maintenance	\$10,000	\$10,000	\$10,000	\$10,000
Administrative Hearing Costs	\$10,000	\$10,000	\$10,000	\$10,000
Total	\$43,000	\$55,000	\$55,000	\$55,000

Equity and Inclusion:

Groups impacted by this change item include all citizens of Minnesota who utilize chiropractic services without regard to race, ethnicity, sexual orientation, disability, or any other group identifier. The Board's mission is to ensure competent practitioners of Chiropractic, in order to ensure that all Minnesotans are safe.

IT Related Proposals:

A portion of this request includes an increase for database maintenance and to cover annual MN.IT service rates. This request is included in the proposal section.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
MNIT FTEs						
Agency FTEs						

Results:

This proposal is intended to allow the Board to continue to provide current levels of service and information to the public.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of licensees – all statuses	5,460	5,600	End of 2016 End of 2017
Quantity	Number of complaints	154	149	Average 2014-2017 2018 to date
Quantity	Continuing Education Audits	1,267	1,350	2016 2017
Quantity	Number of Initial License Applications	194	169	2016 2017

Statutory Change(s):

There is no statutory change proposed in this Change Item.

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AT A GLANCE

- The Commerce Department advocates for the public interest, ensures a competitive and fair marketplace, and serves as a resource for consumers and businesses, in a number of industries.
- **320,000**: Minnesotans served by the Low-Income Home Energy Assistance Program during FFY18.
- **\$57.8 billion**: Bank and credit union assets held by 308 state chartered banks and credit unions regulated by the Department.
- **\$349 billion**: Amount of assets held by 152 Minnesota domestic insurers regulated by the Insurance Division in 2017, an 11% increase from 2015.
- **227,360**: Total active licenses issued by the Commerce Department.
- **\$249.1 million**: Total dollar value of property returned to Minnesotans through the Unclaimed Property program since FY11.
- **14,782**: Consumer inquiries and complaints addressed by the Department in 2017.
- **18,475**: Gas pumps checked for credit card skimmers by the Weights and Measures Division in FY 2018.
- **1.9**: Megawatt-hours (MWh) of electricity saved in 2015 and 2016 – the equivalent 383,641 cars removed from the road for one year – through Conservation Improvement Plans.

PURPOSE

The agency's mission is to protect the public interest; advocate for Minnesota consumers; ensure a strong, competitive and fair marketplace; strengthen the state's economic future; and serve as a trusted public resource for consumers and businesses. Commerce supports a **thriving economy that encourages business growth and employment opportunities; strong and stable families and communities; a clean, healthy environment with sustainable uses of natural resources; and provides efficient and accountable government services.**

The Commerce Department is:

- Minnesota's Insurance Department.
- Minnesota's Financial Institutions Department, overseeing all state-chartered banks and credit unions.
- Minnesota's Energy Department.

The Commerce Department is also the home to the following consumer protection and regulatory programs:

- The Consumer Services Center, where Minnesotans can call for help to understand the products and services regulated by the Department;
- Licensing and Continuing Education;
- The Low Income Heating Assistance and Weatherization Programs;
- The Petrofund, which helps Minnesotans clean up pollution on their property due to leaky underground fuel tanks;
- Enforcement;
- The Commerce Fraud Bureau;
- The State's Securities Regulator overseeing investment advisors and broker-dealers not regulated by the federal government;
- Telecommunications Regulation;
- The State's Unclaimed Property Program; and
- Weights and Measures.

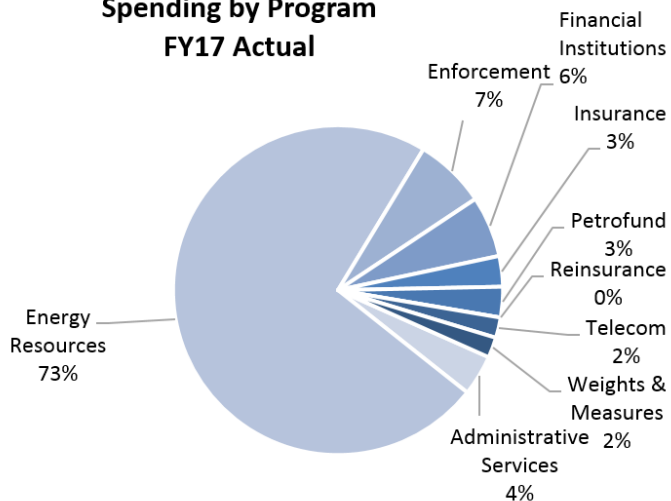
In all, the Department of Commerce regulates 22 industries and licenses approximately 227,000 individuals and entities that do business in Minnesota.

The Commerce Department provides the following statewide services:

- Ensures health, property and casualty, life, long-term care and workers compensation insurance in the state is fair and reasonable;
- Pursues civil and criminal enforcement activities to protect Minnesotans from fraudulent activities and ensure strong and stable families and communities;
- Advocates on behalf of the public interest in energy-related matters to ensure a clean, healthy environment with sustainable uses of natural resources;
- Licenses and regulates individuals and entities to ensure a thriving economy that encourages business growth and employment opportunities; and
- Responds to the needs of consumers, licensees and applicants to ensure delivery of efficient and accountable government services.

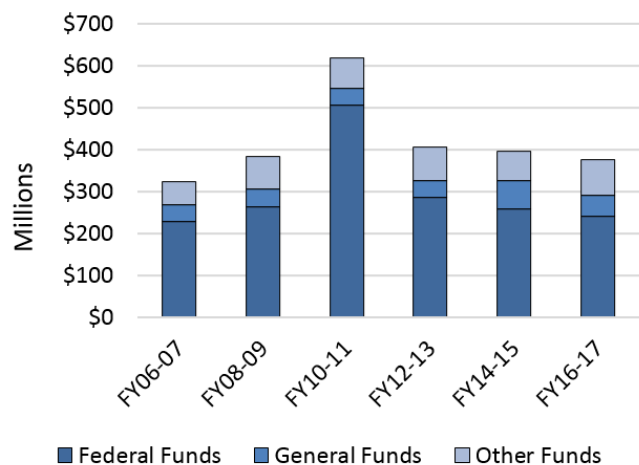
BUDGET

**Spending by Program
FY17 Actual**



Source: BPAS

Historical Spending



Source: Consolidated Fund Statement

The Commerce Department's budget is composed of General Fund appropriations, federal funds and Special Revenue funds. The largest component of the Commerce Department's budget is federal funding received as a pass-through for administering the Low-Income Home Energy Assistance and Weatherization Programs. Insurance, Telecommunications and Energy Resources assess and recover costs from regulated entities. Financial Institutions, Petrofund and Weights & Measures are funded exclusively from Special Revenue Funds. General Fund operating appropriations for the Commerce Department have remained relatively consistent over the last decade though the department has received funds for one-time purposes. The agency's FY 10-11 spending level largely reflects the impact of federal stimulus funding that passed through the Commerce Department during the economic downturn.

STRATEGIES

The Commerce Department uses targeted regulatory and consumer protection strategies to maintain a strong and competitive marketplace for Minnesota consumers and businesses. These strategies include:

Energy Resources

- Advocating on behalf of consumers and ratepayers in electric and gas utility rate proceedings.
- Promoting energy-efficient building, conservation, alternative transportation fuels and modern energy technologies.
- Overseeing conservation improvement programs operated by public, municipal and cooperative utilities.
- Administering low-income heating and weatherization assistance programs.

Enforcement

- Enforcing compliance and responsible business conduct across the agency's entire regulatory portfolio.
- Investigating civil and criminal insurance fraud.
- Serving as the agency's primary point of contact for Minnesota consumers.

Financial Institutions

- Licensing, examining and regulating state-chartered banks and credit unions, as well as non-depository institutions, to ensure that they remain safe and financially solvent.
- Registering securities sold in Minnesota as well as individuals and entities who provide investment services to Minnesotans.

Insurance

- Regulating insurance companies operating in Minnesota to ensure they remain safe and financially solvent.
- Reviewing insurance product filings to ensure that insurance products sold to Minnesotans meet state and federal requirements.

Petrofund

- Reimburses petroleum storage tank owners and operators for the cost of investigating and cleaning up petroleum tank releases.
- Contracting to remove abandoned underground petroleum storage tanks across Minnesota.

Regulatory and Administrative Services

- Licensing individuals and entities to do business in Minnesota.
- Providing unclaimed property services to Minnesotans.
- Integrating information management services and technical support for the agency.
- Agency administration including financial services, communications and human resources.

Telecommunications

- Advocating on behalf of consumers and ratepayers in proceedings relating to telecommunications and utilities.
- Promoting competition among telecommunications companies in Minnesota.

Weights & Measures

- Ensuring accuracy in all commercial transactions based on weight or measure and the consistent quality of petroleum products in Minnesota.
- Providing precision mass, temperature, density and volume measurement services to Minnesota businesses.

The primary legal authority for the Commerce Department is located in Minn. Stat. §45; the agency's authority, extends to numerous additional chapters including: 45A, 46, 47, 48, 48A, 49, 50, 51A, 52, 53, 53A, 53B, 53C, 54, 55, 56, 58, 58A, 59A, 59B, 59C, 60A, 60B, 60C, 60D, 60E, 60F, 60G, 60H, 60J, 60K, 60L, 61A, 61B, 62A, 62B, 62C, 62D, 62E, 62F, 62H, 62I, 62J, 62L, 62M, 62Q, 62R, 62S, 62U, 64B, 65A, 65B, 66A, 67A, 69, 70A, 71A, 72A, 72B, 72C, 79, 79A, 80A, 80B, 80C, 81A, 82, 82B, 82C, 83, 115C, 116J, 123B, 169, 174, 176, 214, 216A, 216B, 216C, 216E, 216F, 222, 237, 239, 272, 299F, 301, 318, 325D, 325E, 325F, 325N, 332, 332A, 332B, 334, 345, 359, 386, 462A, 465, 471, 475, 507, 510, 514, 550 and 609B.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	23,354	26,828	21,261	25,303	23,157	23,157	27,233	26,229
2000 - Restrict Misc Special Revenue	34,292	39,486	37,542	40,476	48,131	108,491	48,631	108,991
2001 - Other Misc Special Revenue	117	111	137	300	300	300	300	300
2340 - Renewable Development			3,009	4,605	5,040	5,040	50,240	40,040
2350 - Petroleum Tank Release Cleanup	5,996	5,173	5,777	10,637	10,541	10,541	10,541	10,541
2830 - Workers Compensation	716	725	741	765	758	759	758	759
3000 - Federal	120,524	119,031	131,757	138,289	273,529	227,759	273,529	227,759
6000 - Miscellaneous Agency	128	121	44	182	155	155	155	155
Total	185,127	191,473	200,268	220,557	361,611	376,202	411,387	414,774
Biennial Change				44,225		316,988		405,336
Biennial % Change				12		75		96
Governor's Change from Base								88,348
Governor's % Change from Base								12

Expenditures by Program

Financial Institutions	9,746	10,946	11,733	13,723	13,646	13,696	13,657	13,712
Petroleum Tank Cleanup Fund	5,996	5,173	5,777	10,637	10,541	10,541	10,541	10,541
Regulatory and Administrative Services	8,218	8,914	8,482	10,382	9,543	9,543	12,287	11,072
Enforcement	12,019	13,178	11,835	13,951	13,380	13,380	14,038	14,128
Telecommunications	4,703	4,624	4,128	4,641	4,043	4,479	4,071	4,517
Energy Resources	136,163	139,557	148,494	156,679	161,813	162,140	207,567	197,744
Weights & Measures	3,558	3,763	3,788	3,560	3,565	3,565	3,565	3,565
Insurance	4,724	5,069	5,531	6,221	5,407	5,273	5,988	5,910
Minnesota Premium Security Plan		250	500	763	139,673	153,585	139,673	153,585
Total	185,127	191,473	200,268	220,557	361,611	376,202	411,387	414,774

Expenditures by Category

Compensation	30,948	32,486	34,130	38,643	37,310	37,272	39,302	39,847
Operating Expenses	29,190	35,196	32,128	42,498	40,287	39,818	43,371	41,315
Grants, Aids and Subsidies	123,952	122,723	132,870	139,272	283,872	298,970	328,572	333,470
Capital Outlay-Real Property	184	281	214	56	56	56	56	56
Other Financial Transaction	853	788	925	88	86	86	86	86

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total	185,127	191,473	200,268	220,557	361,611	376,202	411,387	414,774

Total Agency Expenditures	185,127	191,473	200,268	220,557	361,611	376,202	411,387	414,774
Internal Billing Expenditures	1,473	1,443	2,003	2,190	2,136	2,118	2,136	2,118
Expenditures Less Internal Billing	183,654	190,030	198,265	218,367	359,475	374,084	409,251	412,656

<u>Full-Time Equivalents</u>	338.17	341.90	342.89	355.61	352.05	351.05	363.05	365.05
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Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	0	2,484	0	2,213				
Direct Appropriation	25,960	27,362	23,603	23,217	23,284	23,284	27,360	26,356
Transfers In	1,670	1,804	2,068	1,889	1,889	1,889	1,889	1,889
Transfers Out	164	77	129	127	127	127	127	127
Cancellations	1,695	4,745	2,068	1,889	1,889	1,889	1,889	1,889
Balance Forward Out	2,417		2,214					
Expenditures	23,354	26,828	21,261	25,303	23,157	23,157	27,233	26,229
Biennial Change in Expenditures			(3,618)		(250)		6,898	
Biennial % Change in Expenditures			(7)		(1)		15	
Governor's Change from Base							7,148	
Governor's % Change from Base							15	
Full-Time Equivalents	201.68	212.37	167.26	172.40	172.40	172.40	176.40	179.40

2000 - Restrict Misc Special Revenue

Balance Forward In	57,157	69,601	119,696	341,042	617,147	616,942	617,147	616,942
Receipts	45,606	87,548	43,119	45,120	47,465	47,803	47,965	48,303
Internal Billing Receipts	1,473	1,459	2,003	2,000	2,000	2,000	2,000	2,000
Transfers In	4,977	4,697	277,566	276,657	5,655	5,655	5,655	5,655
Transfers Out	5,311	5,010	61,800	5,196	5,194	5,194	5,194	540,782
Balance Forward Out	68,137	117,350	341,039	617,147	616,942	21,127	616,942	21,127
Expenditures	34,292	39,486	37,542	40,476	48,131	108,491	48,631	108,991
Biennial Change in Expenditures				4,240		78,604		79,604
Biennial % Change in Expenditures				6		101		102
Governor's Change from Base								1,000
Governor's % Change from Base								1
Full-Time Equivalents	94.46	92.68	135.75	136.29	136.29	136.29	139.29	139.29

2001 - Other Misc Special Revenue

Balance Forward In	100	100	100	100	100	100	100	100
Receipts	73	54	137	300	300	300	300	300
Balance Forward Out	56	43	100	100	100	100	100	100
Expenditures	117	111	137	300	300	300	300	300
Biennial Change in Expenditures				209		163		163

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				91		37		37
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.43	0.49	0.52	0.52	0.52	0.52	0.52	0.52

2340 - Renewable Development

Direct Appropriation			600	600	600	600	45,800	35,600
Open Appropriation			2,909	4,005	4,440	4,440	4,440	4,440
Cancellations			500					
Balance Forward Out			0					
Expenditures			3,009	4,605	5,040	5,040	50,240	40,040
Biennial Change in Expenditures				7,614		2,466		82,666
Biennial % Change in Expenditures						32		1,086
Governor's Change from Base								80,200
Governor's % Change from Base								796
Full-Time Equivalents			0.82	0.82	0.82	0.82	4.82	4.82

2350 - Petroleum Tank Release Cleanup

Balance Forward In		194		172				
Direct Appropriation	1,052	1,052	1,052	1,054	1,056	1,056	1,056	1,056
Open Appropriation	11,271	8,576	7,694	15,885	15,885	15,885	15,885	15,885
Transfers In	892	947	787					
Transfers Out	7,029	5,214	3,584	6,400	6,400	6,400	6,400	6,400
Cancellations		383		74				
Balance Forward Out	190		172					
Expenditures	5,996	5,173	5,777	10,637	10,541	10,541	10,541	10,541
Biennial Change in Expenditures				5,245		4,668		4,668
Biennial % Change in Expenditures				47		28		28
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.88	6.69	6.76	6.76	6.76	6.76	6.76	6.76

2403 - Gift

Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	91	91	92	94	95	96	95	96
Receipts	1	1	1	1	1	1	1	1
Balance Forward Out	91	92	94	95	96	97	96	97

2830 - Workers Compensation

Balance Forward In		35		10				
Direct Appropriation	751	751	751	755	758	759	758	759
Cancellations		62						
Balance Forward Out	35		10					
Expenditures	716	725	741	765	758	759	758	759
Biennial Change in Expenditures				66		11		11
Biennial % Change in Expenditures				5		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.28	4.56	4.56	4.56	4.56	4.56	4.56	4.56

3000 - Federal

Balance Forward In	34	5	1					
Receipts	120,489	119,027	131,756	138,289	273,529	227,759	273,529	227,759
Expenditures	120,524	119,031	131,757	138,289	273,529	227,759	273,529	227,759
Biennial Change in Expenditures				30,491		231,242		231,242
Biennial % Change in Expenditures				13		86		86
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	29.44	25.11	27.22	34.26	30.70	29.70	30.70	29.70

3002 - Oil Overcharge

Balance Forward In	232	232	248	248	248	248	248	248
Receipts		15						
Balance Forward Out	232	248	248	248	248	248	248	248

6000 - Miscellaneous Agency

Balance Forward In	134	52	44	43				
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Commerce

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	46	91	44	139	155	155	155	155
Balance Forward Out	52	23	43					
Expenditures	128	121	44	182	155	155	155	155
Biennial Change in Expenditures				(22)		84		84
Biennial % Change in Expenditures				(9)		37		37
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	23,217	23,217	23,217	46,434
Base Adjustments				
Pension Allocation		67	67	134
Forecast Base	23,217	23,284	23,284	46,568
Change Items				
Litigation Expenses		1,485		1,485
Agency Operating Budget Adjustment		1,332	1,604	2,936
IT System Modernization		416	416	832
Unclaimed Property Operating System Modernization & Cybersecurity Upgrade		475	350	825
Unclaimed Property Policy Modernization and Operations		368	702	1,070
Total Governor's Recommendations	23,217	27,360	26,356	53,716
Fund: 2340 - Renewable Development				
FY2019 Appropriations	600	600	600	1,200
Forecast Base	600	600	600	1,200
Change Items				
Solar On Schools		10,000	10,000	20,000
Net-Zero Energy Community		22,200	12,000	34,200
Innovative Renewable and Energy Efficiency Projects Grant		13,000	13,000	26,000
Total Governor's Recommendations	600	45,800	35,600	81,400
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2019 Appropriations	1,054	1,054	1,054	2,108
Base Adjustments				
Pension Allocation		2	2	4
Forecast Base	1,054	1,056	1,056	2,112
Total Governor's Recommendations	1,054	1,056	1,056	2,112
Fund: 2830 - Workers Compensation				
FY2019 Appropriations	755	755	755	1,510
Base Adjustments				
Pension Allocation		3	4	7
Forecast Base	755	758	759	1,517
Total Governor's Recommendations	755	758	759	1,517
Open				
Fund: 2340 - Renewable Development				

Commerce

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
FY2019 Appropriations	3,572	3,572	3,572	7,144
Base Adjustments				
Forecast Open Appropriation Adjustment	628	1,328	1,328	2,656
November Forecast Adjustment	(195)	(460)	(460)	(920)
Forecast Base	4,005	4,440	4,440	8,880
Total Governor's Recommendations	4,005	4,440	4,440	8,880
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2019 Appropriations	16,485	16,485	16,485	32,970
Base Adjustments				
November Forecast Adjustment	(600)	(600)	(600)	(1,200)
Forecast Base	15,885	15,885	15,885	31,770
Total Governor's Recommendations	15,885	15,885	15,885	31,770
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	40,476	48,131	108,491	156,622
Forecast Base	40,476	48,131	108,491	156,622
Change Items				
Utility Grid Reliability Assessment Extension		500	500	1,000
Total Governor's Recommendations	40,476	48,631	108,991	157,622
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	300	300	300	600
Forecast Base	300	300	300	600
Total Governor's Recommendations	300	300	300	600
Fund: 3000 - Federal				
Planned Spending	138,289	273,529	227,759	501,288
Forecast Base	138,289	273,529	227,759	501,288
Total Governor's Recommendations	138,289	273,529	227,759	501,288
Fund: 6000 - Miscellaneous Agency				
Planned Spending	182	155	155	310
Forecast Base	182	155	155	310
Total Governor's Recommendations	182	155	155	310
Revenue Change Summary				
Dedicated				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	45,120	47,465	47,803	95,268
Change Items				
Utility Grid Reliability Assessment Extension		500	500	1,000
Total Governor's Recommendations	45,120	47,965	48,303	96,268
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	300	300	300	600
Total Governor's Recommendations	300	300	300	600
Fund: 2403 - Gift				
Forecast Revenues	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Fund: 3000 - Federal				
Forecast Revenues	138,289	273,529	227,759	501,288
Total Governor's Recommendations	138,289	273,529	227,759	501,288
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	139	155	155	310
Total Governor's Recommendations	139	155	155	310
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	128,234	103,014	103,014	206,028
Change Items				
Unclaimed Property Policy Modernization and Operations			13,780	13,780
Total Governor's Recommendations	128,234	103,014	116,794	219,808
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	300	300	300	600
Total Governor's Recommendations	300	300	300	600

Department of Commerce

FY 2020-21 Biennial Budget Change Item

Change Item Title: Litigation Expenses

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,485	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,485	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$1,485,000 in FY20 for litigation costs.

Rationale/Background:

In November 2011, the State of North Dakota and several private companies sued the Minnesota Public Utilities Commissioners (PUC) and the Commissioner of Commerce. The suit claimed that Minnesota's Next Generation Energy Act ("NGEA"), which was passed by the Legislature in 2007, unlawfully regulated North Dakota utilities, was preempted by federal law, and was constitutionally invalid. The United States District Court found against Minnesota. The District Court, as affirmed by the 8th Circuit on August 14, 2018, awarded \$1.4 million in attorney's fees and costs.

In August 2018, the PUC and Commerce entered into a payment agreement with North Dakota and the other private companies to pay the attorney's fees and costs judgement. The PUC and Commerce have made an initial payment of \$360,000 toward the judgement obligation. The outstanding balance of the judgement, \$1,050,000 must be paid by July 31, 2019 and is divided evenly between the two agencies.

Additionally, in 2015, SafeLite Group, Inc. sued the Department of Commerce arguing that the Department unconstitutionally executed a voluntary consent order with an independent insurance company in which it was agreed that the insurance company would no longer use SafeLite for its claims handling. The District Court's ruling found in favor of both Commerce and SafeLite, but ordered Commerce to pay a reduced amount of attorney's fees and costs. In January 2019, the Court of Appeals affirmed the District Court's decision awarding the Plaintiffs the reduced amount of attorney's fees plus interest, totaling \$960,000, which must be paid by July 1, 2019.

Proposal:

This proposal recommends \$1,485,000 in total to satisfy the remaining legal obligations of the State of Minnesota in these cases. The appropriation of these funds will be directly paid pursuant to the payment agreements.

Statutory Change(s):

This proposal does not require a statutory change.

Department of Commerce

FY 2020-21 Biennial Budget Change Item

Change Item Title: Agency Operating Budget Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,332	1,604	1,604	1,604
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,332	1,604	1,604	1,604
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$1,332,000 in FY2020 and \$1,604,000 in ongoing funding to support the core functions of the Department of Commerce. The funds will be used to address the increasing costs of doing business including increases in compensation and rent costs.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, pension contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent also grow. The Commerce Department did not receive an operating adjustment for the 2018-19 biennium. Because of this, essential functions of the Department have been severely impacted over the last several years due to budgetary constraints. This has required the Department to implement salary-savings strategies, including holding open unfilled, critical positions in order to fund immediate needs. Additional funding will offset increasing agency cost drivers and address salary deficiencies.

This request will help the Department fund agency central services including human resources, accounting services, and internal controls. Due to the budget pressures facing the agency, programs that directly serve Minnesotans have been prioritized, which has reduced funding for the agency's central service infrastructure. These core functions are critical and without ongoing stable funding, will further impact the agency and its mission.

Proposal:

An increase of \$1,332,000 in FY2020 and \$1,604,000 in ongoing funding will maintain the delivery of current services. For the Department of Commerce, this funding will cover employee compensation growth, including anticipated compensation increases and employer-paid pension costs and in turn will help stabilize the basic infrastructure of the Department allowing the agency to continue to serve Minnesotans to the fullest extent.

Estimated costs include:

- Rent increases of \$448,000 in FY20 and \$471,000 in FY21.
- Salary pressures of \$884,000 in FY20 and \$1,133,000 in FY21.

This change item is effective July 1, 2019.

Equity and Inclusion:

Stabilizing the operating budget will allow the Department to maintain the delivery of current services and address critical risk management concerns. This will ensure the Department will not have to divert resources away from protecting Minnesota consumers and ensures the agency can continue its work in maintaining a fair and equitable marketplace.

Statutory Change(s):

This proposal does not require a statutory change.

Department of Commerce

FY 2020-21 Biennial Budget Change Item

Change Item Title: IT System Modernization

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	416	416	416	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	416	416	416	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$416,000 in FY20, FY21, and FY22 to support the Commerce IT System Modernization project. The funds will be used to continue work on the priorities listed in the system modernization plan and roadmap created in 2015. The work is focused on data security, transparency and creating sustainable IT platforms

Rationale/Background:

Commerce has over 40 specialized IT applications used on a regular basis to carry out its mission to protect the public interest, advocate for Minnesota consumers, ensure a strong, competitive and fair marketplace, strengthen the state's economic future and serve as a trusted public resource for consumers and businesses. Many of these applications are in legacy languages, on obsolete hardware, do not meet current security requirements and are on unsupported operating systems/platforms.

The Commerce IT System Modernization project started in 2015 to modernize IT systems to:

- Meet business needs;
- Update systems to align with enterprise standards;
- Improve efficiencies, data quality, security and accessibility;
- Align with Commerce strategic goals.

Initial funding through an Odyssey Fund request in 2015 was used to assess Commerce's IT systems, create a modernization plan and begin work on six of the IT recommendations.

Proposal:

The Department of Commerce requests \$416,000 per year through FY22 for two contracted Java developers. Developers will begin to replace the following systems:

- Access 1997 and 2003 Databases used daily by the Insurance and Enforcement Divisions that support the public facing IT applications. Access 1997 and 2003 Databases are no longer supported putting business needs, functionality and service at risk.
- eDockets: Application used to review the official record of utility regulation.
 - 390,695 documents available in FY2018.
 - 12.5 million public views since January 1, 2018.

- eFiling: Application allows users to upload documents as a part of regulatory proceedings.
 - There are 3,711 active users.
 - 17,109 documents efiled in FY2018.
- eAssessment: Updated system will allow utilities to pay the Department assessments online instead of mailing a check.

With these updates, Commerce can better safeguard private and non-public data and serve the public in a timely and cost-effective manner.

This proposal will improve data quality and decrease time spent on manual processes or duplicative data entry. For example, periodically the eFiling system does not retain documents even though the user gets confirmation that all documents were uploaded. In addition, some documents are sent to our service lists manually via paper mailing because there is no method to import the lists and the discovery is managed outside of the current IT system.

This proposal is effective July 1, 2019.

Equity and Inclusion:

Many of Commerce's existing systems do not meet accessibility standards. A key component of the Commerce IT System Modernization is to update IT systems to meet accessibility standards and serve all Minnesotans. Many of these applications provide online no-cost public access to utility and stakeholder filings that increase consumer transparency.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	\$416	\$416	\$416			
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$416	\$416	\$416			
MNIT FTEs	0	0	0			
Agency FTEs	0	0	0			

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Staff time processing manual service list mailings	3 hours per month	3 hours per month	FY2017 and FY2018
Quantity	Staff time processing discovery requests	20 hours per month	20 hours per month	FY2017 and FY2018
Quantity	Franchise documents available on ComOnline	11,793	12,099	CY14-15 and CY17-18

Statutory Change(s):

This proposal does not require a statutory change.

Department of Commerce

FY 2020-21 Biennial Budget Change Item

Change Item Title: Unclaimed Property Operating System Modernization & Cybersecurity Upgrade

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	475	350	350	350
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	475	350	350	350
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$475,000 in FY 2020 and \$350,000 per year in ongoing funding to modernize the state's unclaimed property operating system, putting the Unclaimed Property Program on a sustainable path to serve Minnesota consumers and businesses with unclaimed property. This recommendation is to obtain, deploy and staff a new unclaimed property operating system in order to increase the number of claims processed and ability for Minnesotans to make online claims

Rationale/Background:

Minnesota's Unclaimed Property Program serves as a lost and found for financial assets belonging to current and former residents of Minnesota. In this capacity, the program safeguards, maintains and seeks to return to owners, millions of dollars in abandoned property held by the State.

The State's existing unclaimed property system used by the Commerce Department is antiquated. Designed in 2000, this 18-year-old system limits the agency's ability to serve the public and is vulnerable to cybersecurity threats. The system houses private data on more than five million properties and nonpublic data turned over to the State by companies related to the owners of those properties.

The program continues to grow in size and complexity. An aging program operating system, and the lack of dedicated claims processing staff, are impeding the Commerce Department's ability to sustain the program's successes over the long term and poses growing risk to the State.

In addition to IT-related security and operations concerns, this aging electronic system contributes to claims processing delays for consumers who make claims. Deploying a new system will increase the number of claims the agency can process resulting in the need for additional claims processing staff.

Proposal:

This change item will:

- **Increase** the amount of abandoned property returned to Minnesotans
- **Improve** the customer service experience and process for Minnesotans
- **Mitigate** cybersecurity and legal risks to the State resulting from Minnesota's out-of-date operating system

This recommendation will fund:

- \$125,000 in one-time costs in FY20 to install, configure and integrate a new unclaimed property operating system with the Commerce Department and MN.IT's existing operations and cybersecurity requirements. System integration includes costs related to training Commerce staff on the new operating system.
- \$35,000 per year for hosted document management, and \$15,000 annually for conversion of existing electronic documents onto the new platform. This will allow Commerce to migrate document storage and ultimately eliminate an existing legacy program, which the agency has maintained because the current unclaimed property operating system does not support this function.
- \$125,000 annually for identification and authentication services to efficiently verify the identity of individuals seeking to claim property.
- \$175,000 per year for annual maintenance fees, software upgrades and support.

Modernizing Commerce's Unclaimed Property Operating System will:

- Account for modern and specialized financial products that are increasingly turned over to the State and require advanced tracking and bookkeeping;
- Partner with businesses in order to improve the process for turning abandoned property over to the State.

Increasing the amount of property returned to consumers will result in a positive impact for the state by returning millions of dollars to Minnesotans while improving customer service. Failure to modernize the program's operating system, however, will inhibit Commerce's ability to maintain current performance levels.

Equity and Inclusion:

This recommendation will improve Commerce's ability to return property to its rightful owners wherever they live or work. Commerce will be able to better identify the geographic disbursement of property throughout the state, creating opportunities for strategic advertising and outreach to traditionally underserved communities.

For example, in FY17, Commerce made a modest investment in newspaper advertisements in diverse press outlets in Minnesota. While this advertising helped the State return property to consumers, and establish service connections with communities the agency had previously underserved, the current unclaimed property operating system did not allow agency staff to track data on whether claimants heard about the program via the advertising campaign.

A modern operating system would provide mapping and reporting data to facilitate targeted outreach to specific communities in the state. A modern operating system would also give Commerce the ability to track and utilize that data to improve future outreach campaigns using traditional and social media. Coupled with dedicated claims processing staff, Commerce can conduct proactive outreach to Minnesotans to return property rather than waiting for consumers to come forward with their claims.

IT Related Proposals:

This recommendation would allow Commerce to contract with a vendor to obtain, deploy and maintain a new unclaimed property operating system. Costs are included for professional/technical contracts. Commerce and MN.IT do not assume MN.IT would incur additional staff or agency costs.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts	\$475,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$475,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
MNIT FTEs	0	0	0	0	0	0
Agency FTEs	0	0	0	0	0	0

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Claims returned to owners	86,771	130,657	FY03-FY10 and FY11-FY18
Quality	Value of claims returned to owners	\$126,725,949	\$213,190,262	FY05-10 and FY13-18

Statutory Change(s):

This proposal does not require a statutory change.

Department of Commerce

FY 2020-21 Biennial Budget Change Item

Change Item Title: Unclaimed Property Policy Modernization and Operations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	368	702	702	702
Revenues	0	13,780	13,780	13,780
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	368	(13,078)	(13,078)	(13,078)
FTEs	4	7	7	7

Recommendation:

The Governor recommends \$368,000 in FY20 and \$702,000 in FY 21, FY22, and FY23 to modernize the state's unclaimed property program and statutes to better serve Minnesota consumers and businesses. These statutory updates will increase both the amount of property turned over to the state in compliance with state law and the amount of property returned to Minnesotans.

Beginning in FY21, this proposal is expected to facilitate approximately \$30.2 million in property transferred to the state and \$16.5 million returned to Minnesotans annually. This will result in approximately \$13.8 million in state revenue.

Rationale/Background:

Minnesota's Unclaimed Property Program serves as a lost and found for financial assets belonging to current and former residents of Minnesota. In this capacity, the program safeguards, maintains, and seeks to return to owners, the millions in abandoned property held by the State.

The Unclaimed Property Program returns approximately \$33 million to Minnesotans each fiscal year. The program also receives an average of approximately \$70 million per fiscal year in property.

Minnesota's current unclaimed property law was first enacted in 1969 and has seen only modest revisions since - the last time it was modified was in 1989. Consequently, state law is out-of-date, does not reflect 21st Century business practices or financial instruments, and makes it harder for Minnesotans to claim their property and Minnesota businesses to comply with the law. This ambiguity makes it difficult for companies to prevent property abandonment in the first place, turn property over to the State, and for the State to effectively return property to consumers.

Updating Minnesota's unclaimed property law will require changes to how the Commerce Department administers the unclaimed property program. Additional staff will be required to process higher numbers of claims, account for modern and specialized financial products, and partner with businesses in fulfilling compliance and reporting requirements. This update will increase the number of properties returned to consumers and the amount of property turned over to the state so it can be returned to consumers.

Proposal:

This change item will:

- **Increase** the amount of abandoned property returned to Minnesotans

- **Improve** the customer service experience and process for Minnesotans
- **Mitigate** cybersecurity and legal risks to the State resulting from Minnesota's out-of-date operating system and unclaimed property law

This change item requests funds for:

- Administration of the unclaimed property program.
- Four FTEs, at an estimated \$368,000, dedicated to claims processing in order to initially reduce existing claims processing times by half and, in the long-term, increase the total number of claims the state returns to rightful owners.
- One FTE beginning in FY21, at an estimated \$123,000, dedicated to accounting for, and returning to claimants, securities-related and interest-bearing properties.
- Two FTE beginning in FY21, at an estimated \$211,000, dedicated to supporting Minnesota businesses on compliance and reporting activities including audit methodologies, property reporting and reconciliation and customer support functions. Based on previous proposals from the Legislature, Commerce estimates that every dollar spent on holder compliance efforts will net five dollars to the state.

Increasing the amount of property returned to consumers benefits Minnesota by returning millions of dollars to the rightful owners. Improving the operating system is also important to this proposal as it serves as the infrastructure of the program and will mitigate potential cybersecurity and legal risks for the state, protecting owners' nonpublic data.

Minnesota's unclaimed property laws are ambiguous, vague and unclear, restricting the ability of consumers to claim property and businesses to turn property over to the state. Over the long term, failure to modernize Minnesota's unclaimed property laws will inhibit Commerce's ability to maintain current performance levels because of these restrictions.

With this recommendation, Commerce expects the program to:

- Increase the amount of property turned over to the state by approximately \$30.2 million annually.
- Increase the number of claims paid to Minnesotans by 40 percent.
- Increase the dollar value of claims paid to Minnesotans by approximately \$16.5 million annually.

The difference will result in approximately \$13.1 million in state revenue factoring in administrative costs.

This recommendation also includes the following statutory changes:

- Update existing, and create new, statutory definitions used in the unclaimed property law to reflect modern financial products in use today;
- Modernize the due diligence relationship between companies and customers to prevent property from inappropriately being labeled as abandoned and sent to the state unnecessarily;
- Improve the process for how companies turn over property to the state when it is in the best interest of consumers and/or truly abandoned to increase the state's ability to successfully return it to rightful owners;
- Address the legal status of how the state handles interest-bearing accounts when claimed; and
- Create a clearly defined fraud restitution mechanism to protect owners from attempted unclaimed property fraud.

Equity and Inclusion:

This change item will improve Commerce's ability to return property to its rightful owners wherever they live or work. It will also improve the equitable treatment of Minnesota businesses by clarifying legal requirements for turning abandoned property over to the state so it can be returned to consumers. Additionally, Commerce will be

able to better identify the geographic disbursement of property throughout the state, creating opportunities for strategic advertising and outreach to traditionally underserved communities.

Results:

This request will increase the performance of the unclaimed property program – to the benefit of Minnesota consumers and businesses.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Claims returned to owners	86,771	130,657	FY03-FY10 and FY11-FY18
Quality	Value of claims returned to owners	\$126,725,949	\$213,190,262	FY05-10 and FY13-18

Statutory Change(s):

The proposal will require a statutory change to Minn. Stat. 345.

Department of Commerce

FY 2020-21 Biennial Budget Change Item

Change Item Title: Utility Grid Reliability Assessment Extension

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	\$0	\$0	\$0	\$0
Special Revenue Fund				
Expenditures	\$500	\$500	\$500	\$500
Revenues	\$500	\$500	\$500	\$500
Net Fiscal Impact = (Expenditures – Revenues)	\$0	\$0	0	0
FTEs	3	3	3	3

Recommendation:

The Governor recommends reinstating the Energy Planning and Systems assessment, which sunset on June 20, 2018. This assessment provided annual funding for 3 FTE to participate in regional and federal electric and natural gas reliability oversight ensuring adequate and secure generation and transmission resources to serve Minnesota homes and businesses.

Rationale/Background:

The proposal is funded by an assessment on the electric utilities for the actual costs of providing regional and national grid reliability. This assessment expired June 30, 2018, however, the work is ongoing in order to maintain reliable energy service for Minnesotans.

Proposal:

Using this assessment authority, this initiative will utilize \$500,000 in annual funding for 3 FTE for ongoing regional and federal work on electricity and natural gas issues with:

- the Midcontinent Independent System Operator (MISO),
- the Midwest Reliability Organization (MRO, a transmission reliability organization),
- Federal Energy Regulatory Commission (FERC),
- the Midwest Renewable Energy Tracking System, and
- other regional and federal agencies.

This work includes:

- advocating on behalf of Minnesota interests (reliability, cost, use of various energy resources) in MISO's stakeholder meetings,
- ensuring adequate generation and other resources to serve Minnesota customers in integrated resource plans,
- using computer modeling for needed analyses in integrated resource plans,
- joining with FERC on MISO petitions, and
- representing Minnesota in ongoing consumer complaints about high rates of return on equity on transmission resources.

Without this assessment the Department has had to divert other agency resources to complete the technical analysis needed to ensure the reliability of the state's electric system.

Equity and Inclusion:

A reliable electric system provides a continuous energy source protecting vulnerable communities including the elderly and sick. This proposal supports the Department's work advocating on behalf of the public interest in energy-related matters to ensure a clean, healthy environment with sustainable uses of natural resources.

IT Related Proposals:

Not applicable

Results:

This proposal will allow the Department to continue to complete necessary technical analyses and advocate on behalf of Minnesotans to ensure a reliable electric system.

Statutory Change(s):

This proposal requires a statutory change to Minn. Stat. 216B.62, subd. 3b.

Department of Commerce

FY 2020-21 Biennial Budget Change Item

Change Item Title: Solar on Schools

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	10,000	10,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	10,000	0	0
FTEs	2	2	0	0

Recommendation:

The Governor recommends \$20 million from the Renewable Development Account in FY20-21 to fund grants for schools to install solar panels. These funds, would be expended in two ways: through a master lease program or through a purchase power prepay agreement. In each year, \$9.5 million would be available for grants and up to \$500,000 per year would be available for administration of the program, funding 2 FTE.

The FTE and administrative costs are broken down as follows:

- \$240,000 for two FTE to provide program development, fund administration, project assistance and technical assistance to schools and solar developers.
- \$260,000 for costs associated with outreach and promotion, stakeholder engagement and third party assistance for technical aspects of the program that require outside expertise.

Funds under this program will be available through fiscal year 2023.

Rationale/Background:

Nationally, energy costs are K-12 school districts' second highest operating budget expense, after personnel costs. A Solar on Schools program could reduce electric utility bill costs through increased efficiency of operations and access to less costly energy through on-site solar energy production. Further, on-site solar generation could create an educational opportunity for students, enhance the school's long-term resiliency from grid power outages, and enable the school to reallocate utility bill savings to more resources for student advancement.

According to the Minnesota Department of Education, Minnesota is home to 339 school districts with over 2403 schools that serve approximately 850,000 K-12 students and an additional 200,000 early childhood and adult learners.

Proposal:

Commerce recommends options for public-private partnerships be made available to schools using \$20 million in Renewable Development Account (RDA) funds to facilitate the implementation of solar photovoltaics (PV) on schools through rooftop, ground mount or other appropriate applications.

To achieve the goals of this program, there are two pathways available in the development of the public-private partnership: a master lease program and a power-purchase agreement prepay program. The pathways outlined in this Solar on Schools Program could potentially result in installation of 17-26 MW of solar capacity.

PATHWAY 1: SOLAR ON SCHOOLS MASTER LEASE PROGRAM

This pathway would build upon the success of the Energy Improvement Financing Program for Local Government. This pathway would adapt the existing program and add a solar energy implementation component specifically for schools. For this pathway, a combination of private investment and RDA funds could be utilized in the following manner:

\$50M	Private dollars as lease-purchase agreements
\$20M	RDA funds as grants for schools to buy-down project costs

Experience with the existing public-private partnership shows that when efficiency and renewable energy are combined in the project, there is an investor appetite for a 15-year term, whereas a solar-only project is limited to 7 years or less.

In this pathway, the RDA dollars would be used to buy-down the cost of the project. Commerce technical staff would work with schools and developers to ensure cost-effective energy efficiency measures are implemented prior to the solar energy project to ensure public and private funding is maximized.

Without a buy-down, the estimated cost of solar is \$3.50/watt, which results in a 20+ year payback. Utilizing a buy-down to \$2.50/watt, projects could cash flow in under 15 years.

Assumptions (If all funds were expended within Option1):

- 100 KW systems
- 200 systems installed
- 17 MWAC installed solar capacity

\$350,000	Total Cost of System (@ \$3.50/watt)
- <u>\$100,000</u>	System buy down (RDA Funds)
\$250,000	Lease-purchase agreement

PATHWAY 2: SOLAR ON SCHOOLS POWER PURCHASE PRE-PAY PROGRAM (SOSP⁵)

This pathway is a public-private partnership using a third-party ownership model that would use RDA funds to pre-pay a power purchase agreement's buy-out, increasing the financial value of the solar energy system for schools. Enabling language would be needed to establish the Solar on Schools Power Purchase Pre-Pay Program. Commerce would work within the school's existing procurement processes to establish power purchase agreements (PPAs) and would develop standard PPA language that would allow for pre-payment of the system using RDA funds. Commerce would set forth the requirements to access pre-payment funds which would be used to pre-pay the buy-out of the PPA from a third-party that provided the initial investment for installation of the system. This results in a lower PPA price that would increase the annual electric utility bill savings for the school. Commerce would develop standard contract language that would include criteria for the following, but not limited to:

- Terms of the PPA
- Formula for determining future fair market value of the system
- Future value of PPA payments
- Escalator for utility costs

\$107.5M
\$20M

Private funds in a 3rd party ownership model (\$350K x system)
RDA funds as a pre-payment of PPA buy-out

Assumptions: (If all funds were expended within Pathway 2):

- \$.035/kWh savings School utility savings using a Power Purchase Agreements
- 100 kW systems Average system Size
- \$65,000 Average pre-payment
- \$3.50/Watt Average cost/installed watt
- 307 Total number of systems installed
- 26 MW_{AC} Installed solar capacity

Commerce staff would provide technical assistance to develop and execute projects while also ensuring other programs that implement energy efficiency at Minnesota schools are leveraged. This program would have a variety of benefits, including the ability to reduce lifetime building operating costs, provide educational opportunities, and assist with energy related deferred maintenance, and enhance school resiliency. Commerce would also develop a technical advisory committee with the solar industry, investors, and school leadership to develop the program in a cooperative and informed way, ensuring its success.

A program using both pathways should be flexible and appropriately leverage existing programs/incentives, procurement methods/state technical assistance, or public/private funding for project implementation and remaining financing. The duration of this program needs to take into consideration changes with the federal Investment Tax Credit, electricity prices, cost of solar, and other impactful market changes.

It is recommended that Commerce provide program development, fund administration, project assistance and technical assistance to schools and solar developers. Schools need support in: assuring energy efficiency is incorporated to reduce overall solar project costs; conducting financial analysis on options; and developing the project parameters.

Equity and Inclusion:

Commerce staff would develop program and proposal criteria, which would focus on schools that disproportionately serve vulnerable or otherwise disadvantaged populations.

IT Related Proposals:

Not applicable

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Proposed</i>	<i>Dates</i>
Technology	Solar Energy Systems Installed	0	200-300	2020-2023
Fiscal	Private Funds Leveraged	0	\$50-100 million	2020-2023

Statutory Change(s):

Minn. Stat. §216C.43

Department of Commerce

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota Premium Security Plan Transfer

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Commerce Department				
Special Revenue Fund				
Transfer Out	0	535,588	0	0
Transfer In	0	0	0	0
MMB Non-Operating				
General Fund				
Transfer Out	0	0	0	0
Transfer In	0	142,000		
Health Care Access Fund				
Transfer Out	0	0	0	0
Transfer In	0	393,588	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends transferring the unspent assets in the Premium Security Account to the Health Care Access Fund and General Fund in FY2021. Approximately \$393.5 million would be transferred to the Health Care Access Fund to support programs to increase access to affordable health insurance coverage and health care services. \$142 million would be transferred to the General Fund.

Rationale/Background:

In 2017, the Minnesota Premium Security Plan (MPSP) was created to provide reinsurance payments to health insurers to help cover the costs of high claims in the state's individual health insurance market.

\$543 million in state resources were appropriated for FY 2018-19 to cover plan years 2018 and 2019. The state resources are from \$142 million in transfers from the General Fund, \$401 million in transfers from the Health Care Access Fund, and \$42 million in remaining operating funds from MCHA. Minnesota received \$130.7 million in federal funds for the program for 2018.

Federal regulators project Minnesota will receive approximately \$84.7 million in federal funds for the program for plan year 2019. The final amount the State will receive will be finalized by April 2019.

Proposal:

This request utilizes assumptions from the February 2019 Forecast regarding total MPSP program size in both 2018 and 2019. This request assumes the MPSP will end after plan year 2019, with final payments to eligible health insurers for plan year 2019 occurring by August, 2020. This request assumes that the two transfers would occur after final payment obligations are fulfilled for the MPSP.

Statutory Change(s):

Transfer language within appropriations article.

Department of Commerce

FY 2020-21 Biennial Budget Change Item

Change Item Title: Net-Zero Energy Community

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	\$0	\$0	\$0	\$0
Special Revenue Fund				
Expenditures	\$22,200	\$12,000	\$12,000	\$0
Revenues	\$0	\$0	\$0	\$0
Net Fiscal Impact = (Expenditures – Revenues)	\$22,200	\$12,000	\$12,000	0
FTEs	0	0	0	0

Request:

The Governor recommends \$46.2 million from the Renewable Development Account for a grant to the Prairie Island Indian Community for a Net-Zero Energy Community.

Rationale/Background:

The Prairie Island Indian Community (PIIC) is the host community to Xcel Energy's Prairie Island Nuclear Generating Plant (PINGP). Both the PINGP and the associated nuclear waste storage site are located immediately adjacent to the community. In 1994, Minnesota enacted legislation to allow Xcel Energy to store spent nuclear waste onsite at Prairie Island until a long-term Federal storage repository opened. Additionally, as a part of the 1994 legislation, the State of Minnesota required Xcel Energy to create the Renewable Development Fund (RDF), subsequently renamed the Renewable Development Account (RDA), to fund deployment, research and development of renewable energy projects and technologies that lessen the need for nuclear power. The RDA is funded through annual payments assessed on each cask of nuclear waste stored at Prairie Island.

Xcel Energy has paid millions of dollars into the RDA and has funded many renewable projects throughout the state. The RDA has also been legislatively directed to; fund a coal power plant in Northern Minnesota; provide resources for communities whose biomass power plants ceased operating; provide a financial incentive for solar panels manufactured in Minnesota; and incentivize small wind and other renewable projects through the Renewable Energy Production Incentive (REPI). Although the Prairie Island Indian Community lives closer to the power plant and nuclear waste storage associated with it than any other community in the state, they have never requested or been granted any money from the RDA or the previously existing Renewable Development Fund.

Proposal:

The Governor recommends a total of \$46.2 million from the Renewable Development Account for the Net-Zero Energy Community at the Prairie Island Indian Community. The funds will be appropriated to the Commerce Department from the RDA, with Commerce administering the grant to the Prairie Island Indian Community.

The Prairie Island Indian Community will be Minnesota's first net-zero community – meaning it will generate as much energy as it consumes -and one of the first Indian Nations in the United States to achieve the net-zero goal.

The proposal has two phases. The first phase will reduce the PIIC energy consumption by more than 1MW through onsite building efficiency upgrades, electrification and energy management projects.

Phase 1-Efficiency and Electrification Projects at Net-Zero Community

Project	Cost	Timeline
ISO-50001	\$75,000	3 months
Energy Audits & Modeling	\$285,000	2 months
Equipment Upgrades	\$4,850,000	6 months – 1 year
EV Vehicles/charging stations	\$3,500,000	7-year replacement plan
Energy Management	\$1,500,000	1 year
Conservation Total	\$10,210,000	

The second phase of the Net-Zero Community project will be to build renewable generation of approximately 6 megawatts of solar and geothermal energy.

Phase 2-Renewable Generation

Project	Cost	Timeline
5 MW Parking Solar Canopy	\$25,000,000	1-3 years
1 MW On-Location Solar Garden <ul style="list-style-type: none"> • Prairie Island • Upper Island • Mount Frontenac • 360/61 development 	\$2,500,000	1-3 years
Microgrid	\$6,000,000	1-3 years
Geothermal	\$2,500,000	1-3 years
Generation Total	\$36,000,000	

Equity and Inclusion:

This proposal benefits the Prairie Island Indian Community.

IT Related Proposals:

Not applicable

Statutory Change(s):

None Required

Department of Commerce

FY 2020-21 Biennial Budget Change Item

Change Item Title: Innovative Renewable and Energy Efficiency Projects Grant

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	\$0	\$0	\$0	\$0
Special Revenue Fund				
Expenditures	\$13,000	\$13,000	\$0	\$0
Revenues	\$0	\$0	\$0	\$0
Net Fiscal Impact = (Expenditures – Revenues)	\$13,000	\$13,000	\$0	\$0
FTEs	2	2	0	0

Recommendation:

The Governor recommends \$13 million per year in FY20 and FY21 from the Renewable Development Account to fund an Innovative Renewable and Energy Efficiency Projects Grant program at the Division of Energy Resources in Department of Commerce.

Rationale/Background:

Minnesota's electric energy system is changing rapidly and there is a need for resources to assist in the funding of innovative renewable and energy efficiency pilot projects. Funding is critical for innovative projects that may have high upfront costs but show long-term promise in decarbonizing the power sector and creating new business models or projects that can be integrated into Minnesota's power sector.

Proposal:

The Governor recommends \$13 million per year in FY20 and FY21 from the Renewable Development Account to fund the Innovative Renewable and Energy Efficiency Projects Grant program. The proposal is intended to fund renewable and energy efficiency pilot projects either through being a model for future development or by the advancement and introduction of new clean energy technologies. Projects that Commerce would seek to select for grants could include net-zero energy urban developments, micro-grids, electric vehicle infrastructure and credits, on-site renewables and other innovative and clean energy optimization technologies.

Equity and Inclusion:

This policy is broadly beneficial to all Minnesotans. The policy will reduce pollution and increase opportunities to create jobs and employment throughout Minnesota.

IT Related Proposals:

Not applicable

Statutory Change(s):

None Required

Program: Financial Institutions Divisionmn.gov/commerce/industries/financial-institutions/**AT A GLANCE**

- The Financial Institutions Division regulates state-chartered banks, state-chartered credit unions, non-depository institutions and Minnesota registered securities professionals.
- **236:** State-chartered banks in Minnesota.
- **165:** Number of Minnesota's state-chartered banks located in Greater Minnesota.
- **72:** State-chartered credit unions in Minnesota.
- **6,154:** Licensed non-depository entities and individuals in Minnesota.

PURPOSE

The Commerce Department's Financial Institutions Division is responsible for licensing and regulating businesses that provide financial products and services to Minnesotans. These include banks, trust companies, credit unions, certificate investment companies, thrift companies, consumer credit companies, debt management companies, debt settlement companies, mortgage companies, currency exchanges, payday lenders and money transmitters.

The Division serves all Minnesota consumers and businesses that rely on these regulated businesses for financial products and services.

The Division conducts periodic on-site examinations, as well as ongoing monitoring, to ensure that financial institutions are safe and sound and comply with applicable state and federal laws. The Division's on-site examinations focus on various financial factors, including loan portfolios and overall asset quality.

The Financial Institutions Division is self-funded through assessments and hourly examination fees charged to the industries it examines. These charges are deposited into the Financial Institutions Special Revenue Account. The Division also receives a small appropriation from the General Fund and provides the General Fund non-dedicated revenue from license and renewal fees charged to all regulated financial institutions.

SERVICES PROVIDED

- Chartering and conducting on-site examinations at all state-chartered banks, trust companies, credit unions and the nation's only certificate investment company on a 12- to 24-month cycle.
- Licensing Minnesota's non-depository financial services, including the mortgage industry, consumer credit companies, currency exchanges, payday lenders, money transmitters and debt service providers through participation in the Nationwide Multistate Licensing System & Registry (NMLS).
- Conducting on-site mortgage company and money transmitter examinations.
- Minimizing the impact on Minnesotans in the event of a financial institution failure through timely and adequate intervention procedures.
- Collaborating with the Federal Deposit Insurance Corporation, the Federal Reserve Bank, and the National Credit Union Administration to conduct joint examinations of state-charted banks and credit unions and share findings.
- Participating in joint multi-state examinations of interstate investment advisers, mortgage and money transmission companies.
- Maintaining accreditation with the Conference of State Bank Supervisors and the National Association of State Credit Union Supervisors.

- Engaging in outreach activities to promote financial literacy among all Minnesotans and collaborating with state-chartered financial institutions to protect seniors and vulnerable adults from fraud.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Complete financial examinations for state-chartered banks and credit unions within the 12-24 month time frame	100%	100%	CY2017 and CY2018
Quality	Act on company licensing applications and corporate amendment applications on a timely basis	60 days	60 days	CY2017 and CY2018
Quantity	Number of banks on the troubled bank monitoring list ⁽¹⁾	12	9	CY2017 and CY2018
Results	Increase number of licensed programs types utilizing NMLS ⁽²⁾	17	18	CY2017 and CY2018

Performance Measures Notes:

1. As of 6/30/2018, there are nine banks on the problem bank-monitoring list. This is down from a high of 111 in 2010.
2. This performance measure tracks the Division's progress towards achievement of a long-term goal to move all non-depository institutions to the same electronic licensing platform, the Nationwide Multistate Licensing System & Registry

Statutory Authority: The Department's authority is located in Chapters: 45A, 46, 47, 48, 48A, 49, 50, 51A, 52, 53, 53A, 53B, 53C, 54, 55, 56, 58, 59A, 216C, 332, 332A, 332B, 334, 80, 80A.

Financial Institutions

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	4,722	5,011	818	861	790	790	801	806
2000 - Restrict Misc Special Revenue	5,024	5,935	10,914	12,862	12,856	12,906	12,856	12,906
Total	9,746	10,946	11,733	13,723	13,646	13,696	13,657	13,712
Biennial Change				4,763		1,886		1,913
Biennial % Change				23		7		8
Governor's Change from Base								27
Governor's % Change from Base								0

Expenditures by Activity

Financial Institutions	9,746	10,946	11,733	13,723	13,646	13,696	13,657	13,712
Total	9,746	10,946	11,733	13,723	13,646	13,696	13,657	13,712

Expenditures by Category

Compensation	3,909	4,162	4,456	5,646	5,630	5,630	5,641	5,646
Operating Expenses	5,837	6,784	6,823	7,621	7,610	7,660	7,610	7,660
Grants, Aids and Subsidies			450	450	400	400	400	400
Other Financial Transaction	0	0	3	6	6	6	6	6
Total	9,746	10,946	11,733	13,723	13,646	13,696	13,657	13,712

Total Agency Expenditures	9,746	10,946	11,733	13,723	13,646	13,696	13,657	13,712
Internal Billing Expenditures	105	116	655	677	677	677	677	677
Expenditures Less Internal Billing	9,641	10,830	11,078	13,046	12,969	13,019	12,980	13,035

Full-Time Equivalents

	45.32	46.56	46.23	50.23	50.23	50.23	50.23	50.23
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Financial Institutions

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		147		71				
Direct Appropriation	4,885	4,885	920	820	820	820	831	836
Transfers Out	19	19	31	30	30	30	30	30
Cancellations		2						
Balance Forward Out	144		71					
Expenditures	4,722	5,011	818	861	790	790	801	806
Biennial Change in Expenditures				(8,053)		(99)		(72)
Biennial % Change in Expenditures				(83)		(6)		(4)
Governor's Change from Base								27
Governor's % Change from Base								2
Full-Time Equivalents	45.32	46.56	3.73	3.73	3.73	3.73	3.73	3.73

2000 - Restrict Misc Special Revenue

Balance Forward In	26	25	25	3,011	2,317	1,879	2,317	1,879
Receipts	5,676	6,797	14,767	12,968	13,218	13,568	13,218	13,568
Transfers Out	653	861	866	800	800	800	800	800
Balance Forward Out	25	25	3,011	2,317	1,879	1,741	1,879	1,741
Expenditures	5,024	5,935	10,914	12,862	12,856	12,906	12,856	12,906
Biennial Change in Expenditures				12,817		1,986		1,986
Biennial % Change in Expenditures				117		8		8
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			42.50	46.50	46.50	46.50	46.50	46.50

Program: Petroleum Tank Release Cleanup Fund (Petrofund)

mn.gov/commerce/industries/fuel/petrofund

AT A GLANCE

- **\$450 million:** Approximate amount of reimbursement paid out to eligible applicants since 1987.
- **13,000:** Approximate number of leak sites that have received funding for corrective actions since 1987.
- **490:** Underground petroleum storage tanks removed from approximately 325 properties since 2004.

PURPOSE

Created in 1987, the Petroleum Tank Release Cleanup Fund (Petrofund) contributes to a cleaner environment and helps to prevent the pollution of Minnesota's soil and water by providing eligible applicants with reimbursement for a portion of their costs to investigate and clean up contamination from leaking petroleum storage tanks.

SERVICES PROVIDED

- Helps applicants with the costs to investigate and clean up contaminated soil and water from leaking petroleum storage tanks in the most cost-effective manner possible;
- Contracts for the removal of abandoned underground petroleum storage tanks;
- Recovers costs from responsible persons for investigation and cleanup work performed by the Minnesota Pollution Control Agency (MPCA) when the responsible persons are unwilling or unable to complete statutorily-required corrective actions;
- Provides funding to the MPCA for administration of the Petroleum Remediation, Tank Compliance and Assistance, and Emergency Response programs, mainly to pay for state-financed investigation and cleanup projects where no viable responsible person is available; and
- Annually approves the use of funds by the Minnesota Department of Employment and Economic Development (DEED) for the administration of the Contamination Cleanup and Investigation Grant Program.

The Petrofund is primarily funded by the Petroleum Tank Release Cleanup Fee. The fee is charged on wholesale petroleum products and is paid at a rate of \$20 per 1,000 gallons (commonly referred to as \$.02 per gallon) by the first licensed distributor receiving the product in the state. The fee is imposed for a four-month time period whenever the Program's fund balance drops below \$4 million and authorization has been given by the five-member Petroleum Tank Release Compensation Board. Investment earnings on the Petrofund's cash balance generate additional revenue.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Review of reimbursement applications within 60- and 120-day statutory deadlines in order to assure timely payment of investigation and cleanup costs incurred by applicants.	All initial applications reviewed within 51 days and all supplemental applications within 73 days	All initial and supplemental applications reviewed within 34 days	FY2017 and FY2018

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Removal of abandoned underground petroleum storage tanks in order to identify and prevent old tanks from leaking and contaminating soil and groundwater.	29 tanks removed at 24 sites	21 tanks removed at 20 sites	FY2017 and FY2018
Quantity	Protect human health and the environment by reimbursing eligible applicants for a portion of their costs to investigate and clean up contamination from leaking petroleum storage tanks across the state.	\$4.2 million reimbursed to approximately 300 applicants	\$4.7 million reimbursed to approximately 300 applicants	FY2017 and FY2018

Performance Measure Notes:

1. When a Petrofund applicant incurs costs, they can either submit all costs in one application or request reimbursement in multiple applications. Initial applications must be reviewed within 60 days. All subsequent applications must be reviewed within 120 days.
2. The application review data compares the application queue as of July 2017 (previous) and July 2018 (current). The application queue is mainly driven by the number of reimbursement applications received.
3. The abandoned tank removal data compares the number of tanks removed in Fiscal Year 2017 (previous) to the number removed in Fiscal Year 2018 (current). The number of tanks removed is contingent on the number of applications received and the staff resources available to manage the tank removal projects.

Statutory Authority: The Petrofund program's legal authority is found in Chapter 115C.

Petroleum Tank Cleanup Fund

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2350 - Petroleum Tank Release Cleanup	5,996	5,173	5,777	10,637	10,541	10,541	10,541	10,541
Total	5,996	5,173	5,777	10,637	10,541	10,541	10,541	10,541
Biennial Change				5,245		4,668		4,668
Biennial % Change				47		28		28
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Petroleum Tank Cleanup Fund	5,996	5,173	5,777	10,637	10,541	10,541	10,541	10,541
Total	5,996	5,173	5,777	10,637	10,541	10,541	10,541	10,541

Expenditures by Category

Compensation	649	672	695	730	734	734	734	734
Operating Expenses	5,347	4,501	5,081	9,902	9,802	9,802	9,802	9,802
Other Financial Transaction			0	5	5	5	5	5
Total	5,996	5,173	5,777	10,637	10,541	10,541	10,541	10,541

Total Agency Expenditures	5,996	5,173	5,777	10,637	10,541	10,541	10,541	10,541
Internal Billing Expenditures	102	104	101	120	120	120	120	120
Expenditures Less Internal Billing	5,894	5,069	5,676	10,517	10,421	10,421	10,421	10,421

Full-Time Equivalents

6.88	6.69	6.76	6.76	6.76	6.76	6.76	6.76
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Petroleum Tank Cleanup Fund

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2350 - Petroleum Tank Release Cleanup								
Balance Forward In		194		172				
Direct Appropriation	1,052	1,052	1,052	1,054	1,056	1,056	1,056	1,056
Open Appropriation	11,271	8,576	7,694	15,885	15,885	15,885	15,885	15,885
Transfers In	892	947	787					
Transfers Out	7,029	5,214	3,584	6,400	6,400	6,400	6,400	6,400
Cancellations		383		74				
Balance Forward Out	190		172					
Expenditures	5,996	5,173	5,777	10,637	10,541	10,541	10,541	10,541
Biennial Change in Expenditures				5,245		4,668		4,668
Biennial % Change in Expenditures				47		28		28
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.88	6.69	6.76	6.76	6.76	6.76	6.76	6.76

Program: Regulatory and Administrative Services Division

mn.gov/commerce/

AT A GLANCE

- 227,360: Number of active licenses issued by the Commerce Department's Licensing Unit to individual Minnesotans and businesses.
- 32,714: Total Unclaimed Property claims paid in FY17-18.
- \$249.1 million: Total dollar value of property returned to Unclaimed Property claimants since FY11.
- 98: Senior fraud prevention outreach and trainings held across Minnesota from November 2017 through July 2018.
- 27,944: Hang up On Fraud toolkits distributed to Minnesota seniors and caregivers from November 2017 through July 2018.
- 99.4: Percentage of invoices processed by Financial Services within 30 days.
- 9: Career and job fairs attended in FY17-18 by Human Resources staff.

PURPOSE

The Department of Commerce's Regulatory and Administrative Services Division includes two units. The Regulatory Services unit oversees the licensing and unclaimed property programs in the Department. Administrative Services unit includes core agency functions like Communications, Government Affairs, Financial Services and Human Resources.

The Regulatory and Administrative Services Division is funded through a General Fund appropriation.

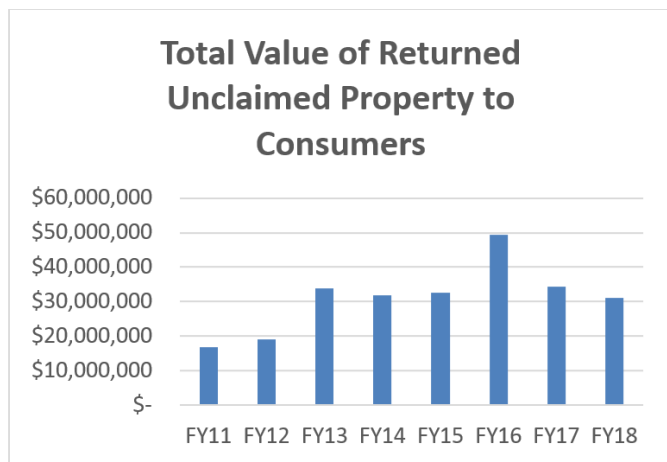
SERVICES PROVIDED**Regulatory Services**

- Licensing
 - Administers application and renewal programs for 30 different professional license including of insurance agents and adjusters, real estate salespersons and brokers, appraisers, collection agencies and debt collectors and others seeking to do business across the state.
 - Provides licensing oversight for over 220,000 individuals and companies that do business in Minnesota.
 - Approves applications for pre-license and continuing education courses, maintains experience requirement standards and assists regulated entities in their ongoing efforts to better serve their clients.
 - Answers consumer inquiries regarding commerce-administered professional licenses.
- Unclaimed Property
 - Serves as a "lost and found" for financial assets belonging to current and former residents of Minnesota.
 - Safeguards, maintains, and seeks to return to owners, the approximately \$800 Million in abandoned property held by the state.
 - Takes in unclaimed property from companies (or "holders") with a statutory obligation to report property to the state once the property owner has not been located after a specific period of time.
 - Answers consumer inquiries regarding unclaimed property claims.

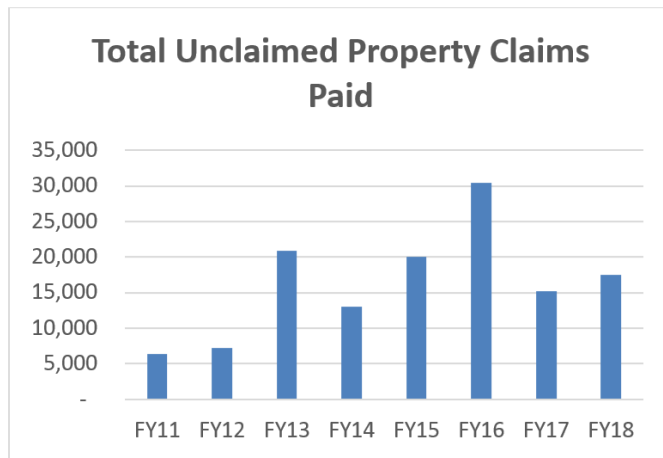
Administrative Services

- **Consumer Services Center**
 - Provides services to consumers who have inquires or complaints about Commerce regulated industries and licensees.
 - Responded to 13,220 consumer phone calls in 2017.
 - Mediates disputes between consumers and insurance companies.
 - Investigates complaints about improper claims practices.
 - Provides outreach and education to consumers about Commerce regulated industries.
- **Communications**
 - Provides information about consumer protection topics and Commerce services to the public and licensees through traditional media, online communications and outreach activities.
 - Maintains the Commerce website, which had 2,199,118 page views in FY18.
- **Government Affairs**
 - Leads policy development and advocacy for the agency.
 - Oversees constituent services responses for consumers who contact the agency via elected officials.
- **Financial Services**
 - Manages day-to-day office, financial and human resources operations.
 - Provides information management services and technical support including data processing, budget implementation, payroll and facilities management.
- **Human Resources**
 - Conducts policy administration, staffing, recruitment, workforce planning, labor relations, benefits administration and other functions for the agency and its staff.
 - Spearheads Departmental efforts to increase diversity and inclusion within the organization including developing pipelines and community partnerships, increased employee engagement, improved onboarding processes, new recruiting efforts at statewide career fairs and expanded advertisement of career opportunities in diverse mediums.

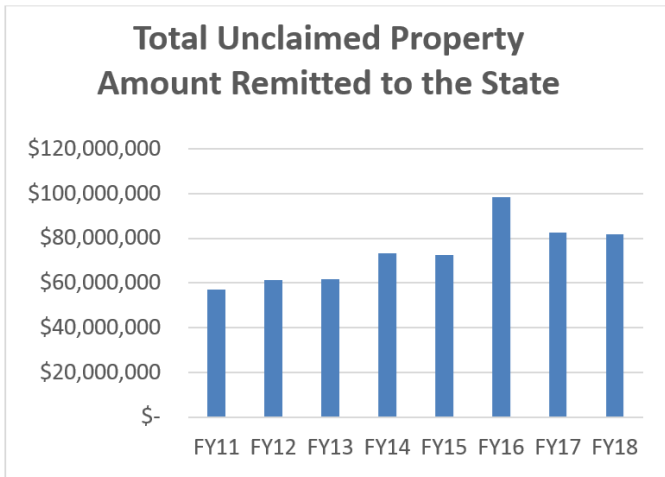
RESULTS



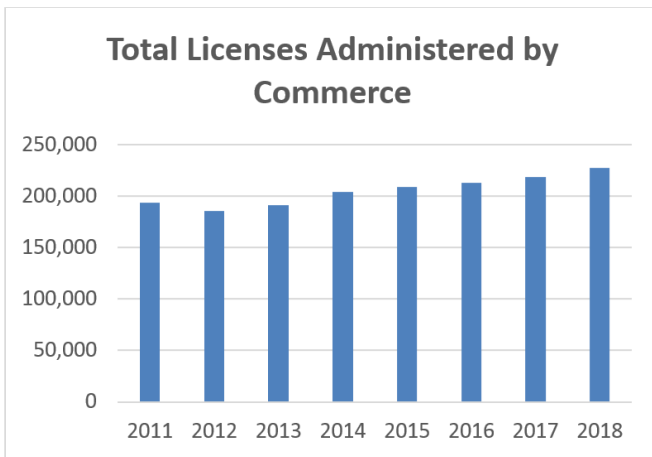
In FY18, \$31.1 million in unclaimed property was returned to consumers.



In FY18, 17,505 unclaimed property claims were paid.



In FY18, \$81.76 million in unclaimed property was remitted to the State.



In FY18, there were 227,360 active licenses issued by the Licensing Unit.

Statutory Authority: While many of the categories of licensure administered by the Division have their own statutory citations, the Department's authority is located in Chapter 45 and 345.

Regulatory and Administrative Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	6,464	7,794	6,515	8,262	7,423	7,423	10,167	8,952
2000 - Restrict Misc Special Revenue	1,754	1,120	1,968	2,120	2,120	2,120	2,120	2,120
Total	8,218	8,914	8,482	10,382	9,543	9,543	12,287	11,072
Biennial Change				1,732		222		4,495
Biennial % Change				10		1		24
Governor's Change from Base								4,273
Governor's % Change from Base								22

Expenditures by Activity

Administrative Services	8,218	8,914	8,482	10,382	9,543	9,543	12,287	11,072
Total	8,218	8,914	8,482	10,382	9,543	9,543	12,287	11,072

Expenditures by Category

Compensation	5,858	6,007	6,067	7,100	6,632	6,632	7,000	7,395
Operating Expenses	2,338	2,872	2,408	3,280	2,911	2,911	5,287	3,677
Capital Outlay-Real Property	20	33						
Other Financial Transaction	2	2	7	2				
Total	8,218	8,914	8,482	10,382	9,543	9,543	12,287	11,072

Full-Time Equivalents

	69.59	70.42	67.02	68.01	68.01	68.01	72.01	75.01
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Regulatory and Administrative Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	0	704	0	861				
Direct Appropriation	7,222	7,386	7,379	7,404	7,426	7,426	10,170	8,955
Transfers In		1						
Transfers Out	93	2	3	3	3	3	3	3
Cancellations		294						
Balance Forward Out	665		861					
Expenditures	6,464	7,794	6,515	8,262	7,423	7,423	10,167	8,952
Biennial Change in Expenditures				518		69		4,342
Biennial % Change in Expenditures				4		0		29
Governor's Change from Base								4,273
Governor's % Change from Base								29
Full-Time Equivalents	50.90	50.24	47.51	47.51	47.51	47.51	51.51	54.51

2000 - Restrict Misc Special Revenue

Balance Forward In	2,099	1,818	2,157	2,192	2,072	1,952	2,072	1,952
Receipts	1,473	1,459	2,003	2,000	2,000	2,000	2,000	2,000
Internal Billing Receipts	1,473	1,459	2,003	2,000	2,000	2,000	2,000	2,000
Balance Forward Out	1,818	2,157	2,192	2,072	1,952	1,832	1,952	1,832
Expenditures	1,754	1,120	1,968	2,120	2,120	2,120	2,120	2,120
Biennial Change in Expenditures				1,213		152		152
Biennial % Change in Expenditures				42		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	18.69	20.18	19.51	20.50	20.50	20.50	20.50	20.50

Program: Enforcement Divisionmn.gov/commerce/consumers/file-a-complaint/**AT A GLANCE**

In 2017, the Enforcement Division:

- **\$4.4 million:** Recovered for Minnesota consumers through administrative action.
- **\$8.3 million:** Civil penalties assessed by the Enforcement Division.
- **1,562:** Questions, concerns and complaints received by the Enforcement Division.
- **4,922:** Investigations opened.
- **443:** Number of enforcement actions taken.
- **2,476:** Reports of suspected insurance fraud.
- **\$3.98 million:** Amount of grants issued by the Commerce Fraud Bureau to local law enforcement agencies throughout Minnesota through the Auto Theft Prevention Program.
- **\$163.5 million:** Total economic impact of Commerce Fraud Bureau investigations that resulted in prosecutions.
- **2,117:** State-registered Investment Adviser and Broker Dealer firms in Minnesota.

PURPOSE

The mission of the Commerce Department's Enforcement Division is to protect consumers by monitoring conduct and investigating complaints related to unfair, deceptive, or fraudulent practices.

The Commerce Department regulates 22 industries in Minnesota, covering a large portion of the economic activity in the state. These industries include insurance, securities, financial institutions, real estate and collection agencies. The Enforcement Division works to ensure that businesses in these regulated industries operate in compliance with Minnesota law.

The Division performs audits and examinations of regulated businesses, responds to complaints and conducts investigations of suspected illegal activity. When the Division uncovers illegal activity, it can initiate administrative action or, where appropriate, collaborate with local law enforcement, county prosecutors, and the United States Attorney's Office to pursue criminal charges.

The Securities Unit registers securities agents, broker-dealers, franchises, timeshares, investment advisers and investment adviser representatives to do business in Minnesota. The Unit also performs examinations of businesses offering securities in Minnesota.

The Civil Investigations Unit and Securities Unit are funded through General Fund appropriations. The Commerce Fraud Bureau is funded through an assessment of insurance companies doing business in Minnesota and a special revenue fund appropriation from the Auto Theft Prevention Account.

SERVICES PROVIDED**Civil Investigations**

- Conduct civil investigations, audits, and market conduct examinations to determine if laws under Commerce's jurisdiction have been violated, while providing due process during the resolution of any alleged violations.

- Regulate business activity to ensure compliance, responsible business conduct, and a fair and consistent regulatory environment for businesses and consumers.
- Engage in outreach activities to inform, educate, and obtain feedback from Minnesota consumers and businesses.
- Work with industry to increase the transparency and efficiency of the insurance examination process.
- During 2017, Commerce's insurance market conduct examinations resulted in the imposition of \$5.08 million in civil penalties.

Commerce Fraud Bureau

- Undertake criminal investigations related to insurance fraud and other related criminal activities.
- Review notices and reports of insurance fraud submitted by insurers, their employees, and agents or producers, as well as notifications or complaints of suspected insurance fraud generated by other law enforcement agencies, state or federal government units or the public.
- During 2017, the Fraud Bureau initiated investigations into 2,476 cases, representing an 11% increase over the 2,227 investigations conducted in 2016.
 - These investigations resulted in prosecutions of individuals who were responsible for committing crimes with an economic impact of more than \$163.5 million to Minnesotans.
- Administer the Auto Theft Prevention Account and grant program which partners with local law enforcement to reduce the incidence of auto theft across Minnesota.

Securities

- Register broker dealer firms, state-based investment advisor firms and investment advisor representatives.
- Conduct on-site investment advisor examinations.
- Register franchise offerings to maintain the integrity of the franchise community in Minnesota.
- Advocate for and assist investors and consumers through consumer complaint resolution and public education and outreach.
- Work with federal and self-regulatory bodies that share regulatory authority over the securities area.
- Ensure compliant, responsible business conduct and practices to ensure a fair and consistent regulatory environment.
- Oversee crowdfunding exemption from securities registration known as MNvest.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Years</i>
Quantity	Civil Investigations Initiated	4,669	4,922	FY2016 and FY2017
Quantity	Criminal Investigations Initiated	2,227	2,476	FY2016 and FY2017
Results	Civil Administrative Actions Taken	513	443	FY2016 and FY2017
Results	Civil Penalties Assessed	\$13 million	\$8.3 million	FY2016 and FY2017
Quantity	Investment Adviser Representative Registrations	10,639	11,878	CY2015 and CY2018
Quantity	Broker Dealer Agent Registrations	140,242	153,615	CY2015 and CY2018

Statutory Authority: The Department's authority is located in Chapters: 45, 60A, 65B, 80, 80A.

Enforcement

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	4,557	5,045	5,067	5,644	5,284	5,284	5,942	6,032
2000 - Restrict Misc Special Revenue	7,138	7,813	6,526	7,926	7,741	7,741	7,741	7,741
2830 - Workers Compensation	196	200	198	199	200	200	200	200
6000 - Miscellaneous Agency	128	121	44	182	155	155	155	155
Total	12,019	13,178	11,835	13,951	13,380	13,380	14,038	14,128
Biennial Change				589		974		2,380
Biennial % Change				2		4		9
Governor's Change from Base								1,406
Governor's % Change from Base								5

Expenditures by Activity

Enforcement	12,019	13,178	11,835	13,951	13,380	13,380	14,038	14,128
Total	12,019	13,178	11,835	13,951	13,380	13,380	14,038	14,128

Expenditures by Category

Compensation	5,985	6,352	6,601	7,536	7,536	7,536	7,872	7,962
Operating Expenses	4,020	4,640	3,482	3,807	3,236	3,186	3,558	3,508
Grants, Aids and Subsidies	2,001	2,170	1,731	2,575	2,575	2,625	2,575	2,625
Capital Outlay-Real Property	10			6	6	6	6	6
Other Financial Transaction	4	15	21	27	27	27	27	27
Total	12,019	13,178	11,835	13,951	13,380	13,380	14,038	14,128

Total Agency Expenditures	12,019	13,178	11,835	13,951	13,380	13,380	14,038	14,128
Internal Billing Expenditures	252	278	246	265	265	265	265	265
Expenditures Less Internal Billing	11,767	12,900	11,589	13,686	13,115	13,115	13,773	13,863

Full-Time Equivalents

	62.64	62.57	63.37	68.21	68.21	68.21	68.21	68.21
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Enforcement

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		332		377				
Direct Appropriation	4,901	4,901	5,469	5,292	5,309	5,309	5,967	6,057
Transfers Out	14	15	25	25	25	25	25	25
Cancellations		174						
Balance Forward Out	329		377					
Expenditures	4,557	5,045	5,067	5,644	5,284	5,284	5,942	6,032
Biennial Change in Expenditures				1,109		(143)		1,263
Biennial % Change in Expenditures				12		(1)		12
Governor's Change from Base								1,406
Governor's % Change from Base								13
Full-Time Equivalents	45.69	46.13	44.89	47.33	47.33	47.33	47.33	47.33

2000 - Restrict Misc Special Revenue

Balance Forward In	10,348	9,375	7,584	8,369	7,474	6,774	7,474	6,774
Receipts	7,336	7,286	7,311	7,031	7,041	7,041	7,041	7,041
Transfers In	725	640	1,300	1,300	1,300	1,300	1,300	1,300
Transfers Out	2,025	1,940	1,302	1,300	1,300	1,300	1,300	1,300
Balance Forward Out	9,246	7,548	8,368	7,474	6,774	6,074	6,774	6,074
Expenditures	7,138	7,813	6,526	7,926	7,741	7,741	7,741	7,741
Biennial Change in Expenditures				(499)		1,030		1,030
Biennial % Change in Expenditures				(3)		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.95	14.97	17.04	19.44	19.44	19.44	19.44	19.44

2830 - Workers Compensation

Balance Forward In		2						
Direct Appropriation	198	198	198	199	200	200	200	200
Balance Forward Out	2		0					
Expenditures	196	200	198	199	200	200	200	200
Biennial Change in Expenditures				1		3		3
Biennial % Change in Expenditures				0		1		1
Governor's Change from Base								0

Enforcement

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	2.00	1.47	1.44	1.44	1.44	1.44	1.44	1.44

6000 - Miscellaneous Agency

Balance Forward In	134	52	44	43				
Receipts	46	91	44	139	155	155	155	155
Balance Forward Out	52	23	43					
Expenditures	128	121	44	182	155	155	155	155
Biennial Change in Expenditures				(22)		84		84
Biennial % Change in Expenditures				(9)		37		37
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Telecommunicationsmn.gov/commerce/industries/telecom/**AT A GLANCE**

- **2.25 million:** Residential and business wireline telephones serving Minnesotans, including reliable and vital 911 services.
- **571:** Opened investigations and dockets in 2017.
- **439:** Number of new Telephone Equipment Distribution Program participants in 2017.

PURPOSE

The Telecommunications Unit serves the public as a state regulator of the telecommunications industry. The Unit provides the Public Utilities Commission (PUC) and the legislature with appropriate information and policy alternatives that are responsive to rapidly changing market conditions, including the transition to internet protocol technology.

The Telecommunications Unit reviews filings made with the PUC by telecommunications companies in compliance with state statutes, PUC orders, and state and federal regulations. It investigates complaints from the public, local governments and telecommunications companies about illegal, unfair, or anti-competitive practices and takes action to enforce state and federal statutes and regulations. The unit ensures that consumers are protected in the transition from legacy technologies to voice over internet protocol (VoIP) service.

The unit also administers the Telecommunications Access Minnesota (TAM) program, which delivers free services to persons with hearing, speech, or physical disabilities through the Minnesota Relay, and funds the Telephone Equipment Distribution (TED) Program, which provides specialized telecommunications equipment to Minnesotans.

Most of the functions of the unit are funded by an assessment on regulated telecommunications companies. The TAM program is funded by a fee imposed on consumers, collected by regulated telecommunications companies, wireless companies, and point of sale retail outlets selling prepaid wireless services.

SERVICES PROVIDED

- Advocate on behalf of the public interest for statewide telecommunications policies that promote high quality, affordable telecommunications network in Minnesota.
- Enforce Minnesota and Federal laws and rules of the PUC and the Federal Communications Commission.
- Investigate company filings and telecommunications matters for compliance with Minnesota requirements.
- Administrative review of licensing requests, service quality, pricing of services, and the competitive practices of telecommunications companies.
- Encourage deployment of infrastructure for improved voice, video, and data transmission, while protecting consumers from being left behind as new technologies are employed by the regulated industry, including VoIP service offerings.
- Provide Minnesotans a venue to resolve telecommunications complaints relating to service in rural areas, service outages, excessive fees and critical 911 service.

RESULTS

The Telecommunications Unit measures success by the extent to which all Minnesota citizens have access to high-quality, affordable telecommunications services, regardless of technology. The impact of the unit's activities is reflected in the availability of competitive alternatives and continued service to those areas in Minnesota with a single provider, including reliable and vital 911 services.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Telecommunications Penetration - Wireline Residential - Wireline Business - Wireless	1,173,000 1,111,000 5,761,000	1,109,000 1,142,000 5,854,000	CY2015 and CY 2016
Quantity	Number of new Telephone Equipment Distribution Program participants	547	439	CY2016 and FY2017
Quantity	Number of Minnesota Relay conversation minutes used	1,067,849	924,652	CY2016 and CY2017

Statutory Authority: The Department's authority to regulate telecommunications providers is located in Chapter 237.

Telecommunications

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	907	881	831	1,158	995	995	1,023	1,033
2000 - Restrict Misc Special Revenue	3,796	3,743	3,297	3,483	3,048	3,484	3,048	3,484
Total	4,703	4,624	4,128	4,641	4,043	4,479	4,071	4,517
Biennial Change				(557)		(247)		(181)
Biennial % Change				(6)		(3)		(2)
Governor's Change from Base								66
Governor's % Change from Base								1

Expenditures by Activity

Telecommunications	4,703	4,624	4,128	4,641	4,043	4,479	4,071	4,517
Total	4,703	4,624	4,128	4,641	4,043	4,479	4,071	4,517

Expenditures by Category

Compensation	782	811	797	981	888	888	906	913
Operating Expenses	3,921	3,813	3,331	3,659	3,154	3,590	3,164	3,603
Other Financial Transaction			0	1	1	1	1	1
Total	4,703	4,624	4,128	4,641	4,043	4,479	4,071	4,517

Total Agency Expenditures	4,703	4,624	4,128	4,641	4,043	4,479	4,071	4,517
Internal Billing Expenditures	15	15	14	19	19	19	19	19
Expenditures Less Internal Billing	4,688	4,609	4,115	4,622	4,024	4,460	4,052	4,498

Full-Time Equivalents

7.58	7.64	7.13	7.13	7.13	7.13	7.13	7.13
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Telecommunications

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		103		163				
Direct Appropriation	1,009	1,009	1,008	1,009	1,009	1,009	1,037	1,047
Transfers In	1,017	942	1,206	1,089	1,089	1,089	1,089	1,089
Transfers Out	1	2	14	14	14	14	14	14
Cancellations	1,017	1,171	1,206	1,089	1,089	1,089	1,089	1,089
Balance Forward Out	101		163					
Expenditures	907	881	831	1,158	995	995	1,023	1,033
Biennial Change in Expenditures			202		1		67	
Biennial % Change in Expenditures			11		0		3	
Governor's Change from Base							66	
Governor's % Change from Base							3	
Full-Time Equivalents	6.48	6.55	6.04	6.04	6.04	6.04	6.04	6.04

2000 - Restrict Misc Special Revenue

Balance Forward In	2,294	3,203	2,623	1,935	1,194	1,528	1,194	1,528
Receipts	6,962	5,329	5,425	5,441	6,081	6,180	6,081	6,180
Transfers In	376	41	395	397	395	395	395	395
Transfers Out	2,633	2,208	3,211	3,096	3,094	3,094	3,094	3,094
Balance Forward Out	3,202	2,623	1,935	1,194	1,528	1,525	1,528	1,525
Expenditures	3,796	3,743	3,297	3,483	3,048	3,484	3,048	3,484
Biennial Change in Expenditures				(759)		(248)		(248)
Biennial % Change in Expenditures				(10)		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.10	1.09	1.09	1.09	1.09	1.09	1.09	1.09

Program: Division of Energy Resources (DER)

mn.gov/commerce/industries/energy/

AT A GLANCE

- **320,000:** Number of Minnesotans served through the Low-Income Home Energy Assistance Program (LIHEAP) in Federal FY2018.
- **\$275 million:** Amount utility ratepayers saved due to Commerce's advocacy at the Public Utilities Commission in 2017.
- **500,000:** Number of Minnesotans who received energy-related information through phone, email, web visits, brochures and the Energy Home State Fair exhibit in 2017.
- **180:** Electric and natural gas utility Conservation Improvement Plans (CIP) reviewed and approved resulting in over 1.9 million megawatt-hours (MWh) and 6.6 million thousand cubic feet saved in 2015 and 2016 (the equivalent of removing 383,641 cars from the road for one year).
- **11:** Environmental reviews and technical support for large energy facility projects, including eight wind projects, two pipeline projects and one high-voltage transmission line in 2017.
- **860:** Megawatts of solar installed in Minnesota as of June 2018.
- **7:** Communities in Minnesota recognized at the 2018 Clean Energy Community Awards.

PURPOSE

The Division of Energy Resources (DER) represents the public interest while ensuring a clean, healthy environment with sustainable uses of natural resources. The Division of Energy Resources:

- Ensures Minnesota's energy system supports a strong economy, job creation, and healthy environment.
- Improves existing energy infrastructure while protecting ratepayers.
- Advances Minnesota's leadership in energy efficiency.
- Expands Minnesota's renewable energy potential and energy business activity.
- Assists low-income Minnesotans through financial assistance and energy conservation measures.
- Ensures sufficient, reliable energy at reasonable costs.

The Division of Energy Resources is funded primarily through federal grants. The Division also receives a general fund appropriation, which is recovered through an assessment on utilities. Additional funding is assessed to utilities and paid directly to the Department of Commerce.

SERVICES PROVIDED

The Division of Energy Resources provides the following services to support Minnesota's energy consumers:

State Energy Office

- Provides renewable energy financing and technical assistance and energy efficiency to the public sector.
 - Completed 109 Sustainable Building 2030 projects with a reduction of 216,000 tons of CO₂ (equivalent to removing over 46,000 passenger vehicles annually).
 - Administer the Guaranteed Energy Savings Program (GESP) allowing state agencies, colleges, and cities to implement major energy-saving projects. Current GESP projects are saving state and local governments and colleges \$800,000 annually.
- Oversees the State's Conservation Improvement Programs (CIP) to assure that utility consumers receive a comprehensive suite of energy efficiency and conservation assistance.
 - CIP helps support and grow over 49,361 energy efficiency jobs in Minnesota.

- Since 2006, CIP programs have reduced CO2 emissions by over 8 million tons, the equivalent of removing over 1.7 million passenger vehicles from the road for one year.
- Monitors energy supplies serving the state to assure Minnesota residences and businesses have reliable electricity service.
- Serves as an information resource to Minnesota consumers and businesses on clean energy programs and actions they can take to reduce energy use.
- Provides technical and financial resources to ensure energy efficiency and renewable energy projects are cost effective and soundly engineered for consumers, local units of government and state agencies.
 - Leverages nearly \$20 million in revolving loan programs for energy efficiency projects serving residential, business, nonprofit and other public sectors.
- Pursues public-private partnerships to deploy new clean energy technologies and bring new venture capital opportunities for Minnesota's businesses.
 - From 2013-2017, solar jobs in Minnesota increased from 814 to 4,256, a 523% increase.
 - Minnesota added 467 MW of solar capacity in 2017, up from 246 MW in 2016.

Low-Income Heating Assistance and Weatherization Assistance Program

- Administers \$117 million in the Low-Income Home Energy Assistance Program serving 320,000 Minnesotans in Federal FY2018.
- Serves on average 1,700 households annually in the Weatherization Assistance Program providing income-eligible homeowners and renters' energy savings and healthy and safe homes.

Regulatory Services:

- Advocates for the public interest in proceedings before the Public Utilities Commission (PUC), including rate cases, resource plans, and certificates of need, and advocates on behalf of Minnesota ratepayers in regional and federal matters.
- Conducts environmental review and provides technical expertise and assistance to the PUC for large energy projects in Minnesota.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Energy savings goals in CIP* (Natural Gas/Electric percentages)	Electric Utility Savings: 1.7% Natural Gas Utility Savings: 1.0%	Electric Utility Savings: 1.7% Natural Gas Utility Savings: 1.1%	CY2015 and CY2016
Results	Renewable Energy Standard of 25% of energy comes from renewable sources by 2025**	Xcel Energy: 18% Other electric utilities: 12%	Xcel Energy: 25% Other electric utilities: 17%	CY2015 and CY2017
Results	Percent of wind projects in compliance with permit conditions	80%	85%	CY2016 and CY2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of households served by low-income heating (LIHEAP) and weatherization (WAP) programs	LIHEAP: 126,100 WAP: 1,790	LIHEAP: 126,500 WAP: 1,810	LIHEAP: CY2017 and CY2018 WAP: Program CY 2016 and CY2017
Results	Amount of solar Minnesota utilities developed toward the 1.5% Solar Energy Standard by 2020.	185 MW	505 MW	CY2016 and CY2017

* (Energy savings goal is outlined in Minn. Stat. § 216B.241, subd. 1c.)

** (Minn. Stat. § 216B.1691 requires Xcel to meet the higher goal; the lower is for all other utilities)

Statutory Authority: The Department's authority is located in Chapters: 16B, 16C, 116J, 216A, 216B, 216C, 216E, 216G, 272.

Energy Resources

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,224	3,949	3,792	4,660	4,251	4,251	4,305	4,355
2000 - Restrict Misc Special Revenue	13,022	16,862	10,549	9,762	9,848	9,848	10,348	10,348
2340 - Renewable Development			3,009	4,605	5,040	5,040	50,240	40,040
3000 - Federal	119,917	118,746	131,144	137,652	142,674	143,001	142,674	143,001
Total	136,163	139,557	148,494	156,679	161,813	162,140	207,567	197,744
Biennial Change				29,453		18,780		100,138
Biennial % Change				11		6		33
Governor's Change from Base								81,358
Governor's % Change from Base								25

Expenditures by Activity

Energy Resources	136,163	139,557	148,494	156,679	161,813	162,140	207,567	197,744
Total	136,163	139,557	148,494	156,679	161,813	162,140	207,567	197,744

Expenditures by Category

Compensation	7,645	7,915	8,372	8,808	8,698	8,748	9,438	9,529
Operating Expenses	5,723	10,579	9,055	12,363	11,867	11,008	12,181	11,331
Grants, Aids and Subsidies	121,951	120,303	130,189	135,484	141,224	142,360	185,924	176,860
Other Financial Transaction	845	760	878	24	24	24	24	24
Total	136,163	139,557	148,494	156,679	161,813	162,140	207,567	197,744

Total Agency Expenditures	136,163	139,557	148,494	156,679	161,813	162,140	207,567	197,744
Internal Billing Expenditures	869	815	841	999	957	957	957	957
Expenditures Less Internal Billing	135,294	138,742	147,653	155,680	160,856	161,183	206,610	196,787

<u>Full-Time Equivalents</u>	79.86	78.66	80.12	81.76	81.76	81.76	88.76	88.76
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Energy Resources

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		608		423				
Direct Appropriation	3,848	4,677	4,240	4,262	4,276	4,276	4,330	4,380
Transfers Out	19	19	25	25	25	25	25	25
Cancellations		1,316						
Balance Forward Out	606		424					
Expenditures	3,224	3,949	3,792	4,660	4,251	4,251	4,305	4,355
Biennial Change in Expenditures				1,279		50		208
Biennial % Change in Expenditures				18		1		2
Governor's Change from Base								158
Governor's % Change from Base								2
Full-Time Equivalents	23.96	29.71	29.09	31.54	31.54	31.54	31.54	31.54

2000 - Restrict Misc Special Revenue

Balance Forward In	41,553	54,300	67,977	10,786	10,341	9,810	10,341	9,810
Receipts	24,135	27,953	9,312	8,917	8,917	8,917	9,417	9,417
Transfers In	312	414	461	400	400	400	400	400
Transfers Out			56,418					
Balance Forward Out	52,977	65,805	10,784	10,341	9,810	9,279	9,810	9,279
Expenditures	13,022	16,862	10,549	9,762	9,848	9,848	10,348	10,348
Biennial Change in Expenditures				(9,573)		(615)		385
Biennial % Change in Expenditures				(32)		(3)		2
Governor's Change from Base								1,000
Governor's % Change from Base								5
Full-Time Equivalents	29.86	26.87	26.55	19.70	19.70	19.70	22.70	22.70

2340 - Renewable Development

Direct Appropriation		600	600	600	600	45,800	35,600
Open Appropriation		2,909	4,005	4,440	4,440	4,440	4,440
Cancellations		500					
Balance Forward Out		0					
Expenditures		3,009	4,605	5,040	5,040	50,240	40,040
Biennial Change in Expenditures			7,614		2,466		82,666
Biennial % Change in Expenditures					32		1,086

Energy Resources

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								80,200
Governor's % Change from Base								796
Full-Time Equivalents			0.82	0.82	0.82	0.82	4.82	4.82

2403 - Gift

Balance Forward In	91	91	92	94	95	96	95	96
Receipts	1	1	1	1	1	1	1	1
Balance Forward Out	91	92	94	95	96	97	96	97

3000 - Federal

Balance Forward In	34	5	1					
Receipts	119,882	118,742	131,143	137,652	142,674	143,001	142,674	143,001
Expenditures	119,917	118,746	131,144	137,652	142,674	143,001	142,674	143,001
Biennial Change in Expenditures				30,133		16,879		16,879
Biennial % Change in Expenditures				13		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	26.04	22.08	23.66	29.70	29.70	29.70	29.70	29.70

3002 - Oil Overcharge

Balance Forward In	232	232	248	248	248	248	248	248
Receipts		15						
Balance Forward Out	232	248	248	248	248	248	248	248

Program: Weights & Measuresmn.gov/commerce/industries/fuel/**AT A GLANCE**

FY18 Weights & Measures performance by the numbers:

- 36,555: Fuel and diesel meters tested at gas stations, bulk plants and terminals.
- 6,082: Grocery, food and hardware scales tested.
- 8,472: Fuel tank inspections completed.
- 2,061: Gas Stations checked for advertising, signs, and labeling.
- 18,475: Credit card readers inspected for skimmers.
- 15,982: Objects calibrated in metrology laboratory.
- 2,408: Shipping, precious metal, and other commercial industrial scales tested.
- 4,199: Vehicle, track, hopper and other heavy capacity scales tested.

PURPOSE

The Weights & Measures Division protects Minnesota's commercial markets by promoting and ensuring equity, accuracy and quality of goods and fuels by:

- Providing Minnesota businesses with precision measurement services and certifying registered service agents for businesses and individuals.
- Supporting key Minnesota industries through testing lumber and agricultural scales, certifying the test chains used to calibrate taconite scales, and enforcing the biodiesel and biofuel content mandates.
- Protecting consumers to ensure they get what they pay for and weighing and measuring devices do not allow for fraud.
- Protecting the health and safety of Minnesota citizens and the environment by checking for leaks and working safety equipment on fuel dispensers.

Weights & Measures receives \$0.89 of the \$1.00 Petroleum Inspection Fee, which is collected from the first licensed distributor on every 1,000 gallons of petroleum products received and sold in Minnesota.

SERVICES PROVIDED

Weights & Measures provides five services to promote an equitable marketplace, free from fraud, which contributes to a healthy, safe environment for all citizens:

- The metrology laboratory maintains National Institute of Standards and Technology (NIST) recognition and National Voluntary Laboratory Accreditation Program (NVLAP) accreditation; and ensures accuracy in basic physical measurement by maintaining the state standards for mass, length, volume, temperature, and density; and by offering precision calibration services to businesses and individuals.
- Investigators enforce Minnesota statutes and rule to prevent fraud and ensure the accuracy and safety of fuel pumps; meters used at terminals, refineries and airports; grocery scales; prepackaged commodities; livestock, railway track, grain and fertilizer scales; precious metals scales; and other commercial weighing and measuring devices.
- The Petroleum lab and light duty investigators partner to ensure fuel quality, protect the environment, and enforce statutory biofuel mandates through records audits, routine sampling, complaint investigation, and fuel testing to ASTM quality standards and volatility and sulfur standards.

- Test and monitor the competency and performance of registered service technicians and private liquefied petroleum gas inspectors who install and repair commercial weighing and measuring devices in Minnesota.
- Engage in regional, national and international standard-setting organizations like the Central Weights and Measures Association (CWMA), the National Conference on Weights & Measures (NCWM), ASTM International and the National Conference of Standards Laboratories International (NCSLI) to ensure Minnesota stays current on the latest developments in fuel and metrology testing and regulation.

RESULTS

In FY 2017-18, the Weights & Measures Division saw inspection and audit activity rates rise 24% over the previous biennium. Fuel tax sticker inspections account for 6% of the additional inspections performed. The other 18% increase is due to increased efficiency on the part of inspectors. Inspection intervals at current productions levels are approximately 2 years.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of samples, devices, audits and package lots checked annually	68,761	85,341	FY2015-16 and FY2017-18
Results	Percent of samples, devices, audits and packages approved without need for corrections by Weights and Measures for sale in Minnesota	80.7%	77.9%	FY2015-16 and FY2017-18
Results	Percent of samples, devices, audits and packages removed from marketplace	3.2%	7.8%	FY2015-16 and FY2017-18
Results	Percent of devices, audits and packages corrected because of W&M inspections	19.0%	14.3%	FY2015-16 and FY2017-18

Statutory Authority: The Department's authority is located in Chapter 239.

Weights & Measures

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	3,558	3,763	3,788	3,560	3,565	3,565	3,565	3,565
Total	3,558	3,763	3,788	3,560	3,565	3,565	3,565	3,565
Biennial Change				27		(218)		(218)
Biennial % Change				0		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Weights & Measures	3,558	3,763	3,788	3,560	3,565	3,565	3,565	3,565
Total	3,558	3,763	3,788	3,560	3,565	3,565	3,565	3,565

Expenditures by Category

Compensation	2,371	2,423	2,515	2,650	2,655	2,655	2,655	2,655
Operating Expenses	1,031	1,082	1,046	845	845	845	845	845
Capital Outlay-Real Property	154	247	214	50	50	50	50	50
Other Financial Transaction	1	10	13	15	15	15	15	15
Total	3,558	3,763	3,788	3,560	3,565	3,565	3,565	3,565

Total Agency Expenditures	3,558	3,763	3,788	3,560	3,565	3,565	3,565	3,565
Internal Billing Expenditures	0	25	25	25	25	25	25	25
Expenditures Less Internal Billing	3,558	3,738	3,763	3,535	3,540	3,540	3,540	3,540

Full-Time Equivalents

	29.86	29.57	29.06	29.06	29.06	29.06	29.06	29.06
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Weights & Measures

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	837	880	782	671	676	676	676	676
Receipts	25	15	21	5	5	5	5	5
Transfers In	3,564	3,601	3,660	3,560	3,560	3,560	3,560	3,560
Transfers Out			3					
Balance Forward Out	868	734	671	676	676	676	676	676
Expenditures	3,558	3,763	3,788	3,560	3,565	3,565	3,565	3,565
Biennial Change in Expenditures			27		(218)		(218)	
Biennial % Change in Expenditures			0		(3)		(3)	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	29.86	29.57	29.06	29.06	29.06	29.06	29.06	29.06

Program: Insurance Division

mn.gov/commerce/industries/insurance/

AT A GLANCE

- **\$349 billion:** Amount of assets held by Minnesota domestic insurers regulated by the Insurance Division in 2017, an 11% increase from 2015.
- **152:** Domestic insurance companies located in Minnesota.
- **\$314.6 million:** Projected amount of federal funding expected to support premium rate relief for the 2018 and 2019 Minnesota individual health insurance markets.
- **3,801:** Policy rate and form filings reviewed in 2017 in the life insurance, annuity, health insurance, property & casualty insurance, and workers compensation lines of business.
- **20:** Domestic insurance companies examined in 2017.
- **36:** Certificates granted, authorizing increased competition and providing additional capacity in the insurance marketplace.
- **2017:** The Division was reaccredited by the National Association of Insurance Commissioners for an additional five years. Accreditation allows other states to rely on the Department's review and examination of domestic insurers, reducing cost and administrative burden for Minnesota insurers.

PURPOSE

The mission of the Department of Commerce's Insurance Division is to ensure that insurance companies licensed to do business in Minnesota are financially sound, offer insurance products that are fair with actuarially-reasonable rates, and inform and respond to the insurance needs of the residents and businesses of Minnesota.

Minnesota has the tenth largest insurance industry in the United States with over 152 domestic insurance companies and 1,305 foreign (out-of-state) companies. Insurance companies in Minnesota have over \$42 million in written premium which ranks 16th in the nation.

The Insurance Division's work consists of actuarial review, financial analysis, examinations, licensing and insurance product form and rate filing for health, property and casualty, and life insurance. This work is completed for all insurance types including: health, automobile, homeowner, farm, flood, crop, life, long-term care, workers compensation and more.

This work of the Insurance Division is funded through a General Fund appropriation and the Special Revenue Fund for Insurance Examinations. Revenues generated from the division's work consist of examination fees, desk audit fees, registration and filing fees, and transaction fees.

SERVICES PROVIDED

- The Insurance Division evaluates insurance policies and rates, ensures fairness in rates and compliance with Minnesota statutes and licenses to protect Minnesotans.
- The Insurance Division examines and regulates insurance companies, including two with over \$100 billion in assets, to ensure they are safe and financially solvent now and in the future.
- The Insurance Division serves Minnesota consumers and businesses that rely on insurance companies for financial products and services, the Minnesota insurance industry, other state insurance regulators, the legislature, and other state agencies.

The work of the Insurance Division is divided into the following categories:

- **Actuarial** – applies asset-liability and principle-based reserving modeling to verify the adequacy of insurance company reserves and capital over a range of economic scenarios, and reviews pricing models to ensure rates are adequate, not excessive, fair, non-discriminatory, and equitable;
- **Financial Analysis** – evaluates information and develops a financial profile of domestic and foreign insurance companies doing business in Minnesota, based on statutorily required financial and regulatory reports;
- **Examinations** – conducts on-site examinations of each Minnesota-domiciled insurer at least once every five years. Examiners review insurance company books and records at the company headquarters, conduct a risk-focused examination per national requirements, make recommendations for insurer improvement, and prepare examination reports;
- **Licensing** – approves insurance company applications for insurers who want to operate in the state and/or want to write additional lines of business and approves or denies those applications based on standards of compliance and financial strength; and
- **Insurance Product Form and Rate Filings** – reviews insurance form and rate submissions for compliance with Minnesota statutes to ensure Minnesotans are protected from false and deceptive products, as well as review the financial condition of companies that self-insure.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Policy Form and Rate Review	4,093 filings reviewed	3,801 filings reviewed	FY2017 and FY2018
Quality	Turnaround time from filing to disposition, – Property & Casualty, including Workers Compensation forms and rates – target: 40 days	41.4 days	21.3 days	FY2017 and FY2018
Quality	Turnaround time from filing to disposition, Life, Annuity & Health forms and rates – target: 40 days	34.5 days	34.8 days	FY2017 and FY2018
Quantity	Financial Examinations of insurers completed within the required time frame	16	20	FY2017 and FY2018
Quantity	Financial Analysis of insurers completed within the required time frame	74	69	FY2017 and FY2018
Results	Percentage of Financial Examinations and Financial Analysis of insurers completed within the required time frame	100%	100%	FY2017 and FY2018

Performance Measure Notes:

1. Review of forms in a timely manner allows new, innovative products to be offered to Minnesotans commensurate with the rollout in other states.
2. Financial examinations are on a regular schedule and are completed on individual insurance companies. Examinations are completed every three years for Health Maintenance Organizations on behalf of the Department of Health and every five years for indemnity insurers. The National Association of Insurance Commissioners requires examinations to be completed within 18 months of the as-of date, with extensions granted in special circumstances. Financial Analysis is performed on a quarterly basis for 69 insurance entities.

Statutory Authority: The Department's authority is located in Chapters: 59A, 59B, 59C, 60A, 60B, 60C, 60D, 60E, 60F, 60G, 60H, 60J, 60K, 60L, 61A, 61B, 62A, 62B, 62C, 62D, 62E, 62F, 62H, 62I, 62J, 62L, 62M, 62Q, 62R, 62S, 62U, 64B, 65A, 65B, 66A, 67A, 69, 70A, 71A, 72A, 72B, 72C, 79, 79A.

Insurance

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,480	4,148	4,238	4,718	4,414	4,414	4,995	5,051
2001 - Other Misc Special Revenue	117	111	137	300	300	300	300	300
2830 - Workers Compensation	519	525	543	566	558	559	558	559
3000 - Federal	607	285	613	637	135		135	
Total	4,724	5,069	5,531	6,221	5,407	5,273	5,988	5,910
Biennial Change				1,959		(1,072)		146
Biennial % Change				20		(9)		1
Governor's Change from Base								1,218
Governor's % Change from Base								11

Expenditures by Activity

Insurance	4,724	5,069	5,531	6,221	5,407	5,273	5,988	5,910
Total	4,724	5,069	5,531	6,221	5,407	5,273	5,988	5,910

Expenditures by Category

Compensation	3,750	4,143	4,626	5,192	4,537	4,449	5,056	5,013
Operating Expenses	972	926	903	1,021	862	816	924	889
Other Financial Transaction	2	0	2	8	8	8	8	8
Total	4,724	5,069	5,531	6,221	5,407	5,273	5,988	5,910

Total Agency Expenditures	4,724	5,069	5,531	6,221	5,407	5,273	5,988	5,910
Internal Billing Expenditures	130	91	122	85	73	55	73	55
Expenditures Less Internal Billing	4,594	4,978	5,409	6,136	5,334	5,218	5,915	5,855

Full-Time Equivalents

	36.44	39.79	43.20	44.45	40.89	39.89	40.89	39.89
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Insurance

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		591		318				
Direct Appropriation	4,095	4,504	4,587	4,430	4,444	4,444	5,025	5,081
Transfers In	653	861	861	800	800	800	800	800
Transfers Out	19	19	31	30	30	30	30	30
Cancellations	678	1,789	861	800	800	800	800	800
Balance Forward Out	571		318					
Expenditures	3,480	4,148	4,238	4,718	4,414	4,414	4,995	5,051
Biennial Change in Expenditures			1,327		(128)		1,090	
Biennial % Change in Expenditures			17		(1)		12	
Governor's Change from Base							1,218	
Governor's % Change from Base							14	
Full-Time Equivalents	29.33	33.18	36.00	36.25	36.25	36.25	36.25	36.25

2001 - Other Misc Special Revenue

Balance Forward In	100	100	100	100	100	100	100	100
Receipts	73	54	137	300	300	300	300	300
Balance Forward Out	56	43	100	100	100	100	100	100
Expenditures	117	111	137	300	300	300	300	300
Biennial Change in Expenditures				209		163		163
Biennial % Change in Expenditures				91		37		37
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.43	0.49	0.52	0.52	0.52	0.52	0.52	0.52

2830 - Workers Compensation

Balance Forward In		34		10				
Direct Appropriation	553	553	553	556	558	559	558	559
Cancellations		62						
Balance Forward Out	34		10					
Expenditures	519	525	543	566	558	559	558	559
Biennial Change in Expenditures				65		8		8
Biennial % Change in Expenditures				6		1		1
Governor's Change from Base								0

Insurance

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents	3.28	3.09	3.12	3.12	3.12	3.12	3.12	3.12

3000 - Federal

Receipts	606	285	613	637	135		135	
Expenditures	607	285	613	637	135		135	
Biennial Change in Expenditures				358		(1,115)		(1,115)
Biennial % Change in Expenditures				40		(89)		(89)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	3.40	3.03	3.56	4.56	1.00		1.00	

Program: Minnesota Premium Security Planmn.gov/commerce/**AT A GLANCE**

- **\$271 Million:** The total annual size of the Minnesota Premium Security Plan program.
- **\$130.7 Million:** Amount of federal funding made available to the state for plan year 2018.
- **\$183.9 Million:** Estimated amount of federal funding federal regulators project Minnesota will receive for plan year 2019.
- **20 Percent:** The average reduction in health insurance rates from where they otherwise would be absent the existence of the Minnesota Premium Security Plan program.
- **June 30, 2021:** Date under current law by which unexpended state funds appropriated for the Minnesota Premium Security Plan program must be returned to the Health Care Access Fund.

PURPOSE

Administered by the Minnesota Comprehensive Health Association (MCHA), the Minnesota Premium Security Program (MPSP) was created by the legislature in 2017 to provide reinsurance payments to health insurers to help offset the costs of high claims in the state's individual health insurance market.

Approximately 160,000 Minnesotans receive their health insurance through the individual market. The purpose of the MPSP reinsurance program is to reduce premiums and promote affordable health insurance for Minnesotans in the individual market.

Expenditures for the MPSP are for grants to MCHA for administrative costs related to the start-up and operations of the program, and reinsurance payments to health insurers. State law limits these payments to \$271 million per year in 2018 and 2019. Payments for 2018 are expected to be made after July 1, 2019 and no later than August 15, 2019. Any state funds not used by the program by June 20, 2021 will be cancelled and returned to the Health Care Access Fund.

SERVICES PROVIDED

The Commerce Department serves as the fiscal agent for appropriations directed to the MPSP.

In October 2017, the Commerce Department obtained approval of a Federal 1332 Waiver that authorized the program's operation under the Affordable Care Act (ACA). Commerce is the state's reporting agent to the federal government on the federal funds provided to the program.

Commerce provides state oversight of the program and is responsible for approving the MPSP program parameters on an annual basis.

RESULTS

The MPSP has had a stabilizing effect on Minnesota's individual health insurance market rates, which are what people pay for their health insurance premiums. This effect can be measured by examining health insurer's 2018 final rates and 2019 proposed rates:

2018 Final Individual Market Rates	
Company	2018 Average Change in premium from previous year.
Blue Plus	+2.80%
Group Health	-7.50%
Medica Insurance Company	-0.40%
PreferredOne Insurance Company	-38.00%
UCare	-13.30%

2019 Proposed Individual Market Rates	
Company	2019 Average Change in premium from previous year (as calculated by each insurer)
Blue Plus	-11.80%
Group Health	-7.40%
Medica Insurance Company	-12.40%
PreferredOne Insurance Company	-3.00%
UCare	-7.00%

Statutory Authority: The authority for this program is located in Minnesota Session Law 2017, Chapter 13 and Special Session 1, Chapter 6, Article 5, Section 10.

Minnesota Premium Security Plan

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue		250	500	763	8,953	68,827	8,953	68,827
3000 - Federal					130,720	84,758	130,720	84,758
Total		250	500	763	139,673	153,585	139,673	153,585
Biennial Change				1,013		291,995		291,995
Biennial % Change						23,119		23,119
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Reinsurance Program		250	500	763	139,673	153,585	139,673	153,585
Total		250	500	763	139,673	153,585	139,673	153,585

Expenditures by Category

Grants, Aids and Subsidies		250	500	763	139,673	153,585	139,673	153,585
Total		250	500	763	139,673	153,585	139,673	153,585

Total Agency Expenditures		250	500	763	139,673	153,585	139,673	153,585
Expenditures Less Internal Billing		250	500	763	139,673	153,585	139,673	153,585

Minnesota Premium Security Plan

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In			38,547	314,078	593,073	594,323	593,073	594,323
Receipts		38,709	4,280	8,758	10,203	10,092	10,203	10,092
Transfers In			271,750	271,000				
Transfers Out								535,588
Balance Forward Out		38,459	314,078	593,073	594,323		594,323	
Expenditures		250	500	763	8,953	68,827	8,953	68,827
Biennial Change in Expenditures				1,013		76,517		76,517
Biennial % Change in Expenditures						6,058		6,058
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts					130,720	84,758	130,720	84,758
Expenditures					130,720	84,758	130,720	84,758
Biennial Change in Expenditures				0		215,478		215,478
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
DOE-81.041	State Energy Program- The State Energy Program (SEP) provides technical assistance, financial assistance, education and training, as well as data for energy efficiency and renewable energy.	No	736	946	910	1,001	Yes, 20% of the federal award total	6.5
DOE-81.042	Weatherization Assistance for Low Income Persons- The Weatherization Assistance Program (WAP) uses energy conservation techniques to reduce the cost of home energy for eligible low-income households.	No	8,605	11,878	10,764	11,000	No	7.75
DOE-81.119	State Energy Program Special Projects- The State Energy Program Special Projects provides technical assistance, financial assistance, education and training, as well as data for energy efficiency and renewable energy.	No	896	884	1,000	1,000	Match (various)	1
HHS-93.568	Low Income Energy Assistance Program- The Low Income Energy Assistance Program helps pay for home heating costs and furnace repairs for income-qualified households.	No	120,907	123,944	130,000	130,000	No	15
	Program Total-Energy		131,144	137,652	142,674	143,001		30.25
HHS-93.413	State Flexibility to Stabilize the Market- to enhance its internal and external checklists and standard operating procedures related to Sections 2702, 2703, and 2707 of the Affordable Care Act (Guaranteed Availability, Guaranteed Renewability, and Non-Discrimination in comprehensive health coverage).	Yes	0	140	135	0	No	1
HHS-93.881	Health Ins Enforcement & Consumer Protections- used to oversee and enforce three market reform and consumer protection provisions with respect to health insurance under the Public Health Services Act's title XXVII Part A	No	613	497	0	0	No	3.5
	Program Total: Insurance		613	637	135	0		4.5
HHS-N/A	Premium Security Plan -used to fund Minnesota's Premium Security Plan Program	Yes	0	0	130,720	84,758	Yes	0
	Program Total: Premium Security Plan		0	0	130,720	84,758		
	Federal Fund – Agency Total		131,757	138,289	273,529	227,759		34.75

Narrative

The Division of Energy Resources (DER) receives federal grants for three programs: Low Income Heating Assistance Program (EAP), Weatherization Assistance Program (WAP), and the State Energy Program (SEP).

- EAP provides energy assistance to low-income households.
- WAP enables income-qualified households to permanently reduce their energy bill by helping to make their homes more energy efficient while protecting the health and safety of family members.
- SEP promotes energy conservation, energy efficiency and renewable energy to all Minnesotans.

Historically, the federal funding in DER has accounted for 70-80% of the overall Department of Commerce budget with EAP being the single largest program. WAP is currently funded by a continuous formula grant at the federal level and current funding is has been approximately \$8-10M annually. Funding levels for SEP have remained relatively stable at the federal level however the program can be impacted by the US Department of Energy decisions on how much is allocated via formula and how much is set aside for competitive grants.

The Insurance Division manages a Health Insurance Enforcement and Consumer Protection grant to oversee and enforce three market reform and consumer protections provisions with respect to health insurance under the Public Health Services Act's title XXVII Part A. The strategies the Department will use include enhancing policy form review, auditing market conduct, and informing consumers of their rights and protections under these market reform and consumer protection provisions. Additionally, the Insurance Division manages a State Flexibility to Stabilize the Market grant program to enhance its internal and external checklists and standard operating procedures related to Sections 2702, 2703, and 2707 of the Affordable Care Act (Guaranteed Availability, Guaranteed Renewability, and Non-Discrimination in comprehensive health coverage). The Insurance Division will work with the Minnesota Department of Health to ensure best practices for the creation of internal and external checklists and standard operating procedures to ensure compliance with these provisions. In addition to the creation of new checklists and standard operating procedures, the Departments of Commerce and Health will consult externally with professionals (including pharmacists) to ensure compliance with non-discrimination of comprehensive health coverage, undertaking a review of health insurance carrier formularies.

The Minnesota Premium Security Plan is the state based reinsurance program which is designed to lower health insurance premiums for Minnesotans who purchase their own health insurance on the State's individual market. Minnesota received a Federal 1332 Waiver to operate the reinsurance program. Under state law, Federal funds must be expended prior to state funds for the operations of the Minnesota Premium Security Plan Program.

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<http://www.conservationcorps.org/>

AT A GLANCE

Young adult programs, ages 18-25: all participants are enrolled in AmeriCorps and receive education awards after completing service

- 242 young adults serve in field crews across the state, completing natural resource work restoring and protecting water quality, maintaining state parks, improving trails and restoring habitat
- 60 young adults serve in single placement positions with natural resource agencies and nonprofits and conservation apprenticeships at Soil and Water Conservation Districts
- 58 young adults serve as youth leaders for summer and afterschool programs

Youth programs, ages 15-18: all participants earn a stipend while restoring resources and gaining job and career-planning skills

- 148 youth—about 10 percent of whom are deaf or hard of hearing—unplug from modern intrusions to live, learn, and work outdoors as part of the rural residential Summer Youth Corps
- 120 youth take part in the afterschool Youth Outdoors program, which engages diverse urban high school students from low-income homes—about 90 percent of whom are people of color—in job training, science education, and outdoor service-learning

PURPOSE

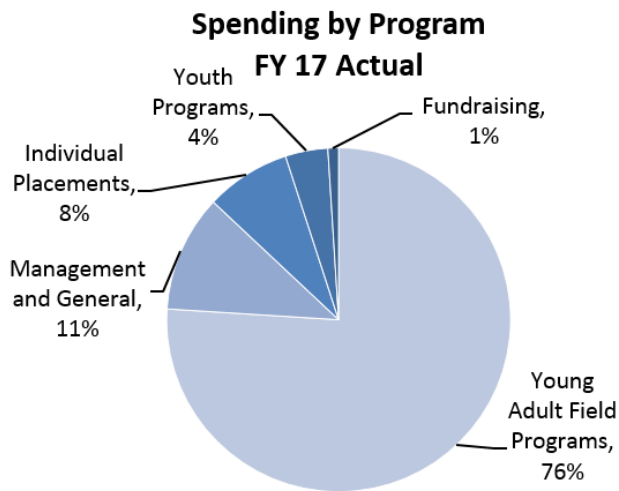
Conservation Corps Minnesota's mission is to provide hands-on environmental stewardship and service-learning opportunities to youth and young adults while accomplishing conservation, natural-resource management and emergency response work.

Conservation Corps Minnesota's goals are to help young people from diverse backgrounds become more connected to the environment, engaged in conservation, involved in the community, and prepared for further education and future employment. Conservation Corps integrates young people from various socio-economic backgrounds and cultural communities, as well as deaf youth, into its programs and lives up to its motto: Resources Restored. Lives Changed.

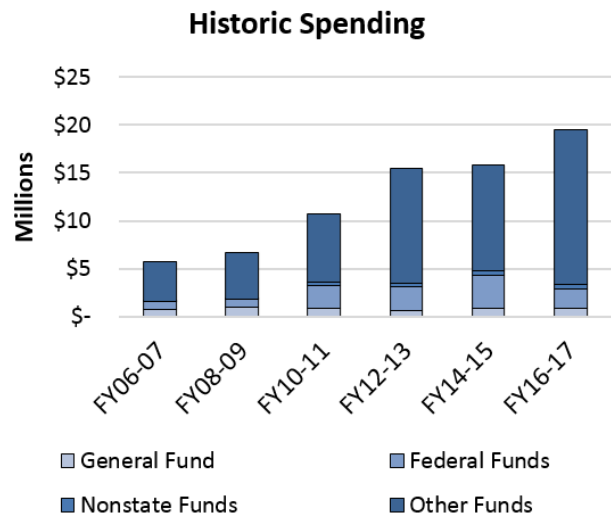
Conservation Corps' mission and goals support these statewide priorities:

- Investing in Kids, Families, and Communities
- Building an Economy that Works for All Minnesotans
- Clean, Affordable Water for All Minnesotans

BUDGET



Source: Conservation Corps' Audited Financial Statements



Source: Conservation Corps' Audited Financial Statements

Conservation Corps Minnesota has a diverse funding base. Fee-for-service contracts fund more than 55 percent of program costs and are the primary revenue source in the young adult programs, along with government grants. Youth programs also derive revenue from fee-for-service contracts but rely more heavily on individual giving, private/corporate foundation grants, and government grants. Fee-for-service partners include federal, state, local and nonprofit partners and related service activities. Clean water, land, and legacy funds support nearly 20 percent of program costs through partnerships with different agencies.

STRATEGIES

Restoring resources

Throughout Conservation Corps' programs, young people are involved in hands-on, service-learning activities that protect and enhance natural resources.

1. **Restoring and Protecting Water Quality:** Corps members restore and protect waterways and shorelines that are vital to the region's water supply by stabilizing shorelines, installing buffers and rain gardens, and removing debris and other pollutants.
2. **Habitat Restoration:** Corps members restore habitat on public lands throughout Minnesota by removing non-native invasive species, conducting prescribed burns, and planting native trees and plants.
3. **Improving Access to Outdoor Recreation:** Corps members build and maintain motorized and non-motorized trails, boardwalks, campsites, park facilities, and other recreational structures.

Changing Lives

Conservation Corps Minnesota prepares nearly 594 young people for further education and future employment each year with personal development, technical and work-skills training, and education.

1. **Educational curriculum for youth (ages 15-18):** focuses on science and technology and job-search skills. More than 20 percent of program time is devoted to education and skills training. Eighty-five percent of youth participants report in post-program surveys that their work skills have improved.
 - **Summer Youth Corps** – Youth begin at St. Croix State Park base camp, then spike camp throughout the region, working in crews of eight youth and two AmeriCorps leaders each as they restore natural resources and lead volunteers during two four-week summer sessions.
 - **Youth Outdoors** – Diverse urban teens from low-income neighborhoods engage in out-of-school environmental science education, civic leadership, and outdoor service-learning as they complete

neighborhood improvement projects and lead volunteers during 11-week fall and spring school semesters and an eight-week summer session.

2. **Skills training for young adults (ages 18-25):** includes hands-on training in habitat restoration, trail building, prescribed burning, energy conservation, leadership, communication, and other skills. Field crew members receive professional certifications in wildfire suppression, chain-saw safety, and first aid.
 - **Non-residential Field Crews** – Young adults, working in five-member crews, conduct natural resource, conservation, and emergency response work from February to December.
 - **Seasonal crews** – Young adults from diverse ethnic communities, working in six-member crews, receive intensive job training in natural resource management and work in the Superior National Forest “Faces of Tomorrow” initiative from May through August.
 - **Single placements** – Individual corps members are based at the Minnesota Department of Natural Resources, Neighborhood Energy Connection in Saint Paul, government agencies, and nonprofits. During the summer, apprentices serve in soil and water conservation districts throughout Minnesota.

RESULTS

Type	Performance Measures	2016	2017
Output (quantity)	Number of youth and young adults engaged in job skills training, education and natural resource and conservation work	586	647
Output (quantity)	Hours of education/training provided to young people	63,771	63,264
Output (quantity)	Acres of habitat restored	48,700	38,880
Output (quantity)	Miles of trail restored	1,714	1,360
Outcome (result)	Percent of young people who gained workforce readiness skills including self-confidence, teamwork, and problem solving	92%	90%
Outcome (result)	Percent of young people who gained an appreciation for nature and protecting the environment	96%	96%

Performance measures follow the calendar year in alignment with Conservation Corps’ program schedule and fiscal year.

The legal authority for the Minnesota Conservation Corps is found in Minnesota Statutes Chapter 84, Section 991 (<https://www.revisor.mn.gov/statutes/?id=84.991>).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	455	455	455	455	455	455	455	455
2100 - Water Recreation	50	50	50	50	50	50	50	50
2101 - Snowmobile	75	75	75	75	75	75	75	75
2102 - All-Terrain Vehicle	50	50	50	50	50	50	50	50
2103 - Off-Highway Motorcycle	10	10	10	10	10	10	10	10
2104 - Off-Road Vehicle	30	30	30	30	30	30	30	30
2106 - State Park	150	150	150	150	150	150	150	150
2107 - State Pks & Trls Lott In Lieu	25	25	25	25	25	25	25	25
2112 - Invasive Species	25	25	25	25	25	25	25	25
2113 - Forest Management Investment	50	50	50	50	50	50	50	50
2116 - Cross Country Ski	15	15	15	15	15	15	15	15
2117 - Natural Resource Misc Statutry	10	10	10	10	10	10	10	10
Total	945	945	945	945	945	945	945	945
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Conservation Corps Mn	945	945	945	945	945	945	945	945
Total	945	945	945	945	945	945	945	945

Expenditures by Category

Grants, Aids and Subsidies	945	945	945	945	945	945	945	945
Total	945	945	945	945	945	945	945	945

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	455	455	455	455	455	455	455	455
Expenditures	455	455	455	455	455	455	455	455
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2100 - Water Recreation

Direct Appropriation	50	50	50	50	50	50	50	50
Expenditures	50	50	50	50	50	50	50	50
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2101 - Snowmobile

Direct Appropriation	75	75	75	75	75	75	75	75
Expenditures	75	75	75	75	75	75	75	75
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2102 - All-Terrain Vehicle

Direct Appropriation	50	50	50	50	50	50	50	50
Expenditures	50	50	50	50	50	50	50	50
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2103 - Off-Highway Motorcycle

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Direct Appropriation	10	10	10	10	10	10	10	10
Expenditures	10	10	10	10	10	10	10	10
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2104 - Off-Road Vehicle

Direct Appropriation	30	30	30	30	30	30	30	30
Expenditures	30	30	30	30	30	30	30	30
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2106 - State Park

Direct Appropriation	150	150	150	150	150	150	150	150
Expenditures	150	150	150	150	150	150	150	150
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2107 - State Pks & Trls Lott In Lieu

Direct Appropriation	25	25	25	25	25	25	25	25
Expenditures	25	25	25	25	25	25	25	25
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2112 - Invasive Species

Direct Appropriation	25	25	25	25	25	25	25	25
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Expenditures	25	25	25	25	25	25	25	25
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2113 - Forest Management Investment

Direct Appropriation	50	50	50	50	50	50	50	50
Expenditures	50	50	50	50	50	50	50	50
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2116 - Cross Country Ski

Direct Appropriation	15	15	15	15	15	15	15	15
Expenditures	15	15	15	15	15	15	15	15
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2117 - Natural Resource Misc Statutry

Direct Appropriation	10	10	10	10	10	10	10	10
Expenditures	10	10	10	10	10	10	10	10
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	455	455	455	910
Forecast Base	455	455	455	910
Total Governor's Recommendations	455	455	455	910
Fund: 2100 - Water Recreation				
FY2019 Appropriations	50	50	50	100
Forecast Base	50	50	50	100
Total Governor's Recommendations	50	50	50	100
Fund: 2101 - Snowmobile				
FY2019 Appropriations	75	75	75	150
Forecast Base	75	75	75	150
Total Governor's Recommendations	75	75	75	150
Fund: 2102 - All-Terrain Vehicle				
FY2019 Appropriations	50	50	50	100
Forecast Base	50	50	50	100
Total Governor's Recommendations	50	50	50	100
Fund: 2103 - Off-Highway Motorcycle				
FY2019 Appropriations	10	10	10	20
Forecast Base	10	10	10	20
Total Governor's Recommendations	10	10	10	20
Fund: 2104 - Off-Road Vehicle				
FY2019 Appropriations	30	30	30	60
Forecast Base	30	30	30	60
Total Governor's Recommendations	30	30	30	60
Fund: 2106 - State Park				
FY2019 Appropriations	150	150	150	300
Forecast Base	150	150	150	300
Total Governor's Recommendations	150	150	150	300
Fund: 2107 - State Pks & Trls Lott In Lieu				
FY2019 Appropriations	25	25	25	50
Forecast Base	25	25	25	50
Total Governor's Recommendations	25	25	25	50

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2112 - Invasive Species				
FY2019 Appropriations	25	25	25	50
Forecast Base	25	25	25	50
Total Governor's Recommendations	25	25	25	50
Fund: 2113 - Forest Management Investment				
FY2019 Appropriations	50	50	50	100
Forecast Base	50	50	50	100
Total Governor's Recommendations	50	50	50	100
Fund: 2116 - Cross Country Ski				
FY2019 Appropriations	15	15	15	30
Forecast Base	15	15	15	30
Total Governor's Recommendations	15	15	15	30
Fund: 2117 - Natural Resource Misc Statutory				
FY2019 Appropriations	10	10	10	20
Forecast Base	10	10	10	20
Total Governor's Recommendations	10	10	10	20

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AT A GLANCE

- More than 4,300 employees
- 10 prisons statewide
- More than 10,000 adults and juveniles in state correctional facilities
- 20,000 offenders supervised in the community by the DOC
- 75% of released offenders do not return to prison for a new conviction

PURPOSE

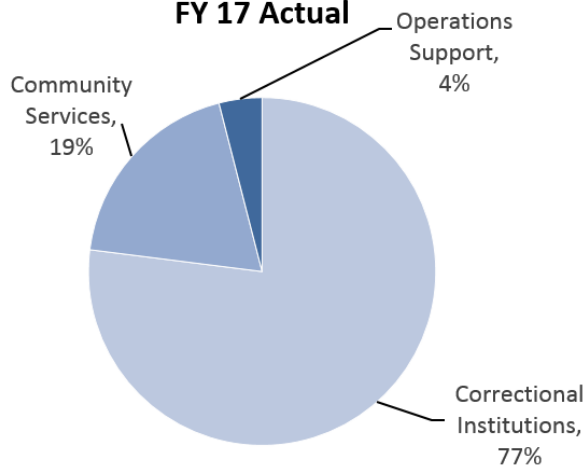
The Department of Corrections (DOC) is responsible for the incarceration, care and community supervision of adult and juvenile offenders throughout the state. We help ensure **people in Minnesota are safe**. Our offender population is determined by sentencing laws and by the courts. Our mission is to reduce recidivism by promoting offender change through proven strategies during safe and secure incarceration and effective community supervision. We work to achieve the following goals in support of our mission:

- Provide effective correctional services;
- Hold offender accountable;
- Change offender behavior;
- Provide restorative services for victims; and
- Engage staff and promote workplace safety.

BUDGET

Spending by Program

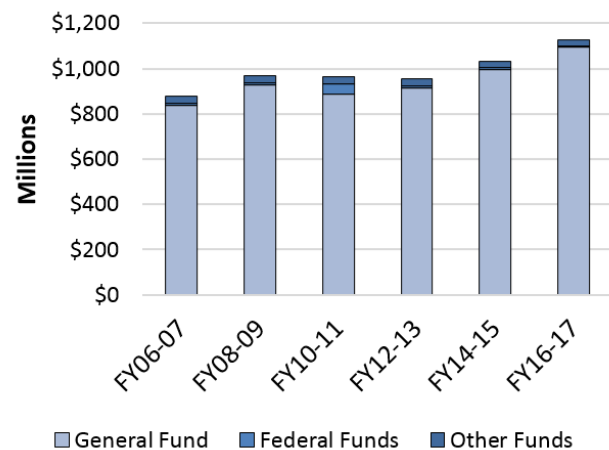
FY 17 Actual



More than 60% of community services spending is grant/subsidy pass-through funds to county corrections agencies for offender supervision.

Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Federal funds for FY10-11 include \$38 million of one-time stabilization funds legislatively appropriated to supplant the general fund budget.

Source: Consolidated Fund Statement

More than 96% of our operating budget comes from the general fund. Special revenue funds represent 3% of our budget and federal funds represent less than 1%.

STRATEGIES

We use the following strategic directions to accomplish our mission and ensure people in Minnesota are safe:

- Engage all stakeholders.
 - Cultivate staff excellence.
 - Align agency decisions with data.
 - Expand diversity and talent.
 - Develop population capacity and expand program availability.
-

M.S. 241.01 (<https://www.revisor.mn.gov/statutes/cite/241.01>) provides the legal authority for the DOC.

Corrections

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	529,113	564,611	571,036	599,968	591,483	594,105	631,945	655,621
2000 - Restrict Misc Special Revenue	7,146	4,844	6,766	10,046	6,037	6,037	6,037	6,037
2001 - Other Misc Special Revenue	7,052	7,044	7,355	12,151	9,677	9,677	9,677	9,677
2365 - Opioid Stewardship							965	965
2403 - Gift	9	9	7	18	10	10	10	10
3000 - Federal	3,432	3,215	3,750	5,671	5,128	5,123	5,128	5,123
4400 - Correctional Industries	53,496	53,488	58,385	56,689	56,625	54,046	56,625	54,046
6000 - Miscellaneous Agency	3,242	1,036	3,253	7,321	3,078	3,078	3,078	3,078
6001 - Social Welfare Agency	30,371	31,978	32,347	30,770	30,770	30,770	30,770	30,770
Total	633,861	666,225	682,898	722,634	702,808	702,846	744,235	765,327
Biennial Change				105,446		122		104,030
Biennial % Change				8		0		7
Governor's Change from Base								103,908
Governor's % Change from Base								7

Expenditures by Program

Correctional Institutions	481,177	509,810	520,150	548,777	534,747	534,566	562,769	577,051
Community Services	127,788	128,963	135,280	139,963	136,843	137,007	146,559	151,873
DOC Operations Support	24,895	27,452	27,468	33,894	31,218	31,273	34,907	36,403
Total	633,861	666,225	682,898	722,634	702,808	702,846	744,235	765,327

Expenditures by Category

Compensation	361,867	376,284	389,446	401,150	403,629	403,898	426,981	442,600
Operating Expenses	150,935	165,397	168,445	199,112	176,838	176,885	186,722	190,977
Grants, Aids and Subsidies	115,373	117,350	121,351	119,039	119,039	119,039	124,030	126,726
Capital Outlay-Real Property	2,164	2,076	1,200	2,203	2,203	1,925	2,203	1,925
Other Financial Transaction	3,523	5,118	2,455	1,130	1,099	1,099	4,299	3,099
Total	633,861	666,225	682,898	722,634	702,808	702,846	744,235	765,327

Total Agency Expenditures	633,861	666,225	682,898	722,634	702,808	702,846	744,235	765,327
Internal Billing Expenditures	1,696	2,430	2,291	2,309	2,243	2,243	2,243	2,243

Corrections

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures Less Internal Billing	632,165	663,795	680,607	720,325	700,565	700,603	741,992	763,084

Full-Time Equivalents

4,330.40	4,345.93	4,385.63	4,391.43	4,225.47	4,055.42	4,520.22	4,592.92
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Corrections

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	1	5,922	0	12,869				
Direct Appropriation	531,370	564,228	584,866	588,153	592,702	595,500	633,164	657,016
Transfers In	20,667	25,163	27,137	8,175	701	701	701	701
Transfers Out	21,384	27,815	28,086	9,229	1,920	2,096	1,920	2,096
Cancellations	28	2,888	11					
Balance Forward Out	1,514		12,870					
Expenditures	529,113	564,611	571,036	599,968	591,483	594,105	631,945	655,621
Biennial Change in Expenditures			77,280		14,584		116,562	
Biennial % Change in Expenditures			7		1		10	
Governor's Change from Base							101,978	
Governor's % Change from Base							9	
Full-Time Equivalents	4,017.32	4,033.47	4,068.64	4,074.44	3,912.80	3,774.44	4,203.55	4,307.94

2000 - Restrict Misc Special Revenue

Balance Forward In	5,817	4,424	5,468	4,753	644	644	644	644
Receipts	6,171	6,378	6,700	6,504	6,504	6,504	6,504	6,504
Transfers Out	460	484	512	467	467	467	467	467
Net Loan Activity		(180)	(135)	(100)	0	0	0	0
Balance Forward Out	4,383	5,294	4,754	644	644	644	644	644
Expenditures	7,146	4,844	6,766	10,046	6,037	6,037	6,037	6,037
Biennial Change in Expenditures				4,823		(4,738)		(4,738)
Biennial % Change in Expenditures				40		(28)		(28)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	51.86	52.42	50.49	50.49	50.49	50.49	50.49	50.49

2001 - Other Misc Special Revenue

Balance Forward In	6,097	6,861	8,392	9,324	5,600	4,350	5,600	4,350
Receipts	7,778	8,416	8,287	8,427	8,427	8,427	8,427	8,427
Internal Billing Receipts	1,752	2,425	2,272	2,692	2,692	2,692	2,692	2,692
Transfers Out			0					
Balance Forward Out	6,823	8,234	9,325	5,600	4,350	3,100	4,350	3,100
Expenditures	7,052	7,044	7,355	12,151	9,677	9,677	9,677	9,677

Corrections

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				5,410		(152)		(152)
Biennial % Change in Expenditures				38		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	64.40	62.43	67.81	67.81	67.81	67.81	67.81	67.81

2365 - Opioid Stewardship

Direct Appropriation							965	965
Expenditures							965	965
Biennial Change in Expenditures				0		0		1,930
Biennial % Change in Expenditures								
Governor's Change from Base								1,930
Governor's % Change from Base								
Full-Time Equivalents							4.00	4.00

2403 - Gift

Balance Forward In	14	15	11	8				
Receipts	9	5	5	10	10	10	10	10
Balance Forward Out	15	11	9					
Expenditures	9	9	7	18	10	10	10	10
Biennial Change in Expenditures				7		(5)		(5)
Biennial % Change in Expenditures				38		(19)		(19)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	5,818	5,973	6,301	5,947	4,172	2,460	4,172	2,460
Receipts	3,341	3,473	3,396	3,896	3,416	3,411	3,416	3,411
Balance Forward Out	5,727	6,230	5,947	4,172	2,460	748	2,460	748
Expenditures	3,432	3,215	3,750	5,671	5,128	5,123	5,128	5,123
Biennial Change in Expenditures				2,774		830		830
Biennial % Change in Expenditures				42		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	22.51	23.10	22.95	22.95	18.63	18.63	18.63	18.63

Corrections

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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4400 - Correctional Industries

Balance Forward In	16,191	13,328	13,154	9,335	6,321	3,371	6,321	3,371
Receipts	51,308	54,090	54,566	53,675	53,675	53,675	53,675	53,675
Transfers Out	1,000	1,000						
Balance Forward Out	13,003	12,929	9,335	6,321	3,371	3,000	3,371	3,000
Expenditures	53,496	53,488	58,385	56,689	56,625	54,046	56,625	54,046
Biennial Change in Expenditures				8,089		(4,403)		(4,403)
Biennial % Change in Expenditures				8		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	171.78	173.32	174.85	174.85	174.85	143.16	174.85	143.16

6000 - Miscellaneous Agency

Balance Forward In	1,887	2,324	4,507	4,243				
Receipts	3,660	3,218	2,989	3,078	3,078	3,078	3,078	3,078
Transfers Out	0							
Balance Forward Out	2,305	4,506	4,243					
Expenditures	3,242	1,036	3,253	7,321	3,078	3,078	3,078	3,078
Biennial Change in Expenditures				6,296		(4,418)		(4,418)
Biennial % Change in Expenditures				147		(42)		(42)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.53	1.19	0.89	0.89	0.89	0.89	0.89	0.89

6001 - Social Welfare Agency

Balance Forward In	4,545	5,028	4,930	5,581	5,758	5,935	5,758	5,935
Receipts	30,865	31,717	32,998	30,947	30,947	30,947	30,947	30,947
Transfers In	31							
Transfers Out	31		0					
Balance Forward Out	5,039	4,767	5,581	5,758	5,935	6,112	5,935	6,112
Expenditures	30,371	31,978	32,347	30,770	30,770	30,770	30,770	30,770
Biennial Change in Expenditures				768		(1,577)		(1,577)

Corrections

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				1		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Corrections

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	588,153	588,153	588,153	1,176,306
Base Adjustments				
All Other One-Time Appropriations		(14)	(14)	(28)
Current Law Base Change		14,758	17,247	32,005
Pension Allocation		2,823	5,396	8,219
November Forecast Adjustment		(13,018)	(15,282)	(28,300)
Forecast Base	588,153	592,702	595,500	1,188,202
Change Items				
Operating Adjustment		10,558	17,778	28,336
Prison Security and Safety		19,063	26,219	45,282
Offender Health Care		2,951	5,432	8,383
Pre-trial Assessment and Supervision		1,725	3,450	5,175
Intensive Supervised Release (ISR)		2,500	5,000	7,500
Integrated Case Management (ICM)		321	831	1,152
Victim Notification and Juvenile Correctional Management Systems		844	306	1,150
Electronic Monitoring and Transitional Housing for High-Risk Offenders		1,500	1,500	3,000
Reducing Recidivism through Connecting Families and Re-Entry Programs		1,000	1,000	2,000
Total Governor's Recommendations	588,153	633,164	657,016	1,290,180
Fund: 2365 - Opioid Stewardship				
Change Items				
Corrections Opioid Treatment Provisions		965	965	1,930
Total Governor's Recommendations		965	965	1,930
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	10,046	6,037	6,037	12,074
Forecast Base	10,046	6,037	6,037	12,074
Total Governor's Recommendations	10,046	6,037	6,037	12,074
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	12,151	9,677	9,677	19,354
Forecast Base	12,151	9,677	9,677	19,354
Total Governor's Recommendations	12,151	9,677	9,677	19,354
Fund: 2403 - Gift				
Planned Spending	18	10	10	20
Forecast Base	18	10	10	20

Corrections

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	18	10	10	20
Fund: 3000 - Federal				
Planned Spending	5,671	5,128	5,123	10,251
Forecast Base	5,671	5,128	5,123	10,251
Total Governor's Recommendations	5,671	5,128	5,123	10,251
Fund: 4400 - Correctional Industries				
Planned Spending	56,689	56,625	54,046	110,671
Forecast Base	56,689	56,625	54,046	110,671
Total Governor's Recommendations	56,689	56,625	54,046	110,671
Fund: 6000 - Miscellaneous Agency				
Planned Spending	7,321	3,078	3,078	6,156
Forecast Base	7,321	3,078	3,078	6,156
Total Governor's Recommendations	7,321	3,078	3,078	6,156
Fund: 6001 - Social Welfare Agency				
Planned Spending	30,770	30,770	30,770	61,540
Forecast Base	30,770	30,770	30,770	61,540
Total Governor's Recommendations	30,770	30,770	30,770	61,540
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	6,504	6,504	6,504	13,008
Total Governor's Recommendations	6,504	6,504	6,504	13,008
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	8,427	8,427	8,427	16,854
Total Governor's Recommendations	8,427	8,427	8,427	16,854
Fund: 2403 - Gift				
Forecast Revenues	10	10	10	20
Total Governor's Recommendations	10	10	10	20
Fund: 3000 - Federal				
Forecast Revenues	3,896	3,416	3,411	6,827
Total Governor's Recommendations	3,896	3,416	3,411	6,827

Corrections

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 4400 - Correctional Industries				
Forecast Revenues	53,675	53,675	53,675	107,350
Total Governor's Recommendations	53,675	53,675	53,675	107,350
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	3,078	3,078	3,078	6,156
Total Governor's Recommendations	3,078	3,078	3,078	6,156
Fund: 6001 - Social Welfare Agency				
Forecast Revenues	30,947	30,947	30,947	61,894
Total Governor's Recommendations	30,947	30,947	30,947	61,894
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	9,295	9,295	9,295	18,590
Total Governor's Recommendations	9,295	9,295	9,295	18,590

Corrections

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	10,558	17,778	17,778	17,778
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,558	17,778	17,778	17,778
Maintain FTEs	162	300	300	300

Recommendation:

The Governor recommends additional funding of \$10.558 million in FY2020 and \$17.778 million in FY2021 to maintain the current level of service delivery at the Department of Corrections (DOC). Funds are necessary to ensure safe and secure prisons and effective community supervision.

This request represents a 2.9% increase to the total agency budget, and a 4.7% increase to the relative base budget for employee compensation. The funding will maintain 162 existing FTEs in FY2020 and 300 existing FTEs in FY2021.

Rationale/Background:

Each year, the cost of doing business rises – employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Compensation increases are not reflected in the agency's base budget. The increases have a significant impact on the agency's budget, and on overall operations if not funded. The DOC is a 24/7 operation and more than 96% of our operating budget comes from the state's general fund. The authority to control admissions or release offenders early is very limited, as is the availability of alternative funding sources such as fines, fees or federal funds. Current staffing levels are necessary to provide critical core services to the offender population and maintain current operations. Compensation costs are driven by labor negotiations, legislative changes, and the cost of health insurance premiums; and will continue to increase every year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the DOC, this funding will cover known employee compensation growth:

- This is not a new initiative.
- This funding will pay for anticipated employee compensation growth, including compensation increases and employer-paid pension costs.
- Funding is critical to maintain current operations, and will avoid the potential layoff of up to 300 employees.
- DOC employees maintain operations that provide basic needs to incarcerated offenders, offender treatment and programming needs, supervision of offender in Minnesota communities, and other critical

public safety responsibilities in collaboration with multiple federal, state and local criminal justice agencies.

- This proposal will ensure the DOC can maintain current staffing levels and maintain or improve existing performance measures.

Equity and Inclusion:

The DOC provides basic needs and services to a very diverse offender population in terms of race, ethnicity, gender, sexual orientation, disability and veteran status. They also employ a diverse workforce and strive to foster effective diversity management practices that will improve the recruitment and retention of employees from diverse backgrounds.

Results:

This proposal is intended to ensure the DOC is able to effectively provide current levels of service and information to the public, to criminal justice partners, and to the offender population. It will also ensure they can maintain existing recidivism rates that have been relatively stable over the last several years.

The consequences to existing programs and activities will be significant if this proposal is not funded, and will result in layoffs. Research shows education, chemical dependency and sex offender treatment, and work and reentry programming significantly reduces the recidivism rate for offenders who participate in those programs. If this proposal is not funded the DOC will need to reduce or eliminate these critical activities because the security of prisons and safety of staff working in prisons and in the community need to be our first priorities. Consequently the risk of recidivism will increase and result in significant cost increases to incarcerate offenders in the future.

Statutory Change(s):

Not applicable.

Corrections

FY 2020-21 Biennial Budget Change Item

Change Item Title: Prison Security and Safety

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	19,063	26,219	22,928	22,928
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	19,063	26,219	22,928	22,928
FTEs	89.5	167	167	167

Recommendation:

The Governor recommends funding of \$19.063 million in FY2020 and \$26.219 million in FY2021 to the Department of Corrections (DOC) to help ensure the security and safety of the State's prisons and DOC employees including the addition of security personnel and staff in other roles that directly contribute to overall security and safety, critical infrastructure and physical plant needs, continuation of the restrictive housing initiative, and investment in essential technology modernization projects.

The requested funds will be used to hire correctional officers, lieutenants and other critical staff; to replace or enhance infrastructure and information technology systems that are essential to prison security and safety; and to continue offender programming and operational changes that support the initiative for effective restrictive housing activities.

This request represents a 3.8% increase to the total agency budget, and a 5.2% increase to the relevant base budget for prison facility operations.

Rationale/Background:

The DOC maintains and operates ten correctional facilities across the state. They incarcerate nearly 10,000 offenders and employ approximately 4,200 employees (approximately three-fourths of our employees routinely work inside our prisons). It is essential to provide environments that are safe and secure for staff, offenders and the public.

Staffing: Adequate security coverage is paramount to operating a safe and secure prison. The DOC currently employs approximately 2,000 correctional officers including those in the correctional officer 1, correctional officer 2, correctional officer 3 and correctional canine officer classifications. The DOC conducted a comprehensive security staffing analysis based on a model promoted by the National Institute of Corrections (NIC). The NIC model provided a nationally-accepted, standardized, replicable and well-documented approach to calculating the necessary complement of security personnel for each of our unique facilities. The analysis was a year-long process that focused on the work and responsibilities of correctional officer positions. It resulted in recommendations to significantly increase the number of correctional officer FTEs in our prisons. Current staffing patterns also include approximately 125 lieutenants, who provide direct supervision to correctional officers.

Staff in non-security classifications also perform responsibilities that are critical to the security and safety of a prison. They may work in areas where offenders gather in large numbers (i.e. offender dining) or areas that

experience a lot of offender movement, or they may supervise offenders on work assignments, or they perform duties that are critical to security operations even if their interaction with offenders is minimal.

Security infrastructure and technology modernization: The DOC relies heavily on a number of systems (cameras, lighting, controlled access, radios and other communication devices, secure perimeters, scanning technology) to ensure correctional facilities remain safe and secure environments. They need the ability to refresh equipment as necessary. Certain systems run on a platform that will no longer be supported. Analog equipment needs to be replaced with current technology. Adequate infrastructure is essential to a secure and safe prison environment, and our aging facilities present unique challenges. Updates are needed at all correctional facilities.

Restrictive housing: The use of segregated housing of offenders in U.S. prisons has been highly criticized by mental health advocacy groups, civil rights organizations, corrections professional organizations, criminal justice researchers, media and the courts. The U.S. Department of Justice recently implemented guidelines related to restrictive housing practices, and the American Correctional Association has implemented accreditation standards related to restrictive housing. It is important to provide programming directed at preventing offenders from returning to segregation or reducing their risk of committing violent acts or engaging in serious misconduct that disrupts facility operations.

Office of Ombudsman: At any given time there are approximately 10,000 individuals subject to commitment to the DOC. As many as 10,000 additional people are incarcerated in county jails, regional detention facilities and licensed holding units. Minnesota previously had an Office of Ombudsman for corrections. With a growing need for accountability across the criminal justice system, including corrections, the reestablished Office of Ombudsman will provide an investment in prison safety and security as it will establish an independent entity with the authority to receive and investigate complaints from and on behalf of those subject to incarceration in state or locally operated facilities.

Juvenile Justice Reform: Minnesota has significant racial disparities in the juvenile justice system and a large number of juveniles in the system have suffered from childhood trauma. This proposal supports collaborative efforts between stakeholders of the juvenile system and community partners that work to create an effective, fair and efficient system that produces positive outcomes for youth, families and communities while protecting public safety. Finding strategies that eliminate inappropriate or unnecessary use of secure detention and preventing racial and ethnic disparities allows resources to be redirected to effective community-based and culturally appropriate services for youth and their families. Juveniles who are diverted from secure confinement are less likely to experience future incarceration and are less likely to recidivate.

Proposal:

The Governor recommends an increase in funding to the DOC for staff and activities aimed at ensuring secure and safe prison environments:

- The request provides \$2.7 million in FY2020 and \$7.020 in FY2021 to hire 120 correctional officer FTEs by the end of FY2021. Costs increase to \$8.64 million in FY2022. Costs are based on annual compensation of \$68,000 per FTE plus \$4,000 per FTE for ongoing supplies and equipment, and are phased in quarterly over two years.
- The request provides \$268,000 in FY2020 and \$625,000 in FY2021 to add 6 lieutenant FTEs by the end of FY2021. Costs increase to \$714,000 in FY2022. Costs are based on annual compensation of \$115,000 per FTE plus \$4,000 per FTE for ongoing supplies and equipment, and are phased in quarterly over four years.
- The request provides \$475,000 in FY2020 and \$752,000 in FY2021 to add FTEs for 2 support staff for security operations, 2 human resources staff for recruitment, and 6 physical plant staff. The positions are located at 6 locations.
- The request provides \$576,000 in FY2020 and \$834,000 in FY2021 to add 9 cook coordinator FTEs at \$66,000 per year and 3 chief cooks at \$80,000 per year. Positions are located at the correctional facilities in Oak Park Heights, Rush City, Shakopee, Stillwater, and Moose Lake/Willow River.

- The request provides \$844,000 in FY2020 and \$1.688 million in FY2021 to add 11 behavioral health FTEs, 7 caseworker FTEs, and 1 Corrections Program Director for the restrictive housing initiative.
- The request provides \$3.2 million in FY2020, \$2 million in FY2021 and \$600,000 in each subsequent year for infrastructure necessary to ensure safe and secure facility operations.
- The request provides \$900,000 in FY2020 and \$2.1 million in FY2021 for MN.IT to add 16 FTEs to address ongoing needs. Costs are phased in over two years.
- The request provides \$2.2 million each year for ongoing Corrections Offender Management System (COMS) updates needed for security, accessibility, technology and business process reasons.
- The request provides \$2.5 million in FY2020 and \$3.6 million in FY2021 for facility security modification to transform existing systems to next generation technologies that will improve facility safety and security. These are one-time costs that do not continue beyond FY2021.
- The request provides \$900,000 each year to establish and operate an Office of Ombudsman for corrections with 6 FTEs. Funds will be used for salaries and expenses for employees, and ongoing operating costs.
- The request provides \$500,000 each year for juvenile justice reform. \$280,000 each year will be used to add and maintain 2 FTEs to coordinate and provide services and resources including technical assistance, training and peer learning opportunities to counties across the state; and \$220,000 each year will be used as grant funds to local agencies to establish juvenile detention alternatives.

Equity and Inclusion:

The DOC incarcerates a very diverse offender population in terms of race, ethnicity, gender, sexual orientation, disability and veteran status. They employ a diverse workforce to foster effective diversity management practices that will improve the recruitment and retention of employees from diverse backgrounds. This proposal supports the safety and well-being of both the diverse staff and offender population.

IT Related Proposals:

This proposal includes information technology costs displayed in the following table:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll	900	2,100	2,100	2,100	2,100	2,100
Professional/Technical Contracts	2,200 1,100	2,200 1,600	2,200	2,200	2,200	2,200
Infrastructure						
Hardware	150	240				
Software	810	1,100				
Training						
Enterprise Services	100					
Staff costs (MNIT or agency)	340	660				
Total	5,600	7,900	4,300	4,300	4,300	4,300
MNIT FTEs	8.0	16.0	16.0	16.0	16.0	16.0

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Agency FTEs						

Results:

The following table represents some quantity measures related to security operations in adult facilities. With this proposal it's expected the DOC will maintain or improve on the current trends.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY2014</i>	<i>FY2015</i>	<i>FY2016</i>
Quantity	Assault of staff	84	81	63
Quantity	Assault of inmate	465	394	366
Quantity	Riot	23	10	8
Quantity	Escape from secure facility	0	0	0
Quantity	Suicide/Accidental death	0	0	2

Another factor of effective prison operations is the recidivism rate, which has remained relatively stable over the last several years. With funding we expect to maintain or improve that trend.

Statutory Change(s):

Not applicable.

Corrections

FY 2020-21 Biennial Budget Change Item

Change Item Title: Offender Health Care

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,951	5,432	5,432	5,432
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,951	5,432	5,432	5,432
FTEs	8.75	16.5	16.5	16.5

Recommendation:

The Governor recommends funding of \$2.951 million in FY2020 and \$5.432 million in FY2021 to the Department of Corrections (DOC) to fund the medical needs for an offender population of nearly 10,000 that has varied and complex illnesses and is less healthy than the general population.

The requested funds will be used to fully fund anticipated contractual obligations for basic offender health care, expansion of 24/7 nursing to two additional prisons, implementation of an electronic health records (EHR) system, and more comprehensive medical services overall.

This request represents a 0.9% increase to the total agency budget, and a 6% increase to the relevant base budget for offender health care.

Rationale/Background:

The offender population has a constitutional right to adequate health care. Medical services must be provided to nearly 10,000 offenders incarcerated in the state's correctional facilities.

The continued rising cost of health care is an area of significant concern for individuals and organizations across the country, and particularly for jails and prisons. Primary drivers are the increase in pharmacy costs, the increasing number of offenders being treated for a wide range of serious and complex illness, and the increasing age of the offender population.

Contracted medical services: In response to the Governor's FY2018-2019 biennial budget recommendation for contracted medical services, the 2017 Legislature only provided for partial funding for FY2020 and each subsequent year. This proposal will fully fund those contractual obligations for the next four years.

24/7 nursing: The DOC currently operates 24/7 nursing operations in three correctional facilities (Faribault, Oak Park Heights and Shakopee). This proposal would expand 24/7 nursing to two additional correctional facilities with an offender population of more than 1,000 offenders in each of those prisons.

Electronic Health Records (EHR): The 2007 and 2008 Legislatures enacted laws mandating all hospitals and health care providers have an interoperable EHR system. The DOC is considered a health care provider. EHR systems improve continuity of care, decrease grievances and result in better overall client health care as offenders navigate throughout the prison system and eventually transition into the community.

Comprehensive medical services: A recent staffing analysis (recommended by the Office of the Legislative Auditor) indicated the current number of health services staff is inadequate to meet the growing complex medical needs of the offender population. The number of incarcerated offenders over the age of 50 years grew from 310 in 1998 to 1,349 in 2014 (an increase of 335%). Skilled nursing beds increased from 46 to 54 in the same timeframe, and 73 assisted nursing beds have been added. Approximately one-third of offenders in our prisons have been diagnosed with a chronic disease – a higher rate than the general population. As part of the public health system the DOC has an obligation to help offenders improve their health during incarceration.

Proposal:

The Governor recommends a budgetary increase to the DOC to maintain the provision of basic medical services for the offender population, to expand 24/7 nursing coverage, to implement an EHR system, and to provide staffing levels and services that are adequate to meet the needs of our offender population.

- The provisions of this proposal related to contracted medical services, 24/7 nursing, EHR, and comprehensive medical services are not new initiatives.
- The request provides \$2.072 million in FY2020 and \$3.272 in FY2021 and each subsequent year to fully fund contractual obligations that will maintain the current level of medical care provided to the offender population, who have a constitutional right to adequate health care.
- The request provides \$372,000 in FY2020 and \$744,000 in FY2021 to add 8 RN and LPN FTEs to provide 24/7 nursing coverage at two additional prisons.
- The request provides \$130,000 in FY2020 and \$663,000 in FY2021 and each subsequent year for the use and support of an EHR. Costs include 1 FTE for program management, ongoing support from MN.IT, and annual licensing.
- The request provides \$377,000 in FY2020 and \$753,000 in FY2021 add 6 RN FTEs, 1 LPN FTE and 0.5 support staff FTE to expand or increase services related to comprehensive chronic disease management and risk management activities including oversight, accountability and quality assurance.
- These initiatives would be implemented immediately.

Equity and Inclusion:

The DOC provides medical and chemical dependency services to a very diverse offender population in terms of race, ethnicity, gender, sexual orientation, disability and veteran status. Funding will help ensure they adequately meet the complex medical needs of this diverse population.

IT Related Proposals:

This proposal includes the following information technology costs for an EHR system:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software (<i>annual licensing</i>)		408	408	408	408	408
Training						
Enterprise Services						

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Staff costs (MNIT or agency)	130	125 130	125 130	125 130	125 130	125 130
Total	130	663	663	663	663	663
MNIT FTEs	0.0	1.25	1.25	1.25	1.25	1.25
Agency FTEs	1.0	1.0	1.0	1.0	1.0	1.0

Results:

With this proposal it is expected the current level of contracted medical services provided to the offender population will be maintained.

The DOC will be able to increase the number of offender encounters and the percentage of offenders who receive necessary medical care. This data can be tracked and quantified.

The DOC will be in compliance with health care provider laws and offenders will receive better continuity of care when they are released to the community. Offender medical data will be managed with integrity in a secure manner. Accessibility from health care providers to accurate data in a timely manner, and a lack of data breaches will be two indicators of success.

The DOC will be able to improve tracking of chronic care activities and repeat clinic or hospitalization visits to ensure appropriate and timely follow-up. Offenders will be better prepared to transition into Minnesota communities. Overtime use is expected to decrease.

Statutory Change(s):

Not applicable.

Corrections

FY 2020-21 Biennial Budget Change Item

Change Item Title: Pre-Trial Assessment and Supervision

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,725	3,450	3,450	3,450
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,725	3,450	3,450	3,450
FTEs	6.0	12	12	12

Recommendation:

The Governor recommends \$1.725 million in FY2020 and \$3.45 million in FY2021 to the Department of Corrections (DOC) to ensure effective pre-trial supervision of offenders.

The requested funds will be used to hire staff to provide pre-trial supervision and pre-trial services. It also includes equitable funding to Community Corrections Act (CCA) counties and to counties participating in the County Probation Officer (CPO) program for the provision of similar offender supervision and services.

This request represents an increase of less than 1% to the agency's overall budget. Currently the DOC is only funded to provide post-sentencing supervision services, so a current relevant base budget is not identified.

Rationale/Background:

In May 2015, the Minnesota State Court Administrator's Office conducted a study of pre-trial detention with the following findings:

- Wide variations across the state in pre-trial detention rates, including variations by race and gender.
- 36% of defendants were held in custody up to and including their first court appearance, ranging from 18% to 68% in jurisdictions across the state.
- 27% of defendants were held in custody from their first court appearance through at least 7 days following their first appearance, ranging from 8% to 49% across the state.
- 10% of defendants were detained for the entire pre-trial process.

According to the National Institute of Corrections, pre-trial assessments and services provide an equitable approach to release and reduce reliance on jail beds. Pre-trial services reduce failure to appear and help provide for adequate supervision in the community based on risk. Without pre-trial services, offenders without the means to pay required bail are more likely to be continued in custody pending determination of guilt.

The Minnesota Judicial Branch enacted Policy 524, *Pretrial Release Evaluation*, that requires all counties to use a validated pre-trial assessment tool on all defendants charged with certain crimes under M.S. 629.74, effective December 1, 2018. The assessment must be submitted prior to the defendant's first court appearance. The tool assesses level of risk for failing to appear and probability of committing a new offense.

Pre-trial assessments would have been required for 26,000 defendants statewide in FY2017, per M.S. 629.74. Approximately 14,000 of those defendants would have been assessed as high- to medium-level, with the potential

for pre-trial supervision. The DOC is not currently funded to provide pre-trial supervision - only post-sentencing supervision.

Proposal:

The Governor recommends an increase in funding to the DOC to provide pre-trial supervision and services.

- This is a new initiative for the DOC, providing activities to support Minnesota Judicial Policy 524.
- The request provides \$459,000 (salaries \$380,000 and supplies \$79,000) in FY2020 and \$918,000 (salaries \$760,000 and supplies \$158,000) in FY2021 to staff a pre-trial supervision unit that includes 10 FTEs for corrections supervision agents, 1 supervisor FTE and 1 support staff FTE.
- The request provides \$1.044 million in FY2020 and \$2.088 million in FY2021 for pass-through funding to CCA counties that are responsible for 65% of all pre-trial cases.
- The request provides \$64,000 in FY2020 and \$128,000 in FY2021 for pass-through funding to CPO counties that are responsible for 4% of all pre-trial cases.
- The request provides \$158,000 in FY2020 and \$316,000 in FY2021 for the DOC to contract for pre-trial services, including automatic reminders of pending court hearings and services for indigent offenders.
- After the first year, the requested funding will be sufficient to complete approximately 16,000 pre-trial assessments annually, and to provide pre-trial supervision to approximately 9,000 offenders annually.
- Funding will help maintain and enhance partnerships with the Minnesota Association of Community Corrections Act Counties (MACCAC), the Minnesota Association of County Probation Officers (MACPO) and the Association of Minnesota Counties (AMC).
- Implementation activities could begin immediately, and would ensure compliance with Minnesota Judicial Policy 524.

Equity and Inclusion:

This proposal seeks to promote equity and eliminate pre-trial disparities across the state with regard to race and socioeconomic status. It will create opportunities for defendants to be released while providing supervision services that address public safety concerns and appearances for future court hearings.

The overwhelming concern is that many that held in pre-trial detention are simply unable to post/pay even the lowest amounts of bail. This results in a system where the poor remain in custody and the wealthy are released. This socioeconomic factor disproportionately impacts minorities. Impact of pre-trial detention include but are not limited to: loss of employment, loss of housing, jail overcrowding, significant financial impacts to families or the defendant, and an increased probability of conviction as many choose to enter a guilty plea simply to be released from jail.

According to the 2016 American Community Survey, Minnesota's poverty rate is 10.8%. Minnesota's poverty rates are highest for African Americans (34%), American Indians (31.4%) and Hispanics (22.2%). The poverty rate for African Americans and American Indians is nearly four times that of Caucasians (8.2%).

The implementation of a standardized, evidence-based model for pre-trial supervision that is accessible in all 87 Minnesota counties will allow for equal access under the law. Judges may be more inclined to release defendants if supervision services exist to address public safety and ensure future court appearances. Such a model will also diminish the need for bail, thus creating a more equitable system with regard to race and socioeconomic status.

Results:

This proposal represents an evidence-based practice. Once implemented, the DOC will track outcomes and measure results. The following outcome and performance measures are considered to be best practice, and may be used to determine success:

- Appearance Rate – percentage of supervised defendants who make all scheduled court appearances.

- Safety Rate – percentage of supervised defendants who are not charged with a new offense during the pre-trial stage.
- Concurrence Rate – ratio of defendants whose supervision level or detention status corresponds with their assessed risk of pre-trial misconduct.
- Success Rate – percentage of released defendants who 1) are not revoked for technical violations of the conditions of release, 2) appear for all scheduled court appearances, and 3) are not charged with a new offense during pre-trial supervision.
- Pre-trial Detainee Length of Stay – average length of stay in jail for pre-trial detainees who are eligible for pre-trial release.
- Universal Screening – percentage of defendants eligible for release that the program assesses for release eligibility.
- Recommendation Rate – percentage of time the program follows its risk assessment criteria when recommending release or detention.
- Response to Defendant Conduct – frequency of responses to compliance and non-compliance with court-ordered release conditions.

Statutory Change(s):

Not applicable.

Corrections

FY 2020-21 Biennial Budget Change Item

Change Item Title: Intensive Supervised Release

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,500	5,000	5,000	5,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,500	5,000	5,000	5,000
FTEs	9	19	19	19

Recommendation:

The Governor recommends \$2.5 million in FY2020 and \$5.0 million in FY2021 to provide intensive supervised release (ISR) supervision to offenders in the community.

The requested funds will be used to hire staff to ensure supervision caseloads do not exceed statutory requirements of 30 offenders to 2 supervision agents, to allow for two-person transports and home visits to help ensure the safety of supervision agents, to provide emergency communication equipment for supervision agents, and to provide for equitable pass-through funding to Community Corrections Act (CCA) counties.

This request represents an increase of less than 1% to the agency's overall budget, and a 5.1% increase to the combined relevant base budgets for DOC ISR and the CCA subsidy.

Rationale/Background:

Current Minnesota statutes require that all Level 3 predatory offenders be placed on ISR supervision for their entire supervision period, and further mandates ISR supervision caseloads cannot exceed 30 offenders to 2 supervision agents. Per statute, many Level 3 predatory offenders are sentenced with an additional 5-year or 10-year conditional release supervision period, or in some cases lifetime ISR supervision.

An adequate complement of ISR supervision agents, equipped with the proper communication devices, is essential to ensure the safety of our agents and of the public.

ISR supervision agents provide 24/7 supervision that includes random, unannounced home visits that are conducted during the night, weekends, and holidays on the highest risk offenders released from prison. Offenders on ISR supervision are assessed as the highest risk for violence and sexual assault, including all Level 3 sex offenders. Home visits are often in high-crime neighborhoods or sparsely populated areas where law enforcement backup is not readily available. Every region across the state has areas that are void of cell phone communication and agent location tracking via GPS, thus preventing agents from requesting emergency assistance if needed. The use of 800 MHz radios will ensure emergency communication is available.

ISR agents transport high-risk offenders in a non-secure vehicle to a designated location. At times one agent may transport multiple offenders released from a facility. Transports can be unpredictable and dangerous. Agents must try to assess living situations, medical or mental health issues, any third parties in the home, the presence of weapons and/or drugs and any other safety concerns.

Research shows there is a significant reduction in death/harm when officers are doubled up vs. alone. Additionally, 66% of violent encounters happen in the evening/night hours. ISR agents must have 50% of their visits occur during non-traditional hours (5:00 pm – 8:00 am, weekends, or holidays).

Proposal:

The Governor recommends funding to the DOC to provide additional safety measures for ISR supervision.

- This is not a new initiative, but requires additional resources for agent safety.
- The request provides \$678 million in FY2020 and \$1.356 million in FY2021 and each subsequent year to add 17 supervision agent FTEs, 1 supervisor FTE and 1 support staff FTE.
- The request provides \$234,000 in FY2020 and \$468,000 in FY2021 and each subsequent year to purchase ongoing equipment and supplies including 800 MHz radios, vehicle leases, and vehicle enhancements (security partitions in vehicles, recognition interlock, laptops).
- The request includes \$1.588 million in FY2020 and \$3.176 million in FY2021 and each subsequent for pass-through funding to CCA counties that supervise 65% of all offenders under ISR supervision.
- The DOC will maintain and enhance partnerships with the Minnesota Association of Community Corrections Act Counties (MACCAC) and the Association of Minnesota Counties (AMC).
- Implementation can begin on July 1, 2019, phasing in the hire of agents over two years.

Results:

Based on FY2018 data, the cost for having an offender on ISR is approximately \$27 per day including electronic monitoring, versus a daily operating costs of \$100.78 for adult offenders in prison.

Safe and effective offender supervision contributes to the recidivism rate, and the goal of keeping people in Minnesota safe. The recidivism rate has been relatively stable for the last several years. Results may also be measured by tracking the number of field visits and transports, and the number of ISR staff incident reports for comparison purposes. The DOC can also track numbers of threats and/or injuries to staff.

Statutory Change(s):

Not applicable.

Corrections

FY 2020-21 Biennial Budget Change Item

Change Item Title: Integrated Case Management

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	321	831	1,024	1,024
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	321	831	1,024	1,024
FTEs	6	12	12	12

Recommendation:

The Governor recommends \$321,000 in FY2020 and \$831,000 in FY2021 to the Department of Corrections (DOC) to increase the provision of integrated case management (ICM) services that are effective in reducing recidivism for high- and very high-risk offenders, improving their chances for a successful transition from prison to the community.

The requested funds will be used to provide integrated case management services to the offender population.

This request represents an increase of less than 0.2% to the total agency budget, and an approximate 24% increase to the relevant base budget for reentry services.

Rationale/Background:

ICM serves as the model for providing corrections evidence-based practices and is an effective intervention. All caseworkers have been trained in ICM practices. ICM requires skills in assessment, motivational interviewing, case planning and the use of specific cognitive-based interventions. The equivalent of 12.5 FTEs are currently deployed to provide ICM services. The DOC currently provides ICM to 12% of our high-risk population (approximately 500 offenders). The generally accepted practice for ICM is caseloads of no more than 40 offenders.

In an effort to provide ICM to more offenders, the DOC implemented continuous improvement process changes and increased the use of automation. They are also applying group case management strategies, but still need additional resources to make a real difference and establish a trend of increasing the number of offenders who receive ICM.

Proposal:

The Governor recommends an increase in funding to the DOC to increase the provision of ICM to high-risk offenders:

- This is an expansion of an existing initiative that has been proven to reduce recidivism.
- This proposal will provide \$308,000 in FY2020 and \$828,000 million in FY2021 hire 12 staff including 10 caseworker FTEs and 2 support staff FTEs. Positions will be phased in quarterly over two years.
- This proposal will provide \$13,000 in FY2020 for equipment and information technology support, and \$3,000 in FY2021 and each subsequent year for information technology support costs.
- Total costs will increase to \$1.024 million in FY2022 and each subsequent year.

- Offenders learn new ways of thinking and behaving through the use of one-on-one cognitive restructuring and motivational interviewing. Appropriate case plans include interventions and support for the offender to change high-risk behaviors.
- With this proposal the DOC will provide ICM to 420 additional high-risk offenders, while also alleviating the caseloads of general population caseworkers. We anticipate we will be able to provide ICM to 31% of offenders with a high-risk of committing a new offense upon release from prison (approximately 1,200 offenders).
- Implementation of ICM strategies, in tandem with our Transition from Prison to Community (TPC) initiative, would result in significant recidivism reductions for the offenders served.
- Partners include the Department of Justice, Council of State Governments, Community Corrections Act counties, and other criminal justice agencies.
- Funding will support the DOC mission to reduce recidivism by promoting offender change through proven strategies, and will help ensure people in Minnesota are safe.

Equity and Inclusion:

The DOC incarcerates and provides services to a very diverse offender population in terms of race, ethnicity, gender, sexual orientation, disability and veteran status; and more than 90% of them are released to diverse communities across our state.

This proposal will ensure those offenders will benefit from comprehensive case plans that will improve their chances for success in the community upon their release from prison.

Results:

This proposal will advance ICM strategies that have been proven effective in reducing recidivism rates for high-risk offenders. The recidivism rates in Minnesota have been relatively stable for the last several years. Recidivism rates are expected to improve for offenders who participate in ICM.

Statutory Change(s):

Not applicable.

Corrections

FY 2020-21 Biennial Budget Change Item

Change Item Title: Victim Notification and Juvenile Correctional Management Systems

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	844	306	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	844	306	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends one-time funding of \$844,000 in FY2020 and \$306,000 in FY2021 to the Department of Corrections (DOC) to complete the replacement of the victim notification system, and to replace or re-write the current Juvenile Correctional Management System that is approaching obsolescence.

The requested funds will be used to complete the final phase of the project to replace the DOC's previous victim notification system, and for a project to replace the existing Juvenile Correctional Management System.

This request represents an approximate increase of less than 0.2% to the total agency budget. These are one-time projects that do not currently have a relevant base budget.

Rationale/Background:

The new victim notification system, created as MnHaven, is replacing the DOC's former Minnesota CHOICE system. Phase 1 is near completion and had a purpose to eliminate security risks associated with Minnesota CHOICE and turn it off, while providing basic victim services functionality for DOC users only. Phase 2 will expand MnHaven to provide access for victims to self-register and manage their own accounts and notifications. It will also provide access to non-DOC criminal justice professionals, enabling them to provide additional victim services.

The current Juvenile Correctional Management System uses obsolete technology, does not meet security or accessibility standards, and is having significant performance issues. It is causing some performance issues with the Department's Correctional Operation Management System (COMS). A new solution will provide business functionality, performance, security, accessibility, and data integrity; as well as alignment with the technology direction for improved longevity and long-term support.

Proposal:

The Governor recommends funding for the DOC to complete two system projects including one for victim notification and one to manage juvenile corrections data.

- Completion of the victim notification system is continuation of an existing project.
- Replacement of the current Juvenile Correctional Management System is a new project necessary to avoid technology obsolescence.
- The request provides \$300,000 in FY2020 and \$100,000 in FY2021 in MN.IT costs to complete the MnHaven project.

- The request provides \$544,000 in FY2020 and \$206,000 in FY2021 to replace the Juvenile Correctional Management System.
- Both projects include payroll costs and costs for professional/technical contracted services.
- Both projects replace existing systems and will result in significant improvements in terms of accessibility, functionality, performance, integrity and security.
- The DOC and MN.IT will work collaboratively to complete the projects.
- The MnHaven project will continue and be complete in December 2020.
- The replacement of the Juvenile Correctional Management System will begin in July 2019, with completion scheduled for December 2020.

Equity and Inclusion:

The DOC provides services and maintains data on a very diverse offender population in terms of race, ethnicity, gender, sexual orientation, disability and veteran status. It is assumed the victim community is similarly diverse. Funding will ensure the continuation of victim services and maintenance of data for juvenile offenders.

IT Related Proposals:

This proposal includes information technology costs as identified in the following table (costs in excess of this request will be paid with agency operating funds):

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll	150	50	0	0	0	0
	188	112	0	0	0	0
Professional/Technical Contracts	450	150	0	0	0	0
	900	300	0	0	0	0
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	1,688	612	0	0	0	0
MNIT FTEs	2.25	1.5				
Agency FTEs	1.5	1.5				

Results:

The MnHaven project will securely and accurately provide victim notifications as required by state statute. It will also be a source of information for victim and community safety, and empower victims to provide input and request information based on individual needs.

The Juvenile Correctional Management System project will avoid technology obsolescence, improve security and accessibility, and resolve performance issues.

Statutory Change(s):

Not applicable.

Corrections

FY 2020-21 Biennial Budget Change Item

Change Item Title: Electronic Monitoring and Transitional Housing for High-Risk Offenders

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,500	1,500	1,500	1,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,500	1,500	1,500	1,500
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$1.5 million in FY2020 and \$1.5 million in FY2021 to the Department of Corrections (DOC) for electronic monitoring and transitional housing for high-risk offenders under community supervision.

The requested funds will be used to pay contracted vendors that provide electronic surveillance and transitional beds to high-risk offenders.

This request represents an increase of less than 0.3% to the total agency budget, and an 81% increase to the combined relevant base budgets for electronic monitoring and transitional housing contracts.

Rationale/Background:

There has been recent significant increases in the number of offenders requiring electronic monitoring, largely due to more offenders being restructured instead of being returned to prison. Overall, the use of electronic monitoring increased by 78% in FY2017. The cost for the service for the monitoring devices has also increased.

The number of offenders requiring transitional housing has increased. Many are Level 3 sex offenders who meet the criteria to be placed in a transitional bed, and would otherwise be homeless, which could result in the supervision agent's inability to provide intensive supervised release (ISR) supervision.

Proposal:

The Governor recommends an increase in funding to the DOC sufficient to provide an adequate level of electronic surveillance and transitional housing for high-risk offenders.

- This is not a new initiative.
- This request will provide \$1 million each year for electronic monitoring.
- This request will provide \$500,000 each year for transitional housing.
- This request will enable the DOC to maintain the level of service necessary for high-risk offenders under community supervision.
- Lack of funding may result in high-risk offenders being homeless, and/or being placed on supervision without electronic monitoring devices.
- Services will be provided via professional/technical contracts.

Equity and Inclusion:

This proposal seeks to promote equity across the state with regard to race and socioeconomic status. It will eliminate barriers which disproportionately impact minority populations by providing stable housing. Funding will address public safety concerns by providing low-income, high-risk offenders with stable housing.

Results:

Based on FY2018 data, the cost for having an offender on ISR is approximately \$27 per day including electronic monitoring, versus a daily operating cost of \$100.78 for adult offenders in prison.

In FY2017 there was a total of 1,400 high-risk offenders on electronic surveillance, for a total of 84,316 days, representing a 67% increase over the previous year. The most common offense types were sex crimes (35%), driving while impaired (19%), drug offenses (8%), and assault (8%). Funding will ensure electronic monitoring for high-risk offenders will be continued.

There was a total of 1,048 transitional housing placements for high-risk offenders from 2014 to 2017. Of those, 577 left with an approved residence and 636 left with employment. Funding will ensure the trend continues or improves.

Statutory Change(s):

Not applicable.

Corrections

FY 2020-21 Biennial Budget Change Item

Change Item Title: Corrections Opioid Treatment Provisions

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Opioid Stewardship Fund				
Expenditures	965	965	965	965
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	965	965	965	965
FTEs	4	4	4	4

Recommendation:

The Governor recommends \$965,000 in FY2020 and \$965,000 in FY2021 to expand access to opioid treatment and services for offenders, including those who are being released to the community.

The requested funds will be used to provide comprehensive pre-release planning services for offenders with substance use disorders, and to establish a Medication Assisted Treatment (MAT) program within the department's existing substance abuse treatment programs.

This proposal is part of a package of proposals recommended by the Governor to address rising rates of opioid use. The package of proposals is funded by new fees on opioid manufacturers, wholesalers, and entities that handle controlled substances.

Rationale/Background:

An increasing number of offenders are coming to prison with an opiate use disorder. The trend is expected to continue and will impact all Department of Corrections (DOC) correctional facilities. Access to appropriate care and treatment in prison, continuity of care, and connections to community-based treatment upon release are all critical to an offender's success and relapse prevention.

After participating in the National Governors' Association's Summit on Opioids, the DOC created an action plan to expand access to opioid treatment for justice-involved people with goals to reduce recidivism, enhance treatment, provide continuity of care upon release, and reduce the risk of overdose deaths.

Proposal:

The Governor recommends funding from the Opioid Stewardship Fund for the DOC to enhance opioid treatment and recovery programs:

- This is a new initiative that will integrate with other statewide initiatives.
- This proposal will provide \$365,000 each year to fund three clinical program therapist FTEs and one clinical program director FTE to provide pre-release planning services, connect offenders with community-based services upon release, and to follow up with offenders to track success.
- The proposal will provide \$600,000 each year to fund an MAT program that will provide for medication for offenders with opiate use disorders, with a focus on those with the greatest need.
- Implementation can occur within six months.

Equity and Inclusion:

The DOC provides chemical dependency services to a very diverse offender population in terms of race, ethnicity, gender, sexual orientation, disability and veteran status. Funding will support the expansion of these services specific to offenders with opiate use disorders.

Results:

Evidence from other states and the Federal Bureau of Prisons shows the use of MAT programs is successful in helping people recover from their addiction to opioids. Evidence shows effective release planning services improve an offender's chances for success. Primary goals of this proposal are to reduce recidivism, improve recovery rates, reduce the risk of overdose deaths, provide for public safety and help ensure people in Minnesota are safe.

Corrections

FY 2020-21 Biennial Budget Change Item

Change Item Title: Reducing Recidivism through Connecting Families and Re-Entry Programs

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	3	3	3	3

Recommendation:

The Governor recommends \$1 million in FY2020 and \$1 million in FY2021 to strengthen family connections for incarcerated parents and to support successful reentry for incarcerated American Indians.

The funds will be used to support three strategies:

1. Eliminate transportation barriers for children of incarcerated parents.
2. Provide culturally responsive programming for American Indian offenders returning to the community.
3. Establish a parenting program to improve parenting skills, and reduce recidivism and substance abuse for offenders who participate.

This request represents a minimal increase to the total agency budget. These are new initiatives for the Department of Corrections (DOC), so there is not a relevant funding base.

Rationale/Background:

DOC research shows that offenders who receive pro-social visits while incarcerated are less likely to return to prison. This proposal will increase the number of in-person visits for higher risk offenders by reducing or eliminating barriers associated with visiting for approved family members.

While American Indian people make up less than two percent of Minnesota's population, they are disproportionately represented in Minnesota's prisons. We seek to improve and expand culturally responsive services to American Indian people to provide support, deepen engagement, and assist with reentry and transition planning. Minnesota Statute 241.80 established the American Indian Counseling Program to, in part, provide culturally relevant counseling services that will aid in rehabilitation and aid community reentry.

The Parenting Inside Out Skills training program is an evidence-based, cognitive-behavioral program created for incarcerated parents. It has been reviewed by the Substance Abuse and Mental Health Services Administration (SAMHSA) and is now included on the National Registry of Evidence-based Programs and Practices (NERPP). The program has shown that parents who participate demonstrate increased parenting skills and decreased rates of recidivism and substance abuse. We proposed implementation of this program in three correctional facilities.

Proposal:

The Governor recommends an increase in funding to the DOC to strengthen family connections for incarcerated parents, and to expand culturally specific transition services for adult American Indian offenders:

- These are new initiatives for the DOC.

- This request will provide \$150,000 in grant funds each year to non-profit organizations to provide transportation services to children of incarcerated parents at up to three correctional facilities.
- This request will provide \$425,000 in grant funds each year to community-based providers to deliver culturally specific reintegration services for adult American Indian offenders. Programming will begin while offenders are incarcerated and continue into their terms of supervised release, creating bridges to community-based post-release programming.
- This request will provide \$425,000 to improve parenting skills at four correctional facilities. This includes three FTEs to implement *The Parenting Inside Out Skills* training program in three correctional facilities. The program will be replicated as prescribed by the SAMHSA.
- This proposal will enable the DOC to expand evidence-based programming that is proven to reduce recidivism. With funding, we can proceed with a July 1, 2019 implementation schedule.
- Funding will support the DOC mission to reduce recidivism by promoting offender change through proven strategies, and will help ensure people in Minnesota are safe.

Diversity and Inclusion:

The DOC incarcerates and provides services to a very diverse offender population in terms of race, ethnicity, gender, sexual orientation, disability and veteran status; and more than 90 percent of them are released to diverse communities across our state.

This proposal will ensure offenders who are parents will benefit from programming that will increase their parenting skills and improve their chances for success upon their release from prison. It will also provide additional services to the American Indian offender population through the delivery of culturally responsive and evidence-based programming, with a goal of reducing recidivism and ensuring success for those offenders.

Results:

It is expected this proposal will result in the facilitation of approximately 1,000 additional parent-child visits each year. The number of transports and distance travelled will be tracked and reported. Data regarding offender recidivism will also be tracked in accordance with protocols established in previous visiting studies.

Culturally responsive programs will be identified and measures will be established. Results will be tracked and reported.

Parenting programs will target offenders nearing release, with the final number of participants determined by caseload requirements for program staff. It may take several years to establish a baseline, but data regarding offender recidivism will be appropriately tracked.

Statutory Change(s):

Not applicable.

Program: Correctional Institutionsdoc.state.mn.us**AT A GLANCE**

- 10 correctional institutions across the state
- More than 3,600 employees
- 10,000 adults and juveniles in correctional institutions
- 75% of released offenders do not return to prison for a new convictions

PURPOSE & CONTEXT

The correctional institutions program protects the public through the safe and secure incarceration of adult and juvenile offenders. We promote offender change by providing treatment, educational programming and employment opportunities that are proven to help offenders successfully transition from prison to the community. We provide direct services to 10,000 offenders in the custody and care of the commissioner of corrections. More than 16,000 offenders are served through the cycle of intake and release each year. Our activities help ensure **people in Minnesota are safe**.

SERVICES PROVIDED

We accomplish our purpose through:

- The provision of food, clothing, secure housing and adequate living conditions;
- The provision of medical care and behavioral health services;
- The use of policy management, internal controls, incident command responses, security rounds, preventive maintenance, safety inspections and technology systems to help ensure a safe work/living environment;
- The use of a classification system and risk assessments that best determine offender placement and programming priorities;
- The provision of research-based treatment, education and work programming;
- The use of research-based transition services and comprehensive release planning; and
- The appropriate use of disciplinary sanctions and investigations of offender criminal activity.

Specific services provided by this program include health care, treatment, education and work programming, population management, classification, transportation, food services, offender property management, workplace safety, physical plant maintenance, asset preservation, criminal investigation, intelligence gathering and fugitive apprehension. We also manage MINNCOR as a self-sufficient prison industries operation that provides offenders with work and vocational programming.

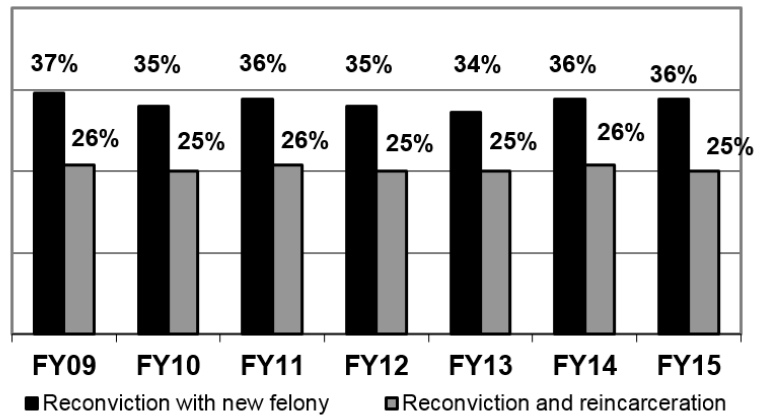
RESULTS

Quality: Escapes from secure facilities

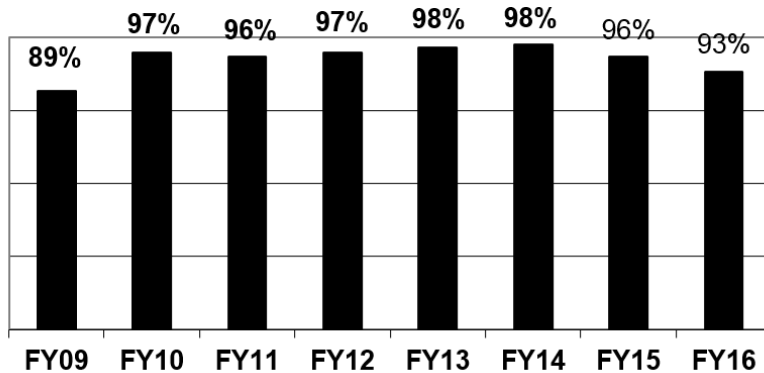
0	0	0	0	0	0	0	0
FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16

Result: Three-year adult recidivism rates

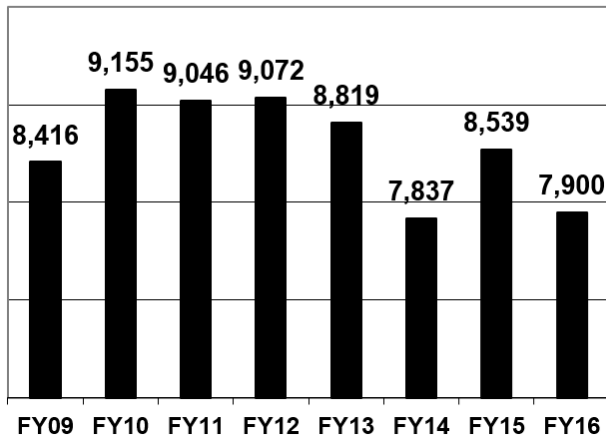
Percentage of offenders convicted of a new felony following release from prison



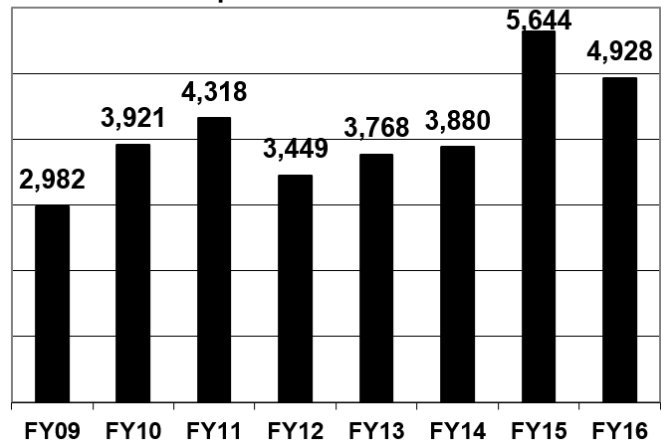
Quality: Percentage of fugitive level 3 sex offenders apprehended within 72 hours



Quantity: Number of inmates enrolled in education programming



Quantity: Number of inmates completing pre-release classes



[The DOC's most recent performance report is located at this link.](#)

Minnesota Statutes 241 to 244 (<https://www.revisor.mn.gov/statutes/part/CORRECTIONS>) provide the legal authority for the DOC.

Correctional Institutions

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	384,199	414,588	416,260	438,852	432,752	435,150	459,809	476,670
2000 - Restrict Misc Special Revenue	2,164	1,562	1,994	5,008	2,276	2,276	2,276	2,276
2001 - Other Misc Special Revenue	6,609	6,307	6,693	7,391	6,606	6,606	6,606	6,606
2365 - Opioid Stewardship							965	965
2403 - Gift	9	9	7	18	10	10	10	10
3000 - Federal	2,272	2,006	2,310	3,934	3,836	3,836	3,836	3,836
4400 - Correctional Industries	53,496	53,488	58,385	56,689	56,625	54,046	56,625	54,046
6000 - Miscellaneous Agency	3,242	1,036	3,253	7,321	3,078	3,078	3,078	3,078
6001 - Social Welfare Agency	29,185	30,814	31,249	29,564	29,564	29,564	29,564	29,564
Total	481,177	509,810	520,150	548,777	534,747	534,566	562,769	577,051
Biennial Change				77,940		386		70,893
Biennial % Change				8		0		7
Governor's Change from Base								70,507
Governor's % Change from Base								7

Expenditures by Activity

Corr Institutn-Special Revenue				383	41	41	41	41
MCF-St. Cloud	32,633	35,001	34,145	36,974	35,461	35,674	35,461	35,674
MCF-Stillwater	44,259	46,912	47,185	48,742	47,739	48,017	47,739	48,017
MCF-Lino Lakes	34,140	36,226	36,008	38,180	37,087	37,308	37,087	37,308
MCF-Oak Park Heights	23,661	25,331	24,893	26,258	25,778	25,945	26,086	26,561
MCF-Moose Lake	31,051	33,403	32,957	34,353	33,465	33,651	33,465	33,651
MCF-Faribault	48,749	51,464	51,590	54,353	52,511	52,794	52,511	52,794
MCF-Willow River-CIP	5,278	5,467	5,467	5,524	5,484	5,518	5,484	5,518
MCF-Rush City	30,437	32,321	31,968	33,359	32,642	32,810	32,642	32,810
MCF - TOGO - CIP MALE	2,514	5,349	4,882	5,476	5,232	5,262	5,232	5,262
MCF-Togo-Male	1,959							
MCF-Shakopee	18,178	19,274	19,385	20,588	19,829	19,946	19,829	19,946
MCF - SHAKOPEE - CIP	1,134	1,217	1,234	1,269	1,268	1,276	1,268	1,276
MCF-Red Wing	12,921	13,566	13,552	14,228	13,961	14,057	14,505	14,263
MCF-Togo	124	39	171					
Education	15,014	16,508	16,552	16,997	16,944	17,000	16,944	17,000

Correctional Institutions

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Health Services-Corrections	82,961	88,607	92,733	91,140	95,191	95,410	99,643	102,879
Institution Support Services	33,290	34,667	38,144	51,876	43,835	44,093	66,553	78,287
Office of Special Investigations	5,546	6,772	6,516	7,660	7,096	7,139	7,096	7,139
Transportation	2,277	2,530	2,411	2,778	2,603	2,619	2,603	2,619
Safety	1,116	1,226	1,234	1,319	1,305	1,310	1,305	1,310
Correctional Industries	53,934	53,929	59,124	57,320	57,275	54,696	57,275	54,696
Total	481,177	509,810	520,150	548,777	534,747	534,566	562,769	577,051

Expenditures by Category

Compensation	308,928	321,302	331,987	342,371	344,844	344,889	363,791	376,752
Operating Expenses	125,745	138,183	139,895	160,866	144,364	144,416	150,239	153,038
Grants, Aids and Subsidies	41,787	43,914	44,949	42,423	42,423	42,423	42,423	42,423
Capital Outlay-Real Property	1,781	2,076	1,199	2,197	2,197	1,919	2,197	1,919
Other Financial Transaction	2,936	4,334	2,119	920	919	919	4,119	2,919
Total	481,177	509,810	520,150	548,777	534,747	534,566	562,769	577,051

Total Agency Expenditures	481,177	509,810	520,150	548,777	534,747	534,566	562,769	577,051
Internal Billing Expenditures	1,583	2,122	2,194	2,179	2,175	2,175	2,175	2,175
Expenditures Less Internal Billing	479,594	507,688	517,955	546,598	532,572	532,391	560,594	574,876

Full-Time Equivalents

3,703.19	3,705.24	3,739.86	3,739.66	3,599.74	3,443.35	3,836.99	3,888.85
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Correctional Institutions

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	1	4,488	0	10,204				
Direct Appropriation	385,220	412,171	427,666	429,575	433,844	436,418	460,901	477,938
Transfers In	11,509	15,848	15,078	4,891				
Transfers Out	12,151	16,441	16,276	5,818	1,092	1,268	1,092	1,268
Cancellations	21	1,477	5					
Balance Forward Out	358		10,204					
Expenditures	384,199	414,588	416,260	438,852	432,752	435,150	459,809	476,670
Biennial Change in Expenditures			56,324		12,790		81,367	
Biennial % Change in Expenditures			7		2		10	
Governor's Change from Base							68,577	
Governor's % Change from Base							8	
Full-Time Equivalents	3,447.32	3,450.42	3,478.52	3,478.32	3,339.40	3,214.70	3,572.65	3,656.20

2000 - Restrict Misc Special Revenue

Balance Forward In	2,778	2,408	2,618	2,732				
Receipts	2,243	2,237	2,620	2,743	2,743	2,743	2,743	2,743
Transfers Out	460	484	512	467	467	467	467	467
Balance Forward Out	2,396	2,599	2,731					
Expenditures	2,164	1,562	1,994	5,008	2,276	2,276	2,276	2,276
Biennial Change in Expenditures				3,275		(2,450)		(2,450)
Biennial % Change in Expenditures				88		(35)		(35)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.31	1.57	1.50	1.50	1.50	1.50	1.50	1.50

2001 - Other Misc Special Revenue

Balance Forward In	1,526	1,389	1,667	1,635	600	350	600	350
Receipts	6,466	6,582	6,662	6,356	6,356	6,356	6,356	6,356
Internal Billing Receipts	440	591	647	621	621	621	621	621
Transfers Out			0					
Balance Forward Out	1,383	1,664	1,636	600	350	100	350	100
Expenditures	6,609	6,307	6,693	7,391	6,606	6,606	6,606	6,606
Biennial Change in Expenditures				1,168		(872)		(872)

Correctional Institutions

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				9		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	63.67	61.48	66.85	66.85	66.85	66.85	66.85	66.85

2365 - Opioid Stewardship

Direct Appropriation							965	965
Expenditures							965	965
Biennial Change in Expenditures				0		0		1,930
Biennial % Change in Expenditures								
Governor's Change from Base								1,930
Governor's % Change from Base								
Full-Time Equivalents							4.00	4.00

2403 - Gift

Balance Forward In	14	15	11	8				
Receipts	9	5	5	10	10	10	10	10
Balance Forward Out	15	11	9					
Expenditures	9	9	7	18	10	10	10	10
Biennial Change in Expenditures				7		(5)		(5)
Biennial % Change in Expenditures				40		(19)		(19)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	5,813	5,973	6,301	5,947	4,172	2,460	4,172	2,460
Receipts	2,187	2,264	1,956	2,159	2,124	2,124	2,124	2,124
Balance Forward Out	5,727	6,230	5,947	4,172	2,460	748	2,460	748
Expenditures	2,272	2,006	2,310	3,934	3,836	3,836	3,836	3,836
Biennial Change in Expenditures				1,966		1,428		1,428
Biennial % Change in Expenditures				46		23		23
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	15.58	17.26	17.25	17.25	16.25	16.25	16.25	16.25

Correctional Institutions

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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4400 - Correctional Industries

Balance Forward In	16,191	13,328	13,154	9,335	6,321	3,371	6,321	3,371
Receipts	51,308	54,090	54,566	53,675	53,675	53,675	53,675	53,675
Transfers Out	1,000	1,000						
Balance Forward Out	13,003	12,929	9,335	6,321	3,371	3,000	3,371	3,000
Expenditures	53,496	53,488	58,385	56,689	56,625	54,046	56,625	54,046
Biennial Change in Expenditures				8,089		(4,403)		(4,403)
Biennial % Change in Expenditures				8		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	171.78	173.32	174.85	174.85	174.85	143.16	174.85	143.16

6000 - Miscellaneous Agency

Balance Forward In	1,887	2,324	4,507	4,243				
Receipts	3,660	3,218	2,989	3,078	3,078	3,078	3,078	3,078
Transfers Out	0							
Balance Forward Out	2,305	4,506	4,243					
Expenditures	3,242	1,036	3,253	7,321	3,078	3,078	3,078	3,078
Biennial Change in Expenditures				6,296		(4,418)		(4,418)
Biennial % Change in Expenditures				147		(42)		(42)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.53	1.19	0.89	0.89	0.89	0.89	0.89	0.89

6001 - Social Welfare Agency

Balance Forward In	4,459	4,919	4,843	5,489	5,661	5,833	5,661	5,833
Receipts	29,658	30,575	31,895	29,736	29,736	29,736	29,736	29,736
Transfers In	31							
Transfers Out	31		0					
Balance Forward Out	4,931	4,681	5,489	5,661	5,833	6,005	5,833	6,005
Expenditures	29,185	30,814	31,249	29,564	29,564	29,564	29,564	29,564
Biennial Change in Expenditures				815		(1,685)		(1,685)

Correctional Institutions

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				1		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Community Services

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AT A GLANCE

- DOC supervises approximately 20,000 offenders in the community including
 - Adult felony supervision in 53 counties
 - Adult misdemeanor and juvenile probation in 28 counties
 - Intensive supervised release (ISR) supervision in 75 counties
 - Intensive supervision to Challenge Incarceration Program (CIP) offenders in 82 counties
- County correctional agencies supervise more than 90,000 offenders
- Risk assessment and community notification of more than 9,400 sex offenders
- Inspect and license 236 local and out-of-state facilities
- State and county offender work crews benefit local communities

PURPOSE & CONTEXT

The community services program protects the public through offender management and supervision throughout the state, working to ensure compliance with conditions of supervision. We promote offender change by providing comprehensive reentry programming that helps offenders successfully transition back into the community. Our customers include more than 111,000 offenders on community supervision statewide, their victims, the courts, and local law enforcement agencies. Our activities help ensure **people in Minnesota are safe**. The program is funded primarily by the general fund, with approximately 60% of the budget designated as pass-through to help fund county/community-based correctional services.

SERVICES PROVIDED

To accomplish our purpose, we:

- Provide investigative services, reports and recommendation to the courts and the Hearings and Release Unit;
- Assess the risk levels and need of offenders, and place them on proper supervision caseloads;
- Provide pre-release classes and assist released offenders with housing, employment and access to support services;
- Promote positive change in offender behavior by incorporating research-based strategies including cognitive-based programming and motivational interviewing;
- Collaborate with local agencies and providers to help released offenders with mental health, domestic violence prevention, chemical dependency treatment, housing and employment needs;
- Collect and distribute address and employment information for predatory offenders requiring community notification and participate in community notification meetings;
- Refer potential civil commitment cases to county attorneys;
- Use community-based programs (Sentencing to Service crews, Institution Community Work Crews, Challenge Incarceration Programs and work release programming) to manage lower-risk offenders, reduce the need for prison beds, respond to natural disasters and complete community work projects;
- Provide services that ensure the rights and needs of victims are met; and
- Inspect and license local correctional facilities and certify sex offender treatment programs.

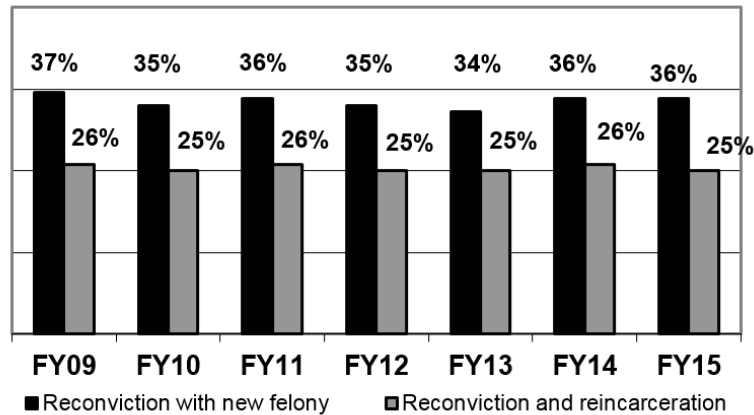
Other specific services provided by this program include offender supervision contracts, electronic and GPS monitoring, sex offender treatment, curfew enforcement, compliance with mandatory work or school conditions, random drug testing, enforcement of financial restitution orders and due process offender hearings. We manage pass-through and other funds appropriated for subsidies, grants, contracts and reimbursements. We administer

offender interstate compacts that allow for the controlled movement of offenders between states. We also provide victim notification and referral services, community training, victim impact awareness, victim-offender dialogue coordination, apology letter assistance and representation on the end-of-confinement review committee responsible for assigning risk levels to predatory offenders.

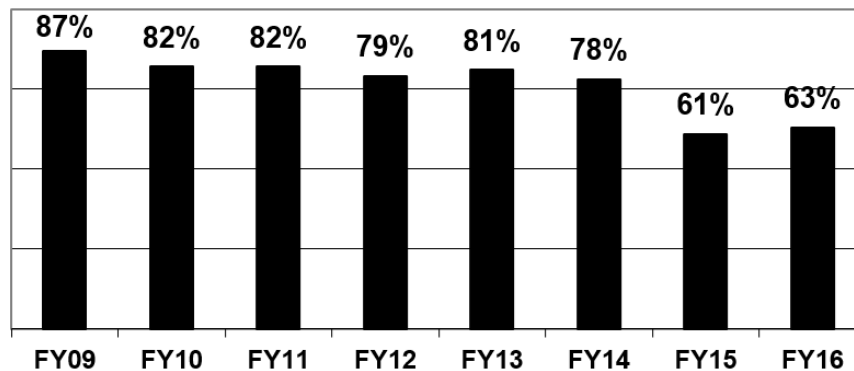
RESULTS

Result: Three-year adult recidivism rates

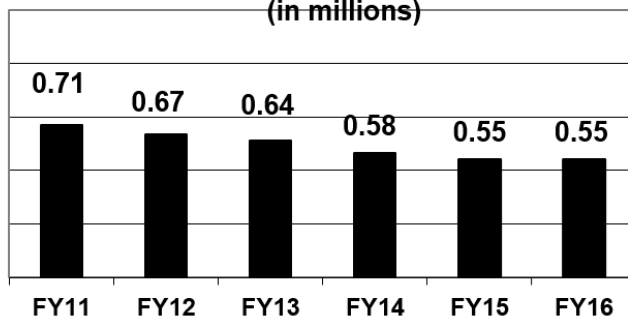
Percentage of offenders convicted of a new felony following release from prison



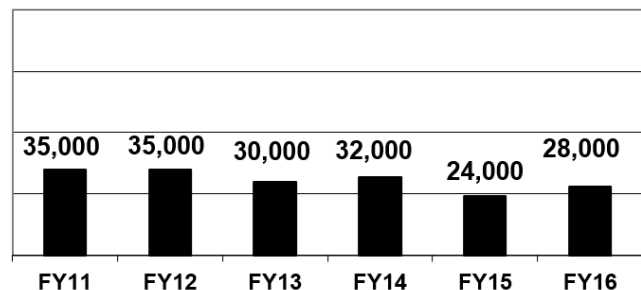
Quality: Percentage of restitution paid by discharge



Quantity: Number of Sentence To Service (STS) offender hours worked (in millions)



Quality: Number of STS Jail Days Saved



[The DOC's most recent performance report is located at this link.](#)

Minnesota Statutes 241 to 244 (<https://www.revisor.mn.gov/statutes/part/CORRECTIONS>) provide the legal authority for the DOC.

Community Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	120,613	123,443	128,025	132,118	130,589	130,753	140,305	145,619
2000 - Restrict Misc Special Revenue	4,829	3,147	4,771	4,939	3,761	3,761	3,761	3,761
2403 - Gift	0		0					
3000 - Federal	1,160	1,209	1,386	1,700	1,287	1,287	1,287	1,287
6001 - Social Welfare Agency	1,186	1,164	1,097	1,206	1,206	1,206	1,206	1,206
Total	127,788	128,963	135,280	139,963	136,843	137,007	146,559	151,873
Biennial Change				18,491		(1,393)		23,189
Biennial % Change				7		(1)		8
Governor's Change from Base								24,582
Governor's % Change from Base								9

Expenditures by Activity

Probation & Supervised Release	23,745	25,056	25,921	26,901	26,266	26,369	27,163	27,883
Special Supervision	6,510	7,086	7,708	7,742	7,659	7,684	8,571	9,508
Sentencing to Service	5,116	4,596	4,450	3,926	3,502	3,504	3,502	3,504
Reentry Services	1,606	1,862	1,815	2,454	2,028	2,030	2,774	3,286
Work Release	6,918	6,209	6,218	6,647	6,619	6,622	6,619	6,622
Instn Comm Svcs Work Crews	2,221	1,547	2,742	3,074	2,230	2,230	2,230	2,230
Risk Assess/Comm Notification	1,899	1,952	1,855	2,408	2,314	2,324	2,314	2,324
Facilities Planning & Inspection	846	911	917	1,065	986	989	986	989
Grants/Subsidy/Offender Suprt	74,435	74,929	79,080	78,705	78,592	78,594	83,583	86,281
Community Support Services	1,729	1,860	1,582	2,891	2,530	2,532	4,400	5,017
Hearings and Release	1,741	1,817	1,931	1,977	1,951	1,960	1,951	1,960
Victim Assist/Restorative Just	1,023	1,139	1,062	2,173	2,166	2,169	2,466	2,269
Total	127,788	128,963	135,280	139,963	136,843	137,007	146,559	151,873

Expenditures by Category

Compensation	37,986	39,476	42,205	42,080	42,017	42,181	45,833	48,190
Operating Expenses	15,400	15,440	16,430	21,126	18,069	18,069	18,978	19,239
Grants, Aids and Subsidies	73,586	73,436	76,402	76,616	76,616	76,616	81,607	84,303
Capital Outlay-Real Property	382		1	6	6	6	6	6
Other Financial Transaction	435	612	243	135	135	135	135	135

Community Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total	127,788	128,963	135,280	139,963	136,843	137,007	146,559	151,873

Total Agency Expenditures	127,788	128,963	135,280	139,963	136,843	137,007	146,559	151,873
Internal Billing Expenditures	113	308	97	130	68	68	68	68
Expenditures Less Internal Billing	127,675	128,655	135,183	139,833	136,775	136,939	146,491	151,805

<u>Full-Time Equivalents</u>	456.31	466.90	477.30	483.30	463.73	454.04	513.23	534.04
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Community Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		725		1,705				
Direct Appropriation	121,275	124,603	129,499	130,413	130,589	130,753	140,305	145,619
Transfers In	7,125	6,040	4,142	3,103	584	584	584	584
Transfers Out	7,125	6,540	3,904	3,103	584	584	584	584
Cancellations	7	1,385	6					
Balance Forward Out	655		1,706					
Expenditures	120,613	123,443	128,025	132,118	130,589	130,753	140,305	145,619
Biennial Change in Expenditures			16,087		1,199		25,781	
Biennial % Change in Expenditures			7		0		10	
Governor's Change from Base							24,582	
Governor's % Change from Base							9	
Full-Time Equivalents	399.83	410.21	422.61	428.61	412.36	402.67	461.86	482.67

2000 - Restrict Misc Special Revenue

Balance Forward In	2,824	1,881	2,850	1,922	644	644	644	644
Receipts	3,857	4,140	3,980	3,761	3,761	3,761	3,761	3,761
Net Loan Activity		(180)	(135)	(100)	0	0	0	0
Balance Forward Out	1,851	2,695	1,923	644	644	644	644	644
Expenditures	4,829	3,147	4,771	4,939	3,761	3,761	3,761	3,761
Biennial Change in Expenditures				1,734		(2,188)		(2,188)
Biennial % Change in Expenditures				22		(23)		(23)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	49.55	50.85	48.99	48.99	48.99	48.99	48.99	48.99

2403 - Gift

Receipts	0		0					
Expenditures	0		0					
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Community Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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3000 - Federal

Balance Forward In	5							
Receipts	1,155	1,209	1,386	1,700	1,287	1,287	1,287	1,287
Expenditures	1,160	1,209	1,386	1,700	1,287	1,287	1,287	1,287
Biennial Change in Expenditures				717		(512)		(512)
Biennial % Change in Expenditures				30		(17)		(17)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.93	5.84	5.70	5.70	2.38	2.38	2.38	2.38

6001 - Social Welfare Agency

Balance Forward In	87	108	86	92	97	102	97	102
Receipts	1,207	1,142	1,103	1,211	1,211	1,211	1,211	1,211
Balance Forward Out	107	86	91	97	102	107	102	107
Expenditures	1,186	1,164	1,097	1,206	1,206	1,206	1,206	1,206
Biennial Change in Expenditures				(47)		109		109
Biennial % Change in Expenditures				(2)		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Operations Support

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AT A GLANCE

- Provision of services to
 - More than 4,300 employees
 - More than 30,000 offenders
- Employees represented by nine bargaining units/plans
- Employees are located at central office and across the state at 10 correctional institutions and 44 field offices
- Centralized/regionalized services
- Shared management

PURPOSE & CONTEXT

The operations support program formulates the mission and major policies for the Department of Corrections (DOC). We provide leadership and support services that assist all programs in achieving the agency's mission. Our customers include all DOC employees, offenders, victims, state and local agencies, the Legislature and citizens. We partner with and provide limited support services to the Minnesota Sentencing Guidelines Commission and the Bureau of Medication Services. Our activities provide the necessary support to help ensure **people in Minnesota are safe**.

SERVICES PROVIDED

To accomplish our purpose, we:

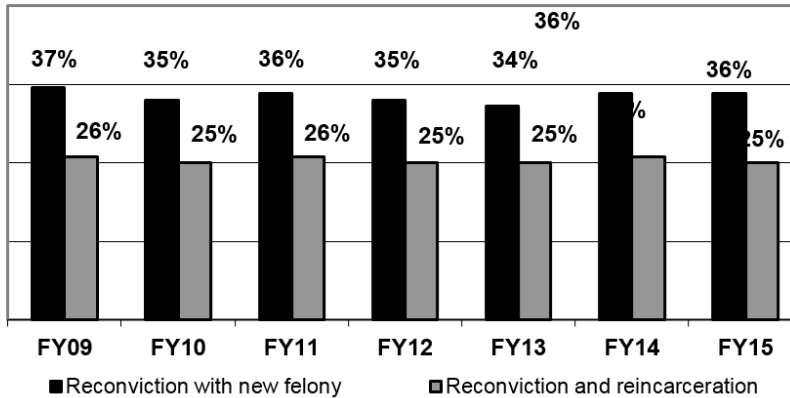
- Promote the mission and values of the agency through executive leadership, policy development, strategic planning, implementing evidence-based practices, and internal and external communications;
- Provide statutorily required services in the areas of finance, human resources, legal services, offender records administration and employee development;
- Use best and current practices to manage information technology, planning and performance, compliance functions, and diversity and inclusion activities;
- Hire and maintain a high-quality and diverse workforce;
- Safeguard the state's assets and comply with federal and state regulations and agency policies through compliance with established procedures and internal controls; and
- Manage offender information through integrated systems in partnership with the courts, state agencies, and state and local law enforcement agencies.

Other specific services provided by this program include budget management, financial transactions, financial reporting and analysis, procurement and inventory functions, offender banking services, internal audit, asset and property management, recruitment and selection, job classification, salary and benefit administration, labor contract negotiation, pre-service and in-service training, mail processing, offender records management, legal representation, and responding to public data and media requests. We partner with MN.IT and other stakeholders to ensure continual operation and/or accessibility to internal and external technology systems and to provide help-desk support. Our planning and performance unit conducts research and evaluation projects, prepares legislative reports, coordinates implementation of evidence-based practices, coordinates strategic planning activities and projects prison population. We also develop and update business continuity and risk management plans, and work to maintain accreditation by the American Corrections Association at all locations.

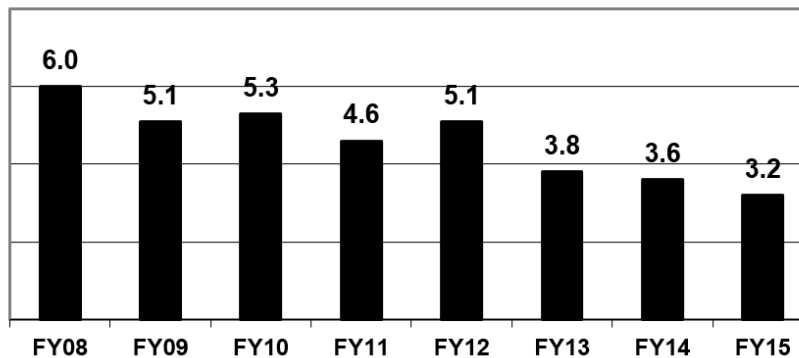
RESULTS

Result: Three-year adult recidivism rates

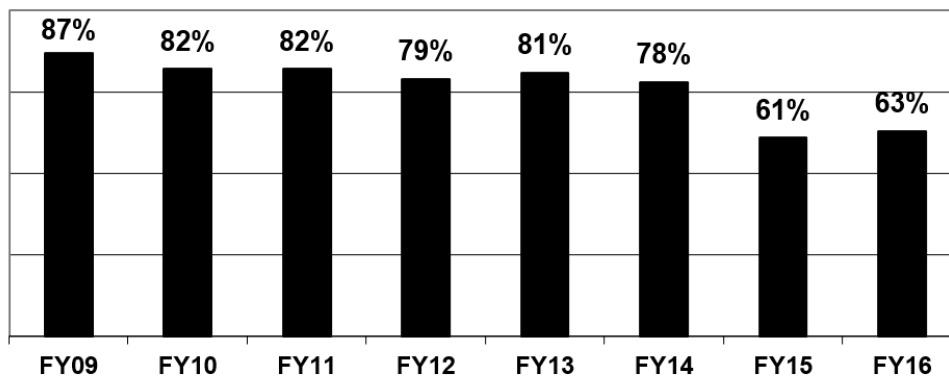
Percentage of offenders convicted of a new felony following release from prison



Result: Workers' compensation claim incident rate per 100 full-time employees



Quality: Percentage of restitution paid by discharge



[The DOC's most recent performance report is located at this link.](#)

Minnesota Statutes 241 to 244 (<https://www.revisor.mn.gov/statutes/part/CORRECTIONS>) provide the legal authority for the DOC.

DOC Operations Support

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	24,301	26,580	26,751	28,998	28,142	28,202	31,831	33,332
2000 - Restrict Misc Special Revenue	152	135	1	99				
2001 - Other Misc Special Revenue	443	737	662	4,760	3,071	3,071	3,071	3,071
3000 - Federal			54	37	5		5	
Total	24,895	27,452	27,468	33,894	31,218	31,273	34,907	36,403
Biennial Change				9,015		1,129		9,948
Biennial % Change				17		2		16
Governor's Change from Base								8,819
Governor's % Change from Base								14

Expenditures by Activity

Employee Development	2,146	2,395	2,248	2,438	2,362	2,370	2,362	2,370
Financial Services	4,972	4,832	4,733	5,449	5,155	5,175	5,155	5,175
Human Resources	4,122	4,434	4,335	4,635	4,640	4,656	4,640	4,656
Information and Technology	7,009	8,959	1,641	9,325	9,358	9,358	12,458	13,658
Office Services	521	694	620	807	726	728	726	728
Operations Support Services	2,979	2,908	10,887	7,649	5,821	5,827	6,410	6,657
Policy and Legal Services	1,497	1,601	1,475	1,607	1,480	1,483	1,480	1,483
Planning and Performance	1,089	1,078	1,028	1,274	1,054	1,052	1,054	1,052
Offender Records	559	552	501	710	622	624	622	624
Total	24,895	27,452	27,468	33,894	31,218	31,273	34,907	36,403

Expenditures by Category

Compensation	14,953	15,506	15,255	16,699	16,768	16,828	17,357	17,658
Operating Expenses	9,790	11,774	12,120	17,120	14,405	14,400	17,505	18,700
Other Financial Transaction	152	172	93	75	45	45	45	45
Total	24,895	27,452	27,468	33,894	31,218	31,273	34,907	36,403

Full-Time Equivalents

170.90	173.79	168.47	168.47	162.00	158.03	170.00	170.03
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DOC Operations Support

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		709		960				
Direct Appropriation	24,875	27,454	27,701	28,165	28,269	28,329	31,958	33,459
Transfers In	2,033	3,276	7,917	181	117	117	117	117
Transfers Out	2,107	4,834	7,907	308	244	244	244	244
Cancellations		26						
Balance Forward Out	500		960					
Expenditures	24,301	26,580	26,751	28,998	28,142	28,202	31,831	33,332
Biennial Change in Expenditures				4,869		595		9,414
Biennial % Change in Expenditures				10		1		17
Governor's Change from Base								8,819
Governor's % Change from Base								16
Full-Time Equivalents	170.17	172.84	167.51	167.51	161.04	157.07	169.04	169.07

2000 - Restrict Misc Special Revenue

Balance Forward In	215	135		99				
Receipts	72		100					
Balance Forward Out	135		99					
Expenditures	152	135	1	99				
Biennial Change in Expenditures				(187)		(100)		(100)
Biennial % Change in Expenditures				(65)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	4,571	5,473	6,725	7,689	5,000	4,000	5,000	4,000
Receipts	1,312	1,834	1,625	2,071	2,071	2,071	2,071	2,071
Internal Billing Receipts	1,312	1,834	1,625	2,071	2,071	2,071	2,071	2,071
Balance Forward Out	5,440	6,570	7,689	5,000	4,000	3,000	4,000	3,000
Expenditures	443	737	662	4,760	3,071	3,071	3,071	3,071
Biennial Change in Expenditures				4,242		720		720
Biennial % Change in Expenditures				359		13		13
Governor's Change from Base								0
Governor's % Change from Base								0

DOC Operations Support

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Full-Time Equivalents	0.73	0.95	0.96	0.96	0.96	0.96	0.96	0.96

3000 - Federal

Receipts	54	37	5	5
Expenditures	54	37	5	5
Biennial Change in Expenditures		91	(86)	(86)
Biennial % Change in Expenditures			(95)	(95)
Governor's Change from Base				0
Governor's % Change from Base				

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Department of Agriculture (USDA) 10.553	National School Breakfast/Lunch – MCF RW salaries, supplies and equipment in kitchen areas at DOC institutions housing juveniles Subgrant from Minnesota Department of Education (MDE)		135	218	157	157	No	3
	Budget Activity 30 – MCF Redwing Total		135	218	157	157		3
DOE 84.048	Vocational Education (Perkins) – increase public safety through offender accountability and reduction in re-offense and recidivism Subgrant from MNSCU		33	35	35	35	No	-
DOE 84.027	Special Education – provide services and instruction to students who have an individual education plan Subgrant from MDE		65	68	66	66	No	.5
DOE 84.013	Chapter 1 Education (Neglected and Delinquent) – provide remedial instruction to students who have reading levels at least two grades below their peers Subgrant from MDE		881	950	950	950	No	5.9
DOE 84.002	Adult Basic Education – supplemental funds to serve the most difficult to reach literacy students Subgrant from MDE		449	511	511	511	No	3.27
DOJ 16.812	Second Chance Act – Technology-Based Career Training Program for Incarcerated Adult and Juveniles – technology education supporting reintegration success		169	268	268	268	No	2.8
	Budget Activity 40 –Education Total		1,597	1,832	1,830	1,830		12.47
DOJ 16.593	Residential Substance Abuse Treatment – treatment programs and activities for offenders with substance abuse issues Subgrant from DPS Match – at 25% of the grant, consists of salaries.		49	102	102	102	Yes	1
	Budget Activity 41 – Health Services Total		49	102	102	102		
DOJ 16.606	State Criminal Alien Assistance Program – reimburse facilities for costs associated with housing criminal aliens		63	168	168	168	No	1

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
DOJ 16.606	State Criminal Alien Assistance Program – Post 2007 reimburse facilities for costs associated with housing criminal aliens		310	1,544	1544	1544	No	1
	Budget Activity 42 – Institution Support Services Total		373	1,712	1,712	1,712		3
DOJ 16.588 & 16.751	PREA Program: Staff Training Integrating agency initiatives of PREA, TPC, Maintaining Boundaries and Professionalism Match – 22% of the grant, consists of salary		126	35	0	0	Yes	1
DOJ	OSI Joint Law Enforcement Operations – overtime assistance to US Marshal Service		29	35	35	35	No	0
	Budget Activity 43 – Office of Special Investigations Total		155	70	35	35		1
	Program 1 – Correctional Facilities Total		2,309	3,934	3,836	3,836		19.47
BJA 16.745	Justice and Mental Health Collaboration – Provide Crisis Intervention Team training to Field Services. Match – 20% of the grant, consists of salary.		57	41	0	0	Yes	0
OJP 16.588	St. Cloud DV Court – Strengthen surveillance and accountability of offenders. Match – 33% of grant, consists of salary and travel		55	81	81	81	Yes	1
	Budget Activity 60 – Probation and Supervised Release Total		112	122	81	81		1
DOJ 16.571	Statewide Recidivism Reduction Implementation Program – reduce recidivism, improve training for agents and ensure treatment of offenders in the community, communicate research that has been proven to reduce recidivism for individuals released from prisons statewide who are at a high risk to commit new crimes. Match – consisting of salaries and to provide implementation training.		1,056	372	0	0	Yes	3
	Budget Activity 64 – Reentry Services Total		1,056	372	0	0		3
OJP 16.575	Crime Victim Services – Direct Services to Crime Victims Match – 25% of the grant, consists of salary and training		218	311	311	311	Yes	2
DOJ 16.590	Improving Criminal Justice Response to Domestic Violence, Sexual Assault and Stalking Victims – Advocacy work and a Native American pilot site.		0	895	895	895	No	2

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	Budget Activity 75 – Victim Assist/Restorative Justice Total		218	1,206	1,206	1,206		4
	Program 2 – Community Services Total		1,386	1,700	1,287	1,287		10
DOJ 16.560	Video Optimization - Process, impact and cost-benefit of comprehensive video surveillance at Moose Lake and Stillwater.		54	37	5		No	0
	Budget Activity 87 – Planning and Performance Total		54	37	5			0
	Program 3 – Operations Support Total		54	37	5			0
	Federal Fund – Agency Total		3,749	5,671	5,128	5,123		27.47

Narrative

Federal funding represents less than one percent of the DOC's total budget.

The DOC continuously works to identify and apply for competitive grants that align with our mission. Ongoing formula grants and competitive grants primarily support juvenile and adult education, the cost of incarcerating illegal aliens convicted of crimes in Minnesota, substance abuse treatment, offender reentry services and collaborative efforts to reduce recidivism.

We have continued several grant-funded activities beyond the expiration date of the grant, sometimes seeking funding through the legislative process (i.e. chemical dependency treatment, release planning for mentally ill offenders).

Current data indicates federal grant funding will remain relatively static within the DOC overall. In general estimates are based on current awards throughout the term of the grant, or as ongoing where applicable.

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Cosmetologist Examiners, Board of

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mn.gov/boards/cosmetologist-examiners

AT A GLANCE

- As of August 2018, there were 33,278 practitioners and 5,304 establishments licensed in Minnesota
- The Board issued 13,847 total licenses, including initial licenses and license renewals, in fiscal year 2018
- The Board performed 3,821 salon and 66 school inspections in fiscal year 2018
- 165 investigations completed in fiscal year 2018 with 141 investigations open at year close

PURPOSE

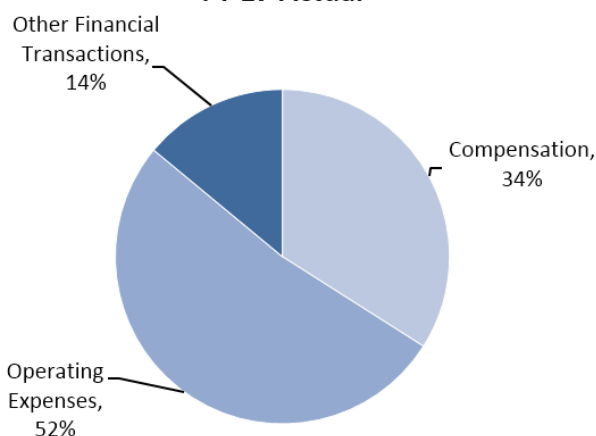
The Board of Cosmetology (“Board”) credentials, licenses, inspects, disciplines, and educates Minnesotans who provide cosmetic hair, nail, or skin care services and education. Businesses and consumers rely on the Board for essential functions related to the safe practice of cosmetology. The Board’s mission is to constantly strive to serve and care for our licensees, applicants, and the public by being committed to public protection, superior service, excellence, and continuous improvement.

As part of the Board’s contribution to statewide outcomes:

- The Board **promotes a thriving economy** through simplifying licensing processes to promote faster business growth and entry into the workforce.
- Through inspections, curriculum review, and education, the Board encourages licensees to **have the education and skills needed to achieve their goals**.
- By licensing practitioners to provide safe services to avoid injury and disease and inspecting businesses regularly to ensure compliance with safety standards, the Board aims to keep **all people in Minnesota safe**.
- The Board constantly evaluates and seeks improvement on internal processes to ensure **efficient and accountable government services**.

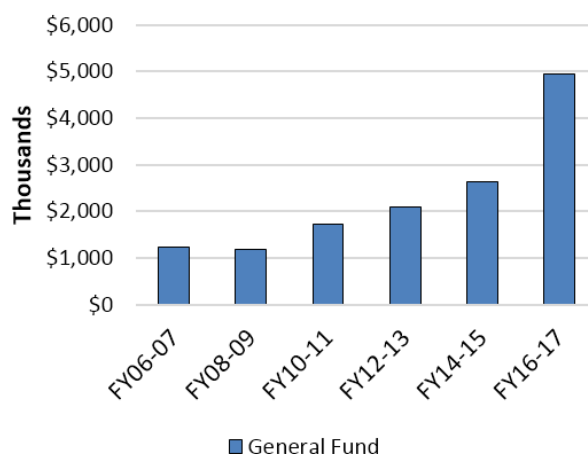
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board receives a direct appropriation from the general fund to cover operational expenses and does not receive funding from any other source. All receipts collected by the Board are deposited into the general fund.

STRATEGIES

The Board promotes a thriving economy and business growth by:

- Assisting salon and school owners and license applicants through in-person, email, and telephone correspondence in answering questions related to the licensing process and other general topics, which results in more successful licensees.
- Educating licensees on proper infection control practices, resulting in better and safer services.
- Implementing only reasonable, rational regulation with the aim of reducing barriers that are unnecessary for public protection. This promotes continued participation in the cosmetology industry and Minnesota economy.

The Board encourages Minnesotans to have the education and skills needed to achieve their goals by:

- Educating licensees through inspections and outreach to promote best practices.
- Requiring continuing education for license renewal.
- Continuously updating licensing exams to ensure minimum competency is tested for and met by all individuals receiving licenses.
- Initiating a school rules overhaul to evaluate each requirement of licensed cosmetology schools, their curricula, and their physical requirements to ensure only necessary requirements remain.
- Personally working with individuals and businesses facing non-compliance to improve their circumstances and provide safer, healthier, and more successful services.

The Board strives to protect Minnesotans' safety through:

- Only issuing licenses to qualified applicants.
- Routine inspections of salons and schools to ensure safety, infection control, and education standards are met.
- Public availability of salon and school inspection reports, license status, and formal disciplinary action to help consumers make informed decisions.
- Reaching voluntary resolution of violations and offering remedial education when necessary to ensure licensing and safety standards are met.
- Routinely updating cosmetology laws and rules to align with appropriate and effective national standards.

The Board promotes efficient and accountable government services by:

- Actively promoting participation in rulemaking, events, and work groups, which encourages individuals to remain active and engaged in Board activity and accountability.
- Credentialing and issuing licenses to qualified applicants within 15 business days or less.
- Utilizing an optional expedited process for qualified applicants to become licensed within 5 business days.
- Maintaining a standard that all general inquiries are responded to within 1 business day or less.
- Providing educational materials in conjunction with inspections to improve awareness and results.
- Using instant license account management and real-time online license lookup and renewal to provide transparency and efficiency to licensees and the public.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Licenses, Permits, Registrations Issued Per Quarter	3,480	3,540	2016 Q2; 2018 Q2
Quantity	Number of Inspections Performed Per Quarter	515	1,445	2016 Q2; 2018 Q2

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Complaints Investigated Per Year	69	165	FY16; FY18
Quality	Average Application Processing Time (in business days)	14	3	2016 Q2; 2018 Q2
Quality	Percent of Salons Inspected within Past Year	28%	63%	2016 Q2; 2018 Q2
Quality	Percent of Complaints Receiving Disciplinary Action	74%	74%	FY16; FY18

Source: Minnesota Board of Cosmetology Databases (GL Suite and Laserfiche)

Minnesota Statutes and Administrative Rules Governing Cosmetology:

- Minnesota Statute 155A, <https://www.revisor.leg.state.mn.us/statutes/?id=155A>
- Minnesota Rule Chapter 2105, <https://www.revisor.leg.state.mn.us/rules/?id=2105>
- Minnesota Rule Chapter 2110, <https://www.revisor.leg.state.mn.us/rules/?id=2110>

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,351	3,593	2,252	3,297	2,793	2,793	2,904	2,935
Total	1,351	3,593	2,252	3,297	2,793	2,793	2,904	2,935
Biennial Change				605		37		290
Biennial % Change				12		1		5
Governor's Change from Base								253
Governor's % Change from Base								5

Expenditures by Program

Cosmetology	1,351	3,593	2,252	3,297	2,793	2,793	2,904	2,935
Total	1,351	3,593	2,252	3,297	2,793	2,793	2,904	2,935

Expenditures by Category

Compensation	982	1,238	1,576	1,862	1,931	1,981	2,024	2,103
Operating Expenses	353	1,868	623	1,419	857	807	875	827
Other Financial Transaction	17	487	53	16	5	5	5	5
Total	1,351	3,593	2,252	3,297	2,793	2,793	2,904	2,935

Full-Time Equivalents

14.88	18.37	23.44	26.00	27.00	27.00	27.00	27.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,243		508				
Direct Appropriation	2,565	2,584	2,761	2,789	2,793	2,793	2,904	2,935
Transfers Out		60						
Cancellations		173						
Balance Forward Out	1,214		508					
Expenditures	1,351	3,593	2,252	3,297	2,793	2,793	2,904	2,935
Biennial Change in Expenditures				605		37		290
Biennial % Change in Expenditures				12		1		5
Governor's Change from Base								253
Governor's % Change from Base								5
Full-Time Equivalents	14.88	18.37	23.44	26.00	27.00	27.00	27.00	27.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	2,789	2,789	2,789	5,578
Base Adjustments				
Pension Allocation		4	4	8
Forecast Base	2,789	2,793	2,793	5,586
Change Items				
Operating Adjustment		111	142	253
Total Governor's Recommendations	2,789	2,904	2,935	5,839
Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	2,859	2,788	2,800	5,588
Total Governor's Recommendations	2,859	2,788	2,800	5,588

Cosmetologist Examiners, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	111	142	142	142
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	111	142	142	142
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$111 thousand in FY 2020 and \$142 thousand each year thereafter to maintain the current level of service delivery at the Board of Cosmetologist Examiners.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related cost increases. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The Board is responsible to license, inspect, and regulate approximately 38,000 licensees, 5,000 salons, and 30 schools. Over the past two years, staff have helped create positive trends including, but not limited to, the following:

- The average application processing time was reduced by 79%, from 14 to 3 business days (Q2, 2016; Q2, 2018).
- The average number of inspections per quarter increased by 181%, from 515 to 1445 inspections (Q2, 2016; Q2, 2018).
- The number of complaints investigated per year increased by 139%, from 69 (FY 2016) to 165 (FY 2018).

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board, this funding will cover known employee compensation growth, one-time retirement costs, and other administrative costs.

Equity and Inclusion:

This requested operational increase will support the Board's effort to create an equitable and inclusive environment for employees, licensees, and the public. The Board and its staff strive to reflect the licensees it serves in terms of race, gender, age, and other demographic data while complying with state standards and initiatives.

IT Related Proposals:

N/A

Results:

Appropriate funding will contribute to the Board's positive trends for licensees and the public. In the last two years, the agency has become demonstrably more efficient as is shown by the measures listed below.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Licenses, Permits, Registrations Issued Per Quarter	3,480	3,540	2016 Q2; 2018 Q2
Quantity	Number of Inspections Performed Per Quarter	515	1,445	2016 Q2; 2018 Q2
Quantity	Number of Complaints Investigated Per Year	69	165	FY16; FY18
Quality	Average Application Processing Time (in business days)	14	3	2016 Q2; 2018 Q2
Quality	Percent of Salons Inspected within Past Year	28%	63%	2016 Q2; 2018 Q2
Quality	Percent of Investigated Complaints Receiving Disciplinary Action	74%	74%	FY16; FY18

Statutory Change(s):

N/A

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AT A GLANCE

The 19 judges serving on the Court of Appeals hear cases in three judge panels in courthouses throughout the state. In 2017, 1,973 cases were filed with the Court of Appeals.

Court of Appeals decisions are the final ruling in about 95 percent of the appeals filed each year. Only about five percent of the Court's dispositions are accepted by the Minnesota Supreme Court for further review.

The Court of Appeals serves all Minnesota citizens.

PURPOSE

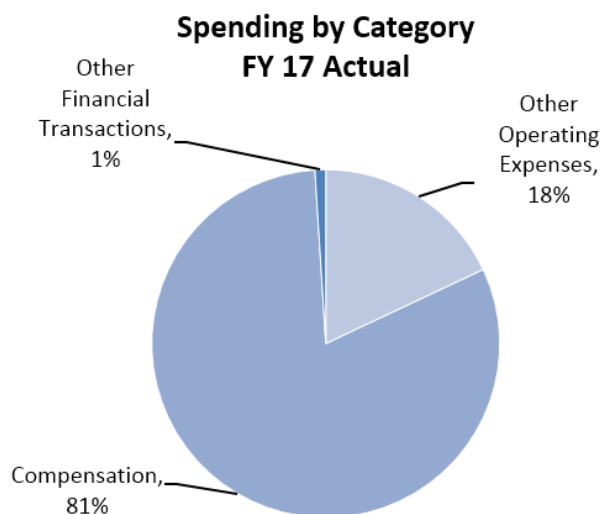
The Minnesota Court of Appeals provides the citizens of Minnesota with prompt and deliberate review of all final decisions of the trial courts, state agencies and local governments.

The Court of Appeals has jurisdiction over all final decisions of the district courts, except first degree murder convictions, which are appealed directly to the Supreme Court. The Court of Appeals also has jurisdiction to review certain decisions of administrative agencies and local governments.

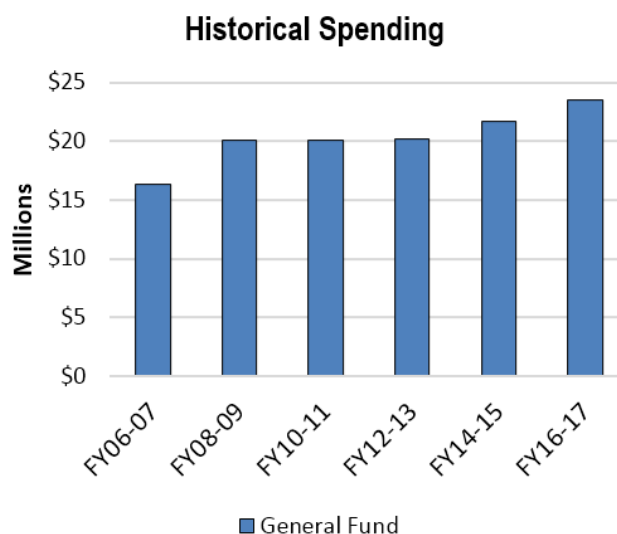
The adjudicative function of the Court of Appeals supports the following statewide outcomes:

- **Strong and stable families and communities;**
- **People in Minnesota are safe; and**
- **Efficient and accountable government services.**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Court of Appeals FY17 expenditures were \$12,546,000. The budget is funded 100% through the state general fund.

STRATEGIES

The mission of the Judicial Branch is *“To provide justice through a system that assures equal access for the fair and timely resolution of cases and controversies.”* The Court of Appeals conducts its functions in support of three strategic goals to deliver its mission and to support the statewide outcomes of **promoting strong families and communities, insuring people in Minnesota are safe and providing efficient and accountable government services:**

1. Access to Justice – Ensuring the justice system is open, affordable, effective and accountable to the people it serves.
2. Administration of Justice for Effective Results – Working across branches of government and with other justice system stakeholders to improve outcomes for and the delivery of services for children, families, and alcohol and other addicted offenders who come to its courts.
3. Public Trust, Accountability, and Impartiality – Through education, outreach to diverse communities and a commitment to effective and efficient customer service and accountability, improving citizens’ understanding of and confidence in the Third Branch of government.

As part of the court’s effort to expedite justice and to make access to the appellate system less burdensome and expensive, the court’s 19 judges sit in three-judge panels and travel to locations throughout Minnesota to hear oral arguments.

By law, the Court must issue a decision within 90 days after oral arguments. This deadline is the shortest imposed on any appellate court in the nation. The Court expedites decisions on child protection cases, child custody cases, mental health commitments and other requested matters.

The Court of Appeals issues a published opinion, unpublished opinion, or order opinion on each case it considers on the merits.

RESULTS

It is the policy of the Minnesota Judicial Branch to establish core performance goals and to monitor key results that measure progress toward meeting these goals in order to ensure accountability of the Branch, improve overall operations of the court and enhance the public’s trust and confidence in the Judiciary. Throughout the year the Court of Appeals reviews performance measure results. This review is shared with the Judicial Council (the Branch’s governing body) twice a year.

The Court of Appeals has adopted the American Bar Association (ABA) standards for intermediate appellate courts, which measure cases from beginning (filing) to end (disposition). The goals are to have 75% of the cases disposed within 290 days of filing and 90% of cases disposed within 365 days of filing.

Court of Appeals Cases Disposed Within 290 Days of Filing, 2015 - 2017

In 2017, the Court of Appeals met its goal of disposing 75% of all cases within 290 days, up from 72% in FY2016.

Court of Appeals Percentage of Cases Disposed Within 290 Days of Filing**Goal = 75% of Cases**

	2017		2016		2015	
	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective
Civil	985	91%	999	89%	1,176	85%
Criminal	798	54%	872	50%	854	54%
Juvenile Protection	76	100%	68	100%	58	100%
Juvenile Delinquency	14	86%	12	100%	16	100%
Total Cases	1,873	75%	1,951	72%	2,104	73%

Percent of Court of Appeals Cases Disposed Within 365 Days of Filing

The Court of Appeals exceeded the goal of disposing 90% of cases within 365 days, by disposing of 95% of its cases within that time in 2017.

Court of Appeals Percentage of Cases Disposed Within 365 Days of Filing**Goal = 90% of Cases**

	2017		2016		2015	
	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective	# of cases	% of cases meeting objective
Civil	985	99%	999	99%	1,176	98%
Criminal	798	89%	872	84%	854	83%
Juvenile Protection	76	100%	68	100%	58	100%
Juvenile Delinquency	14	100%	12	100%	16	100%
Total Cases	1,873	95%	1,951	92%	2,104	92%

Data are from the *Judicial Branch 2017 Performance Measures – Key Results and Measures Annual Report*. The report can be found at www.mncourts.gov.

The Minnesota Constitution, Article VI, provides the legal authority for the Court of Appeals; (https://www.revisor.mn.gov/constitution/#article_6). Minn. Stat. Chapter 480A; (<https://www.revisor.mn.gov/statutes/cite/480A>) provides the authority for Court of Appeals operations.

Court Of Appeals

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	10,951	12,546	11,825	13,132	12,528	12,528	12,878	13,258
Total	10,951	12,546	11,825	13,132	12,528	12,528	12,878	13,258
Biennial Change				1,461		99		1,179
Biennial % Change				6		0		5
Governor's Change from Base								1,080
Governor's % Change from Base								4

Expenditures by Program

Court Of Appeals	10,951	12,546	11,825	13,132	12,528	12,528	12,878	13,258
Total	10,951	12,546	11,825	13,132	12,528	12,528	12,878	13,258

Expenditures by Category

Compensation	9,811	10,237	10,624	11,255	11,272	11,272	11,622	12,002
Operating Expenses	1,113	2,231	1,199	1,671	1,250	1,250	1,250	1,250
Other Financial Transaction	27	77	2	206	6	6	6	6
Total	10,951	12,546	11,825	13,132	12,528	12,528	12,878	13,258

Full-Time Equivalents

88.72	89.56	88.92	88.92	87.92	86.62	88.92	88.92
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		567		486				
Direct Appropriation	11,517	11,979	12,311	12,646	12,528	12,528	12,878	13,258
Balance Forward Out	566		486					
Expenditures	10,951	12,546	11,825	13,132	12,528	12,528	12,878	13,258
Biennial Change in Expenditures				1,461		99		1,179
Biennial % Change in Expenditures				6		0		5
Governor's Change from Base								1,080
Governor's % Change from Base								4
Full-Time Equivalents	88.72	89.56	88.92	88.92	87.92	86.62	88.92	88.92

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	12,646	12,646	12,646	25,292
Base Adjustments				
Pension Allocation		17	17	34
Program or Agency Sunset		(135)	(135)	(270)
Forecast Base	12,646	12,528	12,528	25,056
Change Items				
Maintain Core Justice Operations		350	730	1,080
Total Governor's Recommendations	12,646	12,878	13,258	26,136

Court of Appeals

FY 2020-21 Biennial Budget Change Item

Change Item Title: Maintain Core Justice Operations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	350	730	730	730
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	350	730	730	730
Maintain FTEs	1.0	2.3	2.3	2.3

Recommendation:

The Governor recommends funding for this request from the Court of Appeals, with the exception that the compensation increases are funded at 3% each year.

The Judicial Branch seeks \$1,226,000 in the FY2020-21 biennium to increase the compensation of Court of Appeals judges by 3.5% each year of the biennium, provide a 3.5% compensation pool each year for employees, and to fund unavoidable health insurance premium increases. The request represents a 4.9% increase in the Court of Appeals biennial base budget. The request maintains the current complement of employees.

Rationale/Background:

In order for the Judicial Branch to continue driving innovation in our court system and improve services to Minnesotans, the Judicial Branch needs to retain and attract skilled and knowledgeable employees and judges who can maintain and operate a modern, efficient, and technology-based court system. However, the Judicial Branch faces two significant challenges:

- Following a six year salary freeze, which made it possible to preserve essential court functions while managing difficult budget cuts and freezes between FY2008 and FY2013, the Judicial Branch has made concerted efforts to improve the competitiveness of the Judicial Branch salary structure. To ensure the salary structure supports a competent workforce, and to not fall below market in the future, the Branch must continue to keep pace with public-sector market competitors. Retaining a skilled and knowledgeable workforce is important to maintain a technology-based court. Judges in some counties make less than the county attorneys who appear before them, and, in some cases even less than the assistant county attorneys.
- The second workforce challenge is a significant retirement wave among both employees and judges. Nearly one-third of current Judicial Branch staff will be 65 years old or older in the next 10 years. In the last two years, 49 judge positions have been subject to the appointment/election process — 15% of all judges in the state. By 2020, at least 37% of all judges that were on the Bench in 2015 will have either retired, or will have turned 65 years old.

This incredible loss of experience and talent is especially concerning when paired with a salary structure that must remain competitive for the Judicial Branch to compete for workers with the necessary skills.

The Court of Appeals also requests funding for unavoidable health insurance increases. Health insurance premiums are estimated to increase by 5.63% in 2020 and 5.62% in 2021. The Judicial Branch does not negotiate its own insurance agreements – it participates in the general plan negotiated by Minnesota Management and

Budget. The Judicial Branch cannot absorb the increased employer insurance contribution costs and would need to divert funding from court functions to pay for the increases without additional funding.

Proposal:

This change level request is not a new initiative. The Judicial Branch's FY2020-21 biennial budget request seeks funding to increase employee and judge salaries, which will help ensure that the Judicial Branch will be ready to respond to this retirement wave, while maintaining the caliber of workforce needed to continue driving innovation within the court system.

In addition, the request for funding unavoidable health insurance increases will hold court services harmless from rising insurance costs for Judicial Branch judges and employees.

Equity and Inclusion:

- The change level request does not directly impact any Racial and Ethnic groups.
- The change level request is not aimed at reducing or eliminating any disparities for Racial and Ethnic groups.
- There are no potential positive or negative impacts on the identified groups.
- The change level request will enable the Judicial Branch to continue efforts to attract and retain skilled and knowledgeable employees and judges who can maintain and operate a modern, efficient, and technology-based court system. In FY17, the Branch implemented a formal pay-for-performance structure for unrepresented staff and prioritized pay-for-performance in collective bargaining, ensuring that all employee increases are based on performance. These pay-for-performance structures recognize exemplary performance and serve as performance accountability mechanisms.

Results:

This request is sought to support the core mission and services of the Court of Appeals and to allow the Court to continue to undertake initiatives designed to increase efficiency, reduce costs, and improve public services.

Minnesotans bring their most important and complex matters to the courts for resolution. Judges and staff work every day to help the people resolve these disputes. At the same time staff and judges are driving major innovation within the court system. Their innovations are improving service to the public and creating new efficiencies throughout the justice system. It is critically important that the Judicial Branch continue to retain and attract a workforce that builds on this innovation.

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Dentistry, Board of

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AT A GLANCE

- Regulates over 17,400 dentists, dental therapists, dental hygienists, and dental assistants
- Over 700 new licenses issued each year
- We investigate nearly 200 complaints each year
- Requirements for continuing education are set
- Conducts audits for compliance
- Maintains a registry of 150 dental laboratories
- Maintains a registry of dental professional firms
- Nationally and internationally recognized for innovation; including being the first state to license dental therapists and our licensing path for internationally trained dentists and specialists

PURPOSE

The mission of the Minnesota Board of Dentistry is to promote and protect public health and safety and ensure that every licensed dental professional practicing in the state meets the requirements for safe, competent, and ethical practice.

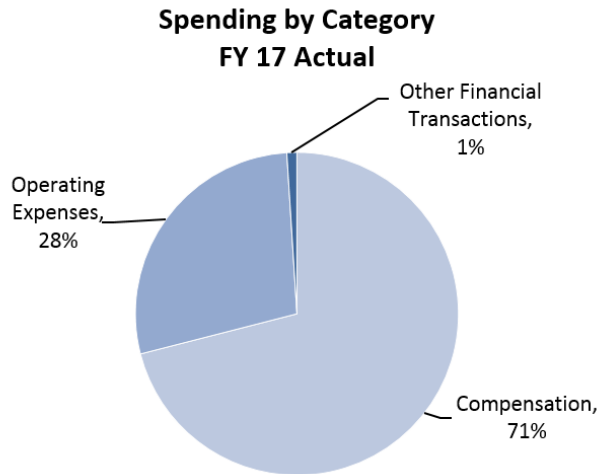
We accomplish our mission of public protection through:

- establishing initial licensure standards (education and examinations)
- continued competence (professional development) standards, and
- enforcing regulations and responding to complaints
- providing resources and education to students and licensees, and
- providing timely and relevant information to licensees via communication outlets

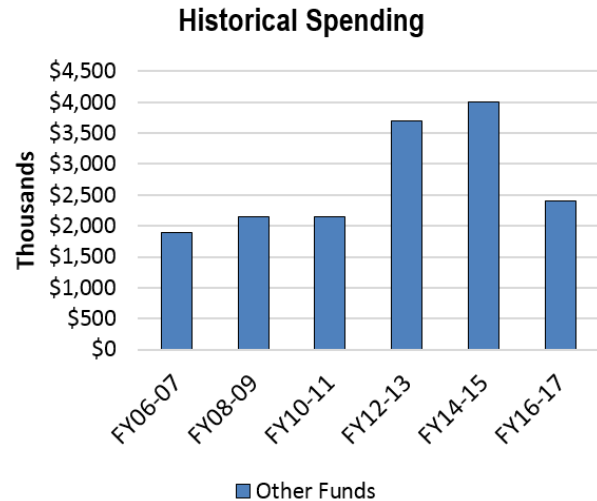
By establishing high standards for licensure and enforcing those standards, we contribute to the statewide outcomes to ensure:

- **All Minnesotans have optimal health**
- **All Minnesotans are receiving safe and quality dental care**
- **The agency provides efficient and accountable government services**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, equipment, professional technical experts, inspection processes, and other operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are: the Administrative Services Unit (inter-board); Health Professionals Services Program (inter-board); the HIV, HBV, and HCV Prevention Program (Department of Health); Prescription Monitoring Program (Pharmacy Board); Office of the Attorney General for legal services; Criminal Background Check Program (inter-board); and the Voluntary Healthcare Provider Program (inter-board).

STRATEGIES

The Board accomplishes its mission through services that include: establishing the educational, examination and other qualification standards for initial licensure as dentists, dental hygienists, dental therapists, and dental assistants; determining requirements for license renewal, such as professional development (continuing education); accepting, investigating, and resolving complaints regarding licensed dental professionals and unlicensed practice; infection control and anesthesia inspections; tracking compliance of licensees who are under corrective or disciplinary action of the Board; registering professional firms; disseminating public information; and engaging in policy initiatives to ensure that statutes and rules regulating dental professions remain relevant.

The Board achieves its mission by continuous learning and engagement with dental professionals, dental students, and dental professional educational institutions. The Board strives to address complaints in a timely and efficient manner. The Board continues to look for new methods of communication to engage the public in what we do and how we work to ensure safe dental care is provided to the citizens of Minnesota. The Board has implemented an engagement plan to engage the public and professionals. The Board maintain consistency, integrity, and understanding of our licensing process by providing transparency in our requirements for education and consistency in the application and criminal background check processes. These support the process of candidate integrity during licensing and furthers our mission to protect the public by ensuring that Minnesota citizens receive quality dental health care from competent dental health care professionals. We are working with information technology to improve the quality and quantity measures for licensing and the complaint/ compliance

process. We are reducing the length of time spent for complaint resolution. We work with all our testing agencies to ensure the integrity of the dental and allied dental professional licensure process. We have been able to lower our costs per licensee by employing paperless renewal methods, electronic notifications and reduce postage costs. We continue to look for methods to streamline operations. We have primarily gone paperless to reduce costs and aid in efficiency.

RESULTS

The Board continues to stay current on expectations, opportunities and standards for regulating dental professionals. We have become more effective and efficient in the manner in which we process complaints. We have improved our licensing procedures while maintaining high standards and keeping operating costs low.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Dental Therapy Licenses* Total Number of Advanced Dental Therapy Certifications Issued*	N/A	91 48	FY2016- FY2018
Quality	Board cost per licensee (measure of efficiency)	\$ 61.40	\$58.95	FY2018
Quantity & Quality	Complaints Remaining Open at the End of the Fiscal Year	103	45	FY2017
	Age of Complaints < 1 year	82	44	
	Age of complaints >1 year	21	1	

*Dental Therapy is a newer dental profession, with the first licensure beginning in 2011 and the first eligible DT to receive Advanced Dental Therapy Certification was in 2013. The Board prepares questions, constructs tests, and hosts the ADT Certification examination.

Minnesota Statutes Chapter 214 (enabling statute) <https://www.revisor.mn.gov/statutes/?id=214>
 Minnesota Statutes Chapter 150A (Dental Practice Act) <https://www.revisor.mn.gov/statutes/?id=150A>

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	1,145	1,202	1,180	1,704	1,460	1,460	1,518	1,465
2000 - Restrict Misc Special Revenue	28	25	25	37	35	35	35	35
Total	1,173	1,227	1,205	1,741	1,495	1,495	1,553	1,500
Biennial Change				545		44		107
Biennial % Change				23		1		4
Governor's Change from Base								63
Governor's % Change from Base								2

Expenditures by Program

Dentistry Board	1,173	1,227	1,205	1,741	1,495	1,495	1,553	1,500
Total	1,173	1,227	1,205	1,741	1,495	1,495	1,553	1,500

Expenditures by Category

Compensation	811	871	871	885	943	951	943	951
Operating Expenses	362	344	329	848	552	544	610	549
Other Financial Transaction	1	12	5	8				
Total	1,173	1,227	1,205	1,741	1,495	1,495	1,553	1,500

Full-Time Equivalents

9.33	9.85	9.78	10.20	10.20	10.20	10.20	10.20
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		262		248				
Direct Appropriation	1,328	1,328	1,415	1,443	1,445	1,445	1,503	1,450
Open Appropriation	14	14	9	13	15	15	15	15
Transfers In	14	14	18					
Transfers Out			14					
Cancellations		416						
Balance Forward Out	211		248					
Expenditures	1,145	1,202	1,180	1,704	1,460	1,460	1,518	1,465
Biennial Change in Expenditures				536		36		99
Biennial % Change in Expenditures				23		1		3
Governor's Change from Base								63
Governor's % Change from Base								2
Full-Time Equivalents	9.33	9.85	9.78	10.20	10.20	10.20	10.20	10.20

2000 - Restrict Misc Special Revenue

Balance Forward In	1	1	1	2				
Receipts	28	25	27	35	35	35	35	35
Balance Forward Out	1	1	2					
Expenditures	28	25	25	37	35	35	35	35
Biennial Change in Expenditures				10		8		8
Biennial % Change in Expenditures				18		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	1,443	1,443	1,443	2,886
Base Adjustments				
Pension Allocation		2	2	4
Forecast Base	1,443	1,445	1,445	2,890
Change Items				
New Licensing Management Database System		50		50
New Emeritus License Fee		8	5	13
Total Governor's Recommendations	1,443	1,503	1,450	2,953
Open				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	13	13	13	26
Base Adjustments				
Forecast Open Appropriation Adjustment		2	2	4
Forecast Base	13	15	15	30
Total Governor's Recommendations	13	15	15	30
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	37	35	35	70
Forecast Base	37	35	35	70
Total Governor's Recommendations	37	35	35	70
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	35	35	35	70
Total Governor's Recommendations	35	35	35	70
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	1,858	1,879	1,876	3,755
Change Items				
New Emeritus License Fee		12	12	24
Total Governor's Recommendations	1,858	1,891	1,888	3,779

Dentistry, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: New Licensing Management Database System

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	50	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$50,000 as a one-time increase in FY2020 in order to deploy a new licensing management database system for our agency.

Rationale/Background:

The current licensing management system does not meet ongoing needs for tracking, license management, complaint management, and professional development management. A new system would allow for ease of use, report capabilities, and certain query functions for which the current system does not allow. Currently we are not tracking the time from initial license receipt to the issue date in our database. This is an important measure and we would like to track these metrics going forward. The current system does not allow for efficiencies such as various accurate tracking measures that can drive operational decision-making.

Proposal:

The Board would use the additional appropriation toward a new database in FY2020. This is a new initiative and would not involve the current database, except for the conversion of data from the current product to another. An improved database supports our plan to increase our current level of service by processing applications more efficiently and providing more user-friendly, accurate aggregate data and reports to the public, including outside stakeholder entities. The increase in administrative and programmatic capacity will create increased efficiency in the processing response time for initial applications. A new database would support tracking of the various application stages, such as the criminal background check process, and other requirements for initial licensure. It will also allow us to better organize single source data such as testing results and academic information. The new database will also focus on more accurate and efficient tracking of the complaint and discipline process. This includes compliance tracking for licenses under corrective action or discipline. Database improvements will further reduce any manual process and align with our strategic goal of a paperless environment. A paperless environment helps us reduce costs per licensee by reducing administrative time and postage costs.

In general, the process from conversion to implementation is a minimum of 6 months. The plan would be to begin planning in July 2019 and proceed to begin conversion in January 2020. We have the funding to support ongoing maintenance and support for a new system, as we are currently supporting an annual contract for support for our database software.

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	\$50,000					
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MN.IT or agency)						
Total	\$50,000					
MN.IT FTEs						
Agency FTEs						

Results:

Time to initial license issue will be a good indicator of efficiency in the license management once we can deploy a new system. Another indicator is time to complaint resolution and timing of the various steps involved in the complaint process. The cost per licensee measure may decrease with the deployment of a new system, as the cost range that we are seeking is less than our current system. We will focus on continued improvement on our current performance measures:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Dental Therapy Licenses*	N/A	91	FY2018
	Total Number of Advanced Dental Therapy Certifications Issued*		48	
Quality	Board cost per licensee (measure of efficiency)	\$61.40	\$58.95	FY2017-FY2018
Quantity & Quality	Complaints Remaining Open at the End of the Fiscal Year	103	45	FY2016-FY2017
	Age of Complaints < 1 year	82	44	
	Age of complaints >1 year	21	1	

Statutory Change(s):

N/A

Dentistry, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: New Emeritus Licensing Fee

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures				
Revenues				
Other Funds				
Expenditures	8	5	5	5
Revenues	12	12	12	12
Net Fiscal Impact = (Expenditures – Revenues)	4	7	7	7
FTEs	0	0	0	0

Recommendation:

The Governor recommends adding an Emeritus Inactive and Active License option for all licensed dental professionals. This includes dentists, dental therapists, dental hygienists, and dental assistants licensed in the state of Minnesota.

Rationale/Background:

Many other licensing agencies issue Emeritus (inactive) licensure. This license type is not a license to practice, rather it represents the ending of a licensee's clinical (licensed activities) career in good standing. This will allow many licensees that would otherwise voluntarily terminate their license to pay a one-time fee of \$50.00 and be considered for Emeritus licensure. The licensee cannot be under disciplinary action. There would not be an ongoing cost for this licensure.

The Emeritus active license would be a license to practice in a limited capacity and allow individuals that want to retire from dentistry the opportunity to consult with programs and educational institutions, provide pro-bono care and supervise other allied dental professionals, whether in collaborative settings or in limited practice settings. There would be an ongoing fee for this licensure but it is reduced by half compared to traditional license renewals.

Proposal:

This is a new program and the graph below represents revenue estimates for the new license types. The Board estimates an initial fee of \$5,000 to perform a database project for initial processing and renewals for the new license types. The Board estimates \$3,000 for printing the license certificates in FY20. The Board estimates \$5,000 each year thereafter for certificate printing in FY21 and FY22.

Description	Current Fee	Fee Amount	Number Paying	FY 2020 Revenue Estimate	FY 2021 Revenue Estimate
Emeritus Inactive License Fee (All licensees)	\$0	\$50 – lifetime – one time	70	\$3,500.00	\$3,500.00
Emeritus Active License Fee – Dentistry	\$0	\$212	25	\$5,300.00	\$5,300.00
Emeritus Active License Fee – Dental Hygiene	\$0	\$75	30	\$2,250.00	\$2,250.00

Description	Current Fee	Fee Amount	Number Paying	FY 2020 Revenue Estimate	FY 2021 Revenue Estimate
Emeritus Active License Fee – Dental Assisting	\$0	\$55	20	\$1,100.00	\$1,100.00
		Totals	145	\$12,150.00	\$12,150.00

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to provide services for all people of the State of Minnesota without discrimination. The nature of the impact would be in relation to keeping more individuals in the workforce, even in a limited capacity, to increase access to patients, specifically underserved individuals that receive pro-bono, volunteer dental services. This can reduce dental disease disparities for the patients served. The proposed changes will not create a large amount of income, but the license fees attached to each will support the sustainability and ongoing administration of processing and issuing the license certificates.

Results:

This is a new initiative and there are no current performance measures in this area. The current amount of voluntary license terminations per year is around 200-250. The goal of this new initiative is to encourage licensees to obtain an emeritus active or inactive license in lieu of voluntarily terminating their license. This could allow individuals to remain in a limited active capacity even after they retire from the primary practice or setting in which they practiced their profession. This could show a positive impact on access.

Statutory Change(s):

Proposing coding for new law in Minnesota Statutes, section 150A.06, subdivision 10 is created to read:

Subd.10 Emeritus Inactive License.

Any dental professional duly licensed to practice dentistry, dental therapy, dental hygiene or dental assisting, pursuant to Minnesota Statute 150A.05 and Minnesota Administrative Rules 3100.8500, who declares retirement from active practice in the state, may apply to the Board for emeritus licensure. Licensee may indicate their request on biennial licensing form or by petitioning the Board. Licensee cannot be the subject of current disciplinary action resulting in suspension, revocation, disqualification, condition or restriction of the licensee to practice dentistry, dental therapy, dental hygiene, or dental assisting. Emeritus license is not a license to practice, but a formal recognition of completion of an individual's dental career in good standing. A one- time fee will apply.

Section 3. Proposing coding for new law in Minnesota Statutes, section 150A.06, subdivision 11 is created to read:

Subd.11 Emeritus Active License.

Requirements

Effective July 1, 2018 you may apply for an emeritus active license if you are "retired" from dentistry, dental therapy, dental hygiene or dental assisting practice and are in compliance with

Board requirements. This license limits the type of practice in which you may engage, and is a two-year renewable license requiring renewal fee and required CE hours at time of renewal.

Limited Authorized Practice

The emeritus active license provides the opportunity for retired licensed dental professionals to engage in limited practice **including only:**

- Pro bono or volunteer dental practice; or

- Paid practice not to exceed 240 hours per calendar year for the exclusive purpose to provide licensing supervision to meet the Boards requirements; or
- Paid consulting services not to exceed 240 hours per calendar year.

While on emeritus active license, you must present yourself as only authorized to engage in practice as described above. The Board may take disciplinary or corrective action against your license based on violations of applicable law or regulations of the Board. The Board may grant a variance to the requirements if a licensee on emeritus active license provides emergency dental services. A variance is granted only if the Board grants the variance in writing to the licensee. The Board may impose conditions or restrictions on the variance.

Application Process and Fee

You may apply for an emeritus active license, as an alternative to applying for the renewal of a license or at any time, by completing the required application form.

Renewal

The emeritus active license must be renewed every two years on your regularly scheduled renewal date. If not renewed, the license will expire. To renew an emeritus active license, you must:

- Complete the application form required by the board
- Pay the required renewal fee
- Report 25 CE hours, including:
 - 2 Required CORE areas
 - Mandatory Infection Control
- Complete at least 15 Fundamental Credits for dentists and dental therapists, At least 7 fundamental credits for dental hygiene and dental assisting.
- No More than 10 Elective Credits for dentists and dental therapists. No more than 6 Elective credits for dental hygiene and dental assisting applicants.

Section 4. Proposing coding for new law in Minnesota Statutes, section 150A.091, subdivision 19 and 20 are created to read:

Subd.19. Emeritus inactive licensure for dentist, dental therapist, dental hygienist or dental assistant will require a one-time fee of \$50 to be submitted to the Board of Dentistry. There are no renewal fees associated with Emeritus inactive license.

Subd.20. Emeritus active licensure for dentist, dental therapist, dental hygienist or dental assistant will require a fee to be submitted to the Board of Dentistry every two years, upon renewal. Renewal fees under this subdivision are as follows: Dentist \$212, dental therapy \$100, dental hygiene \$75, and dental assisting \$55.

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mn.gov/boards/dietetics-and-nutrition/

AT A GLANCE

FY17,

Credentialing Services

- 1,894 license renewals
- 154 new licenses issued

Education Services

- 189 continuing education audits
- 4 education program approvals

Complaint Review

- 7 complaints investigated

PURPOSE

The Minnesota Board of Dietetics and Nutrition Practice protects the public through licensure of dietitians and nutritionists, establishment of continuing education standards, and investigation and resolution of complaints against licensees and unlicensed persons engaging in the practice. The Board was established in 1995 under the authority of Minnesota Statutes, Chapter 148 and Rules 3250.

The mission of the Board is to:

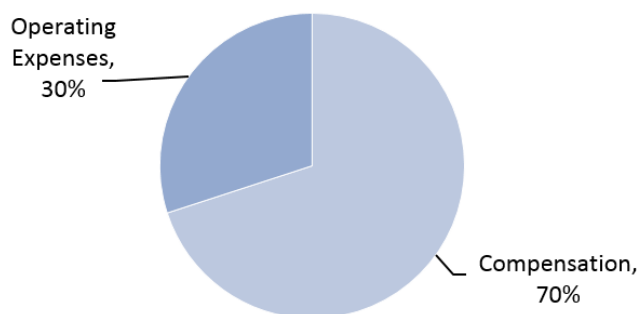
- Ensure that all licensees meet the educational and practical requirements specified in law,
- Ensure that all licensees provide competent dietetic and nutrition care,
- Set standards for quality dietetic and nutrition services, and
- Promote the public's interest in receiving quality dietetic and nutrition services.

The Board of Dietetics and Nutrition Practice contributes to the statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **Minnesotans have the education and skills needed to achieve their goals**
- **All Minnesotans have optimal health**
- **Strong and stable families and communities**
- **People in Minnesota are safe**
- **Efficient and accountable government services**

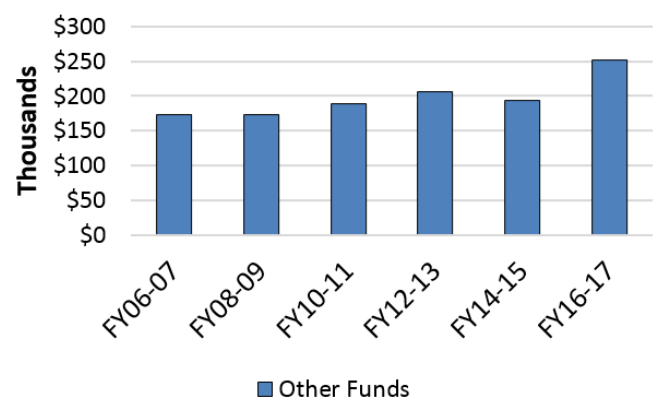
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are: the Administrative Services Unit (interboard), Health Professionals Services Program (interboard), Office of the Attorney General for legal services, and the Criminal Background Check Program (interboard).

STRATEGIES

The Board accomplishes its mission through implementation of the following strategies:

- Minnesota is similar to most other states, in that it requires licensing or certification of dietitians and nutritionists. Initial licensure applications are reviewed to ensure that licenses are granted only when education, pre-professional experience, and national examination requirements are met. A Criminal Background Check is conducted and reviewed on all applicants with follow up performed on any actions disclosed in the report. License renewals ensure that current licensees have completed the required hours of continuing education. The Board follows up on any licensee responding negatively to application renewal practice questions.
- The Board's Complaint Resolution Committee (CRC) receives, investigates, and resolves complaints regarding the conduct or standard of care provided by licensees. The CRC also receives complaints of unlicensed individuals engaging in the practice.
- The Board promotes awareness of best practices in the profession. An example of this was legislative passage of their prescription protocol initiative in FY13. This resulted in Minnesota having no statutory or regulatory impediments to the Centers for Medicare and Medicaid Services (CMS) new rule by allowing qualified dietitians and nutritionist's hospital privileges to order therapeutic diets without physician supervision or approval. This rule has been cited by CMS for improving quality of care and saving \$459 million per year nationally.
- The Board is committed to technology upgrades that promote public protection and provide responsible, efficient, and cost-effective services. There were 1,894 license renewals in FY17 with 96% completed online and 154 initial applicants with 81% completed online. Technology has allowed us to absorb the increased work load with the same amount of staff.
- The seven-member Board of Dietetics and Nutrition Practice is comprised of 2 licensed dietitians and 2 licensed nutritionists, whom are considered subject matter experts, and 3 public members, as appointed by the Governor. Members are volunteers that receive a per diem and mileage reimbursement for attendance at meetings.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of online license renewals	80%	96%	2016 2017
Quality	Percent of new license applications completed online	57%	81%	2013 2017
Quantity	Number of License Renewals	1,533	1,894	2014 2017
Quality	License granted within 5 days upon receipt of all documentation	100%	100%	2016 2017

The statutory authority for the Minnesota Board of Dietetics and Nutrition Practice is located in Chapter 148.621 – 148.634: <https://www.revisor.mn.gov/statutes/?id=148.621>
The rules are located in MN Rules Chapter 3250. <https://www.revisor.mn.gov/rules/?id=3250>
Additional statutes pertaining to all health licensing boards are found in Chapters 13, 16, and 214.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	123	129	126	160	145	145	158	160
2000 - Restrict Misc Special Revenue			4	7	6	6	6	6
Total	123	129	130	167	151	151	164	166
Biennial Change				45		5		33
Biennial % Change				18		2		11
Governor's Change from Base								28
Governor's % Change from Base								9

Expenditures by Program

Dietetics & Nutrition Bd.	123	129	130	167	151	151	164	166
Total	123	129	130	167	151	151	164	166

Expenditures by Category

Compensation	87	90	93	102	97	98	107	110
Operating Expenses	36	39	37	65	54	53	57	56
Total	123	129	130	167	151	151	164	166

Full-Time Equivalents

0.95	0.88	0.89	0.88	0.88	0.88	0.88	0.88
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		8		15				
Direct Appropriation	113	115	131	134	134	134	147	149
Open Appropriation	17	15	10	11	11	11	11	11
Cancellations		8						
Balance Forward Out	8		15					
Expenditures	123	129	126	160	145	145	158	160
Biennial Change in Expenditures				34		4		32
Biennial % Change in Expenditures				14		1		11
Governor's Change from Base								28
Governor's % Change from Base								10
Full-Time Equivalents	0.95	0.88	0.89	0.88	0.88	0.88	0.88	0.88

2000 - Restrict Misc Special Revenue

Balance Forward In				1				
Receipts			4	6	6	6	6	6
Balance Forward Out			1					
Expenditures			4	7	6	6	6	6
Biennial Change in Expenditures				11		1		1
Biennial % Change in Expenditures						14		14
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	134	134	134	268
Forecast Base	134	134	134	268
Change Items				
Operating Adjustment		13	15	28
Total Governor's Recommendations	134	147	149	296
Open				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	11	11	11	22
Forecast Base	11	11	11	22
Total Governor's Recommendations	11	11	11	22
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	7	6	6	12
Forecast Base	7	6	6	12
Total Governor's Recommendations	7	6	6	12
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	6	6	6	12
Total Governor's Recommendations	6	6	6	12
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	175	175	175	350
Total Governor's Recommendations	175	175	175	350

Dietetics and Nutrition Practice, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	13	15	15	15
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	13	15	15	15
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding and spending authority of \$28,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at The Minnesota Board of Dietetics and Nutrition Practice.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board of Dietetics and Nutrition Practice, this funding will cover known employee compensation growth and centralized MN.IT costs for database maintenance and enterprise rates. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases. Implementation will begin as soon as increased spending authority is granted.

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Salary Increases (current staff increases)	\$10,000	\$12,000	\$12,000	\$12,000
Centralized MN.IT costs	\$3,000	\$3,000	\$3,000	\$3,000
Total	\$13,000	\$15,000	\$15,000	\$15,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

IT Related Proposals:

A portion of this request includes an increase for database maintenance and to cover annual MN.IT service rates.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	\$500	\$500	\$500	\$500	\$500	\$500
Staff costs (MNIT or agency)						
Total	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
MNIT FTEs						
Agency FTEs						

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of licensees	1533	1894	FY14 - FY17
Quantity	Continuing Education Audits	174	183	FY16 – FY17
Quantity	Number of Initial License Applications	151	184	FY14 – FY16

Statutory Change(s):

No statutory change is required.

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Minnesota Council on Disability

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AT A GLANCE

- MCD represents and advocates for over 1 million people or 20% of Minnesota's population who have a disability
- 51% of people over the age of 65 have a disability
- In its 45 years, MCD has responded to over a half of a million requests for technical assistance from businesses, employers, state agencies, legislators, people with disabilities, and the general public
- From 2015-present, MCD engaged 361,000 technical and policy related inquiries
- MCD operates with a staffing compliment of 7.5 FTE
- The agency is advised by a geographically diverse, statewide council comprised of 17 Minnesotans who are people with disabilities, their family members, and disability professionals appointed by the Governor

PURPOSE

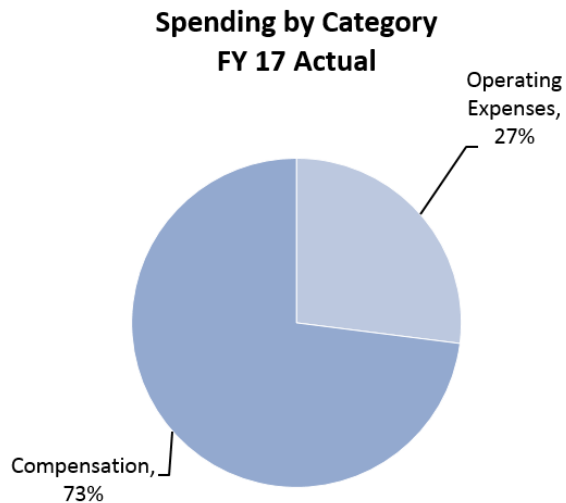
The Minnesota Council on Disability (MCD) exists to ensure programmatic, physical, and digital access to government for all Minnesota taxpayers and to promote Americans with Disabilities Act (ADA) accessibility in the private sector to fuel a stronger Minnesota economy. The agency is a free policy, training, and technical resource for people with disabilities and their families, the private sector, and federal, state, and local governments to strengthen communities.

Minnesota recognizes the value of providing all people with the opportunity to engage in a safe and productive life. Because accessibility is typically not considered in the design of physical and digital spaces, there are many barriers that hinder the full and safe participation of people with disabilities. MCD holds government accountable to the ADA, Section 508 of the Rehabilitation Act, the Olmstead Act, the Minnesota Human Rights Act, Minnesota Building Code, and other rules and laws to ensure the right of every Minnesotan to live, work, and play in the community of their choice.

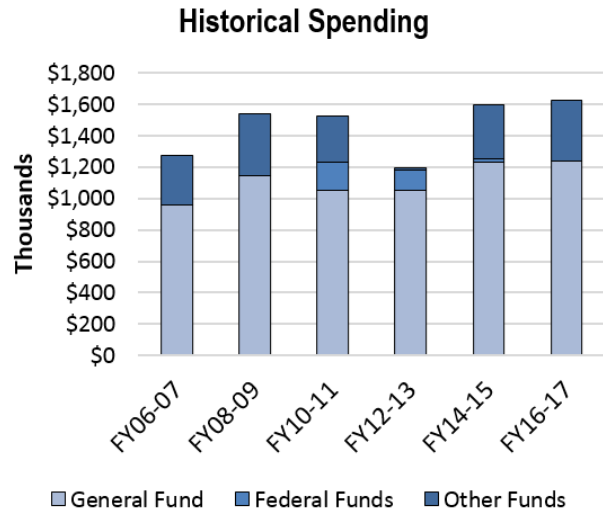
MCD contributes to the statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **Strong and stable families and communities**
- **People in Minnesota are safe**
- **Efficient and accountable government services**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Centers for Medicare/Medicaid Pathways to Employment infrastructure building grant. Federal funds have been categorized differently due to accounting requirements. Pathways to Employment funds received are represented in the graph as 'other' funds from SFY2006-2010. In SFY2011-2013 those funds were reclassified as 'federal funds'. In SFY2012-2013 MCD partnered with MN Dept. of Public Safety/Homeland Security and Emergency Management to further include people with disabilities in statewide emergency plans

STRATEGIES

MCD is statutorily obligated to advise the Minnesota Legislature, Office of the Governor, and every state agency on how to improve the accessibility, efficiency, and transparency of government services and to ensure accountability in compliance with civil rights laws. At the highest level of influence and leadership, MCD shapes policy by being the voice of the disability community. MCD utilizes a comprehensive communications strategy which includes providing training and technical resources in a wide variety of mediums to legislators, policymakers, agencies, and organizations to guide informed decisions. MCD provides professional assistance and training modules in digital access for employees and employers within the government. The Council also represents the disability community on various public advisory boards and commissions that serve both urban and rural Minnesota.

MCD is the epicenter of information flow: communicating the civil liberties of people with disabilities to policy makers, communicating information about rights and responsibilities to people with disabilities, and communicating rules from government to businesses. This communication is vital to protect the civil rights of people with disabilities and to prevent compliance-related lawsuits against businesses. MCD strengthens the Minnesota economy by working with businesses to find a financially-feasible path to ADA compliance, increasing access to services for customers with disabilities and employment opportunities for all Minnesotans.

The Council on Disability provides practical assistance, education and outreach to experts designing and building physical spaces and communication professionals in digital, audio and video environments. The Council on Disability leads public-private partnerships; providing access consultation on everything from government agencies to major sports facilities and transportation. MCD has a broad statutory scope; and the agency must apply expertise to matters where the balance of inequality is lacking.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous:</i>	<i>Current:</i>	<i>Dates</i>
Quantity	ADA compliance training: focus on “ADA Litigation Prevention” for small businesses delivered to Chambers of Commerce throughout Minnesota (in response to ADA lawsuits brought against small businesses throughout MN)	6 trainings 48 individuals reached	26 trainings 1,300 individuals reached	FY16 & FY18
Quality	Satisfaction of ADA Litigation Prevention training delivered to Chambers of Commerce throughout Minnesota (training participant evaluation average score).	5 of 5	5 of 5	FY17 & FY18
Quantity	Digital/electronic accessibility communication technical assistance provided to 1. State Agencies (SA); 2. Non-state agency (NSA)	SA: 132 NSA: 10	SA: 272 NSA: 18	FY16 & FY18
Result	Diversity and inclusion cultural competency (self) rating before and after “Integrating the ADA in Employment Practices” for MMB State of MN Managers Core Training (199 trained)	Before training: 3/5 After training: 3.8/5	Before training: 3/5 After training: 4.13/5	FY16 & 18
Quantity*	Direct contact via phone calls, meetings, emails, presentations, trainings	16,000	16,000	FY16 & FY18
Quantity*	Website page views	128,565	157,164	FY16 & FY18
Quality*	Number of users who spend 30 minutes or more on our website.	60,544	44,918	FY16 & FY18
Result	Number of contacts given technical assistance to regarding service animals before and following agency-led passage of M.S 609.833 in 2018 legislative session, which outlawed misrepresentation of service animals in public spaces	85 contacts avg/yr	730 contacts	FY16 & FY18
Result	Number of eligible Connect 700** applicants currently employed.	Data not available	185	FY18

*2015 was the 25th Anniversary of the Americans with Disabilities Act Celebration, which increased our contacts.

**Connect 700 is an MMB policy that MCD played a vital role in implantation.

The legal authority for the Minnesota Council on Disability (MCD) comes from M.S. 256.482.
(<https://www.revisor.mn.gov/statutes/?id=256.482>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
<u>Expenditures by Fund</u>								
1000 - General	608	630	820	966	858	860	1,014	1,006
2000 - Restrict Misc Special Revenue	131	44	41					
2001 - Other Misc Special Revenue	38	115		10				
2403 - Gift	58							
Total	835	790	861	976	858	860	1,014	1,006
Biennial Change				212		(119)		183
Biennial % Change				13		(6)		10
Governor's Change from Base								302
Governor's % Change from Base								18

Expenditures by Program

Council on Disability	835	790	861	976	858	860	1,014	1,006
Total	835	790	861	976	858	860	1,014	1,006

Expenditures by Category

Compensation	532	577	616	743	667	676	786	805
Operating Expenses	302	213	244	233	191	184	228	201
Grants, Aids and Subsidies	0							
Other Financial Transaction	1		0					
Total	835	790	861	976	858	860	1,014	1,006

Full-Time Equivalents

7.55	7.75	8.10	8.29	7.50	7.50	9.00	9.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		21		73				
Direct Appropriation	622	629	893	893	858	860	1,014	1,006
Cancellations		19						
Balance Forward Out	14		73					
Expenditures	608	630	820	966	858	860	1,014	1,006
Biennial Change in Expenditures				547		(68)		234
Biennial % Change in Expenditures				44		(4)		13
Governor's Change from Base								302
Governor's % Change from Base								18
Full-Time Equivalents	6.83	6.70	8.10	8.29	7.50	7.50	9.00	9.00

2000 - Restrict Misc Special Revenue

Balance Forward In	33	0	31					
Receipts	98	75	11					
Balance Forward Out	0	31						
Expenditures	131	44	41					
Biennial Change in Expenditures				(134)		(41)		(41)
Biennial % Change in Expenditures				(76)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.68							

2001 - Other Misc Special Revenue

Receipts	38	6	10					
Transfers In		99						
Expenditures	38	115	10					
Biennial Change in Expenditures				(143)		(10)		(10)
Biennial % Change in Expenditures				(93)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.04	1.05						

2403 - Gift

Disability Council

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward In	14	0	0					
Receipts	44	0	0					
Expenditures	58							
Biennial Change in Expenditures				(58)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	893	893	893	1,786
Base Adjustments				
Current Law Base Change		(36)	(34)	(70)
Pension Allocation		1	1	2
Forecast Base	893	858	860	1,718
Change Items				
Operating Increase		128	138	266
Database Revitalization Project		28	8	36
Total Governor's Recommendations	893	1,014	1,006	2,020
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	10			
Forecast Base	10			
Total Governor's Recommendations	10			
Revenue Change Summary				
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	10			
Total Governor's Recommendations	10			

Minnesota Council on Disability

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	128	138	138	138
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	128	138	138	138
FTEs	1.5	1.5	1.5	1.5

Recommendation:

The Governor recommends additional funding of \$266,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Minnesota Council on Disability (MCD).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Council on Disability, this funding will cover known employee compensation growth and staffing costs for a permanent communications position which is currently a temporary position a sign language interpreter and CART services in addition to contract services. This position will provide digital access technical expertise, communication functions, and serve as the agency's MN.IT liaison and will develop and maintain the agency database.

Equity and Inclusion:

MCD works to eliminate institutional discrimination towards current and potential employees with disabilities and is an equal opportunity agency. This proposal, in its entirety, will lead Minnesota in ensuring a barrier-free Minnesota for people with disabilities.

Results:

This proposal is intended to allow MCD to continue to provide current levels of service and information to the public. This will be measured in the following ways:

- Quantity: Number of visitors viewing the agency's website and technical content published online. The Council's website, www.disability.state.mn is managed and maintained by the technical information officer and is a hub of technical information for the State of Minnesota, businesses, and members of the public on legal obligations and guidelines for disability access in Minnesota communities and services.
- Quality: Length of time website visitors stay online on the website. The technical information officer monitors data ensuring that published information provides technical information to bring institutions and agencies into compliance with various disability civil rights laws. Additionally, the technical

information office adjusts the agency's communications plan accordingly to be of the highest quality of service to the people of Minnesota.

- Results: Products created that allow Minnesotans with disabilities to be an active part in the state. The agency provides technical assistance in the matters of digital and electronic accessibility so that people with disabilities can access communication from all agencies of the State of Minnesota as well as non-state actors. MCD's technical information officer oversees the information and workflow processes in order for the agency to be as efficient and serving to Minnesota as possible.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Website page views	128,565	157,164	FY16 & FY18
Quality	Number of users who spend 30 minutes or more on our website	60,544	44,918	FY16 & FY18
Results	Digital/electronic accessibility communication technical assistance provided to state and non-state agencies	142	290	FY16 & FY18

Statutory Change(s):

N/A

Minnesota Council on Disability

FY 2020-21 Biennial Budget Change Item

Change Item Title: Database Revitalization Project

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	28	8	8	8
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	28	8	8	8
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding of \$36,000 in the FY 2020-2021 biennium towards a database revitalization project at the Minnesota Council on Disability (MCD).

Rationale/Background:

Enhancements and upgrades to MCD's obsolete technology and systems will allow MCD more effectively serve Minnesotans with disabilities. Current technological processes hinder effective communication and accountability. Adequate technology will streamline, improve, and make efficient the workflow and delivery of programmatic goods.

Proposal:

This project would fund annual costs for software to run and store the database system. The new database system will allow for better data collection that will help MCD track and analyze the various requests which come from the community, helping with planning, priority setting, and resource management in organizing efforts. Additionally, this will fund annual subscription costs for Gov.Delivery, the enterprise approved communication tool, in order for MCD to effectively communicate and connect with its' constituency. Lastly, this funds a one-time investment to set up 2 conference rooms with dedicated network connection, phone lines, a conference phone system, and other conference materials.

Equity and Inclusion:

MCD is the epicenter of information flow: communicating the civil liberties of people with disabilities to policy makers, communicating information about rights and responsibilities to people with disabilities, and communicating rules from government to businesses. This communication is vital to protect the civil rights of people with disabilities and to prevent compliance-related lawsuits against businesses.

IT Related Proposals:

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts						
Infrastructure	20,000					
Hardware						
Software	8,000	8,000	8,000	8,000	8,000	8,000
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$28,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
MNIT FTEs						
Agency FTEs	.5	.5	.3	.3	.3	.3

Statutory Change(s):

N/A

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mncourts.gov/

AT A GLANCE

- Each year about 1.3 million cases are filed in district court.
- District court proceedings are held in 106 locations throughout all 87 Minnesota counties.
- District courts are organized into ten judicial districts for administrative purposes.
- There are 294 judges at the District Court level.
- District courts serve all Minnesota citizens.

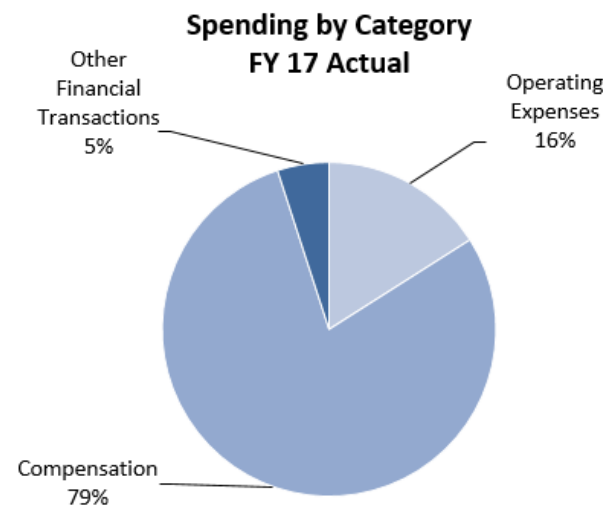
PURPOSE

District courts are the backbone of the state's court system. District courts provide access to the justice system across the state, with courthouses located in all 87 counties. For administrative purposes, district courts are divided between ten judicial districts. A chief judge serves as the administrative head in each judicial district. Judicial District Administrators assist the Chief Judge in carrying out his/her responsibilities. Court administration staff at the county level manage scheduling, case flow, finance, personnel and juries.

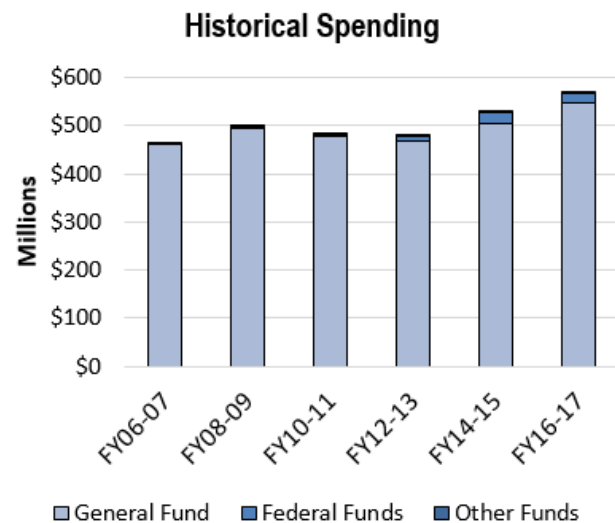
District Court judges hear everything from traffic tickets, to civil and family conflicts, to first degree murder trials. Some district courts may have separate divisions, such as criminal, civil, probate, family, and juvenile courts.

The work of the district courts promotes **strong and stable families and communities**, helps to insure **people in Minnesota are safe** and provides **efficient and accountable government services**.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The District Courts spent \$306 million in FY 2017. Of this amount, \$291 million (95%) was from state general fund appropriations, with the remaining \$15 million (5%) funded from various sources such as federal and local government grants, and foundations.

STRATEGIES

The mission of the Judicial Branch is “To provide justice through a system that assures equal access for the fair and timely resolution of cases and controversies.” The District Court conducts its functions in support of three strategic goals to deliver its mission and to support the statewide outcomes of **promoting strong families and communities, insuring people in Minnesota are safe** and **providing efficient and accountable government services**:

1. Access to Justice – Ensuring the justice system is open, affordable, effective and accountable to the people it serves.
2. Administration of Justice for Effective Results – Working across branches of government and with other justice system stakeholders to improve outcomes for and the delivery of services for children, families, and alcohol and other addicted offenders who come to its courts.
3. Public Trust, Accountability, and Impartiality – Through education, outreach to diverse communities and a commitment to effective and efficient customer service and accountability, improving citizens’ understanding of and confidence in the Third Branch of government.

In recent years, the Judicial Branch has begun implementing an ambitious reform agenda involving the use of technology and the re-engineering of business practices in a system-wide effort to expand services and ensure equal access to justice. The centerpiece of this effort – the eCourtMN Initiative – transformed Minnesota’s courts from a paper-based environment to an electronic information environment that will ensure convenient, timely, and appropriate access to case information for all stakeholders, and result in more timely and efficient processing of cases. Electronic filing of cases, at both the trial and appellate levels, became mandatory on July 1, 2106. Current efforts focus on leveraging technology to provide high-quality, consistent, and convenient court administration services anywhere in the state.

RESULTS

It is the policy of the Minnesota Judicial Branch to establish core performance goals and to monitor key results that measure progress toward meeting these goals in order to ensure accountability of the Branch, improve overall operations of the court and enhance the public’s trust and confidence in the Judiciary. Throughout the year the district courts are directed to review performance measure results. This review is shared with the Judicial Council (the Branch’s governing body) twice a year. An important goal is whether courts handle cases in a timely manner.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Statewide Clearance Rate – The Clearance Rate measures whether courts are disposing of as many cases as are filed in the same year.	96%	99%	FY2016 and FY2017
Results	Statewide Time to Disposition - Time to Disposition assesses the length of time it takes a court to process cases.	97% disposed of within Judicial Branch time limits.	94% disposed of within Judicial Branch time limits.	FY2016 and FY2017
Results	Statewide Pending Rate for Juvenile Delinquency Cases – Assesses the number of cases that have not been disposed of during the timing objective	8.4% of cases are pending after 6 months.	6.3% of cases are pending after 6 months.	FY2016 and FY2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
	standard of 99% disposition within 6 months.			

Data are from the *Judicial Branch 2016 and 2017 Performance Measures – Key Results and Measures Annual Reports*. The reports can be found at www.mncourts.gov.

The Minnesota Constitution, Article VI; https://www.revisor.mn.gov/constitution/#article_6, provides the authority for the District Court. Minn. Stat Chapters 484, 485, 486, 491, 491A, 492, and 493; <https://www.revisor.mn.gov/statutes/part/JUDICIARY>, provide the legal authority for district court operations.

District Courts

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	254,370	291,364	278,531	311,799	299,716	299,716	310,694	320,009
2000 - Restrict Misc Special Revenue	1,631	2,123	2,194	3,085	2,406	2,405	2,406	2,405
2403 - Gift	168	154	56	350	138	138	138	138
3000 - Federal	12,333	9,079	9,659	11,731	11,429	9,361	11,429	9,361
6000 - Miscellaneous Agency	3,606	3,963	2,269	9,574	9,570	9,165	9,570	9,165
Total	272,107	306,682	292,709	336,539	323,259	320,785	334,237	341,078
Biennial Change				50,458		14,796		46,067
Biennial % Change				9		2		7
Governor's Change from Base								31,271
Governor's % Change from Base								5

Expenditures by Program

District Courts	272,107	306,682	292,709	336,539	323,259	320,785	334,237	341,078
Total	272,107	306,682	292,709	336,539	323,259	320,785	334,237	341,078

Expenditures by Category

Compensation	230,366	241,601	247,834	264,132	264,470	264,470	274,006	283,387
Operating Expenses	34,945	48,302	39,629	54,390	44,842	42,773	46,284	44,149
Grants, Aids and Subsidies	192	211	694	758	715	715	715	715
Capital Outlay-Real Property	787	1,942	89	1,092	1,092	1,092	1,092	1,092
Other Financial Transaction	5,818	14,626	4,462	16,167	12,140	11,735	12,140	11,735
Total	272,107	306,682	292,709	336,539	323,259	320,785	334,237	341,078

Full-Time Equivalents

2,543.46	2,573.47	2,588.52	2,588.21	2,548.17	2,493.97	2,596.17	2,596.17
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District Courts

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
1000 - General								
Balance Forward In		12,670		12,457				
Direct Appropriation	266,645	278,694	290,987	299,342	299,716	299,716	310,694	320,009
Transfers In	1,554	4,124	4,496	2,853	3,671	3,671	3,671	3,671
Transfers Out	1,554	4,124	4,496	2,853	3,671	3,671	3,671	3,671
Cancellations		0						
Balance Forward Out	12,275		12,456					
Expenditures	254,370	291,364	278,531	311,799	299,716	299,716	310,694	320,009
Biennial Change in Expenditures				44,596		9,102		40,373
Biennial % Change in Expenditures				8		2		7
Governor's Change from Base								31,271
Governor's % Change from Base								5
Full-Time Equivalents	2,509.39	2,530.63	2,553.27	2,553.27	2,513.27	2,459.07	2,561.27	2,561.27

2000 - Restrict Misc Special Revenue

Balance Forward In	1,192	1,433	1,467	1,541	584	311	584	311
Receipts	1,746	2,019	2,151	2,008	2,013	2,013	2,013	2,013
Transfers In	125	132	119	120	120	120	120	120
Balance Forward Out	1,433	1,461	1,544	584	311	39	311	39
Expenditures	1,631	2,123	2,194	3,085	2,406	2,405	2,406	2,405
Biennial Change in Expenditures				1,525		(468)		(468)
Biennial % Change in Expenditures				41		(9)		(9)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.30	7.25	7.21	6.90	6.86	6.86	6.86	6.86

2403 - Gift

Balance Forward In	208	148	199	217				
Receipts	144	203	73	133	138	138	138	138
Transfers In	0							
Transfers Out	0							
Balance Forward Out	184	198	217					
Expenditures	168	154	56	350	138	138	138	138
Biennial Change in Expenditures				85		(130)		(130)

District Courts

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				26		(32)		(32)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.90	0.89	0.70	0.70	0.70	0.70	0.70	0.70

3000 - Federal

Balance Forward In	8,774	6,568	8,212	8,050	4,476	1,204	4,476	1,204
Receipts	9,719	10,421	9,497	8,157	8,157	8,157	8,157	8,157
Balance Forward Out	6,159	7,910	8,050	4,476	1,204		1,204	
Expenditures	12,333	9,079	9,659	11,731	11,429	9,361	11,429	9,361
Biennial Change in Expenditures				(22)		(600)		(600)
Biennial % Change in Expenditures				(0)		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	28.87	34.70	27.34	27.34	27.34	27.34	27.34	27.34

6000 - Miscellaneous Agency

Balance Forward In	17,156	23,413	15,831	32,397	5,595	2,595	5,595	2,595
Receipts	9,878	(3,620)	18,837	(17,228)	6,570	6,570	6,570	6,570
Balance Forward Out	23,428	15,831	32,399	5,595	2,595		2,595	
Expenditures	3,606	3,963	2,269	9,574	9,570	9,165	9,570	9,165
Biennial Change in Expenditures				4,274		6,892		6,892
Biennial % Change in Expenditures				56		58		58
Governor's Change from Base								0
Governor's % Change from Base								0

District Courts

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	299,342	299,342	299,342	598,684
Base Adjustments				
Pension Allocation		374	374	748
Forecast Base	299,342	299,716	299,716	599,432
Change Items				
Maintain Core Justice Operations		8,528	17,909	26,437
New Judge Units		912	846	1,758
Mandated Psychological Services		1,070	1,070	2,140
Treatment Courts Sustainability		306	306	612
Gun Violence Prevention		162	162	324
Total Governor's Recommendations	299,342	310,694	320,009	630,703
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	3,085	2,406	2,405	4,811
Forecast Base	3,085	2,406	2,405	4,811
Total Governor's Recommendations	3,085	2,406	2,405	4,811
Fund: 2403 - Gift				
Planned Spending	350	138	138	276
Forecast Base	350	138	138	276
Total Governor's Recommendations	350	138	138	276
Fund: 3000 - Federal				
Planned Spending	11,731	11,429	9,361	20,790
Forecast Base	11,731	11,429	9,361	20,790
Total Governor's Recommendations	11,731	11,429	9,361	20,790
Fund: 6000 - Miscellaneous Agency				
Planned Spending	9,574	9,570	9,165	18,735
Forecast Base	9,574	9,570	9,165	18,735
Total Governor's Recommendations	9,574	9,570	9,165	18,735
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				

District Courts

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	2,008	2,013	2,013	4,026
Total Governor's Recommendations	2,008	2,013	2,013	4,026
Fund: 2403 - Gift				
Forecast Revenues	133	138	138	276
Total Governor's Recommendations	133	138	138	276
Fund: 3000 - Federal				
Forecast Revenues	8,157	8,157	8,157	16,314
Total Governor's Recommendations	8,157	8,157	8,157	16,314
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	(17,228)	6,570	6,570	13,140
Total Governor's Recommendations	(17,228)	6,570	6,570	13,140
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	19,496	19,501	19,501	39,002
Total Governor's Recommendations	19,496	19,501	19,501	39,002

District Courts

FY 2020-21 Biennial Budget Change Item

Change Item Title: Maintain Core Justice Operations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	8,528	17,909	17,909	17,909
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8,528	17,909	17,909	17,909
Maintain FTEs	40.0	94.2	94.2	94.2

Recommendation:

The Governor recommends funding for this request from the District Courts, with the exception that compensation increases are funded at 3% each year.

The Judicial Branch seeks \$29,836,000 in the FY2020-21 biennium to increase the compensation of Trial Court judges by 3.5% each year of the biennium, provide a 3.5% compensation pool each year for employees, and to fund unavoidable health insurance premium increases. The request represents a 5.0% increase in the Trial Courts biennial base budget. The request maintains the current complement of employees.

Rationale/Background:

In order for the Judicial Branch to continue driving innovation in our court system and improve services to Minnesotans, the Judicial Branch needs to retain and attract skilled and knowledgeable employees and judges who can maintain and operate a modern, efficient, and technology-based court system. However, the Judicial Branch faces two significant challenges:

- Following a six year salary freeze, which made it possible to preserve essential court functions while managing difficult budget cuts and freezes between FY2008 and FY2013, the Judicial Branch has made concerted efforts to improve the competitiveness of the Judicial Branch salary structure. To ensure the salary structure supports a competent workforce, and to not fall below market in the future, the Branch must continue to keep pace with public-sector market competitors. Retaining a skilled and knowledgeable workforce is important to maintain a technology-based court. Judges in some counties make less than the county attorneys who appear before them, and, in some cases even less than the assistant county attorneys.
- The second workforce challenge is a significant retirement wave among both employees and judges. Nearly one-third of current Judicial Branch staff will be 65 years old or older in the next 10 years. In the last two years, 49 judge positions have been subject to the appointment/election process —15% of all judges in the state. By 2020, at least 40% of all judges that were on the Bench in 2015 will have either retired, or will have turned 65 years old.

This incredible loss of experience and talent is especially concerning when paired with a salary structure that must remain competitive for the Judicial Branch to compete for workers with the necessary skills.

The Trial Courts also request funding for unavoidable health insurance increases. Health insurance premiums are estimated to increase by 5.63% in 2020 and 5.62% in 2021. The Judicial Branch does not negotiate its own insurance agreements – it participates in the general plan negotiated by Minnesota Management and Budget.

The Judicial Branch cannot absorb the increased employer insurance contribution costs and would need to divert funding from court functions to pay for this increase without additional funding.

Proposal:

This change level request is not a new initiative. The Judicial Branch's FY2020-21 biennial budget request seeks funding to increase employee and judge salaries, which will help ensure that the Judicial Branch will be ready to respond to this retirement wave, while maintaining the caliber of workforce needed to continue driving innovation within the court system.

In addition, the request for funding unavoidable health insurance increases will hold court services harmless from rising insurance costs for Judicial Branch judges and employees.

Equity and Inclusion:

- The change level request does not directly impact any Racial and Ethnic groups.
- The change level request is not aimed at reducing or eliminating any disparities for Racial and Ethnic groups.
- There are no potential positive or negative impacts on the identified groups.
- The change level request will enable the Judicial Branch to continue efforts to attract and retain skilled and knowledgeable employees and judges who can maintain and operate a modern, efficient, and technology-based court system. In FY17, the Branch implemented a formal pay-for-performance structure for unrepresented staff and prioritized pay-for-performance in collective bargaining, ensuring that all employee increases are based on performance. These pay-for-performance structures recognize exemplary performance and serve as performance accountability mechanisms.

Results:

This request is sought to support the core mission and services of the Trial Courts and to allow the Courts to continue to undertake initiatives designed to increase efficiency, reduce costs, and improve public service.

Minnesotans bring their most important and complex matters to the courts for resolution. Judges and staff work every day to help the people resolve these disputes. At the same time staff and judges are driving major innovation within the court system. Their innovations are improving service to the public and creating new efficiencies throughout the justice system. It is critically important that the Judicial Branch continue to retain and attract a workforce that builds on this innovation.

District Courts

FY 2020-21 Biennial Budget Change Item

Change Item Title: New Judge Units

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	912	846	846	846
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	912	846	846	846
FTEs	6.0	6.0	6.0	6.0

Recommendation:

The Governor recommends funding this request from the District Courts.

The Judicial Branch seeks \$1,758,000 in the FY2020-21 biennium to add 2 new Trial Court judge units (judge, court reporter, law clerk). The request represents a .3% increase in the Trial Courts biennial base budget.

Rationale/Background:

Since FY14 the Judicial Branch has seen an increase in the number of complex cases brought to the Trial Courts. The most marked increases are in children in need of protection or services (CHIPS) cases with a 42% increase in filings and permanency cases with a 69% increase in filings from FY14-FY18. Over the last five years major criminal case filings (felonies and gross misdemeanors) rose 22%. The other major drivers in the criminal area include drug possession related case filings (a sub-category of the Major Criminal group) with a 36% increase, felony domestic assault filings with a 24% increase, and gross misdemeanor DWI filings with a 23% increase.

Since 1980, the Judicial Branch has used a weighted caseload analysis to estimate judicial resource needs. According to the most current weighted caseload analysis the Judicial Branch is in need of at least two additional judge units to process the trial court workload in an efficient and effective manner.

Proposal:

The change item is not a new initiative.

The addition of 2 judge units will enable the trial courts to address current caseload pressures, especially in the areas of dependency and neglect cases, permanency cases, and major criminal cases. It is imperative that the Trial Courts meet federal and state mandates in cases of child abuse and neglect. It is equally imperative that the Trial Courts carry out its constitutional and legal mandates to protect the rights and safety of all citizens. To do so the courts must be staffed sufficiently to ensure prompt service.

Equity and Inclusion:

- All Minnesotans are impacted by the proposed change item. The Minnesota Constitution provides that “every person is entitled to a certain remedy in law for all injuries or wrongs which he may receive...promptly and without delay.”

Results:

The Trial Courts conduct frequent assessments to ensure efficient court operations. It is the policy of the Minnesota Judicial Branch to establish core performance goals and to monitor key results that measure progress toward meeting these goals in order to ensure accountability of the Branch, improve overall operations of the court, and enhance the public's trust and confidence in the Judiciary. Throughout the year the Trial Courts are directed to review performance measure results. This review is shared with the Judicial Council (the Branch's governing body) twice a year. The annual Performance Measures Report is posted on the Judicial Branch public web site each September.

District Courts

FY 2020-21 Biennial Budget Change Item

Change Item Title: Mandated Psychological Services

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,070	1,070	1,070	1,070
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,070	1,070	1,070	1,070
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding for this request from the District Courts.

The Judicial Branch seeks \$2,140,000 in the FY2020-21 biennium to fund the Mandated Psychological Examiner Services budget deficit. The request represents a .4% increase in the Trial Courts biennial base budget.

Rationale/Background:

Minnesota Statutes 2015, section 480.182 provides that the courts will pay the court-related costs of examinations under Rule 20 of the Criminal Rules of Procedure and civil commitments under Minnesota Statutes Chapter 253B, including commitments of persons who are mentally ill and dangerous, persons with sexual psychopathic personalities, and sexually dangerous persons. In 86 counties the state contracts with licensed psychologists, licensed psychiatrists, and licensed medical doctors for these services. Hennepin County relies primarily on staff licensed psychologists to provide these services. For the past several years the courts have seen substantial increased costs for psychological examination services, due primarily to an increase in the number of psychological examinations requested in criminal proceedings.

Expenditures for mandated psychological services have increased 48% from FY14 (\$4,230,825) to FY18 (\$6,271,595). Between FY17 and FY18:

- Criminal Rule 20 examinations increased by 11.5%
- Cost per case rose by approximately 12%

Proposal:

This change item is not a new initiative. It is aimed at addressing a budget deficit in the Mandated Psychological Examiner Services budget and at meeting the statutory and court rule mandates to provide psychological services to individuals who interact with the Judicial Branch on a daily basis.

Equity and Inclusion:

- The change level request does not directly impact any Racial and Ethnic groups.
- The change level request is not aimed at reducing or eliminating any disparities for Racial and Ethnic groups.
- There are no potential positive or negative impacts on the identified groups.

This proposal will benefit individuals who interact with the Trial Courts and are in need of mandated psychological examiner services.

Results:

This request is sought to comply with statutory and court rule mandates that the Judicial Branch fund court-related costs of examinations under Rule 20 of the Criminal Rules of Procedure and under Minnesota Statutes Chapter 253B, civil commitments, including commitments of persons who are mentally ill and dangerous, persons with sexual psychopathic personalities, and sexually dangerous persons.

Trial Courts

FY 2020-21 Biennial Budget Change Item

Change Item Title: Treatment Courts Sustainability

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	306	306	306	306
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	306	306	306	306
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding this request from the District Courts.

The Judicial Branch seeks \$612,000 in the FY2020-21 biennium to fund Treatment Courts sustainability. The request represents a .1% increase in the Trial Courts biennial base budget.

Rationale/Background:

In 2017, with the support of the Legislature, the Judicial Branch secured funds to establish a stable funding source for existing treatment courts, through implementation of a funding formula. Under the funding formula a jurisdiction which seeks to establish a treatment court must seek approval by the Judicial Council and take advantage of the training provided by the federal government and start-up funding provided by state and federal grants and/or local or state (non-Judicial Branch) secured funding. When the funding expires, the treatment court may apply for Judicial Branch funding. The criteria for funding includes a minimum number of participants and a 30% justice partner cash or in-kind match.

Over the next biennium five treatment courts will apply for Judicial Branch funding, as the grant funding for these courts is set to expire. The funds sought will enable the five treatment courts to continue operation.

Proposal:

This change level request is not a new initiative. The request will provide funding for five treatment courts facing a discontinuation of grant funding.

Equity and Inclusion:

Sustainability funding will enable Minnesotans throughout the state to have access to treatment courts.

IT Related Proposals:

This request contains no information technology recommendation.

Results:

The Judicial Branch will continue to offer the services of treatment courts in counties throughout the state.

The Judicial Branch is in the process of developing and implementing a statewide treatment court management information system (MIS) to support performance management, program evaluation, and case management.

Statutory Change(s):

This proposal requires no statutory changes.

District Courts

FY 2020-21 Biennial Budget Change Item

Change Item Title: Gun Violence Prevention

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (Public Safety)	188	38	38	38
Expenditures (District Courts)	162	162	162	162
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	350	200	200	200
FTEs (District Courts)	2	2	2	2

Recommendation:

The Governor recommends general funds totaling \$350,000 in the FY20 and \$200,000 each year ongoing for measures to prevent gun violence. Of this amount, \$188,000 in FY20 and \$38,000 ongoing is for the Department of Public Safety to modify and maintain the Gun Permit Background Check system and \$162,000 each year is for two FTEs in the District Courts to process anticipated petitions for extreme risk protection orders.

Rationale/Background:

The increasing number of deaths and injuries to individuals from firearms can and must be reduced. Current law requires individuals to pass a background check before buying a firearm at licensed firearm dealer. However, criminal background checks are not required for private sales, including online and at gun shows. Expansion of the application of existing background checks for disqualifying offenses is one method to use to keep firearms away from individuals who are legally prohibited from having them.

As of January 2019, 13 states have passed laws that allow a court petition process as a tool to prevent firearm violence. This prevention method provides a means where concerned family members or law enforcement can petition a court to remove firearms from an individual's possession if there is evidence that the person presents a significant danger of bodily injury to themselves or others. These orders can prevent gun violence acts of suicide, domestic violence, and mass shootings by allowing informed and concerned individuals to present warning signs to a neutral arbitrator who then determines whether the risk is serious enough to warrant the individual's firearms be removed from their possession.

Proposal:

The funding included in the budget provides resources to implement two proposals currently introduced in the legislature. First, the governor recommends a proposal to create a new requirement for background checks when private parties transfer any firearm. With the exception of immediate family members, private parties must obtain a transferee permit and all transfers will be subject to a background check. Private parties who are unable to produce the record of the transfer may be subject to criminal charges.

Second, the funding is to support a proposal that creates an Extreme Risk Protection Order (ERPO) process in statute. The ERPO process allows a family member, household member, a guardian, a law enforcement agency, or city or county attorney to petition a court to have an individual's firearms withheld for a fixed period. To obtain the order, the court must agree that the individual poses a significant danger of bodily injury to themselves or other persons. A hearing is provided as well as an emergency petition process to be used when there is an

immediate and present danger of bodily injury. Under this proposal, new offenses are created for providing false information in a petition or with an intent to harass, abuse or threaten another or for violating an extreme risk protection order.

IT-Related Proposals:

Not applicable.

Results:

None.

Statutory Change(s):

Minnesota Statutes 624.7131, 624.713

District Courts

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Dept. of Justice 20.608, 20.616 (Funds pass through the Dept. of Public Safety)	Domestic Violence Federal funds to support Treatment Courts (DWI, Drug & Family Dependency Treatment Courts)	No	1,922	754	500	500	Yes	6.25
Dept. of Health & Human Services 93.563 (Funds pass through the Department of Human Services)	Expedited Child Support Program Reimbursement for the federal share (66%) of Expedited Child Support.	No	6,639	10,104	10,104	8,036	Yes	16.57
Dept. of Health & Human Services 93.243	Second Judicial District Treatment Court Unit Expansion and Enhancement Federal funds to expand substance abuse treatment capacity in adult treatment drug courts and adult tribal healing wellness courts.	Yes	256	52	25	25	No	0
Dept. of Justice 16.021, 16.585	Office of Justice Program – Department of Justice Expenditures for the Drug Court Discretionary Grant Program that provides funds for establishing treatment courts. This also funds expenditures for the Domestic Violence Courts.	No	765	550	650	650	Yes	4.52
Dept. of Justice 16.029	Office of Justice Program – Department of Justice Federal funds to support mentoring of Domestic Violence Courts.	No	26	121	0	0	No	0
State Justice Institute N/A	State Justice Institute – Self Represented E-Filing and Online Conservator Reporting Expenditures for SJI grants which are awarded to improve the quality of State Courts. These are either project grants or technical assistance grants. Project grants are intended to support innovative education and training projects that will improve the administration of justice in the courts. Technical assistance grants provide State and local courts with funding to diagnose problems and implement needed change.	No	50	150	150	150	Yes	0
	Budget Activity Total: District Courts		9,658	11,731	11,429	9,361		27.34
	Program Total: District Courts		9,658	11,731	11,429	9,361		27.34

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	Federal Fund – Agency Total		9,658	11,731	11,429	9,361		27.34

Narrative

In FY20 and FY21 the Trial Courts will receive federal funding for Child Support, Domestic Violence, the State Justice Institute (SJI), and the Office of Justice Program (OJP) Department of Justice. In addition, the new Second Judicial District Treatment Court Unit Expansion and Enhancement grant expands substance abuse treatment capacity in adult treatment drug courts and adult tribal healing wellness courts. The Domestic Violence and OJP grants fund the treatment courts which include DWI, Drug, Family Dependency Treatment and Mental Health. The OJP grant also funds mentoring the Domestic Violence Courts. The Expedited Child Support Program receives federal reimbursement at a rate of 66% for eligible expenditures, so less spending with state appropriated dollars would result in a proportionate decrease in federal reimbursement. The OJP Domestic Violence Court Mentoring and Second Judicial District Treatment Court Unit Expansion and Enhancement grants do not require a match. The remaining grants require a state spending match of approximately 50%. Estimates were based on past funding. Grants that will be ending did not include revenue projected past the end date.

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AT A GLANCE

MDE Customers and Stakeholders (2017)

- 861,540 students in prekindergarten through grade 12.
- Over 125,000 children participating in early learning programs.
- 331 school districts and 169 charter schools.
- 61,822 adult learners in fiscal year (FY) 2018.

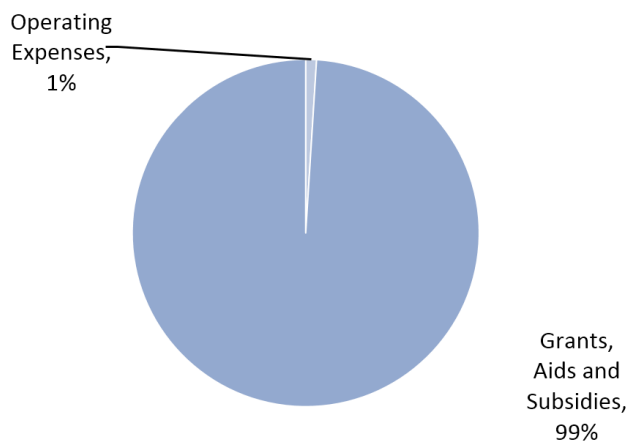
PURPOSE

The mission of the Minnesota Department of Education (MDE) is: “Leading for educational excellence and equity. Every day for every one.” MDE is striving to create the World’s Best Workforce (WBWF) by focusing on five key student outcome goals: all students ready for kindergarten, all students reading in third grade, all achievement gaps closed, all students graduating from high school, and all students ready for career and college.

The department strives to improve educational achievement by establishing clear standards, measuring performance, assisting educators, and increasing opportunities for lifelong learning. The department strives to be an innovative education agency, assisting schools, families, and other education providers with exemplary services that result in high academic achievement for all students, prekindergarten to grade 12, and adult learners. Every learner will reach his or her full potential through an outstanding Minnesota education system that is a world leader in achievement and innovation.

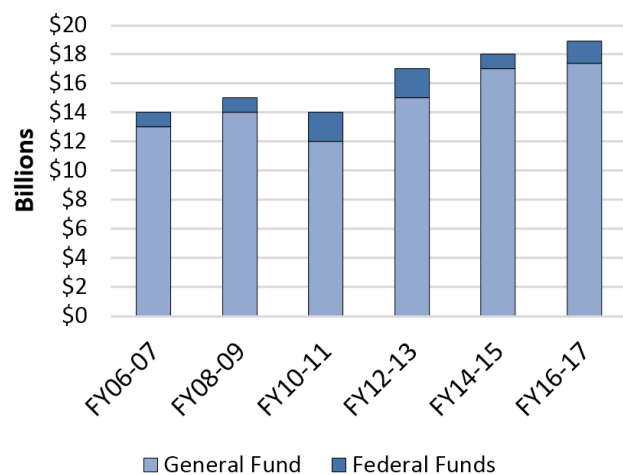
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning and Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

*\$2.7 billion in general fund aid to school districts was shifted beginning in FY 2010 in order to help balance the state budget, causing the FY 2010-11 spending to decrease. Repayment of the shifts began in FY 2012, causing the FY 2012-13 spending to increase.

In FY 2016-17, 95 percent of education funding was from the state general fund and 5 percent was from federal funds. In FY 2017, actual spending was \$9.7 billion; \$9.6 billion was passed through the agency as grants and aids,

and \$90 million was passed through the agency as testing/assessment/other contracts, salary/fringe and other operating costs.

STRATEGIES

To achieve its mission and reach the five goals of WBWF, MDE provides leadership and support to students, teachers and schools using the following strategies:

Direct Support

Department programs provide direct support in continuous improvement of teaching and learning to schools and districts. The Regional Centers of Excellence provide strategic instructional and leadership support and implementation of best practice strategies to improve teaching and learning in the classroom. While the most intensive support is aimed at those schools that need the most assistance, direct support is available to all districts, as needed, through the Regional Centers.

Prekindergarten through 12 Systems

MDE programs provide support for systems improvement through a comprehensive, collaborative approach. For example, works to improve teacher and leader quality by supporting and improving implementation of local teacher and principal professional development and evaluation support systems that will benefit all Minnesota students. The state accountability system under the federal Every Student Succeeds Act and WBWF legislation measures student performance from pre-K through postsecondary education and provides a comprehensive model of continuous system improvement for all districts.

Guidance, Technical Assistance and Funding

Department programs provide supportive leadership to all educational entities by providing guidance and technical assistance to meet the myriad of state and federally legislated requirements. For instance, the technical assistance to districts in the development of their World's Best Workforce plans results in a plan for continuous improvement of school districts through the systemic alignment of legislative requirements in a manner that is streamlined, equitable, and effective for all districts. The department also administers school funding programs, including the calculation and distribution of various funding sources.

M.S. 119A; M.S. 120-129B; M.S. 134-135

Education

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	8,486,034	8,858,737	9,209,053	9,579,731	9,671,910	9,834,979	9,853,096	10,217,239
2000 - Restrict Misc Special Revenue	10,853	10,535	10,710	11,656	9,011	7,056	8,779	6,824
2001 - Other Misc Special Revenue	700	737	829	344			70,932	70,932
2301 - Arts & Cultural Heritage	2,106	2,134	2,469	2,597				
2403 - Gift	62	71	101	187	127	125	127	125
3000 - Federal	748,887	774,850	771,633	831,982	842,821	832,155	842,821	832,155
3801 - Endowment School	27,763	29,958	33,023	35,458	35,753	36,048	35,753	36,048
6000 - Miscellaneous Agency	3		1	6	5	5	5	5
Total	9,276,408	9,677,023	10,027,818	10,461,961	10,559,627	10,710,368	10,811,513	11,163,328
Biennial Change				1,536,347		780,216		1,485,062
Biennial % Change				8		4		7
Governor's Change from Base								704,846
Governor's % Change from Base								3

Expenditures by Program

Education Leadership & Support	88,547	89,727	111,968	139,159	136,915	122,649	146,895	129,247
General Education	6,695,101	6,860,087	7,103,062	7,266,521	7,280,165	7,315,352	7,480,094	7,671,616
Other General Education	47,550	46,026	47,898	50,882	50,358	50,795	51,020	51,995
Choice Programs	151,096	155,858	166,312	177,629	190,778	199,850	191,337	200,504
Indian Education	9,621	10,384	12,486	12,977	11,868	11,980	13,364	14,020
Innovation & Accountability	94,682	116,743	104,182	103,049	101,799	101,444	103,814	103,441
Special Student & Teacher	259,895	279,604	269,956	285,126	280,532	281,923	283,161	284,552
Special Education	1,347,489	1,461,944	1,509,769	1,687,793	1,771,618	1,891,178	1,798,530	1,958,108
Facilities & Technology	47,771	84,262	114,498	135,317	135,219	137,604	141,159	149,327
Nutrition	320,576	329,161	334,329	342,962	341,160	339,852	341,488	340,180
Libraries	19,904	19,993	20,416	20,792	18,196	18,197	18,196	18,197
Early Childhood & Family Support	139,258	167,718	177,537	184,159	183,944	180,856	185,380	183,453
Community Education	1,532	1,290	1,253	1,191	1,111	1,038	1,111	1,038
Self Sufficient & Lifelong Learning	53,386	54,226	54,153	54,404	55,964	57,650	55,964	57,650
Total	9,276,408	9,677,023	10,027,818	10,461,961	10,559,627	10,710,368	10,811,513	11,163,328

Expenditures by Category

Education

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Compensation	37,143	38,468	39,344	41,346	43,090	43,327	44,994	45,497
Operating Expenses	42,926	51,451	44,601	62,717	52,300	47,434	59,516	49,988
Grants, Aids and Subsidies	9,195,566	9,586,254	9,941,344	10,352,975	10,459,253	10,614,758	10,702,019	11,062,828
Capital Outlay-Real Property			2					
Other Financial Transaction	773	851	2,528	4,923	4,984	4,849	4,984	5,015
Total	9,276,408	9,677,023	10,027,818	10,461,961	10,559,627	10,710,368	10,811,513	11,163,328

Total Agency Expenditures	9,276,408	9,677,023	10,027,818	10,461,961	10,559,627	10,710,368	10,811,513	11,163,328
Internal Billing Expenditures	5,181	5,624	5,434	7,029	7,103	6,309	7,103	6,309
Expenditures Less Internal Billing	9,271,227	9,671,400	10,022,384	10,454,932	10,552,524	10,704,059	10,804,410	11,157,019

<u>Full-Time Equivalents</u>	373.87	373.50	375.27	382.07	414.44	400.24	429.14	416.94
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Education

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	8,338,783	8,683,254	9,034,762	9,349,896	9,469,619	9,635,842	9,732,932	10,096,745
District Revenue	8,338,783	8,683,254	9,034,762	9,349,896	9,469,619	9,635,842	9,732,932	10,096,745
Direct Appropriation	8,505,398	8,899,048	9,216,274	9,560,064	9,670,481	9,833,550	9,924,416	10,288,559
Open Appropriation			3,253	3,257	3,291	3,291	3,291	3,291
Balance Forward In		6,481	19,472	18,272				
Net Transfers							72,749	72,749
Transfers In	3,993	52,766	9,113	293	333	342	333	342
Transfers Out	3,522	61,201	12,225	2,155	2,195	2,204	2,195	2,204
Cancellations	14,763	24,225	1,740					
Balance Forward Out	5,073	14,131	18,273					
Expenditures	8,486,034	8,858,737	9,209,053	9,579,731	9,671,910	9,834,979	9,853,096	10,217,239
Biennial Change in Expenditures				1,444,013		718,105		1,281,551
Biennial % Change in Expenditures				8		4		7
Governor's Change from Base								563,446
Governor's % Change from Base								3
Full-Time Equivalents	142.29	143.15	140.11	142.06	139.36	132.36	148.75	143.75

2000 - Restrict Misc Special Revenue

Balance Forward In	2,914	3,398	4,215	3,426	1,040	854	1,040	854
Receipts	11,246	11,080	10,571	9,285	8,726	6,744	8,726	6,744
Internal Billing Receipts	5,375	5,587	5,400	5,343	5,974	5,974	5,974	5,974
Transfers In			10		232	232	0	0
Transfers Out		3	661	15	133	15	133	15
Balance Forward Out	3,306	3,941	3,426	1,040	854	759	854	759
Expenditures	10,853	10,535	10,710	11,656	9,011	7,056	8,779	6,824
Biennial Change in Expenditures				979		(6,299)		(6,763)
Biennial % Change in Expenditures				5		(28)		(30)
Governor's Change from Base								(464)
Governor's % Change from Base								(3)
Full-Time Equivalents	28.70	24.37	26.66	25.96	32.65	32.65	30.65	30.65

2001 - Other Misc Special Revenue

Balance Forward In	224	184	155	4				
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Education

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Receipts	693	708	683	340				
Transfers In							70,932	70,932
Transfers Out			5					
Balance Forward Out	217	154	4					
Expenditures	700	737	829	344			70,932	70,932
Biennial Change in Expenditures				(265)		(1,173)		140,691
Biennial % Change in Expenditures				(18)		(100)		11,998
Governor's Change from Base								141,864
Governor's % Change from Base								
Full-Time Equivalents	4.70	4.64	5.02	3.02			7.31	7.31

2301 - Arts & Cultural Heritage

Balance Forward In			66	97				
Direct Appropriation	2,200	2,200	2,500	2,500	0	0	0	0
Balance Forward Out	94	66	97					
Expenditures	2,106	2,134	2,469	2,597				
Biennial Change in Expenditures				826		(5,066)		(5,066)
Biennial % Change in Expenditures				19		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2403 - Gift

Balance Forward In	174	185	174	175	88	67	88	67
Receipts	72	61	101	100	106	107	106	107
Balance Forward Out	184	174	174	88	67	49	67	49
Expenditures	62	71	101	187	127	125	127	125
Biennial Change in Expenditures				154		(36)		(36)
Biennial % Change in Expenditures				116		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.02	0.04	0.05	0.05	0.05	0.05	0.05

2820 - Maximum Effort School Loan

Education

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	431	1,852	48	288	287	987	287	987
Receipts	1,852	280	288	287	987	44	987	44
Transfers Out	431	62,477	48	288	287	987	287	987
Net Loan Activity		60,392						
Balance Forward Out	1,852	48	288	287	987	44	987	44

3000 - Federal

Balance Forward In	517	34						
Receipts	748,403	774,816	771,633	831,982	842,821	832,155	842,821	832,155
Transfers In	337							
Transfers Out	337							
Balance Forward Out	34							
Expenditures	748,887	774,850	771,633	831,982	842,821	832,155	842,821	832,155
Biennial Change in Expenditures				79,878		71,361		71,361
Biennial % Change in Expenditures				5		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	198.18	201.32	203.44	210.98	242.38	235.18	242.38	235.18

3801 - Endowment School

Balance Forward In		0						
Transfers In	27,763	29,958	33,023	35,458	35,753	36,048	35,753	36,048
Expenditures	27,763	29,958	33,023	35,458	35,753	36,048	35,753	36,048
Biennial Change in Expenditures				10,760		3,320		3,320
Biennial % Change in Expenditures				19		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

6000 - Miscellaneous Agency

Balance Forward In	44	51	61	1				
Receipts	11	10	3	5	5	5	5	5
Transfers Out			61					
Balance Forward Out	52	61	2					

Education

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	3		1	6	5	5	5	5
Biennial Change in Expenditures				4		3		3
Biennial % Change in Expenditures						38		38
Governor's Change from Base								0
Governor's % Change from Base								0

Education

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	9,524,152	9,524,152	9,524,152	19,048,304
Base Adjustments				
All Other One-Time Appropriations		(100)	(100)	(200)
Current Law Base Change	33,025	154,641	278,905	433,546
Pension Allocation		59	79	138
Forecast Open Appropriation Adjustment	(13,983)	20,029	62,809	82,838
November Forecast Adjustment	22,284	(4,750)	(8,007)	(12,757)
February Forecast Adjustment	(3,414)	(23,550)	(24,288)	(47,838)
Forecast Base	9,562,064	9,670,481	9,833,550	19,504,031
Change Items				
General Education Formula Increase of 3 Percent for FY2020 and 2 Percent for FY2021		185,441	335,095	520,536
Voluntary Prekindergarten: Maintain Existing Slots		19,210	27,885	47,095
Special Education Funding Increase & Reform: Hold Cross Subsidy Steady		25,440	65,251	90,691
Full Service Community Schools Grant Program		2,000	2,000	4,000
National Board Certified Teachers		140	140	280
Recruit and Retain Quality Teachers		4,000	4,000	8,000
Operating Adjustment		1,665	2,149	3,814
Second Chance Agency Director		171	174	345
American Indian Tribal Contract Aid		1,496	2,040	3,536
Levy Equalization for Achievement and Integration Revenue		165	180	345
Tribal Nations Education Committee		150	150	300
Grants to Support Students Experiencing Homelessness		500	500	1,000
Maltreatment Investigations Program		406	288	694
School Safety Revenue		5,769	11,531	17,300
IT Program and Data Integration		822	822	1,644
Turnaround Arts Schools		140	140	280
Data Analytics		222	226	448
Regional Centers Expansion		1,000	2,000	3,000
Legal Costs	(2,000)	4,700		4,700
Board of School Administrators Maintain Funding Structure in FY 2020		232	232	464
Board of School Administrators Operating and Revenue Increase		170	115	285
Kindergarten Student Accounting Simplification		96	106	202
Eliminate Off-Grade Testing Questions			(15)	(15)
Total Governor's Recommendations	9,560,064	9,924,416	10,288,559	20,212,975
Fund: 2301 - Arts & Cultural Heritage				
FY2019 Appropriations	2,500	2,500	2,500	5,000
Base Adjustments				

Education

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
One-Time Legacy Fund Appropriations		(2,500)	(2,500)	(5,000)
Forecast Base	2,500	0	0	0
Total Governor's Recommendations	2,500	0	0	0
Open				
Fund: 1000 - General				
FY2019 Appropriations	3,257	3,257	3,257	6,514
Base Adjustments				
November Forecast Adjustment		52	52	104
February Forecast Adjustment		(18)	(18)	(36)
Forecast Base	3,257	3,291	3,291	6,582
Total Governor's Recommendations	3,257	3,291	3,291	6,582
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	11,656	9,011	7,056	16,067
Forecast Base	11,656	9,011	7,056	16,067
Change Items				
Board of School Administrators Maintain Funding Structure in FY 2020		(232)	(232)	(464)
Total Governor's Recommendations	11,656	8,779	6,824	15,603
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	344			
Forecast Base	344			
Change Items				
Recruit and Retain Quality Teachers		109	109	218
Grants to Support Students Experiencing Homelessness		50	50	100
Grant Administration Account		64	64	128
Early Learning Scholarship Special Revenue Fund		70,709	70,709	141,418
Total Governor's Recommendations	344	70,932	70,932	141,864
Fund: 2403 - Gift				
Planned Spending	187	127	125	252
Forecast Base	187	127	125	252
Total Governor's Recommendations	187	127	125	252
Fund: 3000 - Federal				
Planned Spending	831,982	842,821	832,155	1,674,976
Forecast Base	831,982	842,821	832,155	1,674,976
Total Governor's Recommendations	831,982	842,821	832,155	1,674,976

Education

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 6000 - Miscellaneous Agency				
Planned Spending	6	5	5	10
Forecast Base	6	5	5	10
Total Governor's Recommendations	6	5	5	10
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	9,285	8,726	6,744	15,470
Total Governor's Recommendations	9,285	8,726	6,744	15,470
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	340			
Total Governor's Recommendations	340			
Fund: 2403 - Gift				
Forecast Revenues	100	106	107	213
Total Governor's Recommendations	100	106	107	213
Fund: 2820 - Maximum Effort School Loan				
Forecast Revenues	287	987	44	1,031
Total Governor's Recommendations	287	987	44	1,031
Fund: 3000 - Federal				
Forecast Revenues	831,982	842,821	832,155	1,674,976
Total Governor's Recommendations	831,982	842,821	832,155	1,674,976
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	5	5	5	10
Total Governor's Recommendations	5	5	5	10
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	252			
Change Items				
Board of School Administrators Maintain Funding Structure in FY 2020		260	260	520
Board of School Administrators Operating and Revenue Increase		115	115	230
Total Governor's Recommendations	252	375	375	750

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: General Education Formula Increase of 3 Percent for FY2020 and 2 Percent for FY2021

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	185,441	335,095	350,622	351,343
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	185,441	335,095	350,622	351,343
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the general education basic formula by 3 percent in fiscal year (FY) 2020 and an additional 2 percent in FY 2021. The per-pupil formula would increase by \$189, from \$6,312 to \$6,501 in FY 2020, and by an additional \$130 to \$6,631 in FY 2021.

Rationale/Background:

- Increases in the general education basic formula are needed to maintain our investment in educational programs for all prekindergarten through 12th grade students in schools throughout the state. The general education basic formula is the primary means by which the state funds its constitutional duty to provide a general and uniform, thorough and efficient system of public schools. Operating costs for school districts and charter schools increase annually due to inflation. School districts and charter schools need annual increases in general operating funds to maintain quality education programs for students and close the achievement gap. Over the past decade, increases in the general education basic formula have lagged behind the rate of inflation, causing school districts to rely more heavily on voter-approved referendum levies to maintain basic education programs.
- The general education formula is the largest component of Minnesota's school funding system, accounting for 63 percent of total state E-12 education aid for FY 2019.
- Several other school funding formulas (e.g., compensatory, sparsity, transportation sparsity, Early Childhood Family Education, nonpublic pupil, nonpublic transportation, shared time) are linked to the general education formula.
- General education formula increases for the past five years (2 percent for FY 2015, 2 percent in FY 2016, 2 percent in FY 2017, 2 percent in FY 2018 and 2 percent in FY 2019) have exceeded inflation during that five year period as measured by the Consumer Price Index (CPI), resulting in a net increase of 1.8 percent (\$125) in the basic formula over the five-year period after adjusting for inflation.
- However, the increase over the past four years has not been sufficient to offset the 10.7 percent (\$741) decrease in the basic formula, adjusted for inflation and pupil unit weighting changes, which occurred between FY 2003 and FY 2014.
- As a result, the general education formula for FY 2019 is \$617 per pupil (8.9 percent) less than it was in FY 2003 in inflation-adjusted (FY 2019) dollars.
- The inflation rate, as measured by the CPI, is projected to be 2.36 percent for FY 2020 and 2.36 percent for FY 2021.

Proposal:

This proposal will:

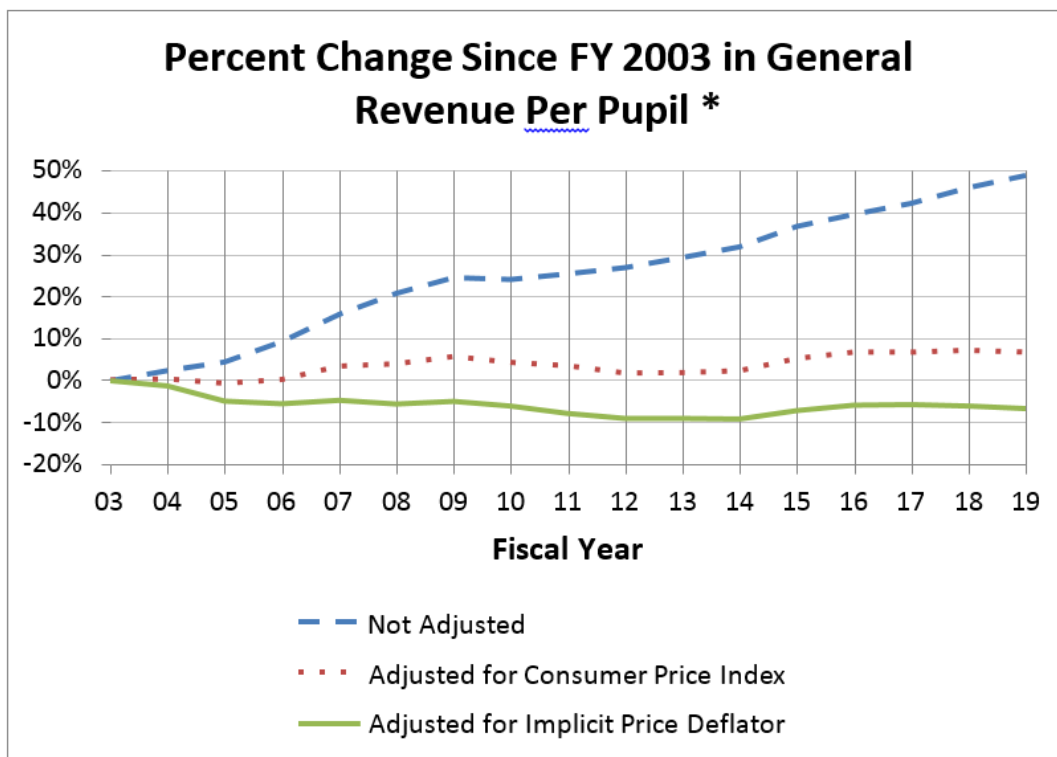
- Increase the general education formula allowance by 3 percent (\$189) for FY 2020, from \$6,312 to \$6,501, and an additional 2 percent (\$130) for FY 2021 and later, to \$6,631.
- Increase other school aid and levy programs that are linked to the general education formula, including:
 - Increase the Early Childhood Family Education Allowance, set at 0.23 percent of the general education formula allowance, from \$145.18 to \$148.07 for FY 2020 and to \$151.04 for FY 2021 and later.
 - Adjust state aid calculations for the nonpublic pupil transportation, nonpublic pupil, shared time, tribal contract, and Post-Secondary Enrollment Options programs to reflect the higher formula allowances for FY 2020 and later.

Equity and Inclusion:

Increasing the general education basic formula benefits all students statewide. Because compensatory revenue is linked to the basic formula, increasing the basic formula also increases resources targeted to closing the achievement gap for students who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age.

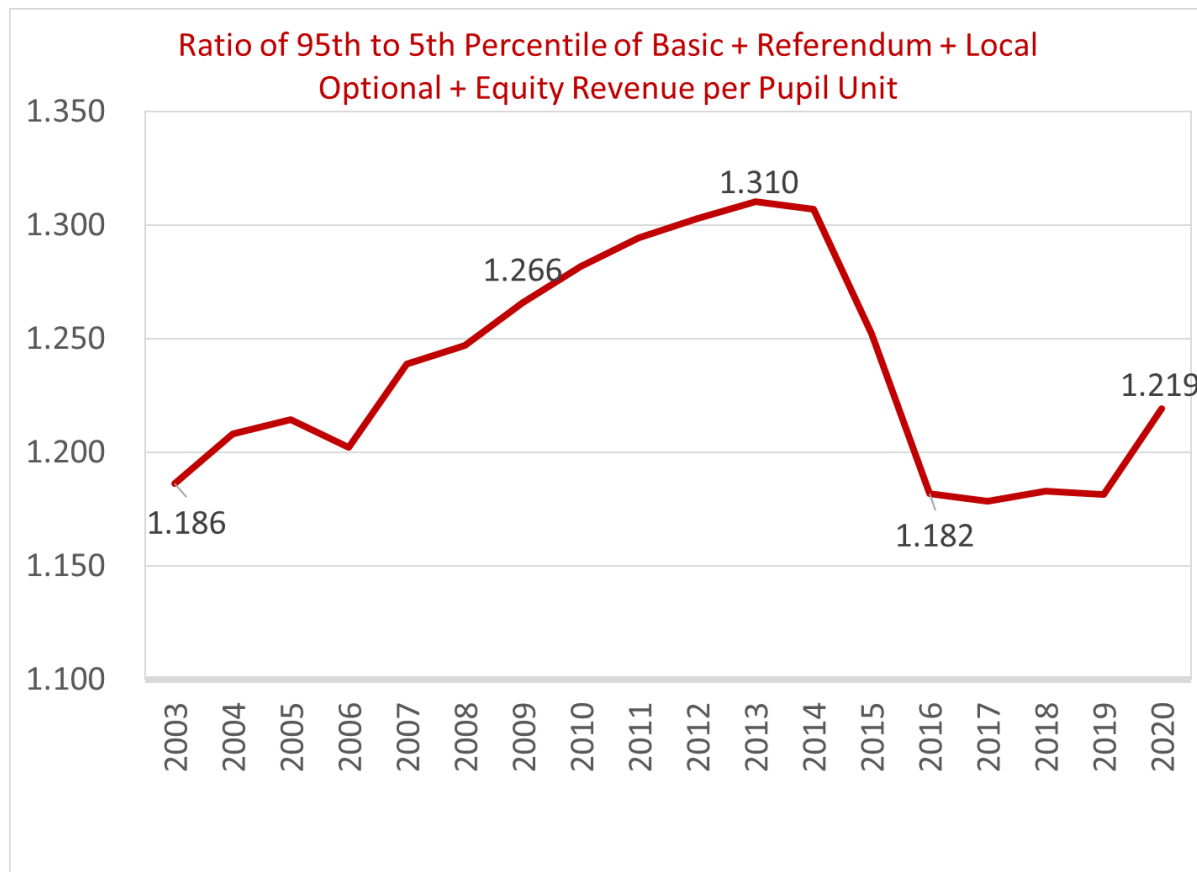
Results:

Quality Result: This chart shows the percentage change in general education revenue per student between FY 2003 and FY 2019, based on unadjusted current dollars and adjusted for inflation using the consumer price index and the implicit price deflator. Revenue per student in unadjusted current dollars increased by almost 49 percent during this period. However, when adjusted for inflation, revenue per student remained essentially constant.



*General Education revenue, including local referendum revenue

Quality Result: This chart shows the ratio of unrestricted general education funding per student in high-revenue districts versus low-revenue districts for FY 2003 through FY 2020. The funding gap between high-revenue and low-revenue districts increased from 19 percent in FY 2003 to 31 percent in FY 2013, then declined to 18 percent by FY 2016. Between FY 2017 and FY 2019 the gap has remained constant at 18 percent, but increased to 22 percent in FY 2020. The gap between high-revenue and low-revenue districts is primarily driven by property tax disparities.



Statutory Change(s):

M.S. 126C.10, subdivision 2

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Voluntary Prekindergarten: Maintain Existing Slots

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	19,210	27,885	28,656	28,694
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	19,210	27,885	28,656	28,694
FTEs	1	1	1	1

Recommendation:

The Governor recommends restoring the level of voluntary prekindergarten (VPK) / school readiness plus (SRP) participants from 3,160 to the fiscal year (FY) 2019 level of 7,160 for FY 2020 and later.

The Governor also recommends changes that will encourage mixed delivery partnerships, enhance data collection and analysis and provide better technical assistance to school districts, charter schools and mixed delivery partners.

Rationale/Background:

For FY 2019, the statewide cap on participation in the voluntary prekindergarten and school readiness plus programs was 7,160, which enabled 12.5 percent of eligible 4-year olds to participate. The cap was reduced to 3,160 participants, about 5.9 percent of eligible 4-year-olds, for FY 2020 and later. With the reduction in the cap, funding will be reduced or eliminated for 141 sites located in 81 school districts and charter schools. Too many of Minnesota's most vulnerable learners are not getting the high-quality services they need to prepare them for success in kindergarten and in life. Intensive, high-quality prekindergarten programs can close much of the early achievement gap for children of low-income families. This substantially increases their school success and produces a host of life-long benefits, including increased school achievement and social and economic success as adults (Reynolds, 2000). These goals can be reached through the expansion of high-quality prekindergarten programs.

While expanding high-quality prekindergarten throughout the state is the ultimate goal, this proposal protects existing programs that will sunset at the end of the current biennium and protects the state from taking a step backward in its work to give early learners the start they need. It also gives school districts an intentional pathway to support their communities' youngest learners by partnering with community-based providers to align curriculum, assessments, instruction, and professional development not just in prekindergarten but along the pre-K through third grade learning continuum. This will also provide the opportunity to engage with and prepare families prior to school entry. This will enable districts to effectively adhere to the World's Best Workforce legislation, as well as be supported in implementing English learner legislation.

In order to provide school districts, charter schools and their mixed delivery partners more time to plan and develop partnerships, a change in the application timeline is needed.

Proposal:

- Beginning in FY 2020, restore the participant cap for the voluntary prekindergarten and school readiness plus programs to 7,160.
- Allow districts to apply for funding and be notified if they received the requested seats the school year before in order to allow to proper planning, facilities upgrades and development of partnerships.
- Encourage mixed delivery partnerships by allowing child care centers, family child care programs licensed under Minnesota Statutes § 245.03, or a community based organization to charge for 4-year-olds participating in a voluntary prekindergarten program as long as they did not receive funding for the child.
- Increase the Minnesota Department of Education's (MDE) capacity to provide technical assistance and support program and fiscal oversight.
- Funding to further develop the Early Childhood Data Warehouse System to collect and analyze VPK and SRP Impact Measure data.
- Separate Minneapolis and St. Paul school districts information.

Equity and Inclusion:

Restoring the participant cap for the voluntary prekindergarten and school readiness plus programs to 7,160 will enable the programs added in FY 2018 and FY 2019 to continue to operate. These programs were selected for funding based on program quality and having high concentration of poverty, and meet the needs of some of Minnesota's most disadvantaged 4-year-old children.

IT Related Proposals:

This proposal includes additional funds to further develop the Early Childhood Data Warehouse System. This system is currently being developed in order to receive the required VPK Impact Measure data program submitted each spring. Through this Data Warehouse, MDE staff are able to collect VPK data from programs and generate a comprehensive analysis of each site's impact measure data and provide each site with a report to support their continuous improvement efforts and include in their World's Best Workforce Report showing how they are working toward meeting Goal #1 regarding school readiness.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll	180	180	180	180	180	180
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	20	20	20	20	20	20
Staff costs (MNIT or agency)						
Total	200	200	200	200	200	200
MNIT FTEs	1.45	1.45	1.45	1.45	1.45	1.45
Agency FTEs						

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of voluntary prekindergarten slots	7160	3160	FY19 and FY20

Statutory Change(s):

M.S. 124D.151; M.S. 126C.05, subdivision 1

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Special Education Funding Increase & Reform: Hold Cross Subsidy Steady

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	25,440	65,251	69,956	72,235
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	25,440	65,251	69,956	72,235
FTEs	0	0	0	0

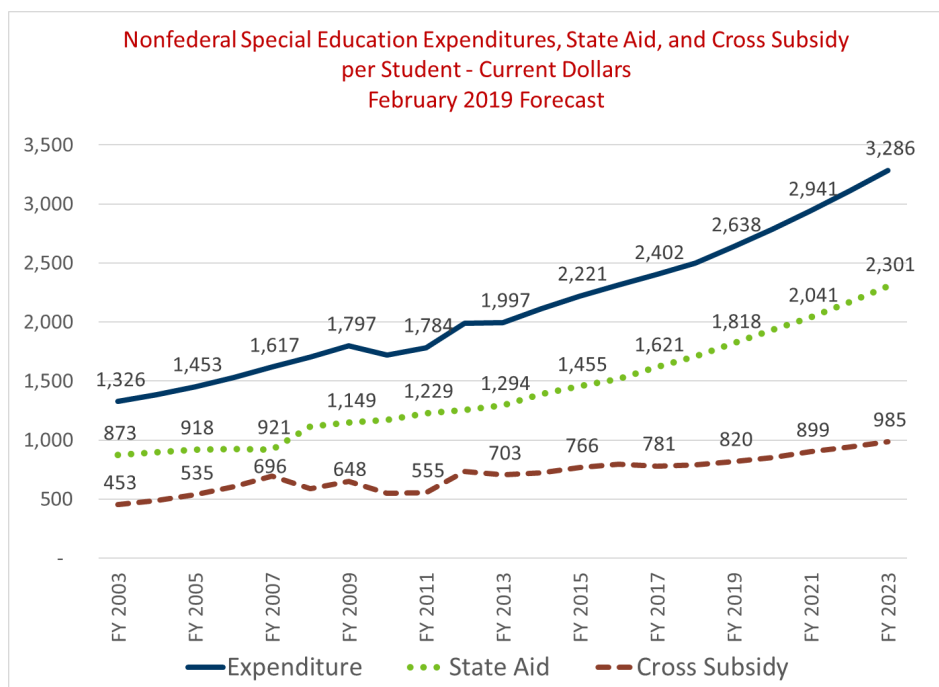
Recommendation:

The Governor recommends that special education aid be increased by an amount sufficient to hold the state total cross subsidy per student in average daily membership (ADM) steady at the fiscal year (FY) 2019 level of \$820 per ADM, and that the increase be allocated through an improved special education aid formula.

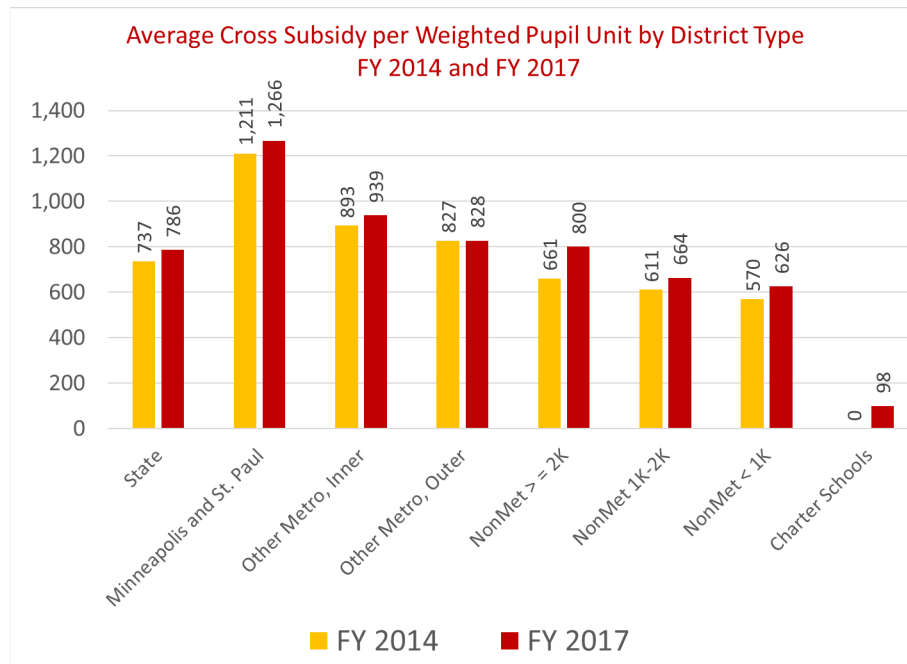
The Governor also recommends that the tuition payments made to the serving district for open enrolled students be reduced from 90 percent to 85 percent of unfunded costs for FY 2020 and to 80 percent for FY 2021 and later, with the state covering the reduction in tuition revenue for charter schools so they are held harmless.

Rationale/Background:

Despite steady increases in state special education aid over the past decade, the special education cross subsidy continues to grow. Between FY 2009 and FY 2019, state special education aid per student increased from \$1,149 to \$1,818, and the cross subsidy per student increased from \$648 to \$820, as shown in the chart below:



The cross subsidy is the unfunded cost of special education programs for students with a disability, which school districts and charter schools need to cover using unrestricted general fund resources. As the cross subsidy grows, school districts and charter schools have fewer resources available in their general fund to maintain quality education programs and improve achievement for all students. While the cross subsidy affects all school districts and most charter schools, the size of the cross subsidy varies widely among districts and charter schools, creating inequities in the resources available to support general education programs. The chart below shows the average special education cross subsidy per weighted pupil unit by district type for FY 2014 and FY 2017.



Between FY 2014 and FY 2017, the average cross subsidy per pupil unit increased for all district types. The Minneapolis and St Paul school districts have the largest cross subsidies, while charter schools have the lowest cross subsidies. In general, cross subsidies are larger in suburban metro districts and large non-metro districts than in smaller non-metro districts, but there is also wide variation among districts within each district type.

Major changes in the special education aid formula were enacted in 2013 and took effect in FY 2016. While these changes slowed the growth of the cross subsidy, they also created new problems, including added complexity and equity issues associated with the use of prior year (and older) data, and with the growth cap and hold harmless calculations.

The hold harmless and growth cap calculations under the new formula are based on FY 2016 data, adjusted for changes in average daily membership (ADM) and for inflation. Given the instability in special education programs and costs from year to year, tying these calculations to a single base year creates inequities going forward between districts where FY 2016 was an unusually low year for costs and funding versus districts where FY 2016 was an unusually high year. In addition, basing adjustments for later years on ADM change does not capture the variations among districts in the growth or decline of special education needs relative to total ADM. Eliminating the growth cap and adjusting the hold harmless using current year data would mitigate these inequities.

Special education cross subsidies for school districts continue to be much higher than for charter schools, and concerns continue to be expressed about the incentive effects and lack of cost containment when the serving district or charter school makes the decisions about programming and service levels while the resident district picks up most of the tab. A modest reduction in the portion of unfunded costs billed to the resident district would help to neutralize this issue.

Finally, there continues to be wide variations in the cross subsidy per student among districts. Targeting a portion of any increase in special education aid based on each district's cross subsidy will ensure that districts with the greatest need receive significant increases from any new investment in special education funding.

Proposal:

The Governor recommends that special education aid be increased by \$25.4 million in FY 2020 and by \$65.3 million in FY 2021 to hold the state total cross subsidy per ADM steady at the FY 2019 level of \$820. The increase would be allocated through an improved special education aid formula, which would be simplified and made more equitable by:

1. Adding a new cross subsidy reduction aid beginning in FY 2020 that would cover a percent of the prior year's cross subsidy for each school district. The percentage would increase from 2.6 percent in FY 2020 to 6.43 percent in FY 2021 and later.
2. Beginning in FY 2021, updating the pupil-driven portion of the initial aid calculation to reflect the results of the FY 2018 cost study.
3. Adjusting the growth cap / maximum aid calculation for FY 2020 by setting the maximum aid at the greater of the current calculation or the sum of 56 percent of current year special education program costs plus 100 percent of current year special transportation costs, plus the current year tuition adjustment, and eliminating the growth cap/maximum aid calculation for FY 2021 and later.
4. Adjusting the hold harmless / minimum aid calculation by: (i) reducing the annual inflation adjustment by 0.2 percent per year, from 4.6 percent in FY 2020 to 4.4 percent in FY 2021 to 4.2 percent in FY 2022 to 4.0 percent in FY 2023, until the inflation adjustment reaches 2.0 percent; and (ii) limiting the minimum aid guarantee to the sum of 90 percent in FY 2020, 85 percent in FY 2021, 80 percent in FY 2022 and 75 percent in FY 2023 and later of current year special education program costs plus 100 percent of current year special transportation costs, plus the current year tuition adjustment.
5. Reducing the tuition billing rate paid by the resident district for open enrolled students from 90 percent to 85 percent of the unfunded costs for FY 2020 and to 80 percent for FY 2021 and later. Charter schools would receive additional special education aid from the state to offset the impact of the tuition billing change.

Equity and Inclusion:

Increasing special education aid will benefit all students by reducing cross subsidies, freeing up resources for improved educational programs for all learners. Addressing inequities in the current formula and targeting the largest increases to districts with the highest cross subsidies will reduce disparities among districts and the students they serve.

IT Related Proposals:

N/A

Results:

Special education cross subsidies will be reduced, and funding will be more stable and more equitable.

Statutory Change(s):

M.S. 124E.21, 125A.76 and M. S. 127A.47

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Renewal of Voter-Approved Referendum Revenues

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends that locally-elected school boards be permitted to renew expiring operating referendum authority by school board action. This proposal would require that voters have an opportunity to revoke the board-renewed authority in a reverse referendum, and that the ballot language for the expiring referendum provided notice that the referendum may be renewed by school board resolution. Any increase to operating referendum would still require approval by voters.

This request has no effect on E-12 education appropriations for the biennium.

Rationale/Background:

School district operating referendum authorities are limited to a maximum of 10 years. School districts currently spend a great deal of time and effort in campaigns to renew their existing referendum authorities. Referendums to renew existing referendum authority are nearly always successful. Allowing school boards to renew expiring referendum authority would free up significant time and energy for school district leaders to better focus on key goals, such as improving student achievement for all learners. Voters opposing the renewal would have an opportunity to revoke the board-renewed referendum through a reverse referendum.

The authority for school board renewal of expiring referendum authority will apply only to referendum authority approved by the voters after July 1, 2019, in which the voters were notified of the board's authority to renew the referendum by board resolution at the time the referendum was approved.

Proposal:

A school board will be authorized to renew an expiring referendum that was approved by the voters after July 1, 2019, by board action if the referendum ballot provided notice of the board's authority to renew the referendum, the per-pupil amount of the referendum is the same as the amount expiring, and the term of the renewed referendum is no longer than the initial term approved by the voters. If the per-pupil amount of the expiring referendum was adjusted annually by the rate of inflation, the per-pupil amount of the renewed referendum could be adjusted annually by the rate of inflation in the same manner. Of the 327 type 1 school districts, 300 currently have a voter approved referendum authority. Of these, 89 districts have a referendum with an inflation-adjusted allowance and 211 do not have an inflation-adjusted allowance.

Before adopting a written resolution authorizing the renewal, the board would be required to hold a meeting and allow public testimony on the proposed renewal. The board would be required to adopt resolution by June 15 of

any calendar year; adopted resolutions would become effective 60 days after its adoption. A school board would be allowed to renew an expiring referendum not more than two fiscal years before the expiration.

Board-renewed authority would be subject to revocation through a reverse referendum. A petition to revoke board-renewed referendum authority would be effective if signed by a number of qualified voters in excess of 25 percent of the registered voters of the district on the day the petition is filed with the board; and filed with the board by June 1 of that year. The approval of 50 percent plus one of those voting on the question would be required to revoke board-renewed referendum authority.

Statutory Change(s):

M.S. 126C.17

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Full Service Community Schools Grant Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,000	2,000	2,000	2,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	2,000	2,000	2,000
FTEs	.25	.25	.25	.25

Recommendation:

The Governor recommends investing \$2 million per year to reestablish the Full Service Community Schools Grant Program that expired in fiscal year 2018 in order to broaden access to full service community school supports in primarily low-income or rural communities.

The funding will provide grants to districts or schools to provide in-school, wrap-around services that aim to improve student outcomes and strengthen family stability. Up to 5 percent of the appropriation will be used for Minnesota Department of Education (MDE) grant administration, to provide technical assistance to full service community schools, and to facilitate the full service community school review as outlined by Minnesota Statutes, section 124D.231.

Rationale/Background:

The Full Services Community School grant program was a new program established in 2015 that provided funding to eligible schools to plan, implement and improve full service community schools. Additional funds were appropriated in 2017 for expansion of the program. This grant program meets the state's accountability system's definition of an evidence-based practice as it is a program that had positive impact (increased academic achievement and improved student attendance) based on high-quality evidence.

Previous funding provided grants to 13 schools – four in round one, and nine additional schools in round two. If the grant were reestablished at \$2 million annually, MDE would be able to expand the numbers of schools who are awarded Full Service Community School grants. Previous grantees are interested in opportunities to have sustainable funding to maintain their full service community school coordinators and programming efforts.

Proposal:

This proposal funds grants for schools and districts to plan and implement full service community school models. Full service community school grant funds allow schools to partner with community agencies to provide onsite health and dental clinics, mental health services, family resource centers, college access information, out-of-school program information, or other family support services as outlined in Minnesota Statutes, section 124D.231.

In addition to grant funds, this proposal includes funding for MDE to administer the grant program including technical assistance to grantees and other full service community schools, coordination with school improvement initiatives, competitive grants process administration, review of progress reports submitted by participating schools, and reporting on program progress.

Equity and Inclusion:

The purpose of this program is to provide additional, comprehensive services to underserved student populations. As defined in Minnesota Statutes, the full service community schools are schools with school improvement plans and schools receiving Achievement and Integration funding. As part of the planning process, schools must base their plans on a needs assessment that includes the needs of underserved student populations. School populations including poverty, student mobility and homelessness may be considered as part of grant approval.

Results:

Grantees must conduct a program review and submit a report that meets requirements in Minnesota Statutes. The report must include an assessment of effectiveness, number and percentage of students served, number and percentage of community members served, retention data, student academic data, school readiness data, family engagement data, and satisfaction data. The following include examples from the reports.

Partnership/Initiative/Programming type	Number of partnerships or Initiatives
Mental and Physical Health - including mentoring and other youth development programs (peer mentoring, conflict mediation, social emotional learning, youth leadership, etc.), juvenile crime prevention and rehabilitation programs, home visitation services by teachers and other professionals, developmentally appropriate physical education, nutrition services and food security, primary health and dental care, and mental health screening and counseling	120
Enrichment and Out Of School Time (OOST) - including college and career preparation, academic tutoring, culturally relevant learning, parks and recreation, and science, technology, engineering, arts and mathematics programming	71
Family Engagement - including promoting parental involvement and family literacy, parent leadership development, and parenting education activities, and family/student resource rooms	52
Community Involvement - including adult education (instruction in English as a second language, computer classes, etc.) service and service learning, and homeless prevention, and other social services	24
Positive Discipline Practices - including teacher PD on strategies to increase student engagement and decrease behavior incidents	11
Early Childhood Education	4
Public transportation in support of consistent attendance	3

Each Full Service Community School has different partnerships to address the specific needs of the students and community. Below are some of the results from those schools:

Quality and Impact (selected)

Hamline Elementary - St. Paul Public Schools ISD #625

- **Increased number of parents participating in school activities** from 22 percent to 35 percent. This includes events such as NAAPID, Parent Academy, Street Dance, assemblies, volunteering, utilizing family resource room for needed resources.
- **Increased parents sense of connectedness to the school:** 70 percent of parents who responded to our survey reported feeling connected to school and pleased with the increase in communication and the addition of the family resource room.
- **Increased retention rate** of students from 78 percent to 82 percent.
- **Increased enrollment** by 12 percent.

Riverside Central Elementary - Rochester ISD #535

- Department of Natural Resources Forest School Designation: “Through student survey data, the site saw increased interest in arts and sciences. This will be the first school forest designation in Rochester. No behavioral referrals were written during forest programming.”
- Collaborative Recess Programming: “Student attendance in programming increased each quarter, behavioral referrals remained or decreased each quarter.”

Jefferson Elementary - Faribault ISD #656

- Over 420 hours of extended academic and enrichment programming were offered to mitigate achievement and opportunity gaps. 251 students participated in this programming regularly (ranging from 6-30 times each).
- Approximately 7,000 meals were served, through the Sodexo program, to participants at Family Success Series events where families participated in programs such as, diabetes education in English and Spanish, Zumba, Grand families mentoring (nontraditional parents), and nutrition/cooking classes over the course of the school year.

According to the Results First Clearinghouse Database, “Community schools” (also called full service community schools) are an evidence-based practice.

Statutory Change(s):

M.S. 124D.231

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: National Board Certified Teachers

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	140	140	140	140
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	140	140	140	140
FTEs	1	1	1	1

Recommendation:

The Governor recommends funding a new position at the Minnesota Department of Education to conduct stakeholder engagement and draft a plan to double the number of National Board Certified Teachers (NBCT) in Minnesota by 2023. This new position would conduct outreach to determine which supports would be most meaningful to NBCT candidates in Minnesota and identify opportunities for collaboration for candidates.

Rationale/Background:

National Board Certified Teachers strengthen their teaching practice through the certification process, leading to higher achievement results for students, better retention for teachers and an elevation of the teaching profession. A meta-analysis of available research by Washington State Institute for Public Policy demonstrates that NBCTs have a positive effect on student attendance and performance.

Currently, there is inconsistent support for NBCTs across the state. Approximately 60 school districts support NBCT candidates at the local level.

Minnesota ranks 33 out of the 50 states with 483 NBCTs.

Proposal:

This proposal would fund a dedicated staff member to engage stakeholders across the state about what supports would be best suited to support NBCT candidates in Minnesota.

Minnesota currently has 483 NBC teachers. For comparison, Wisconsin has 1,359 NBCTs and 333 NBCT candidates. Supports offered to NBCT candidates in Wisconsin include:

- After the initial year of certification, NBCTs are eligible to receive annual grants of \$2,500 or \$5,000 for the remaining nine years of a National Board certificate.
- Universities frequently provide graduate credit to teachers pursuing National Board Certification.
- Comprehensive support for educators interested in pursuing National Board Certification, including reimbursement for up to \$2,000 for costs incurred as part of the National Certification process; candidate support through a collaborative partnership with the Wisconsin Education Association Council (WEAC) and the Wisconsin National Board Network (WNBK).
- A Jump Start program, including an online course and resources to connect with fellow candidates.

Stakeholder engagement will include discussions with teacher candidates, educators and their family members, principals and superintendents, as well as teacher preparatory programs.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	National Board Certified Teachers in Minnesota	N/A	483	2018
Quantity	National Board Certified Teacher Candidates in Minnesota	N/A	67	2018

Statutory Change(s):

N/A

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Recruit and Retain Quality Teachers

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	4,000	4,000	4,000	4,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,000	4,000	4,000	4,000
FTEs	.85	.85	.85	.85

Recommendation:

The Governor recommends increasing funding to programs dedicated to expanding and recruiting quality teachers, particularly teachers of color and American Indian teachers. This proposal funds:

- \$1,817,500 increase in student teacher grants.
- \$182,500 increase in expanded concurrent enrollment grants to provide “Introduction to Teaching” courses.
- \$2 million to create mentoring, induction and retention incentive program grants for teachers of color and American Indian teachers.

Rationale/Background:

Minnesota is facing a teacher shortage. According to the 2019 Teacher Supply and Demand report:

- Slightly more than half (52.5 percent) of teachers holding an active teaching license are not currently working as a teacher in a Minnesota public school.
- The percentage of teachers of color remain stagnant while the percentage of students of color continues to grow in Minnesota.
- Teacher shortages are a problem across Minnesota: 41.9 percent of districts reported that it is a major problem and 51.8 percent reported that it is a minor problem. Only 6.4 percent of districts indicated that it is not a problem for them. More than 1 in 10 school districts (12.7 percent) reported that they had to cancel classes or programs due to a shortage of teachers.
- Most teachers in Minnesota identify as white (95.7 percent), followed by Asian (1.5 percent), black (1.4 percent), Hispanic (1 percent), and American Indian (0.4 percent). Most school districts reported that it is difficult to recruit teachers that reflect their student body. 83.1 percent of schools have less than 10 percent teachers of color or American Indian teachers, while 64.3 percent of students are in schools with more than 10 percent students of color or American Indian students. Percent persons of color

Proposal:

To address the teacher shortage overall—and shortage of teachers of color and American Indian teachers in particular—the Governor recommends the following in order to support student teachers, attract new teacher candidates, and retain teachers.

- \$1,817,500 increase in student teacher grants under Minnesota Statutes 136A.1275.
 - The Office of Higher Education provides grants to student teachers from low-income families who intend to teach in a shortage area after receiving their teaching license or who belong to an underrepresented racial or ethnic group. Currently statute requires that at least 36.5 percent of

these grants go to teacher candidates of color or American Indian teacher candidates. These grants are up to \$7,500. This proposal will fund up 230 student teachers, including up to an additional 84 teacher candidates of color or American Indian teacher candidates.

- The Office of Higher Education may retain up to 3 percent of this funding for administration of the grant.
- \$182,500 increase in expanded concurrent enrollment grants to provide “Introduction to Teaching” courses.
 - Grants under Minnesota Session Laws - 2017, 1st Special Session, Chapter 5, Article 2, Sec. 57, Subd. 9 allow school districts and charter schools to develop innovation programming to encourage high school students to pursue teaching through concurrent enrollment courses in “Introduction to Teaching.” This allows a student to take a number of college courses in education in high school, and launch their career in education. Currently 33.5 percent of Minnesota public schools students identify as people of color or American Indian.
 - Minnesota Department of Education may retain up to 5 percent of this funding for administration of the grant.
- \$2 million to create mentoring, induction and retention incentive program grants for teachers of color.
 - Create grants to provide for teacher mentoring and retention for teachers of color and American Indian teachers. These funds can be used to retain teachers by paying stipends to mentor teachers, spreading best practices by creating professional learning communities focused on supporting diverse teachers, and supporting licensed and non-licensed educator participation in professional development including workshops and graduate courses.
 - Minnesota Department of Education may retain up to 5 percent of this funding for administration of the grant.
- Broaden non-traditional pathways to teacher licensure known as “Grow Your Own” grants to more school districts will requiring that grants focus on teacher candidates of color or American Indian teacher candidates.
 - “Grow Your Own” grants under Minnesota Session Laws - 2017, 1st Special Session, Chapter 5, Article 2, Sec. 57, Subd. 23 allow school districts with more than 30 percent students of color or American Indians students to apply for grants to fund a Professional Educator Licensing and Standards Board-approved nonconventional teacher residency pilot program. Many school districts with a higher concentration of white students have been launching innovative programs in the area of nonconventional teacher residency programs. The Governor recommends removing this limitation, while requiring that a majority of the teacher candidates in the nonconventional program identify as teacher candidates of color or American Indian. This allows more school districts to take part in these programs, while ensuring the goal of launching more people of color or American Indian people in the field of teaching.

Equity and Inclusion:

This proposal is focused on expanding supports to low income student teachers and teachers of color and American Indian teachers. This will benefit the teacher candidates or teachers, as well as the students they will encounter in the classroom. Students that have a teacher from their background are more likely to graduate and feel that the adults in their school care about them.

Having a review of students’ access to effective teachers that reflect the diversity of the student body is required to be built into school districts’ World’s Best Workforce plans.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent licensed teachers of color/American Indian teachers working in their field	4.23%	4.3%	2015, 2018

Statutory Change(s):

M.S. 124D.09, subdivision 10; M.S. 136A.1275; Minnesota Session Laws - 2017, 1st Special Session, Chapter 5, Article 2, Sec. 57, Subd. 23

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,665	2,149	2,149	2,149
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,665	2,149	2,149	2,149
FTEs (Maintain)	3	5	5	5

Recommendation:

The Governor recommends additional funding of \$3.814 million in the fiscal year (FY) 2020-2021 biennium to maintain the current level of service delivery at the Minnesota Department of Education (MDE).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the MDE, this funding will cover the following operating expenses:

- \$404,000 in FY20 and \$647,000 for each year thereafter for known compensation growth;
- \$223,000 in FY20 and \$256,000 for each year thereafter for cost increases related to leased space and loss of revenue for leased space when current tenant(s) move out; and
- \$300,000 each year for costs to support legal services provided by the Attorney General.

Also included in this recommendation is funding for the following IT-related expenses:

- \$214,000 each year to support workstation management activities. In the FY20-21 Biennium, MDE will transition from a local to an enterprise service delivery model for workstation management (laptop/desktop computer support and refresh) and service/help desk support. Regular replacement of workstations will be included as part of the service rate, in order to ensure the security and supportability of state agency computers. The agency will also transition to the enterprise service/help desk, which provides 24/7 support to agency staff.
- \$122,000 in FY20 and \$250,000 each year thereafter for increased technology support. For the FY20-21 biennium, MDE's portion of MNIT administrative overhead expenses is projected to increase. MNIT overhead expenses include HR, finance, procurement, enterprise project management, and security activities. These expenses are allocated to agencies based on their total IT spend and total number of dedicated MNIT staff as of fiscal year 2017.
- \$400,000 in FY20 and \$480,000 for each year thereafter for to maintenance, licensing, and enhancement activities related to the Mainframe Modernization project. The 2017 legislature appropriated \$3.25

million one-time to design and build a new mainframe system. The modernization project is now underway and anticipated for full system roll-out in February 2020.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public. MDE serves more than 2,000 schools across the state, 57,000 full-time equivalent teachers, 61,000 non-licensed staff and more than 860,000 K-12 students. The MDE provides support, technical assistance, funding, and much more to the thousands of educators and students in the state to provide an excellent and equitable education to all students in Minnesota.

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Second Chance Agency Director

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	171	174	174	174
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	171	174	174	174
FTEs	1	1	1	1

Recommendation:

The Governor recommends funding a Second Chance Agency Director at the Minnesota Department of Education. The director will coordinate services between Minnesota Department of Education, Office of Higher Education and Department of Corrections to design innovative solutions for at-risk students and incarcerated youth, with a focus on preventing incarceration or recidivism and developing pathways to success, including developing dual credit programs in the corrections system. Dual credit programs allow students to earn high school and college credits simultaneously.

Rationale/Background:

Minnesota has a strong educational system, yet struggles to meet the needs of at-risk students, including students in correctional facilities or children of incarcerated parents. In the 2016-2017 school year, many of these students dropped out of the educational system. These students over-represent students of color, American Indian students, migrant students, and students experiencing housing instability.

Students who do not graduate have a lower lifetime earning potential and a higher chance of encountering the criminal justice system. Breaking the “school-to-prison pipeline” and building supports for at-risk students needs to be a priority in order to give all students an equitable access to education and to create the World’s Best Workforce.

Proposal:

This proposal will focus on aligning, coordinating, and creating additional resources for at-risk students, students who are in or have been in the correctional system, and children of an incarcerated parent.

The director would be responsible for:

- Identifying at-risk students and working to provide career and college readiness resources.
- Supporting students who have an incarcerated parent.
- Providing transition services for our students in Adult Basic Education programs and over age 21.
- Working with students who have directly interacted with the criminal justice system.
- Developing literacy and dual credit programming for correctional facilities.

This proposal is intended to positively impact student achievement and well-being for at-risk students. For example, incarcerated students are less than half as likely to think they will go to a four-year institution for college. Building post-secondary supports and services into the programming available for incarcerated students can help break the cycle of recidivism.

This trend has been steady according to the 2013 and 2016 Minnesota Student Survey data.

This is a new initiative that would coordinate existing services available from Minnesota Department of Education, Office of Higher Education, and Department of Corrections, as well as identify areas of improvement to serve at-risk students.

The director's first year will be focused on building a comprehensive system among Minnesota Department of Education, Office of Higher Education and Department of Corrections, including building an inventory of resources, developing a guiding framework, creating connections between similar programs at the various agencies. This will be followed by a needs assessment of the target population (students with an incarcerated parent, juveniles who have interacted with the criminal justice system, Adult Basic Education students and students over age 21, incarcerated adults, at risk students) to develop the resources that would best support these students. This will be followed by developing programs and supports for this population. The director would also organize 5-7 listening sessions for the commissioners with parents, students, and educators in prevention programs as well as in the corrections system.

This complements work in Minnesota Department of Education's work with Adult Basic Education and supporting post-secondary programming in the division of Career and College Success.

This complements work in the Minnesota Department of Corrections education programs housed within each of the states ten correctional facilities, providing Adult Basic Education, postsecondary training for a variety of career technical (trades) areas, work readiness, and college courses.

This complements work underway at the Office of Higher Education in the areas of college readiness, access to and completion of postsecondary education and training, identification and closure of attainment gaps for underserved populations, and developing and embedding foundational service practices ensuring students who leave K-12 can enter alternative educational pathways with a strong probability of success.

Minnesota Department of Education, Office of Higher Education and Department of Corrections will coordinate with each other to align programming to the targeted population. Additionally they will work to create community buy-in and stakeholder engagement with partners like the colleges and universities, licensing boards such as the Boards of Barbers and Cosmetology, community and private partners, along with educational, correctional and higher education advocacy groups

The director would be hired in the summer of 2019 and immediately begin work to identify areas of improvement and collaboration between the three agencies, and begin the stakeholder engagement process to better identify holes in services.

Equity and Inclusion:

Incarcerated students are three times as likely to have had an incarcerated parent compared to the overall population. They are less than half as likely to think they will go to a four-year institution for college, and three to six times as likely to receive special education services. Students of color and American Indian students are over-represented in correctional facilities. LGBT women are also over-represented.

By providing better and more coordinated services to incarcerated students and at-risk students, these students will make strides in student achievement and student engagement.

Results:

In the 2017-2018 school year, students in juvenile corrections:

- Earned 43 high school equivalencies.
- Earned 92 high school diplomas.
- 71 students improved up to one full grade level in reading.
- 97 students improved more than one full grade level in reading.
- 50 students Improved up to one full grade level in math.
- 155 students improved more than one full grade level in math.

Statutory Change(s):

N/A

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: American Indian Tribal Contract Aid

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,496	2,040	2,267	2,403
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,496	2,040	2,267	2,403
FTEs	0	0	0	0

Recommendation:

The Governor recommends that the maximum American Indian tribal contract aid per pupil unit continue at the fiscal year (FY) 2019 level of \$3,230, and not decrease to \$1,500 as provided in current law, and that the maximum be adjusted for inflation in FY 2020 and later based on the ratio of the formula allowance for the current fiscal year to the formula allowance for fiscal year 2019.

Rationale/Background:

This state aid program provides funding to promote equal education for American Indian students enrolled in Bureau of Indian Education (BIE) tribal contract schools. The program ensures tribal schools have sufficient funds to provide an adequate and uniform education to their students, as required by the Minnesota Constitution.

Participants include the four tribal contract schools in the state: Bug-O-Nay-Ge-Shig School, Leech Lake; Circle of Life Academy, White Earth; Nay ah Shing School, Mille Lacs; and Fond du Lac Ojibwe School, Fond du Lac.

The aid is calculated based on the difference between the amount of state aid per pupil unit that would have been generated if these students had been enrolled in public schools and the amount provided by the federal government, with a limit on the amount of aid per pupil unit.

The per pupil unit state aid limit was set at \$1,500 in 1989 when the program was enacted. Legislation enacted in 2015 and 2017 increased the aid limit to \$3,230 for FY 2016 through FY 2019 only.

Proposal:

The Governor recommends continuing the FY 2019 aid limit of \$3,230; and for FY 2020 and later, adjusting the aid limit for inflation based on the ratio of the formula allowance for the current fiscal year to the formula allowance for fiscal year 2019. Based on the 3 percent and 2 percent increases in the general education formula recommended by the governor for FY 2020 and FY 2021, the aid limit will increase to \$3,295 for FY 2020 and to

\$3,361 for FY 2023.

If the aid limit is not maintained at the FY 2019 level, the state total aid entitlement is projected to decrease by 43 percent between FY 2019 and FY 2020, from \$2.992 million to \$1.694 million.

Equity and Inclusion:

In FY 2016, 759 American Indian students attended the four Bureau of Indian Education (BIE) tribal contract schools in Minnesota. The proposal will prevent a 43 percent reduction in state funding to support educational opportunities for these students.

Results:

- This program mainly addresses two goal areas of the World's Best Workforce by ensuring that all racial and economic achievement gaps between students are closed and that all students graduate from high school.
- MDE does not track or report participant performance. Tribal contract schools are not public schools, so we cannot require tribal schools to submit assessment data related to this program.
- Tribal Consultation requirements under ESSA will be fulfilled in the Metro Area where schools/districts do not have a Tribal Council within 50 miles.

Statutory Change(s):

M.S. 124D.83, subdivision 2

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Levy Equalization for Achievement and Integration Revenue

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	165	180	184	189
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	165	180	184	189
FTEs	0	0	0	0

Recommendation:

The Governor recommends creating a minimal levy equalization to enable districts with very low tax base to cover the levy portion of their Achievement and Integration revenue.

The aid generated by this levy equalization will be used by districts with a limited ability to levy for the amount needed to cover the levy portion of their annual Achievement and Integration revenue. That revenue is 70 percent aid and 30 percent local levy.

Rationale/Background:

The purpose of the Achievement and Integration program is to increase racial and economic integration and to decrease achievement disparities. Districts use this funding to provide additional resources, support and opportunities beyond those the district is already funding, such as for strategies or initiatives that increase racial and economic integration and reduce achievement disparities for students. Students with the lowest achievement outcomes stand to benefit significantly when their school districts participate in the program.

Achievement and Integration revenue is comprised of 70 percent state aid and 30 percent local levy. Because the aid portion of the revenue requires districts in the program to provide 30 percent of any revenue they expend, districts with a low tax base may not be able to come up with a revenue source to provide the 30 percent match. Most districts in the Achievement and Integration program pass a local levy for their 30 percent match. However, for districts with a low tax base and limited or no ability to levy, this is not a viable option and creates a barrier to participating in the program and to accessing new resources for their students. This proposed levy equalization would make it possible for low levy districts to access the additional funding provided by participating in the Achievement and Integration program.

Historically, socioeconomic status and student achievement are highly correlated. School districts with a low tax base have some of the highest achievement disparities and lowest family income levels. The inability or limited ability to levy for additional funds can have a compounding effect. A low tax base is an outcome of the low economic status of residents. Students from families with a low economic status tend to have greater financial, socioemotional, and achievement needs. The school districts these students enroll into have less to expend on students because of their low tax base and limited ability to levy. The result is that students who need additional academic support may not receive it because of the district's inability to raise taxes to cover additional costs incurred to reduce achievement disparities.

Proposal:

The Achievement and Integration levy would be equalized at 30 percent of state average Adjusted Net Tax Capacity (ANTC)/pupil unit. The Minnesota Department of Education (MDE) would calculate the achievement and integration equalization aid for qualifying districts beginning in FY 2021, and adjust the integration aid and levy accordingly. This will have a low statewide cost and enable districts with very low tax base to participate in the Achievement and Integration program.

Three school districts will be affected by this change beginning in FY 2020:

- ISD 25 Pine Point School District would receive aid for 100 percent of its levy revenue;
- ISD 38 Red Lake Public Schools would receive aid for 99.6 percent of its levy revenue; and
- ISD 707 Nett Lake Public Schools would receive aid for 57.2 percent of its levy revenue.

If these three school districts participate in the program, they will be required to develop a plan consistent with the statutory requirements for this program.

Raising the equalizing factor above this level would add some other districts with relatively low tax base per pupil to the list of those receiving equalization aid. The effective implementation date would be for FY 2020.

Equity and Inclusion:

The three school districts that would be affected have a relatively high enrollment of students of color and American Indian students. Having a high percentage of enrolled students of color and American Indian students is also the basis for these districts' eligibility for the Achievement and Integration program.

Achievement disparities disproportionately affect students of color and American Indian students. If these districts were in the program, they would be required to use the revenue to address these disparities. They would also be required to implement strategies to increase racial and economic student integration with their adjoining districts. One of the outcomes of creating integrated learning environments is a reduction in achievement disparities for students of color and American Indian students. The potential impact on these students if these three districts were to participate in the Achievement and Integration program is significant and positive.

Results:

All districts in the Achievement and Integration program are evaluated every three years to determine whether they have made progress toward the goals in their plans. Districts report to the commissioner of education and to their communities whether they met their goals. If they do not meet the goals in their Achievement and Integration plans, districts must consult with the commissioner to create an improvement plan and must set aside up to twenty percent of their annual Achievement and Integration revenue to fund those plans.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2015</i>	<i>2017</i>	<i>Number of Districts</i>
Quality	Progress toward goal for reducing reading achievement gap	23.9% on track	10.16% met goal	13
Quality	Progress toward goal for reducing math achievement gap	26.9% on track	4.69% met goal	6
Quality	Progress toward integration goal	66.8% on track	51.56% met goal	66

Racially isolated districts have a districtwide enrollment of protected students that exceeds that of one or more adjoining districts by more than 20 percentage points. Racially isolated districts are required to participate in the Achievement and Integration program. Districts that are isolated based only on the number of their American

Indian students may choose whether or not to participate based on criteria included in Minnesota's School Desegregation/Integration rules.

Racially identifiable schools have an enrollment of protected students more than 20 percentage points above that of the district average for schools serving the same grade levels. Districts are required to develop Achievement and Integration plans for these schools with the goal of reducing achievement disparities and increasing racial and economic integration of students at those sites.

For the purposes of the Achievement and Integration program, protected students are defined as African/Black Americans, Asian/Pacific Americans, Chicano/Latino Americans, American Indian/Alaskan Native; and multiracial.

<i>Type of Measure</i>	<i>Racially Isolated Districts and Racially Identifiable Schools</i>	<i>2014-2015 2015-2016</i>	<i>2016-2017</i>	<i>2017-2018</i>
Quantity	Number of participating racially isolated districts	40	40	39
Quantity	Number of participating racially identifiable schools	55	55	55
Quantity	Number of participating districts with racially identifiable schools	15	15	15

Statutory Change(s):

M.S. 124D.862 Achievement and Integration Revenue.

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Tribal Nations Education Committee

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	150	150	150	150
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	150	150	150	150
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$150,000 a year for a grant to the Tribal Nations Education Committee (TNEC) to fulfill their requirement of tribal consultation under the Every Student Succeeds Act of 2015.

Rationale/Background:

The Tribal Nations Education Committee (TNEC) is responsible for fulfilling the federal requirement of tribal consultation under the Every Student Succeeds Act of 2015 within their own tribal communities as well as in the metropolitan areas of Minnesota.

The Minnesota Indian Affairs Council (MIAC) has designated the TNEC as the consultative body to fulfill the federal requirements under the Every Student Succeeds Act of 2015 (ESSA) with regard to consulting with schools and districts that do not have a Tribal Nation within 50 miles of their proximity. TNEC provides consultation with 10 metro area school districts as well as guidance and education to their respective Tribal Councils regarding federal title and state funding, the available and proposed uses, and the results of programming for American Indian students in the 36 schools and/or districts that require tribal consultation under ESSA.

Individual members within TNEC are tribally appointed from each of the 11 Tribal Nations in the state, as well as the larger metro areas such as Duluth and the Twin Cities. These individual members travel from each of the Tribal Communities to consult with metro area schools. There is an enormous influx of title funding paperwork which includes plans, budgets, and comprehensive reform programs, and each document needs to be recorded, archived, and thoroughly reviewed.

Proposal:

This proposal recommends \$150,000 a year for a grant to TNEC to enable them to perform tribal consultation requirements under ESSA.

Equity and Inclusion:

The Every Student Succeeds Act reads, “to ensure timely and meaningful consultation on issues affecting American Indian and Alaska Native students, an affected local educational agency shall consult with appropriate officials from Indian Tribes or Tribal Organizations approved by the tribes located in the area served by the local educational agency’s submission of a required plan or application for a covered program under this Act or for a program under Title VI of this Act. Such consultation shall be done in a manner and in such time that provides the opportunity for such appropriate officials from Indian tribes or tribal organizations to meaningfully and substantively contribute to such a plan.”

This committee ensures that programming for American Indian students in MN is reviewed and drafted with the help of Tribes or Tribal Organizations, weather they are in close proximity to a specific tribe or not.

Results:

- This program mainly addresses two goal areas of the World's Best Workforce by ensuring that all racial and economic achievement gaps between students are closed and that all students graduate from high school.
- Tribal consultation requirements under ESSA will be fulfilled in the metro area where schools/districts do not have a Tribal Council within 50 miles.

Statutory Change(s):

124D.83, subd. 2

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota Indian Teacher Training Program Clarifications

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends clarifications to the Minnesota Indian Teacher Training Program (MITTP) to promote a more culturally responsive and effective program moving forward.

Rationale/Background:

MITTP provides grants to four tribal colleges to launch American Indian teacher candidates into education. Funding for the program increased in 2016. The increased funding has highlighted some clarifications need to be addressed in order to make sure funds are used for American Indian teacher candidates.

Currently, there is a lack of clarity regarding the ability of tribal colleges to partner with other institutions to provide programming, which students are eligible for the program, whether or not grantees can use funds to recruit candidates into their program, how they should prioritize various degrees sought, and what programming is eligible. Providing clearer direction to tribal college grantees may increase their ability to find and recruit American Indian students for their training program. In one instance, clarifying that grantees can partner with tribal, community and technical schools may attract teacher candidates who desire to stay closer to their home. In fact, many of American Indian students are not admitted to a four-year university directly out of high school.

Proposal:

This proposal would amend MITTP to promote a more culturally responsive and effective program moving forward. This change will provide clearer direction to the current tribal college grantees about the institutions they can partner with, what their budget allocation thresholds are, and who is eligible for scholarships. It will also eliminate the inoperative loan portion of the program, focusing all funding scholarships, recruitment, and administration, found in Minnesota statute 122A.63 Grants to prepare Indian Teachers. This proposal includes the following changes:

1. In the interest of recruiting and finding American Indian students for the program, the inclusion for the four grantees to collaborate with tribal, technical, and community colleges is necessary. Tribal, Technical, and Community College Collaboration:
 - Each of the four grantees is eligible to enter into agreements with tribal, technical, and community colleges to identify students interested in the profession of education.
 - Each of the four grantees is eligible to enter into agreements to provide grant monies to students interested in the profession of education as a sub-contracted institution.
 - Each of the four grantees is eligible to provide professional development to tribal, technical, and community colleges along with supplemental services to identify students and then to provide

instructional supplies and materials needed to inform students about the fields of licensure needed in local and state areas.

- Each of the four grantees is eligible to contract services to tribal, technical, and community colleges to engage with, coordinate, and provide mentorship services to students interested in the profession of education.
- Agreements with tribal, technical, and community colleges should be beneficial not only to students interested in education as a profession, but also to the tribal nations, the four grantees, and the school districts most in need of American Indian educators.

2. Eligible Students

- In order for this program to be successful and effective, and in order to follow state definitions for pre-K through grade 12 students eligible for Indian Education services in the state of Minnesota, the definition of American Indian Student eligible to be a recipient of this grant is as follows:
- American Indian or Alaskan Native: Persons having origins in any of the original peoples of North America and maintain cultural identification through tribal affiliation or community recognition.
- As per statute 122A.63, and with the addition of contracting with tribal, technical, and community colleges, the following Indian people are eligible for scholarships
- A student, including a teacher aide employed by a district receiving a joint grant, who intends to become a teacher and who is enrolled in a postsecondary institution receiving a joint grant;
- A licensed employee of a district receiving joint grant, who is enrolled in a master of education program; and
- A student who, after applying for federal and state financial aid and an Indian scholarship according to section 136A.126, has financial needs that remain unmet. Financial need shall be determined according to the congressional methodology for needs determination or as otherwise set in federal law.

3. Grantee institutions should follow the budget allocation amounts:

- No less than 80 percent of the awarded grant shall be promoted as scholarships. The loan portion of the program will be eliminated.
- No more than 20 percent of the awarded grant shall be used in the recruitment and or administration of the scholarships.

4. Tiered Language for priority students and degrees eligible:

- Tribally enrolled.
- First and second generation descendency.
- Tiered Language for priority students:
- Tribally enrolled, first and second generation descendency (documented CIB)
- To pursue a AA, BA/BS, MA, PhD or EdD.

5. Eligible Programming

- For recruitment purposes, the four grantees and/or the sub-contracted tribal, technical, or community colleges shall agree to work with their respective institutions to hire an American Indian work-study student or other American Indian staff to conduct initial information queries and contact persons working in schools that may be interested in education as a profession. In addition, programming regarding education professions should be included in high school recruitment and efforts to find students.

Schools and school districts have been limited in their outreach due to imposed restrictions that have not included new initiatives in Tribal, community, and technical colleges as well as new educational reforms in the state of Minnesota, especially the new tiered-teacher licensure program.

Equity and Inclusion:

These changes will allow the MITTP grants to be better utilized in preparing American Indian teacher candidates. The changes will provide clear information and promote MITTP to substantially more potential education

students. This will build capacity for potential American Indian education students and will result in more American Indian students as potential educators in the field and in Minnesota. Culturally relevant promotion and retention for potential educators will provide better outcomes for program clients.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of American Indian licensed teachers	237	285	2010-2018

Statutory Change(s):

M.S. 122A.63

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Grants to Support Students Experiencing Homelessness

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	.2	.2	.2	.2

Recommendation:

The Governor recommends appropriating \$500,000 each year to provide grants to eligible school districts order to address the needs of students experiencing homelessness. Up to 5 percent of the appropriation will be used for MDE grant administration including providing technical assistance.

Rationale/Background:

Over 15,000 students experienced homelessness in Minnesota’s public charter schools and school, based on student enrollment data for the 2017-18 school year. These students attend 1,239 different school sites located in 312 different public charter schools and school districts across 76 of Minnesota’s 87 counties. Homelessness and housing instability present significant challenges for these students and their academic success. Attendance rates are lower for students experiencing homelessness: 89 percent compared to 96 percent for students not experiencing homelessness. Nearly all students experiencing homelessness qualify for free or reduced-price lunch and are nearly twice as likely to receive special education services.

Homeless and highly mobile students are more likely to be chronically absent, missing more than 10 percent of school days. Chronic absenteeism jeopardizes educational success. Only one in four homeless third-graders demonstrate reading proficiency, a rate that is 37 percent lower than their low-income but housed peers. Low reading proficiency in third grade correlates with significantly lower academic success in the future. About 75 percent of students experiencing homelessness don’t meet proficiency standards on state math and reading tests.

The McKinney-Vento Homeless Assistance Act (McKinney-Vento Act) (42 U.S.C. § 11431-11435) passed in 1987 and re-authorized in 2015, is federal legislation that ensures the educational rights and protections of children and youth experiencing homelessness. It requires all local educational agencies (LEAs) to provide “equal access to the same free, appropriate public education, including a public preschool education, as provided to other children and youths.” The McKinney-Vento Act also authorizes the funding for the federal Education for Homeless Children and Youths Program. In Minnesota, the grant currently supports 9,255 homeless youth with services such as tutoring, professional development, referral services, transportation assistance and other activities.

However, the federal funding does not completely meet the needs of districts. Most districts do more than what is required by federal law, by providing backpacks, school supplies and hygiene items; keeping schools open late so students have a safe place to study; hiring social workers to help families find housing and navigate services; contracting with food banks and other nonprofits so families have access to the necessities and providing extra tutoring and academic counseling to homeless students. To do so, they have to dip into their general funds and

other sources. Additionally, federal funds to Minnesota have been decreasing as other states experience faster growth in their concentration of students experiencing homelessness.

Providing expanded funds for eligible districts to fill the growing need will ensure equity and access to education for students experiencing homelessness.

Proposal:

This proposal would provide an additional 4,250 homeless students with services that are not being covered by federal funding provided by the McKinney-Vento Homeless Assistance Act. This proposal funds grants for schools and districts to provide increased school stability and academic success for students experiencing homelessness. Grants would be awarded to school districts with the highest count or concentration of students experiencing homelessness. In addition to grant funds, this proposal includes funding for MDE to administer the grant program including technical assistance, coordination with school improvement initiatives, competitive grants process administration, review of progress reports submitted by participating schools, and reporting on program progress.

Equity and Inclusion:

Homeless students are a population of underserved students. Homelessness disproportionately impacts students of color and American Indian students. Seventy-two percent of students facing homelessness are students of color. American Indian students are over-represented among students experiencing homelessness by a factor of 6.1. Black students are over-represented by a factor of 4.5. Homelessness also disproportionately impacts students with disabilities and lesbian, gay, bisexual, transgender, or questioning (LGBTQ) youth.

Results:

Students experiencing housing instability supported with grants	Students experiencing housing instability not supported with grants	Time Period
9255	4250	2016-2017 School Year

This proposal would increase the number of students experiencing housing instability who receive grant-funded supports.

Statutory Change(s):

N/A

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Grant Administration Account

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Special Revenue				
Expenditures	64	64	64	64
Transfer in (from 1000)	64	64	64	64
General Fund				
Transfer out (to 2001)	64	64	64	64
Expenditures	(64)	(64)	(64)	(64)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends that Minnesota Department of Education (MDE) cover their costs for grant administration through the transfer of up to 5 percent of each new grant appropriation in FY2020 and beyond to a special revenue account. This proposal also transfers \$64,000 per year that is currently authorized in law for grant administration, and gives MDE authority to transfer up to 5 percent of new grants to the new special revenue account.

Rationale/Background:

Grant programs assigned to MDE without funding for grant management costs have increased from \$13 million in 2012 to \$47.7 million in 2018. The trend in recent years has been to name specific grantees in law. While these types of grants do not have the same level of administrative responsibilities as competitive grants that require creating a request for proposal and evaluating applications, the fiduciary and other grant management responsibilities still remain including adherence to all state grant management policies.

Annual grant management activities include:

- Develop grant requirements.
- Conduct pre-award assessments.
- Work with grantees to collect and finalize work plans.
- Prepare and negotiate grant agreements.
- Set up grants in Statewide Integrated Financial Tools (SWIFT).
- Review budget revisions as appropriate.
- Review payment requests, process and pay invoices.
- At completion of grant, work with program staff to make sure all necessary reporting is completed – make final payment and close grant.
- Grant monitoring (site visits or desk reviews – one per grant if under \$50,000).

If the grant is for multiple years the following activities are added to the process:

- Work with program staff on continuation application.
- Review budget applications submitted by grantee.
- Amend contracts for the new fiscal year and set up budgets.

If the grant is over \$50,000, state grant management policy requires annual monitoring (either site visits or desk reviews).

Competitive grants or grant programs require more work up front including:

- Develop grant requirements.
- Prepare grant applications.
- Prepare and advertise the Request for Proposal (RFP). (The Minnesota Department of Administration has requirements around how and where to advertise RFPs.)
- Review grant applications. (The Minnesota Department of Administration has multiple requirements around what the review should entail including scoring, negotiating, and awarding.)

Proposal:

This proposal would allow MDE to transfer up to 5 percent of each new grant appropriation in FY2020 and beyond to an account in the special revenue fund. This proposal also transfers \$64,000 per year that is currently authorized in law for grant administration.

Results:

Goal: Minnesota will reach a **third grade reading** achievement rate of 90 percent, with no student group below 85 percent, by the year 2025.

2017 Baseline	Current Result (2018)	2025 Goal	Distance from Current Result to 2025 Goal
56.4%	55.6%	90%	34.4 percentage points

Goal: Minnesota will reach an **eighth grade math** achievement rate of 90 percent, with no student group below 85 percent, by the year 2025.

2017 Baseline	Current Result (2018)	2025 Goal	Distance from Current Result to 2025 Goal
57.5%	56.4%	90%	33.6 percentage points

Goal: Minnesota will reach a 95 percent **consistent attendance** rate, with no group below 90 percent, by the year 2020.

2016 Baseline	Current Result (2017)	2020 Goal	Distance from Current Result to 2020 Goal
86.7%	85.6%	95%	9.4 percentage points

Goal: Minnesota will reach a **four-year graduation** rate of 90 percent, with no group below 85 percent, by the year 2020.

2012 Baseline	Current Result (2017)	2020 Goal	Distance from Current Result to 2020 Goal
78.4%	82.7%	90%	7.3 percentage points

Statutory Change(s):

M.S. 119A.03

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Maltreatment Investigations Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund	406	288	288	288
Expenditures		0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	406	288	288	288
FTEs	2	2	2	2

Recommendation:

The Governor recommends increasing funding for the Minnesota Department of Education (MDE) Division of Compliance to investigate maltreatment allegations. The funds will be used to assess and respond to intake reports, conduct onsite investigations of alleged maltreatment, collaborate with the Minnesota Attorney General's Office, and train school administration, law enforcement, and state and local child welfare agencies to ensure compliance of relevant law.

The Governor also recommends amending the Maltreatment of Minors Act to allow MDE to investigate allegations of maltreatment of students ages 18-21.

Rationale/Background:

The state Reporting of Maltreatment of Minors Act gives MDE the authority to investigate reports of alleged maltreatment (physical abuse, sexual abuse, or neglect) of students under the age of 18, or refer cases to the Department of Human Services (DHS) in cases of abuse of a vulnerable adult. However, neither MDE nor DHS currently has the authority to investigate allegations of maltreatment of students ages 18-21 that do not meet the criteria of a vulnerable adult. As such, allegations of maltreatment involving general education students between the ages 18-21 that occur within a public school district or charter school are only being investigated by law enforcement, and only if it meets a criminal burden of proof standard. Recent news media coverage highlighted the current lack of jurisdiction for MDE to investigate allegations when a school employee sexually abused a student who was between the ages of 18-21. Giving MDE authority to investigate such matters will provide assistance in situations where there is an asymmetric power dynamic that does not fully reflect equitable interactions between adults.

MDE has experienced a steady increase in the number of intake reports received and allegations investigated over the past five years. This increase in reports is likely due to the media attention related to and societal expectations around investigating allegations of abuse, specifically sexual abuse matters. MDE currently receives and assesses more than 1,000 reports per year and conducts onsite investigations involving an average of 275 allegations of maltreatment of children in the public school system. The team at MDE assesses and screens all reports of alleged maltreatment; conducts onsite investigations, trainings, and technical assistance; responds to data requests; updates and maintains a program database. Each team member maintains an average caseload of 65 cases per year, and are also responsible for oversight of corresponding programs and initiatives such as the implementation of Minnesota's Olmstead Plan as it relates to abuse and neglect of students with disabilities, test security investigations, and assuring districts are in compliance with maintaining harassment and violence policies.

Proposal:

This proposal increases MDE's responsibilities to investigate reports of student maltreatment by extending the existing age of the alleged victim to include any student between the ages of 18-21, who is enrolled in a public school that does not fall under the criteria of a vulnerable adult. This proposal includes two new FTE at MDE to handle the increase in reports received and cases needing to be investigated as a result of this law change, which is estimated to be 40 to 50 new reports during the first year of enactment with the potential to expand to more than 100 reports each year thereafter. Additionally, the new FTEs are expected to conduct a minimum of 20 to 30 new onsite investigations during the first year of enactment, with the potential to expand to more than 50 investigations each year after.

To achieve this proposed amendment, MDE would need to work with the following external partners; MNIT, Department of Human Services (DHS), Data Practice Office (DPO), local law enforcement agencies, school district administration, and local welfare agencies. This proposal includes funding for MDE to provide training so agencies can be compliant with the proposed changes in law and to minimize duplicate agency efforts in conducting maltreatment investigations of vulnerable adults. This includes ensuring compliance with data practice standards, and educating state and local entities on MDE's jurisdiction, authority and procedures. Additionally, multiple training curricula will need to be developed via a web-based system to ensure mandated reporter requirements.

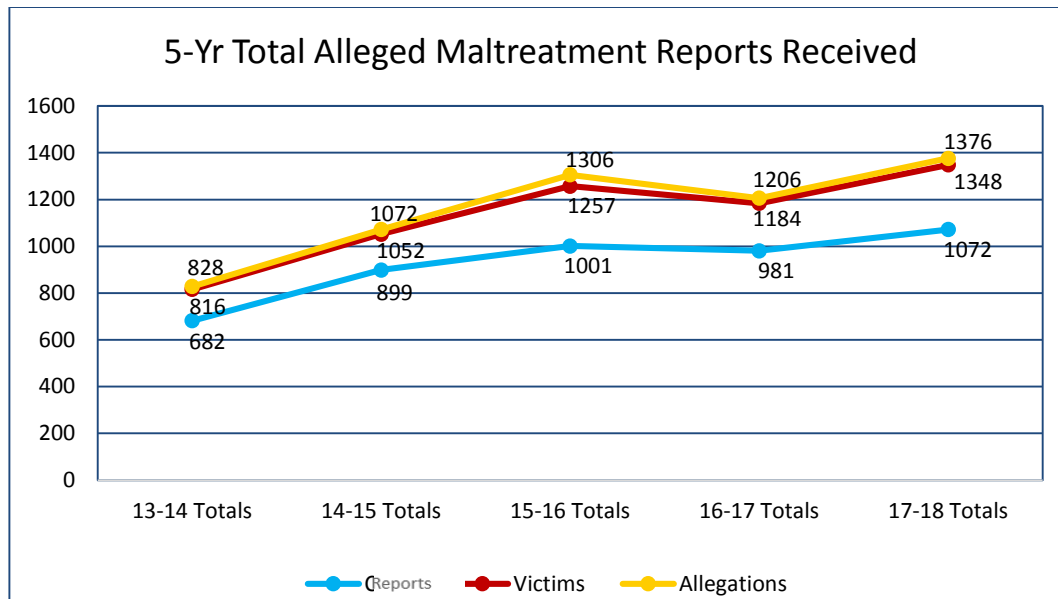
Equity and Inclusion:

- Students between the ages of 18-21 who are currently enrolled in the public school system will be afforded the same protection and rights in relation to investigations of alleged maltreatment within the public school district as is already established and provided to students 17 years of age or younger.
- Increased protection and rights for students between the ages of 18-21 from incidents of physical abuse, sexual abuse and neglect.

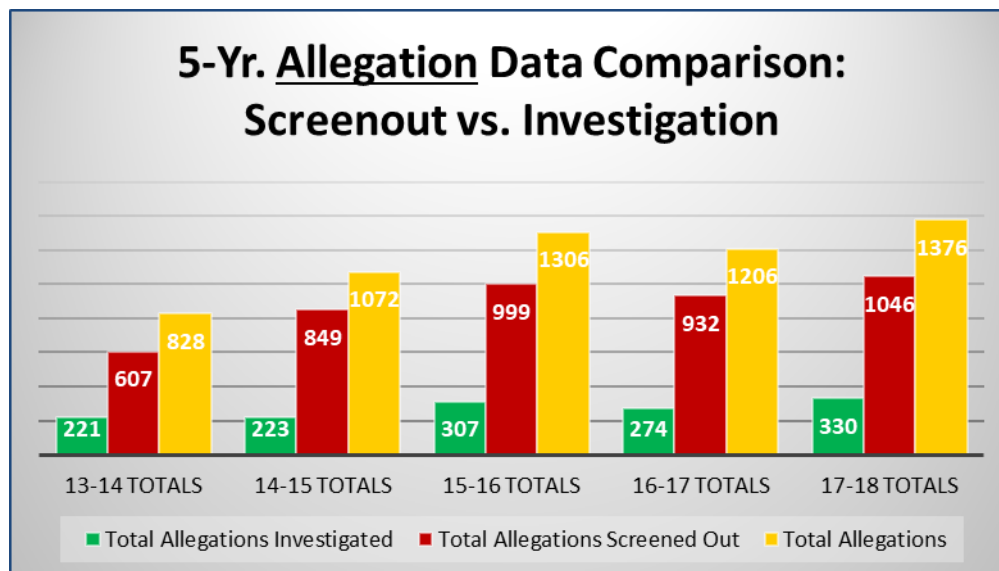
IT Related Proposals:

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts	126					
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	126					
MNIT FTEs						
Agency FTEs						

Results:



Average Reports Increase Per Year: 78, Average Victim Increase Per Year: 106.4, Average Allegation Increase Per Year: 109.4



Allegations Investigated	13-14 Totals	14-15 Totals	15-16 Totals	16-17 Totals	17-18 Totals
% Investigated	27%	21%	24%	23%	24%
5-Yr Average					24%

Statutory Change(s):

M.S. 626.556

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: School Safety Revenue

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	5,769	11,791	12,109	12,081
Revenues	0	(200)	(210)	(250)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,769	11,991	12,319	12,331
FTEs	0	0	0	0

Recommendation:

The Governor recommends providing Minnesota school districts and charter schools with additional revenue to improve student and school security. Funds may be used for building security improvements or to hire more school resource officers, counselors, or other student support staff. This recommendation provides one-time state aid to districts and charter schools equal to \$5 per pupil in fiscal year (FY) 2020. In FY 2021 and beyond this proposal will: 1) increase the Safe Schools Levy allowance from \$36 per pupil to \$50 per pupil and create a minimum revenue amount of \$20,834 per school district; 2) equalize the levy to allow districts with low property tax capacity access to this revenue; and 3) provide charter schools with \$14 per pupil in Safe Schools Aid. The Governor also recommends amending the allowable uses under the school levy to include professional development such as restorative practices, social-emotional learning, and other evidence-based practices.

This proposal seeks an allocation of \$17.8 million for the FY 2020-21 biennium and \$24.7 million for the FY 2022-23 biennium, including the cost of interactions with the property tax refund program, state individual and corporate income taxes, and the continuation of the 4,000 expiring seats for the voluntary pre-kindergarten/school readiness plus program. In addition, the safe schools levy would increase by \$5.4 million for taxes payable in 2020 and \$5.6 million for taxes payable in 2021 and later.

Rationale/Background:

Under current law a district may levy up to \$36 per adjusted pupil unit to directly fund the following purposes or reimburse cities and counties who contract with the district for these purposes:

1. to pay the costs incurred for the salaries, benefits and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;
2. to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;
3. to pay the costs for a gang resistance education training curriculum in the district's schools;
4. to pay the costs for security in the district's schools and on school property;
5. to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district;
6. to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems;
7. to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

8. to pay for costs associated with improving the school climate; or
9. to pay costs for co-locating and collaborating with mental health professionals who are not district employees or contractors.

A school district that is a member of an intermediate school district may levy an additional amount up to \$15 per adjusted pupil unit for intermediate school district programs.

The levy is not equalized by the state. Most districts levy the maximum amount, but a few districts, including those with the lowest tax base per pupil, do not levy or levy less than the maximum due to low tax capacity.

The levy formula has been increased periodically and the uses of the revenue have been broadened over time. Prior to 2001, the levy was called the crime levy, and a per capita formula was used (\$1.50 per capita from taxes payable in 1998 – 2001 and \$1 per capita before that). For taxes payable in 2001 and 2002, the rate was \$11 per pupil unit. Beginning with taxes payable in 2003, the rate was increased to \$30 per pupil unit, and beginning with taxes payable in 2014, the rate was increased to \$36 per pupil unit (\$4 of this increase was new revenue, and \$2 was to adjust for a pupil unit weighting change).

With the increase in the number of school shootings and other violence in schools in recent years, there is growing recognition of the need to significantly increase funding for student and staff safety, both for building security improvements and for more school resource officers, counselors, or other student support staff, and to extend the funding to schools that are currently excluded. To ensure that districts with little or no tax base are able to access safe schools revenue, and to provide greater equity in the tax burdens between districts with low tax base per student and districts with higher tax base per student, state aid should be provided to equalize the levy. Finally, the authority for cooperative units to access safe schools revenue should be extended from intermediate districts only to all cooperative units enrolling students.

Proposal:

For FY 2020:

- Increase the safe schools revenue allowance for school districts from \$36 to \$41, a \$5 increase, with a minimum revenue of \$17,083 per district, and provide \$5 per student for charter schools. Since the levy for FY 2020 has already been made, provide the increase all from state aid; and
- Increase the safe schools revenue allowance for intermediate districts from \$15 to \$17.08 per member district pupil unit, a \$2.08 increase, and provide \$2.08 per student for other cooperative units enrolling students. Since the levy for FY 2020 has already been made, provide the \$2.08 increase all from state aid.
- Amend the allowable uses under item (8) school climate in the school safety levy to include professional development such as restorative practices, social-emotional learning, and other evidence-based practices.

For FY 2021 and later:

- Increase the current safe schools revenue allowance for school districts from \$36 to \$50, a \$14 increase, with a minimum revenue of \$20,834 per district, and provide \$14 per student for charter schools;
- Increase the current safe schools revenue allowance for intermediate districts from \$15 to \$20.83 per member district pupil unit, a \$5.83 increase, and provide \$5.83 per student for other cooperative units enrolling students;
- Equalize the levy for school districts and the levy made by member districts of cooperatives, including intermediate districts, using an equalizing factor equal to 110 percent of the state average Adjusted Net Tax Capacity (ANTC) per pupil unit excluding 50 percent of Class 2a agricultural property valuation. This is the same measure currently used for Long Term Facilities Maintenance Revenue (LTFM), except that the equalizing factor for LTFM is 123 percent of the state average ag-modified ANTC per pupil.

For FY 2020 and later:

- Clarify that the equipment bonding under Minnesota Statute, section 123B.61 may be used for the purchase of equipment related to violence prevention and facility security, and increase the maximum amount of the annual debt service levy for facilities and equipment bonds by the amount of a district's safe schools revenue.

Because this proposal raises levy allowances, property taxes on all property will increase. Increased property taxes will result in higher homeowner property tax refunds, which are additional costs to the state general fund. The growth in property taxes will also increase income tax deductions, which reduces revenues to the state general fund.

Equity and Inclusion:

This proposal will support all students in Minnesota public schools, particularly students in charter schools, cooperatives other than intermediates, and students in low tax base school districts. Charter schools and cooperatives other than intermediates are currently excluded from eligibility for safe schools revenue; in this proposal they would be included in the program and would receive the same increase as school districts and intermediate districts, respectively. Districts with little or no tax base (e.g., Red Lake, Nett Lake), which have been effectively excluded from the program due to inability to make a tax levy, will be able to raise the same revenue per student as other districts with most of the revenue funded by the state. Districts with relatively low tax base per student will receive equalization aid to reduce disparities in the tax rate needed to raise the same safe schools revenue per student as other districts.

Results:

School districts and cooperatives will receive a much-needed boost in safe schools revenue, which can be used for building security improvements or to hire more school resource officers, counselors, or other student support staff.

Statutory Change(s):

M.S. 126C.44

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: IT Program and Data Integration

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	822	822	822	822
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	822	822	822	822
FTEs	1	1	1	1

Recommendation:

The Governor recommends funding for program and data integration that will improve data systems and reports for stakeholders, including the Minnesota Department of Education (MDE) program areas, research, and data analysis.

Rationale/Background:

As a result of the 2016 Minnesota legislative session, MDE is required to report graduation rates, results of the Minnesota Comprehensive Assessments (MCAs), and more, by detailed ethnicity for students of color and American Indian students. This legislation is referred to as the “All Kids Count Act,” and the more detailed reporting is called data disaggregation. Read the full text of the legislation: Minnesota Statutes, sections [120B.31 subd. 3a](#) and [120B.35 subd. 3](#).

Shortly after this legislation was passed in 2016, MDE applied for and was awarded a five-year federal grant to fund the development of a data collection system to collect complete and accurate detailed demographic information. In 2017, MNIT @ Education conducted a feasibility study examining the options and necessary enhancements related to data submission in an effort to streamline the process. More information can be found in Appendix A of the February 2018 legislative report for [Data Disaggregation](#).

As a result of the feasibility study MDE and MNIT @ Education have determined the best long-term solution for the state and for the collection of detailed demographics is to utilize [Ed-Fi](#), a data standard that is used in other states and districts across the country. The Ed-Fi protocol allows for real time data transfers that are automated using a secure system and practices. This is an effort to not only provide information in real time but also to reduce the errors that may be introduced by human interaction during the current submission processes.

MDE and MNIT have been working with the Ed-Fi Alliance during the initial phase of implementation of [Ed-Fi](#). Though each state’s implementation of Ed-Fi is unique, the Ed-Fi Alliance provides some background and success stories from various perspectives at [Ed-fi.org-benefits](#).

Currently districts utilize a manual upload process to submit student enrollment information to MDE. MDE then uses the submitted information to provide payments to schools and districts. Utilizing Ed-Fi will allow for real time, automated data transfers that will reduce time and staff pressures on school districts. It will also allow data systems that do not currently interface with each other to do so. For example, if the Minnesota Common Course

Catalog and Minnesota Automated Reporting Student System (MARSS) could interface, the state would have better information about what demographic groups have access to a well-rounded education.

Proposal:

This proposal would create a new program to sustain the initial implementation of data disaggregation and Ed-Fi with five partner districts, which is funded via a federal grant. Initial implementation is currently ongoing with statewide implementation of data disaggregation and Ed-Fi in MARSS is expected to occur during the 2019-2020 school year. These funds will provide MDE and MN.IT resources to integrate data submissions and systems across more programs within MDE in effort to streamline collection efforts, to increase efficiency for districts, and to take advantage of the increased data reporting capabilities initially made possible through the federal grant.

Equity and Inclusion:

Additional programs implementing Ed-Fi will allow for more efficient disaggregation of data by student groups as well as new reports which would provide disaggregation of data by student groups. The particular groups and reports will vary somewhat by data type, but some examples include:

- The need for collecting more detailed groups, which lead to the adoption of Ed-Fi, was the result of legislation intended to better identify disparities in opportunities and results for various racial and ethnic groups. Disaggregation of test results for the seven major federal racial and ethnic groups (American Indian, Asian, black, Hispanic, Native Hawaiian and Pacific Islander, white, and two or more races) and for the additional ethnic groups required in state law (e.g. disaggregating Karen, Hmong, etc., within the larger Asian group). Those services and supports to districts must continue.
- Including other program areas in Ed-Fi will allow greater and improved data analysis – including rigorous course taking patterns or early learning enrollment for the various detailed demographic groups.
- The funding should be ongoing until all Minnesota program areas' data collection efforts are fully transitioned to Ed-Fi.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll	678	678	678	678		
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	678	678	678	678	678	678
MNIT FTEs	4.3	4.3	4.3	4.3	4.3	4.3

This data reflects staff needed to support current programs and bring additional programs onto Ed-Fi 3.0.

Results:

Goal: Minnesota will reach a **third grade reading** achievement rate of 90 percent, with no student group below 85 percent, by the year 2025.

2017 Baseline	Current Result (2018)	2025 Goal	Distance from Current Result to 2025 Goal
56.4%	55.6%	90%	34.4 percentage points

Goal: Minnesota will reach an **eighth grade math** achievement rate of 90 percent, with no student group below 85 percent, by the year 2025.

2017 Baseline	Current Result (2018)	2025 Goal	Distance from Current Result to 2025 Goal
57.5%	56.4%	90%	33.6 percentage points

Goal: Minnesota will reach a 95 percent **consistent attendance** rate, with no group below 90 percent, by the year 2020.

2016 Baseline	Current Result (2017)	2020 Goal	Distance from Current Result to 2020 Goal
86.7%	85.6%	95%	9.4 percentage points

Goal: Minnesota will reach a **four-year graduation** rate of 90 percent, with no group below 85 percent, by the year 2020.

2012 Baseline	Current Result (2017)	2020 Goal	Distance from Current Result to 2020 Goal
78.4%	82.7%	90%	7.3 percentage points

Statutory Change(s):

N/A

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Turnaround Arts Schools

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	140	140	140	140
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	140	140	140	140
FTEs	1	1	1	1

Recommendation:

The Governor recommends funding to support Turnaround Arts Schools. This is a new initiative for MDE, but was previously funded at the Perpich Center for the Arts who provided services to Turnaround Arts Schools since 2014. The position will support the six Turnaround Arts schools through professional development and school change technical assistance.

Rationale/Background:

The John F. Kennedy Center for the Performing Arts – Turnaround Arts Program was started by the President's Committee on the Arts and the Humanities in 2011. The national program office provides local Turnaround Arts programs with arts education in-kind materials, advisement and coaching, program methodologies, a national program evaluation and resulting data, training, peer-to-peer learning structures, and limited funding. The Perpich Center has been the regional partner for the Turnaround Arts sites but chose to not renew the program. MDE would need funding to hire a regional staff position, who engage directly in supporting schools as required by the Kennedy Center. Staff work exclusively in high-need schools. In Minnesota, these are schools in need of support as defined in our federal Every Student Succeeds Act (ESSA) plan. Eight schools were chosen for the original national pilot; the program has expanded to 84 schools in 17 states and the District of Columbia. There are six schools in Minnesota currently. Turnaround Arts schools have almost exclusively served students in grades K-8.

The six schools, their locations, and the year they began in the initiative are as follows:

1. Bethune Community School, Minneapolis (2014)
2. Cityview Elementary School, Minneapolis (2016)
3. Stonebridge World Charter School, Minneapolis (2016)
4. Northside Elementary, St. James in southwest MN (2014)
5. Red Lake Middle School, Red Lake Reservation in northwest MN (2014)
6. Riverside Central Elementary School, Rochester in southern MN (2016)

Serving nearly 3,000 students, these schools have diverse student populations in both urban and rural settings. For example, 100 percent of Red Lake Middle School's students are Native American; Northside Elementary in rural St. James is about half white and half Hispanic students; and Bethune and Cityview Schools in North Minneapolis have a majority of African American students. More than half of the students at all six schools are eligible for free or reduced-price meals and, in four of the schools, 90 percent or more of students are eligible. Letters from the schools are available.

Proposal:

This proposal provides funding to support Turnaround Arts Schools. This is a new initiative for MDE, but was previously funded by the legislature through the Perpich Center for the Arts. The position will support the schools through professional development and school change technical assistance.

Equity and Inclusion:

The goal of this work is to have increased student arts access and academic achievement through improving tools for teachers and administrators. This program builds capacity at low income schools to promote student success through arts integration and improved school culture, climate, and family engagement.

The importance of achieving these objectives cannot be overstated for Turnaround Arts schools' students, families, and communities. The targeted student group for this project are high-need students attending schools where 20 percent or more of students are eligible for free and reduced-price lunch (FRL).

Results:

Schools that serve this target group that have been involved in Turnaround Arts have demonstrated increased academic achievement, increased student and family engagement, and improved school climate. In the first eight Turnaround Arts schools in the nation, math proficiency increased an average of 22.5 percent and reading proficiency increased an average of 12.6 percent from 2011-2014. Compared to similar schools in need of support, these first Turnaround Arts schools improved 6.3 percent more in math and reading (Stoelinga, 2014).

Statutory Change(s):

N/A

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Data Analytics

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	222	226	226	226
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	222	226	226	226
FTEs	1.4	1.4	1.4	1.4

Recommendation:

The Governor recommends \$222,000 in FY 2020, and \$226,000 each year thereafter to fund data analytics activities at the Minnesota Department of Education (MDE), including program evaluation, research, and data analysis.

Rationale/Background:

There is a continued emphasis on data-driven decision-making to improve student learning. The MDE Data Analytics team was created in 2012 to support educators, state programs, legislators and stakeholders in their understanding, analyzing, and interpretation of education data. This team also provides a key role in program evaluation, research, data analysis, and training at a local level. Enhanced data analytics allows decision-makers to set better goals, make policy decisions, and improve teaching and learning in the classroom.

While the number of requests have increased over the years, this team has worked to improve the timeliness of responses and technical support to Minnesota districts and charter schools. However, some Data Analytics staff are currently funded through a federal grant, which will expire in September 2019. Without a new funding source, these staff would no longer be able to provide the current level of service, which will result in delays in fulfilling public data requests and support to local decision-makers who rely on MDE-provided reports.

Proposal:

The Governor recommends increased funding for MDE's Data Analytics team. The funds will support staff who conduct the following activities:

- Report Interpretation: This work includes training to school and district personnel in an effort to increase appropriate and effective use of the data provided; and outreach to families and other stakeholders. This includes collaboration with other state agencies.
- Data Requests: This work includes responding to public data requests, which come from a variety of stakeholders including the public, other state agencies, and the legislature.
- Administrative or programmatic capacity: This work includes coordinating the Minnesota Statewide Longitudinal Education Data System (SLEDs) and the Early Childhood Longitudinal Data System (ECLS) by providing programmatic capacity; and providing professional development and outreach to teachers and district staff. This is consistent with a recommendation from the 2017 OLA report. [Minnesota Office of the Legislative Auditor-Standardized Student Testing](#)

Results:

Without the assistance of existing staff with dedicated funding, the ability for schools/districts and stakeholders to effectively and correctly interpret the state's and local school's/district's progress in achieving our goals for all students.

Goal: Minnesota will reach a **third grade reading** achievement rate of 90 percent, with no student group below 85 percent, by the year 2025.

2017 Baseline	Current Result (2018)	2025 Goal	Distance from Current Result to 2025 Goal
56.4%	55.6%	90%	34.4 percentage points

Goal: Minnesota will reach an **eighth grade math** achievement rate of 90 percent, with no student group below 85 percent, by the year 2025.

2017 Baseline	Current Result (2018)	2025 Goal	Distance from Current Result to 2025 Goal
57.5%	56.4%	90%	33.6 percentage points

Goal: Minnesota will reach a 95 percent **consistent attendance** rate, with no group below 90 percent, by the year 2020.

2016 Baseline	Current Result (2017)	2020 Goal	Distance from Current Result to 2020 Goal
86.7%	85.6%	95%	9.4 percentage points

Goal: Minnesota will reach a **four-year graduation** rate of 90 percent, with no group below 85 percent, by the year 2020.

2012 Baseline	Current Result (2017)	2020 Goal	Distance from Current Result to 2020 Goal
78.4%	82.7%	90%	7.3 percentage points

Statutory Change(s):

NA

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Regional Centers Expansion

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,000	2,000	2,000	2,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	2,000	2,000	2,000
FTEs	2.0	2.0	2.0	2.0

Recommendation:

The Governor recommends that Minnesota invest in supporting children in schools and districts identified under Minnesota's Every Student Succeeds Act (ESSA) plan and World's Best Workforce (WBWF) by expanding the capacity of Minnesota's Regional Centers of Excellence (RCEs). This investment of an additional \$1 million in FY20 and \$2.0 million each year after that, will allow the RCEs to provide on the ground coaching, training, consulting and other assistance to all identified district and school leadership teams so that they build a strong and sustainable infrastructure to implement strategic plans and research-based practices that lead to improved outcomes for children.

Rationale/Background:

Under ESSA, Minnesota is required to identify its chronically underperforming schools and to support their improvement. Schools are identified based on academic achievement in math and reading, student progress in increasing proficiency levels, English learners' progress toward English language proficiency, graduation rates, and consistent attendance. Individual student group performance in these indicators is also a focus of the accountability system.

Minnesota has already planned and implemented a coordinated regional approach to supporting schools with intensive onsite technical assistance through RCEs. However, current state funding of \$1 million a year does not support the staffing to provide the on-site intensive assistance needed in order to build the capacity at the school and district levels under new federal ESSA requirements and aligned with WBWF requirements. Under the new accountability requirements in ESSA, Minnesota has identified an increased number of schools for support. Under WBWF, districts not making progress towards WBWF goals will be identified for support, and Regional Center staff—already deployed to assist districts with underperforming schools—could be leveraged more in WBWF planning and supports. In order to sustain the needed levels of intensive support for an expanding number of schools and to add WBWF supports at the district level, the centers staffs need to expand accordingly.

Proposal:

This proposal seeks to expand the existing statewide system of support for schools offered by Minnesota's Regional Centers of Excellence (RCEs). RCEs are primarily funded with Title I federal funds (\$10.9 million), as well as \$1 million in state funding and about \$500,000 in Title II funding, to provide needed supports for schools identified under federal ESSA requirements and for districts identified under state WBWF requirements.

This funding provides more intensive supports for schools identified for “Comprehensive Support,” defined as 5 percent of Title I schools identified based on student achievement, or high schools with four-year graduation rates below 67 percent for any individual student group. This includes 47 schools and 147 high schools.

This proposal will allow Regional Centers to provide the same level of support to schools identified for “Targeted Support,” defined as any school (versus any Title I school) where any student group performs at or below Comprehensive Support schools for at least one indicator in each stage. This includes 157 schools that may need to focus on a single student group, or may need support on just some of the measures.

Funds would expand the services in the six Regional Centers in Marshall, Rochester, Sartell, Fergus Falls, Thief River Falls, and Mountain Iron. Center specialists work onsite to provide direct assistance to schools. Each staff member has a specialist area they support, and through this expansion, RCEs will be able to add additional specialists in school climate, early learning, and family and community engagement.

The proposal would also add 2 FTEs at MDE to direct and coordinate RCEs activities, and provide administrative support.

Equity and Inclusion:

Both the state WBWF goals and federal ESSA requirements are intentionally established to ensure *all* students are meaningfully included, and this proposal is aimed at supporting districts and schools in ensuring all students are given opportunities to succeed from prekindergarten through the workforce and postsecondary. The third WBWF goal is explicitly about eliminating disparities in achievement between student groups.

Under ESSA, Minnesota was a nationwide leader in ensuring that each student group (including racial groups, English learners, special education students, students receiving free or reduced-price lunch) is considered equally among the indicators. A school can be identified for support if one student group performs at or below Comprehensive Support schools.

As Minnesota conducted robust stakeholder engagement efforts around the design of Minnesota’s consolidated ESSA plan, we heard from a variety of communities (including communities of color, advocates for English learners and special education students), that schools need support to do this work and that a regional approach that empowers local districts and schools to lead school improvement works far better than a “top down” or “one size fits all” approach. In particular, we heard from representatives of our greater Minnesota or rural communities how much they value having support from experts that live and work their communities rather than those who live in the cities and may not fully understand the context of rural schools.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of 3 rd grade students proficient in reading	57%	57%	2013-2018
Results	Graduation rates	78%	82%	2012-2016
Results	Percentage of high school graduates enrolled in college in Minnesota who require developmental courses within two years of high school graduation	29%	20%	2007-2016

Table 1: * Targets get progressively harder to meet, hence the decrease in the percent

Regional Centers of Excellence Results

Type of Measure	Name of Measure	Previous	Current	Dates**
Quantity	Hours of direct support to schools identified for improvement	N/A	64,956 to 75 schools	2014-2018
Quality	Percent of school leadership teams that agreed that <ul style="list-style-type: none"> Center staff has enhanced the school's Continuous Improvement process Center staff has introduced new ideas to the school's Continuous Improvement process Are satisfied with Center support person 	85%	>90%	2015-2018
Results	Percentage of supported schools that had a school leadership team that functioned at the "Developing" or Succeeding" on the School Leadership Team Rubric	65.7%	68.3%	2016-2018
Results	Percentage of Students Proficient in Math in Priority and Focus Schools	35.69%	35.87%	2014-2018
Results	Percentage of Students Proficient in Reading in Priority and Focus Schools	34.52%	38.32%	2014-2018

Statutory Change(s):

N/A

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Legal Costs

Fiscal Impact (\$000s)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
General Fund					
Expenditures	(2,000)	4,700	0	0	0
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(2,000)	4,700	0	0	0
FTEs (Maintain)	0	0	0	0	0

Recommendation:

The Governor recommends \$4.7 million in FY 2020 to fund legal support costs associated with Attorney General activities and other direct court costs. It is anticipated the Minnesota Department of Education's legal support costs will increase during the next biennium due to two large lawsuits.

Rationale/Background:

MDE is a defendant in two cases that have the potential to establish landmark rulings in the State of Minnesota. During the 2017 legislative session, \$4 million of one-time funds were provided for fiscal years 2018-19 in anticipation of the two major lawsuits. Although MDE estimates \$2 million of this appropriation will cancel on June 30, 2019, these lawsuits remain in progress. These lawsuits will bring additional costs for discovery and experts, court fees, mediation services, and potential trial costs. The timeline of the lawsuits and the total amount of legal costs are uncertain and difficult to estimate.

Proposal:

This proposal would cancel \$2 million in FY 19, and appropriate \$4.7 million one-time in FY 20 to MDE for legal support costs associated with Attorney General activities and other costs related to defending and mediating lawsuits. Funds would be available for both years of the biennium, FY 2020 and FY 2021.

If this proposal is not funded, all legal costs would need to be paid from general fund operating funds, impacting the agency's ability to support schools, teachers, and students. This proposal would enable MDE to maintain approximately 16 FTEs and impacts the Attorney General's office ability to budget and plan to provide adequate legal services.

Statutory Change(s):

N/A

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Early Learning Scholarship Special Revenue Fund

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(70,709)	(70,709)	(70,709)	(70,709)
Revenues (transfer out)	70,709	70,709	70,709	70,709
Special Revenue				
Expenditures	70,709	70,709	70,709	70,709
Revenues (transfer in)	70,709	70,709	70,709	70,709
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends that the Early Learning Scholarship appropriation be transferred to an account in the special revenue fund so that more early learning scholarships may be awarded to students and families.

Rationale/Background:

Early learning scholarships are awarded to 3- and 4-year-old children with the highest needs to improve school readiness. Scholarships are awarded in one of two ways: either directly to families or through Four-Star Parent Aware Rated programs. These awards follow statutory grant program funding, which allows a family 12 additional months after the close of a fiscal year to use their scholarship. If a family does not spend all of their award, the remaining balance is returned. Neither the regional administrator nor the Minnesota Department of Education (MDE) has the legal authority to reallocate those funds to another family on the waitlist after the fiscal year has closed. In 2017, \$8.5 million canceled from the Early Childhood Scholarships program. Despite improvements in forecasting, it is not possible to avoid all cancellations as families may gain or lose funding eligibility within the child's scholarship year.

By transferring scholarship money to the special revenue fund, funds would carryforward at the end of each fiscal year and be available until spent. This would give MDE the legal authority to reallocate returned funds, which would reduce this program's almost 1,700-student waitlist.

Proposal:

The Governor recommends that the Early Learning Scholarship funds be transferred to the special revenue fund. Maximize available. To ensure scholarships continue to be awarded and paid in a timely manner, MDE would make the following changes to the award timeline:

- Regional Administrators and Pathway II programs would have 12 months to award a scholarship to a child.
- The child would have 12 months to receive services and charge the scholarship from the award date.
- Regional administrators and Pathway II programs would have 105 days to invoice or make adjustments from the date of service.
- MDE would identify funds not awarded within 12 months and work with regional administrators on a plan for awarding the next twelve months or reallocating the money to another program that has a waiting list. This would give the new program time to award to children and meet the award and payment schedule outlined above.

Transferring the Early Learning Scholarship appropriation to an account in the special revenue fund would simplify the payment system for the scholarship program, improve MDE's program management and oversight

capabilities, and ensure MDE can meet the commitments of these children for the full 12-month period of their scholarship.

Equity and Inclusion:

Early Learning Scholarships increase access to high-quality early childhood programs for 3- and 4-year-old children with the highest needs to improve school readiness for all young children. Scholarships provide support for children to attend a high-quality early learning program as rated through Parent Aware, Minnesota's quality rating and improvement system. Priority for scholarships are given based on family income and child poverty, and to children birth to age 2 if they meet one or more of the following criteria: child of a teen parent; currently in foster care; in need of child protective services; or experienced homelessness in the last 24 months.

Results:

MDE tracks the distribution of scholarship across Minnesota to ensure an equitable geographic distribution. As the primary goal of early learning scholarships is to improve access to high-quality early learning programs for children at most risk of not being school ready by kindergarten, further tracking is done by child's age, child's race and ethnicity and child's language. MDE, along with their partners and grantees, review the data to develop improved outreach and collaborations to improve access to high-quality programs through scholarship awards. Early learning scholarships serve a diverse population.

In FY 2017, for those children reported, Pathway I scholarships were awarded to children speaking 33 languages other than English in their home, or 15.2 percent of awards. Pathway II scholarships reached even more children from diverse back grounds with 49 languages other than English, 22.7 percent of awards. While 14.9 percent of families chose not to provide race and ethnicity data, 46.6 percent of children were identified as children of color, compared to data from the 2013 American Community Survey, which identified a non-white child population under age 5 of 25 percent.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Quantity	Number of children receiving a scholarship	509	5,869	8,225	11,219	15,079

Statutory Change(s):

M.S. 124D.165, subdivision 3

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Board of School Administrators Maintain Funding Structure in FY 2020

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	232	232	232	232
Revenues	260	260	260	260
Other Funds				
Expenditures	(232)	(232)	(232)	(232)
Revenues	(232)	(232)	(232)	(232)
Net Fiscal Impact = (Expenditures – Revenues)	28	28	28	28
FTEs	0	0	0	0

Recommendation:

The Governor recommends maintaining the current funding structure for the Board of School Administrators (BOSA) by appropriating their operating budget from the general fund and depositing all school administrator licensure fees to the general fund. This recommendation brings both the receipts and appropriation to support BOSA back to the general fund to simplify and ensure consistent funding for the agency.

Rationale/Background:

Beginning in FY 2020, BOSA's funding structure will change so that licensure fee revenue is deposited into and operating dollars are appropriated out of the Educator Licensure account in the special revenue fund. Currently, BOSA is general fund appropriated and all licensing fees for school administrators are paid to the general fund. Changing BOSA's funding stream poses many administrative challenges. Historically, the board has not consistently collected enough receipts in a fiscal year to fully fund their operating budget. In addition, the board does not receive the majority of their fee revenue until November of each year. This will result in the board relying on cash flow assistance at the start of every fiscal year so that they may continue to support their operations. This recommendation brings both the receipts and appropriation to support BOSA back to the general fund to simplify and ensure consistent funding for the board.

Proposal:

The Governor recommends striking statutory language, which appropriates BOSA's operating funds from the Educator Licensure account in the special revenue fund starting in FY 2020. BOSA would instead remain appropriated entirely out of the general fund, and would continue to deposit licensure fees into the general fund.

Results:

This proposal is intended to ensure consistent funding for the board so they are able to provide current levels of service more effectively.

Statutory Change(s):

M.S. 122A.14; M.S. 122A.175; M.S. 122A.18; M.S. 122A.21

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Board of School Administrators Operating and Revenue Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	170	115	115	115
Revenues	115	115	115	115
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	55	0	0	0
FTEs	1	1	1	1

Recommendation:

The Governor recommends increasing the operating budget for the Board of School Administrators (BOSA) by \$170,000 in FY 2020, and by \$115,000 each year thereafter. This additional funding will go to support increased ethical inquiries; more rigorous review of continuing credit requests; data collection and analysis; the design, build and maintenance of a new automated licensure fee collection system, and miscellaneous operating expenses.

The Governor also recommends increasing the annual fee from \$75 to \$100 for active administrators, and from \$32.50 to \$50 for inactive members. This will generate an additional \$87,000 a year in fee revenue.

Rationale/Background:

The Board of School Administrators was created by the state legislature in 2001 to enforce standards, approve university preparation programs and alternative pathways for administrators, establish rules on continuing education and professional development, and adopt and implement a rigorous code of ethics. BOSA is staffed by two employees who must manage an increasing number of ethical inquiries; more rigorous review of continuing credit requests; and data collection and analysis.

With additional resources, BOSA could:

- Process additional ethical inquiries, which vary in complexity and administrative time to resolve. In FY 2018, the board processed 121 ethical inquiries, an increase of 29 percent since FY 2016.
- More thoroughly review clock hours, attendance, and program standards and goals for accuracy, quality and effectiveness. Currently, BOSA is required to review and approve continuing education clock hours. Administrators are required to obtain 125 clock hours over a five-year period. BOSA has limited capacity to review all clock hours.
- Gather and analyze data to give policymakers more accurate and timely data with meaningful measurements and assessments of licensure and preparation programs.
- expedite processing of 45 variance requests a year, the 566 new administrative licenses every year, the 2,000 license renewals, most of which must be accelerated to meet the emergency needs of the school districts.
- Cover unplanned, mandated costs such as legal expenses or other expenses involving when employees get sick or retire, and allow for additional operating expenditures related to conducting board meetings such as travel reimbursements and meals for board members.

Proposal:

The Governor recommends increasing BOSA's operating appropriation as follows:

- \$80,000 each year to hire one Office Administrative Assistant Intermediate.
- \$21,000 each year for mandatory, unplanned expenses such as contract settlements, employee retirements, and court costs associated with discipline cases before an administrative law judge.
- \$69,000 in FY 2020 to create a new automated fee collection system; and \$14,000 each year thereafter to maintain the system.

The Governor also recommends increasing the annual fee for active administrative license holders from \$75 a year to \$100. The annual fee for inactive license holders would increase from \$32.50 to \$50 a year. This fee was set by the legislature in 2002 and has not increased since. On February 12, 2018, the board unanimously voted to increase these fees. This recommendation would increase non-dedicated general fund receipts by an estimated \$87,000 a year.

Results:

Each year, the Board of School Administrators:

- Licenses 7,037 Minnesota school administrators, which is an increase of 2.3 percent since 2016; and
- Certifies 43 administrative preparation programs at Minnesota's 14 universities every five years; and
- Processes over 120 ethics inquiries; and
- Awards over 1,600 certificates of continuing education.

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Regional Library Telecommunications Aid

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends amending statutory language governing Regional Library Telecom Aid (RLTA) to increase access to the internet and technology in regional and public libraries by expanding the allowable uses of funds. This recommendation would not increase total aid.

Rationale/Background:

RLTA provides state funds to offset the cost of internet access in public libraries that participate in the federal e-rate program. This program provides discounted telecommunications aid to impoverished, rural libraries and schools. RLTA spending is also used for the state's maintenance of effort for federal Library Services and Technology Act (LSTA) funding.

RLTA has a surplus of funds after a statutory change in 2015 which fully aligned the state program with the federal e-rate program. Current allowable costs are for activities that establish basic connectivity and equipment such as routers, switches and wiring. Since this change, the amount of RLTA that is needed to fully fund connectivity has decreased substantially, largely due to lowered costs at some of the larger regional library systems. At the same time, requests for basic equipment have been modest. This has led to a surplus of funds in RLTA. Because of the interaction with federal funding, a decrease in spending for RLTA directly results in a decrease in federal funds. Additionally, while e-rate and RLTA combine to cover the full cost of connectivity, libraries have additional needs related to providing access to the internet and technology that do not fall under the e-rate umbrella.

Proposal:

This proposal would allow regional public libraries to use surplus funds for other costs related to providing internet and technology access. This includes but is not limited to the purchase of personal computers, laptops, e-readers, tablets, wireless access points (and associated software), printers, technology for remote locations, software to manage internet access, internet security and Children's Internet Protection Act (CIPA) compliance.

Expanding the allowable use of RLTA funds would permit libraries to keep pace with the variety of needs related to providing access to the internet and technology and is likely to be supported by the regional public library systems. Implementation would require MDE to determine the timing for distribution of funds, establish processes for application and award of funds, as well as requirements for documentation that would ensure the reasonableness of costs.

Equity and Inclusion:

RLTA funds the telecommunications infrastructure necessary for library-based programs and services that support World's Best Workforce goals and serve all Minnesotans. By allowing additional uses of funds, libraries will be better situated to respond to the needs of individuals in the community who lack internet access and access to technology.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Internet and wireless sessions in public libraries	6,921,334	10,923,529	2016, 2017
Quantity	Number of internet devices in public libraries	6,702	6,702	2016, 2017

Statutory Change(s):

M.S. 134.355

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Kindergarten Student Accounting Simplification

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	96	106	107	107
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	96	106	107	107
FTEs	0	0	0	0

Recommendation:

The Governor recommends changing the average daily membership (ADM) calculation for kindergarten students with a disability by making it the same as the ADM calculation for other kindergarten students. This will eliminate an unintended and inequitable disparity in funding between kindergarten students with a disability and other kindergarten students. Currently, kindergarten students with a disability generate slightly less general education revenue than their nondisabled peers who are served the same number of hours during the fiscal year.

Rationale/Background:

- ADM and pupil units for kindergarten students with a disability have long been calculated based on the ratio of the number of hours of assessment and education services required in the fiscal year by the student's individualized education plan (IEP) to 875 hours, with a limit of one pupil unit per student.
- Since the ADM calculations for kindergarten students with a disability are based on total hours served during the fiscal year and are limited to 1.0 ADM, kindergarten students with a disability do not generate extended time revenue when they are served in a targeted services program outside of the regular school day.
- Pupil units for nondisabled kindergarten students were historically limited to 0.50, and later to 0.612. When all-day, every day kindergarten funding was enacted in 2013, the ADM calculations for kindergarten students with a disability were inadvertently not updated to make them consistent with the calculations for kindergarten students without a disability. Kindergarten students without a disability generate one pupil unit if enrolled for 850 hours during the school year, and also qualify for extended time funding if enrolled in a targeted services program outside of regular school hours.
- As a result, kindergarten students with a disability generate less general education revenue per hour enrolled than non-disabled kindergarten students for two reasons: (1) The number of hours required to generate one ADM is 875 for students with a disability and 850 for students without a disability, and (2) students with a disability do not qualify for extended time revenue if they are served outside of regular school hours in a targeted serves program.
- For grades one through 12, ADM for students with a disability is calculated in the same manner as for students in the same grade level without a disability.
- Calculating ADM for kindergarten students with a disability in the same manner as for kindergarten students without a disability will also simplify the school finance system by eliminating a separate set of ADM calculations for these students.

Proposal:

Beginning in FY 2020, ADM and pupil units for kindergarten students with a disability would be calculated in the same manner as for kindergarten students without a disability. The impact on regular ADM for kindergarten students with a disability will be negligible because nearly all of these students are currently served in a program providing 875 or more hours of service per year.

- Kindergarten extended time ADM is projected to increase by 8 in FY 2020 and later, a 2.7 percent increase.
- The cost of the proposal would be \$96,000 in FY 2020, \$106,000 in FY 2021, and \$ 107,000 each year thereafter.

Equity and Inclusion:

The proposal would eliminate an unintended and inequitable disparity in funding between kindergarten students with a disability and kindergarten students without a disability. While there are no documented cases of kindergarten students with a disability being denied access to extended time programs, this proposal would ensure kindergarten students with a disability do not receive less funding than kindergarten students without a disability.

Results:

The calculation of general education revenue will be simpler and more equitable.

Statutory Change(s):

M.S. 126C.05, subdivision 1; M.S. 126C.10, subdivision 2d

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Achievement and Integration Administrative Set Aside Revenue

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends amending Minnesota Statutes, section 124D.862 in order for the 0.3 percent of achievement and integration revenue transferred to the Minnesota Department of Education (MDE) under Subdivision 1 (b) to administer the program be based on second prior year expenditures rather on estimated amounts. This will create more predictability in funding.

Rationale/Background:

Each year, 0.3 percent of each district's initial achievement and integration revenue is transferred to the department for the oversight and accountability activities required under section 124D.862 and section 124D.861. Because MDE can only estimate the amount of initial revenue districts will expend in a given year, the amount the agency budgets for oversight and support of the Achievement and Integration program must be adjusted. In other words, the agency adjusts its budget once districts' actual expenditures of achievement and integration revenue are known. Using an estimated revenue amount in this way has resulted in overspending and underspending the agency's administrative budget for this program.

To address this, the Governor recommends using prior year expenditures as the basis for calculating the 0.3 percent set aside for the agency. With second prior year data, the exact amount of the transfer would be known about six months before the start of the fiscal year rather than six months into the fiscal year, avoiding the need to do a mid-year budget adjustment.

Proposal:

This proposal recommends that the amount set aside for agency administration be calculated based on second prior year actual expenditures rather than on an estimated amount.

There will be no change in the amount of revenue generated. This change will only affect how the agency calculates and then budgets the amount of revenue to use as the basis for the .3 percent set-aside for the agency included in 124D.862 Subd. 1 (b). This set-aside is added to MDE's budget to fund the agency's accountability and oversight of the Achievement and Integration program.

This change will enable MDE to more accurately budget for staffing and resources to support the Achievement and Integration program. This change supports administrative capacity to provide technical assistance and oversight to districts in the Achievement and Integration program. Agency staff provide resources that help these districts to align their programs and use of revenue with requirements in statute and rule.

Equity and Inclusion:

Currently, 126 districts participate in the Achievement and Integration program working to reduce gaps in reading and math, while promoting strong and meaningful integration of students and ideas. The Achievement and Integration program is intended to increase racial and economic integration, eliminate student achievement disparities, and increase equitable access to effective and more diverse teachers. Providing funding stability for the oversight and support of this program will make it more likely that more support will be provided and increase the likelihood that the purpose of the program will be realized. Those impacted by this change may be the students, families, and staff of participating districts.

Results:

The table below lists the number of racially identifiable schools and racially isolated districts participating in the program for the years listed.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2014-2015 2015-2016</i>	<i>2016-2017</i>	<i>2017-2018</i>
Quantity	Number of participating racially isolated districts	40	40	39
Quantity	Number of participating racially identifiable schools	55	55	55
Quantity	Number of participating districts with racially identifiable schools	15	15	15

Districts self-report on the extent to which they have realized the goals in their plans. The current achievement and integration plans were submitted in FY 2017 and will end in FY 2020. First year results for these three-year plans will be available in the fall of 2018.

Districts' progress toward the goals in their prior three-year plan are listed below.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2015</i>	<i>2017</i>	<i>Number of Districts</i>
Quality	Progress toward goal for reducing reading achievement gap	23.9% on track	10.16% met goal	13
Quality	Progress toward goal for reducing math achievement gap	26.9% on track	4.69% met goal	6
Quality	Progress toward integration goal	66.8% on track	51.56% met goal	66

Statutory Change(s):

M.S. 124D.862 Subdivision 1 (b).

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clarifying Adult Basic Education Aid Calculation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends clarifying the language regarding the adult basic education (ABE) growth calculation to prevent decreases in funding.

Rationale/Background:

Current statute directs the appropriation for ABE to grow at the lesser of the current growth rate in contact hours, or 3 percent. Due to a strong economy, the contact hours in ABE are declining, leading to a negative growth rate. The Minnesota Department of Education (MDE) has interpreted current statute to mean that ABE funding should not decline when there is a negative growth in contract hours (or a growth rate less than 1.0).

Proposal:

This proposal would put into law current practice by clarifying that the appropriation for ABE should be held steady when there is a decline in contact hours. During times of positive growth rates, the appropriation would continue to increase as indicated in statute.

Equity and Inclusion:

This proposal would protect ABE funding. Students in ABE are traditionally underrepresented and underserved groups, including a higher concentration of people experiencing poverty and people of color. This proposal will help maintain funding to meet their needs.

Results:

Type of Measure	Name of Measure	FY 2013	FY 2016
Quantity	Clients who obtained a high school diploma or GED	3,932	1,782
Quantity	Clients who entered postsecondary education	2,971	8,562
Quality	Clients who were unemployed at program entry who obtained employment	42%	49%
Quality	Clients who were employed at program entry who retained employment	72%	73%

Statutory Change(s):

M.S. 124D.531

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Head Start Background Studies

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	51	8	8	8
Revenues	(51)	(8)	(8)	(8)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends that statutory authority be given to the Minnesota Department of Human Services (DHS) to add Head Start programs that are license-exempt and not receiving Child Care Assistance Program (CCAP) funds and Tribal Head Start programs to the list of programs that can use DHS's background study system, which currently serves DHS licensed Head Start and other individuals working licensed early childhood programs. This brings these Head Start Programs into compliance with federal requirements.

Rationale/Background:

- Head Start programs must fully implement a new federally required background check process no later than September 30, 2019.
- DHS amended legislation two years ago to meet new Child Care Development Block grant background study requirements that will also meet the Head Start performance standards but some Head Start programs are not currently eligible to have access to the system.
- This proposal is built on analysis and collaboration between MDE and DHS. DHS provided the amended language for their background check system services. DHS welcomes the change and recognizes the improvements to the system and improvement in implementation of background checks for all Head Start programs.
- The background studies would increase revenues to DHS, but because the fees only cover the cost of doing the studies, the proposal is revenue neutral.

Proposal:

This proposal would provide DHS the statutory authority to add Head Start programs that are license-exempt and not receiving CCAP funds and Tribal Head Start programs to the list of program that can use DHS's background study system. Head Start programs often have a mix of locations that are licensed and licensed exempt within one Head Start grantee agency. If accepted, this legislative proposal will allow a Head Start grantee agency to use one background study process for all of their staff and locations.

This proposal would streamline administration of the background check process for all Head Start grantee agencies though access to the DHS background study system that is compliant with Head Start federal requirements for background studies. This will result in a reduction of paperwork, lessen hiring delays and strengthen the ability to move staff across Head Start sites when needed.

It is critical for federal compliance of the Head Start performance standards that this proposal be adopted in 2019. MDE's Head Start Collaboration Office continues to hear from program that this proposal would be an essential fix.

Equity and Inclusion:

This proposal supports Head Start programs that are license-exempt or tribally licensed serve children and families who live in poverty and American Indian children. As Head Start programs provide services to low-income families, this proposal will support low-income families by removing administrative barriers on providers that can stymie staffing classrooms.

Results:

Currently about 60 percent of Head Start programs do have access to the DHS background study system. This change will allow all Head Start programs to use the DHS background study system and meet federal Head Start performance standards.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund								
HCAF								
Federal TANF								
Other Fund								
Total All Funds								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
SRF	11	Provider screening and enrollment	51	8	59	8	8	16
SRF	REV	Enrollment and Revalidation Fee	(51)	(8)	(59)	(8)	(8)	(16)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

M.S. 245C.02

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Eliminate Off-Grade Testing Questions

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	(\$15)	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	(\$15)	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends adopting recommendations from the Office of the Legislative Auditor (OLA), and revising the requirements for grades 3-8 Math and Reading Minnesota Comprehensive Assessment (MCA) by:

- Eliminating off-grade questions, and
- Eliminating the reporting of a career and college readiness trajectory for grades 3-8.

This will shorten tests by eight to 15 questions for students. There would be a one-time savings of \$15,000 for decreased test construction and statistical analysis. Statewide Testing is allocated approximately \$10,800,000 annually from the state.

Rationale/Background:

- In 2013, legislation was passed requiring that beginning in school year 2015-2016 grades 3-8 Math and Reading MCA:
 - Be adaptive;
 - Include off-grade content, administered based on student performance; and
 - Report a career and college readiness score.
- In spring 2016, grades 3-8 Math and Reading MCA were adaptive and included off-grade content as required.
 - Adaptive tests are a type of assessment in which the tests are built for the student using a computer algorithm. Questions are selected for a student based on how the student answers the previous questions, in the case of the Math MCA, or the questions in a previous passage set, for the Reading MCA. The grades 3-8 Math and Reading adaptive test allows for the operational test to be reduced by approximately eight questions compared to previously fixed forms.
 - The grades 3-8 Math and Reading MCA ranged from eight to 15 off-grade questions. Off-grade questions are test questions that are given to students based on how they did on the operational MCA test. Based on the student's performance, they could be given MCA test questions from no more than two grade levels above or below the student's current grade (except in grade three where no items are available below grade three and grade eight where no items are available from grades immediately above eight).
 - The career and college ready score is based on MCA question responses and off-grade question responses.
- Due to the increased test length (8-15 questions) educators expressed a concern about the impact to students and the loss of additional instructional time due to the inclusion of these required off-grade

questions. These off-grade questions are included on the MCA only because of state legislation; this state requirement is beyond the minimum required by federal legislation. On average, the off-grade questions added approximately 10-15 additional minutes of testing time.

- In March 2017, the OLA published a report evaluating Minnesota’s testing program: [Minnesota Office of the Legislative Auditor-Standardized Student Testing](#).
 - One of their recommendations was to research the effectiveness of including the off-grade items.
 - MDE has conducted analyses to examine the effectiveness of off-grade items. The report was published in March 2018 [Analyses on the Effectiveness of the MCA-III Off-Grade Tests](#)
 - The analysis found minimal, if any, improved measurement precision as a result of including the off-grade questions to determine a student’s career and college readiness score.
 - Another OLA recommendation was for the legislature to eliminate the requirement of reporting an empirically-derived trajectory toward career and college readiness for students in grades 3-8.
 - The career and college readiness benchmarks are very close to the MCA “meets the standards” score.
 - Many stakeholders do not support the appropriateness and are concerned about the unintended consequences of further “labeling” young students. For example, telling a third grade student (and their family) they are not career and college ready may be detrimental.
- During 2017, MDE convened a Future Assessment Design Working Group.
 - The working group’s recommendations include removing the off-grade items from the MCA.
 - The working group also recommended eliminating the requirement to report the career and college readiness trajectory.
 - Recommendations are included in the [Future Assessment Design Working Group Report](#)
- In 2017, MDE also assembled an Assessment Advisory Committee.
 - This committee’s recommendations include removing the off-grade items from the MCA.
 - The committee also recommended eliminating the requirement to report the career and college readiness trajectory.
 - The Committee’s findings are in the [Assessment Advisory Committee Recommendations Report](#)

Proposal:

- By eliminating the off-grade requirement, the overall test length would be decreased by 8-15 questions, allowing for decreased time spent testing.
- Eliminating the requirement to report a career and college ready score for students in grades 3-8 will remove a possibly damaging score.
- If these requirements are eliminated during the 2019 legislative session the change will be reflected in the 2020 tests.
- These changes are supported and recommended by two groups of stakeholders. Their reports are linked above in the background section.
- These changes are also desired by educators and recommended by other stakeholders. This is primarily due to decreasing testing time.
- This proposal is recommended and supported by the OLA.

Equity and Inclusion:

This proposed change will have a greater impact on English learners. English learners already have additional tests that are required by federal and state law, which results in these students spending more time testing. English learners, on average, spent 10-20 minutes on the off-grade portion of the MCA. By eliminating these additional items, all students, but especially English learners, will have more time for instruction.

Results:

More details are available in the Off-Grade Effectiveness Evaluation [Off-Grade Effectiveness Evaluation](#).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>
Quantity	Testing Time	2015 (prior to off-grade) On average 85-110 min.	2017 (including off-grade) On average 95-130 min.
Quality	Measurement Precision	2015 (prior to off-grade) On average 0.24-0.34	2017 (including off-grade) On average 0.23-0.31

Statutory Change(s):

M.S. 120B.30, subd 1, 1a

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Referendum/Local Optional Revenue Simplification

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends making the calculation of general education revenue simpler and more transparent by converting \$300 per pupil of referendum revenue to local optional revenue (LOR), making all districts statewide eligible for \$724 per pupil of LOR, and severing the current interactions between referendum revenue and LOR. All remaining referendum revenue would be voter approved. Referendum and LOR equalization formulas would be adjusted to maintain the same mix of aid and levy as under current law, and the referendum cap would be reduced by \$300 to maintain the same effective cap on referendum revenue as under current law.

Rationale/Background:

Under legislation enacted in 2013 and 2014:

- All school districts statewide are eligible for \$424 per pupil of LOR. LOR is an equalized levy which does not require voter approval. LOR is equalized at the same level as Tier 2 referendum revenue (the portion of referendum revenue between \$300 and \$760 per pupil).
- LOR is subtracted off each district's referendum revenue approved by the voters before January 1, 2014. The size of the LOR subtraction is adjusted annually based on the portion of the maximum LOR levy certified by the district.
- School districts with referendum revenue remaining after the LOR subtraction may convert up to \$300 per pupil of the remaining voter approved referendum revenue to board-approved referendum revenue for up to five years. The board-approved referendum revenue can be renewed by school board resolution.
- School districts with less than \$300 per pupil of referendum revenue remaining after the LOR subtraction may approve an increase in referendum revenue by board action to raise the net referendum revenue after the LOR subtraction to \$300 per pupil.

The interactions among voter approved referendum revenue, board approved referendum revenue and LOR are complex and lack transparency. Considerable confusion has been created. In fact, one district needed to get special legislation approved in 2015 to avoid an unintended loss of referendum revenue.

Separating referendum and LOR calculations will make both sets of calculations much simpler and more transparent. Referendum revenue will be limited to amounts approved by the voters in a referendum election, and the full amount available to school districts by board resolution without voter approval will be included in LOR. The LOR subtraction to pre-2014 referendum allowances will be made permanent, and referendum allowances will no longer float up or down annually based on the amount of LOR accessed by the district.

Proposal:

Beginning in fiscal year (FY) 2021 (levies certified in 2019 for taxes payable in 2020), simplify referendum and LOR calculations by making the following changes:

- Set the maximum LOR allowance for all districts at \$724, an increase of \$300 from the current LOR allowance. The \$724 is the amount of equalized referendum and LOR levy available to all districts statewide by board action without voter approval.
- Offset the increase in the LOR allowance dollar for dollar with a reduction of \$300 per pupil in each district's referendum allowance. This is the portion of referendum revenue available to all districts statewide by board action without voter approval.
- Eliminate the reduction to equity revenue for districts with no referendum revenue to neutralize the impact on equity revenue of the \$300 transfer referendum to LOR.
- Permanently reduce all remaining referendum allowances authorized before 2014 by \$424, instead of recalculating these allowances each year based on how much each district certifies as its LOR levy that year.
- Retain the inflation adjustment as part of referendum revenue for the remaining years of voter-approved inflation for any inflation-adjusted referendum allowances shifted to LOR.
- Neutralize the property tax impact of these changes by establishing a two-tiered equalization formula for LOR, with the first \$300 per pupil equalized at \$880,000 and the remainder equalized at \$510,000. Tier 1 referendum equalization would be eliminated.
- The referendum cap would be reduced by \$300 to reflect the transfer of \$300 to LOR, retaining the same effective cap on referendum allowances.
- There would be no net change in revenue, aid or levy for any district. This assumes that the small number of districts that opted to levy less than the \$300 available in referendum revenue by board-action will elect to maintain their levies at the same level when they are converted to LOR or equity revenue.

Statutory Change(s):

M.S. 124E.20, M.S. 126C.10, M.S. 126C.17

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Eliminate Duplicative Growth Model in Statute

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends replacing a growth formula set in statute to align with a new model, consistent with stakeholder input and new federal requirements. This was also recommended by the Office of the Legislative Auditor.

This has no net impact on education funding.

Rationale/Background:

There continues to be interest in measuring and using individual student performance over time. This is typically referred to as “growth”, and growth measures compare a student’s current test score to the student’s previous test score. Growth tells us whether a student is meeting proficiency expectations and how well the student is improving or progressing over time.

Prior to 2012, growth was primarily used for public reporting and local district data analysis purposes. In 2009, Minnesota Statutes 120B.299 defined a specific formula for a low, medium and high student growth model with prescribed state growth targets. Minnesota Statutes 120B.36, subdivision 1, has required that the percentage of students showing low, medium and high growth must be publicly reported.

Since this model was put in state law in 2009, many Minnesota stakeholders have become more interested in finding the best way to measure growth in order to meet educator and student needs in the state. As a result, different growth models have been developed, providing an unclear and instable use of growth measures and leading to confusion among stakeholders.

Minnesota’s No Child Left Behind (NCLB) waiver passed in 2012 and was the first major emphasis on using growth in the state’s school accountability system. A particular model, referred to as the z-score growth model, was used in Minnesota’s NCLB Waiver accountability system from 2012 to 2016. Z-score measures any growth as growth, including within a category (from the low range of does not meet standards to the high range of does not meet standards, for example).

The federal Every Student Succeeds Act (ESSA) gave the state an opportunity to take a close look at its growth models in collaboration with stakeholders to determine how student growth should be measured. MDE spent months working with advocates and technical experts to build the best growth model for our state’s ESSA accountability system.

This new growth model, referred to as a transition matrix, was selected for inclusion in our state ESSA plan and this model was first used in 2018 for school accountability. A transition matrix measures growth that transitions across categories, i.e., from does not meet standards to partially meets standards. It is federally required that Minnesota publicly report this measure of growth at the school and district level on our State Report Card. In addition to this primary growth model measuring student progress in academic math and reading, a separate growth model is required in ESSA specific to English learner progress toward English language proficiency. This leaves the state with many growth models, leading to confusion among stakeholders.

Further, page 68-69 of the OLA report, provides a recommendation to remove the specific MDE growth formula in law and instead provide broad guidance to the department. This report goes on to say it is confusing to report different measures of the same concept (growth) and changing context and requirements over time make specific formulas obsolete or inaccurate.

Lastly, the proposal to change the literacy incentive aid language (124D.98) has no impact on district funding. It will maintain the existing formula but eliminate the reference to the growth model.

Proposal:

This eliminates a growth model that is used to calculate literacy incentive aid. This calculation will be maintained in order to not change funding levels, but will no longer be publicly reported.

Equity and Inclusion:

This proposal affects all students in Minnesota equally. It also respects the stakeholder engagement process that led to the development of this growth model. Minnesota Department of Education held over 300 public meetings developing the state's ESSA plan.

Statutory Change(s):

If the proposal will require statutory changes, include the statute number here.

Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Early Learning Data Sharing Agreement

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends allowing the Minnesota Department of Education (MDE) and the Minnesota Department of Human Services (DHS) to share information about service providers who have been disqualified from receiving Early Learning Scholarships, Child Care Assistance Program (CCAP), and Child and Adult Care Food Program (CACFP) funds. This would ensure that service providers who have been disallowed from receiving funds from one program, would no longer be eligible to receiving funds from the others.

Rationale/Background:

- Currently, public programs cannot share data; therefore, a disqualified program may continue to receive funds from one source when disallowed by another. Currently, DHS has the authority to stop CCAP payments to a particular scholarship and CACFP-eligible program, but no similar process exists with Early Learning Scholarship or CACFP.
- Without the ability to share data, MDE and DHS cannot analyze the extent of the situation.
- In the best interest of both departments and the state, fraud has been raised in the media on a large scale.
- This prevents programs taking advantage of state systems that have not yet been able to coordinate data, and it saves administrative time recouping funds later in the programs not yet on hold for payment.

Proposal:

The Governor recommends making statutory changes, which would allow data to be shared across agencies specifically related to programs receiving funding from CCAP, CACFP, and Early Learning Scholarships in instances when a program has been determined disqualified from receiving funding from any of the three programs. This would allow consistency in disallowing a program to receive funding from any of these programs once disallowed by one of the three. This will build public trust of the use of funds and allows state agency partners to streamline administrative requirements and reach.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019-est</i>
Quantity	Number of children receiving a scholarship	8,225	11,219	15,079	16,537	16,500

Statutory Change(s):

[Minnesota Laws 2015, First Special Session, Chapter 3, Article 9, Section 8](#)

Program: Education Leadership

education.mn.gov/MDE/index.html

AT A GLANCE

Set policy and direct the annual spending of \$9.6 billion in fiscal year (FY) 2017.

Provide guidance and assistance to:

- 861,540 students in prekindergarten through grade 12.
- Over 125,000 children participating in early learning programs.
- 331 school districts and 169 charter schools.
- 61,822 adult learners (FY 2018).

PURPOSE & CONTEXT

The mission of the Minnesota Department of Education (MDE) is: “Leading for educational excellence and equity. Every day for every one.” MDE strives to create the World’s Best Workforce by focusing on five key student outcome goals: all students ready for school, all students reading at grade level in third grade, all achievement gaps closed, all students graduating from high school, and all students ready for career and college.

We provide the infrastructure for services and assistance to children, students, teachers, parents and schools. We exist to improve educational achievement by establishing clear standards, measuring performance, assisting educators, and increasing opportunities for lifelong learning.

SERVICES PROVIDED

Services provided by MDE support three overarching strategies:

1. **Direct support:** We directly support the continuous improvement of teaching and learning to schools, teachers, children, students and parents.
 - Provide training and resources to assist schools, parents, and the department in maintaining compliance with state and federal laws and policies.
 - Assist schools and childcare providers in providing nutritious meals and creating safe and healthy learning environments.
 - Develop and extend statewide library services.
 - Establish and administer a School Safety Technical Assistance Center to assist districts and schools to provide a safe and supportive learning environment.
2. **Prekindergarten through 12th-grade systems:** We provide systems support through program and policy development and assessment.
 - Administer Carl Perkins federal grant program.
 - Administer and collect data for the state’s assessment and accountability system.
 - Develop and implement assessment systems to measure student knowledge and skills on Minnesota K-12 Academic Standards and Minnesota English Language Proficiency Standards.
 - Develop academic standards.
 - Monitor school district and MDE compliance with state and federal education laws.
 - Administer the Minnesota Braille and Talking Book Library.
 - Implement the student maltreatment, charter schools, and early education policies and programs.

- 3. Guidance, technical assistance, and funding:** We provide supportive leadership to all educational entities by providing guidance and technical assistance to meet state and federally legislated requirements, and administering school funding programs.
- Provide leadership, policy direction, and information technology services for the agency.
 - Develop tools and provide guidance to assist schools in the implementation of programs and academic standards.
 - Provide policy guidance for school choice programs, including online learning.
 - Distribute formula and competitive grants, as well as aid programs.
 - Calculate state aid and distribute payments to school districts and charter schools.
 - Calculate school district local property tax levies.

RESULTS

Goal: Minnesota will reach a **third-grade reading** achievement rate of 90 percent, with no student group below 85 percent, by the year 2025.

<i>2017 Baseline</i>	<i>Current Result (2018)</i>	<i>2025 Goal</i>	<i>Distance from Current Result to 2025 Goal</i>
56.4%	55.6%	90%	34.4 percentage points

Goal: Minnesota will reach an **eighth-grade math** achievement rate of 90 percent, with no student group below 85 percent, by the year 2025.

<i>2017 Baseline</i>	<i>Current Result (2018)</i>	<i>2025 Goal</i>	<i>Distance from Current Result to 2025 Goal</i>
57.5%	56.4%	90%	33.6 percentage points

Goal: Minnesota will reach a 95 percent **consistent attendance** rate, with no group below 90 percent, by the year 2020.

<i>2016 Baseline</i>	<i>Current Result (2017)</i>	<i>2020 Goal</i>	<i>Distance from Current Result to 2020 Goal</i>
86.7%	85.6%	95%	9.4 percentage points

Goal: Minnesota will reach a **four-year graduation** rate of 90 percent, with no group below 85 percent, by the year 2020.

<i>2012 Baseline</i>	<i>Current Result (2017)</i>	<i>2020 Goal</i>	<i>Distance from Current Result to 2020 Goal</i>
78.4%	82.7%	90%	7.3 percentage points

M.S. 119A; M.S. 120-129B; M.S. 134-135.

Education Leadership & Support

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	21,061	26,946	22,544	29,863	23,354	23,295	32,393	28,952
2000 - Restrict Misc Special Revenue	6,403	6,138	7,078	7,069	7,006	7,051	6,774	6,819
2001 - Other Misc Special Revenue	700	737	829	344			1,173	1,173
2403 - Gift	62	71	101	187	127	125	127	125
3000 - Federal	60,320	55,833	81,417	101,695	106,427	92,177	106,427	92,177
6000 - Miscellaneous Agency	1			1	1	1	1	1
Total	88,547	89,727	111,968	139,159	136,915	122,649	146,895	129,247
Biennial Change				72,853		8,437		25,015
Biennial % Change				41		3		10
Governor's Change from Base								16,578
Governor's % Change from Base								6

Expenditures by Activity

Education Leadership & Support	65,056	71,909	110,749	137,855	135,683	121,417	144,087	125,612
Regional Centers of Excellence	4,928	4,609	938	1,070	1,000	1,000	2,000	3,000
Office of Innovation	12,663	7,727	2					
Accountability & Improvement	2,413	2,773					406	288
Student & School Success	3,236	2,472	40					
Board of School Administrators	251	236	240	234	232	232	402	347
Total	88,547	89,727	111,968	139,159	136,915	122,649	146,895	129,247

Expenditures by Category

Compensation	36,964	38,254	39,045	40,988	42,736	42,971	44,644	45,146
Operating Expenses	26,931	27,839	32,138	47,697	37,822	36,271	45,044	38,844
Grants, Aids and Subsidies	24,615	23,486	40,668	50,468	56,349	43,399	57,199	45,249
Capital Outlay-Real Property			2					
Other Financial Transaction	37	147	115	6	8	8	8	8
Total	88,547	89,727	111,968	139,159	136,915	122,649	146,895	129,247

Total Agency Expenditures	88,547	89,727	111,968	139,159	136,915	122,649	146,895	129,247
Internal Billing Expenditures	5,107	5,493	5,354	6,473	6,554	6,262	6,554	6,262

Education Leadership & Support

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures Less Internal Billing	83,440	84,233	106,614	132,686	130,361	116,387	140,341	122,985
<u>Full-Time Equivalents</u>	371.58	371.47	372.58	379.60	411.28	397.13	426.08	413.93

Education Leadership & Support

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	21,503	27,484	29,375	23,902	23,140	23,072	33,148	29,698
Balance Forward In		1,042	41	5,787				
Net Transfers							969	969
Transfers In	2,422	715	311	293	333	342	333	342
Transfers Out	432	1,624	1,395	119	119	119	119	119
Cancellations	1,686	630						
Balance Forward Out	746	41	5,787					
Expenditures	21,061	26,946	22,544	29,863	23,354	23,295	32,393	28,952
Biennial Change in Expenditures				4,400		(5,758)		8,938
Biennial % Change in Expenditures				9		(11)		17
Governor's Change from Base								14,696
Governor's % Change from Base								32
Full-Time Equivalents	140.30	142.01	138.04	140.20	136.80	129.80	146.29	141.29

2000 - Restrict Misc Special Revenue

Balance Forward In	1,135	1,209	2,612	1,844	1,040	854	1,040	854
Receipts	6,386	7,269	6,961	6,280	6,721	6,739	6,721	6,739
Internal Billing Receipts	5,375	5,587	5,400	5,343	5,974	5,974	5,974	5,974
Transfers In			10		232	232	0	0
Transfers Out		3	661	15	133	15	133	15
Balance Forward Out	1,118	2,337	1,844	1,040	854	759	854	759
Expenditures	6,403	6,138	7,078	7,069	7,006	7,051	6,774	6,819
Biennial Change in Expenditures				1,606		(90)		(554)
Biennial % Change in Expenditures				13		(1)		(4)
Governor's Change from Base								(464)
Governor's % Change from Base								(3)
Full-Time Equivalents	28.70	24.37	26.66	25.96	32.65	32.65	30.65	30.65

2001 - Other Misc Special Revenue

Balance Forward In	224	184	155	4				
Receipts	693	708	683	340				
Transfers In							1,173	1,173
Transfers Out			5					

Education Leadership & Support

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	217	154	4					
Expenditures	700	737	829	344			1,173	1,173
Biennial Change in Expenditures				(265)		(1,173)		1,173
Biennial % Change in Expenditures				(18)		(100)		100
Governor's Change from Base								2,346
Governor's % Change from Base								
Full-Time Equivalents	4.70	4.64	5.02	3.02			7.31	7.31

2403 - Gift

Balance Forward In	174	185	174	175	88	67	88	67
Receipts	72	61	101	100	106	107	106	107
Balance Forward Out	184	174	174	88	67	49	67	49
Expenditures	62	71	101	187	127	125	127	125
Biennial Change in Expenditures				154		(36)		(36)
Biennial % Change in Expenditures				116		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.02	0.04	0.05	0.05	0.05	0.05	0.05

2820 - Maximum Effort School Loan

Balance Forward In	431	1,852	48	288	287	987	287	987
Receipts	1,852	280	288	287	987	44	987	44
Transfers Out	431	62,477	48	288	287	987	287	987
Net Loan Activity		60,392						
Balance Forward Out	1,852	48	288	287	987	44	987	44

3000 - Federal

Balance Forward In	517	34						
Receipts	59,837	55,799	81,417	101,695	106,427	92,177	106,427	92,177
Transfers In	337							
Transfers Out	337							
Balance Forward Out	34							
Expenditures	60,320	55,833	81,417	101,695	106,427	92,177	106,427	92,177

Education Leadership & Support

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				66,959		15,492		15,492
Biennial % Change in Expenditures				58		8		8
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	197.88	200.43	202.82	210.37	241.78	234.63	241.78	234.63

6000 - Miscellaneous Agency

Balance Forward In	43	51	60					
Receipts	10	9	1	1	1	1	1	1
Transfers Out			61					
Balance Forward Out	52	60	0					
Expenditures	1			1	1	1	1	1
Biennial Change in Expenditures				0		1		1
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Educational Leadership and Support

Activity: Regional Centers of Excellence

education.mn.gov/MDE/dse/rc/

AT A GLANCE

- In fiscal year (FY) 2018, the Regional Centers provided support to:
 - 3 School Improvement Grant schools
 - 21 Priority schools
 - 54 Focus schools
 - 83 Continuous Improvement schools
- From July 2015 to May 2017, Center staff provided 64,956 hours of direct support to just priority and focus schools.

PURPOSE & CONTEXT

The Regional Centers of Excellence were established in partnership with Minnesota Service Cooperatives to provide supports to districts and schools to meet goals in Minnesota World's Best Workforce legislation and to support schools identified as needing support under Minnesota's plan for the federal Every Student Succeeds Act (ESSA). Comprehensive support and improvement (CSI) schools are the 5 percent most persistently low-performing Title I schools or any public high school with a graduation rate less than 67 percent for any student group. Targeted support and improvement schools include any public school that has one or more student groups performing at a similar level as (CSI) schools or the school's overall performance is similar to CSI schools but they were not selected due to higher attendance.

- The Centers provide onsite technical assistance and professional development to schools and districts identified as underperforming based on Minnesota's accountability system under ESSA.
- The Centers support the Minnesota Department of Education's commitments to equity by prioritizing equity, developing leadership teams across levels of the system, making data visible and actionable, working on the conditions for learning, and supporting budget decisions that more equitably distribute resources practices.
- The Centers use a stage-based framework with schools that incorporates three core support elements:
 1. Building and using implementation teams to actively lead implementation efforts.
 2. Using data and consistent, frequent feedback loops to drive decision-making and promote continuous improvement.
 3. Developing an implementation infrastructure that uses evidence-based practices, fosters change, and enables continuous improvement.

SERVICES PROVIDED

Identified schools and districts receive intensive on-site coaching and technical assistance in alignment with Minnesota's support and improvement timeline in the following areas:

- School leadership teams that work on continuous improvement.
- Continuous improvement processes including comprehensive needs assessment, root-cause analysis, improvement plan design and implementation.
- Selection and implementation of evidence-based practices.
- School, family and community engagement.
- Identification and implementation of quick wins for school improvement.

- District or charter level practices that support school improvement including resource equity studies and alignment of school improvement activities to local World's Best Workforce initiatives.

Schools and districts also participate in professional development activities.

The Centers also develop resources and tools for use by all schools and districts Minnesota to support data use, planning, teaching and learning, and community engagement.

The Minnesota Department of Education provides program evaluation, strategic leadership, coordination, and support for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2014</i>	<i>FY 2018 or Most Current Data</i>
Quantity	Percentage of Students Proficient in Math in Priority and Focus Schools	36.6%	35.3%
Quantity	Percentage of Students Proficient in Reading in Priority and Focus Schools	35.5%	38.8%
Quantity	Multiple Measures Rating (Priority and Focus Schools)**	26.3%	31.4%
Quantity	Focus Rating (Priority and Focus Schools)***	25.8%	29.3%
Quantity	Achievement Gap Reduction Score (Priority and Focus Schools)****	0.3397	0.2161
Quantity	Growth Score (Priority and Focus Schools)	-0.2158	-0.1295

*Current schools were identified based on 2014 results.

** Multiple Measures Rating (MMR) was a measurement of school performance used for holding schools accountable under Minnesota's approved No Child Left Behind waiver. The MMR considered the proficiency, growth, achievement gap reduction and graduation rates of schools. The MMR was no longer a part of accountability starting in 2017.

*** The focus rating (FR) is a secondary measurement within the MMR that measures schools specifically on the performance of student groups that exhibit an achievement gap in Minnesota. The MMR was no longer a part of accountability starting in 2017.

**** The lower the achievement gap reduction scores, the more progress made toward closing the achievement gap. The MMR was no longer a part of accountability starting in 2017.

M.S. 120B.115

Program: Educational Leadership

Activity: Board of School Administrators

bosa.mn.gov/BOSA/index.htm

AT A GLANCE

- The Board of School Administrators is a ten-member board appointed by the governor and confirmed by the senate for their outstanding contributions in their respective fields and for their commitment to the highest ethical standards for Minnesota's administrators.
- There are 7,037 Minnesota licensed school administrators, up 2.3 % since 2016.
- The board reviews each of the 43 administrative preparation programs at Minnesota's fourteen universities every five years to insure quality and effectiveness.
- The board processes over 120 ethics inquiry's per year ensuring due process for all Minnesota administrators.
- The board awards over 1,600 certificates of continuing education every year.

PURPOSE & CONTEXT

The Board of School Administrators was created by the state legislature in 2001 to ensure a system of accountability that leads to the highest performing superintendents, principals, directors of special education and directors of community education for Minnesota's schools. Standards are enforced through licensing, approving university preparation programs and alternative pathways for administrators, establishing rules on continuing education and professional development, and adopting and implementing a rigorous code of ethics.

SERVICES PROVIDED

The Board of School Administrators (BOSA) is an autonomous body created by the Minnesota Legislature in 2001 with the support of the Minnesota educational administration organizations. Ten board members are appointed by the governor and confirmed by the senate to serve four-year terms. The Board members represent secondary and elementary principals, superintendents, directors of special education, community education directors, higher education institutions, teachers, school board members and the public. Two employees are hired by the Board; an executive director and an administrative assistant.

The duties of the board include:

- Licensing and re-licensing of superintendents, principals, directors of special education, and directors of community education who want to work in Minnesota
- Offering advice on best practices to administrators
- Reviewing variance requests from school boards to determine if they are in the public's interest
- Reviewing, approving and monitoring university administrative preparation programs
- Establishing and certifying continuing education activities that promote the highest standards of professional development
- Reviewing ethical complaints and determining appropriate discipline
- Collecting fees

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2017</i>	<i>2018</i>	<i>Dates</i>
Quantity	Number of first-time Minnesota administrative licenses issued	545	606	FY 2017 FY 2018
Quantity	Number of school boards served through the granting of variances	23	37	FY 2017 FY 2018
Quantity	Number of board-approved continuing education certificates issued to administrators	1,814	1,686	FY 2017 FY 2018
Quantity	Number of Code of Ethics inquiries reviewed	104	121	FY 2017 FY 2018

M.S. 122A.14; MN Rule 3512

Program: General Education

Activity: General Education

education.state.mn.us/MDE/dse/schfin/GenEd/

AT A GLANCE

In fiscal year (FY) 2017:

- 861,540 prekindergarten through grade 12 students.
- 331 school districts and 169 charter schools.
- \$6.86 billion in state aid and \$1.1 billion in local property taxes.
- \$9,220 average general education funding per student.
- Largest single item of state general fund spending.
- Largest resource available to school districts and charter schools.
- Beginning in FY 2017, general education funding for prekindergarten was made available to 102 school sites.

PURPOSE & CONTEXT

General education revenue provides core funding to promote a general and uniform, thorough and efficient system of public schools throughout the state. Funding is provided for:

- All public school students in kindergarten through grade 12, voluntary prekindergarten, school readiness plus and prekindergarten students with disabilities.
- Students receiving dual college credit.
- Private contracted education services.
- Private school students enrolled part time in public school programs.

SERVICES PROVIDED

Core funding allowances for all districts and charter schools (in FY 2017):

- Basic Revenue (\$5.7 billion) provides districts and charter schools with uniform funding per pupil unit. In FY 2019, the basic education funding formula is \$6,312 per weighted student. Elementary students are weighted at 1.0; secondary students are weighted at 1.2.

Additional funding for students with unique needs:

- English Learner Revenue (\$56.1 million) is based on the number and concentration of English Learner students enrolled in a district or charter school.
- Compensatory Revenue (\$549.1 million) is additional funding based on the concentration of students who are income-eligible for the federal free and reduced-price lunch programs. This revenue is calculated on a site level instead of a district level. In 2018, Compensatory Pilot Grants were permanently added to this funding.
- Extended-Time Revenue (\$59.5 million) provides districts with additional revenue to fund educational programs for at-risk students outside the traditional school year schedule.
- Gifted and Talented Revenue (\$12.2 million) provides districts and charter schools with funding for gifted and talented educational programs. The gifted and talented funding formula is \$13 per weighted student.

Additional funding for cost differences among school districts:

- Sparsity Revenue (\$27.3 million) funds the added costs of operating small schools that are too isolated to reduce costs by cooperating or consolidating.
- Transportation Sparsity Revenue (\$65.9 million) funds the added cost of pupil transportation in areas with low population density and includes a pupil transportation adjustment for schools with transportation expenses that exceed allocations.
- Small Schools Revenue (\$16.5 million) provides additional funding to small districts with less than 960 weighted students.
- Declining Enrollment Revenue (\$9.2 million) provides districts and charter schools with funding to limit the impact of declining enrollment.
- Pension Adjustment Revenue (\$7.2 million) provides state aid for districts with below state average revenue increase from the elimination of an aid reduction for changes in pension contribution rates beginning in 2015. Beginning in 2019 additional pension adjustment revenue is made available for all districts based on a percentage of teacher salaries in the district.

Additional funding for Voluntary Prekindergarten (2017) and School Readiness Plus Programs (2018):

- Aid entitlement for FY 2017 voluntary prekindergarten was capped at \$27.1 million (\$25 million on 90-10 appropriations basis), of which \$21.4 million was for direct aid to school districts and charter schools with voluntary prekindergarten programs, \$5.7 million was to provide property tax relief to neutralize the statewide impact of the program on school levies, and \$0.6 million was for MDE administration, including one-time IT costs.
- In FY 2018 the funding cap changed from a dollar amount to a participant cap of 6,160 students enrolled in either voluntary prekindergarten or school readiness plus programs.
- In FY 2019 the participant cap for voluntary prekindergarten and school readiness plus is increased to 7,160.
- In FY 2020 and later the funding for School Readiness Plus programs sunsets and the cap for Voluntary Prekindergarten is set to 3,160 participants.
- School districts and charter schools with sites approved for funding receive funding on a per pupil basis, with pupil units limited to 0.6 per participant. All pupil-driven formulas apply (e.g., basic revenue, compensatory revenue, referendum revenue, long-term facilities maintenance revenue, safe schools levy, achievement and integration revenue).
- Requirements outlined in law include providing at least 350 hours of instruction for the school year, staff-to-child ratios not to exceed one-to-ten with class size not to exceed 20; instructional salaries comparable to local K-12 staff and for school readiness plus classrooms must have a licensed teacher, and several more program requirements.

Additional funding with property tax components (school districts must tax local property to receive state aid for these revenues):

- Operating Referendum Revenue (\$744.8 million) is optional revenue raised by either public vote or school board resolution to provide funding for their district.
- Operating Capital Revenue (\$211.5 million) is reserved for facilities and equipment purposes.
- Equity Revenue (\$112.1 million) provides additional funding targeted primarily to districts with low referendum revenue per weighted student.
- Transition Revenue (\$30.0 million) is funding to protect districts from loss of revenue due to law changes.
- Local Optional Revenue (\$363.0 million) provides up to \$424 per weighted student. Deducted from referendum revenue approved by voters in 2013 or earlier.

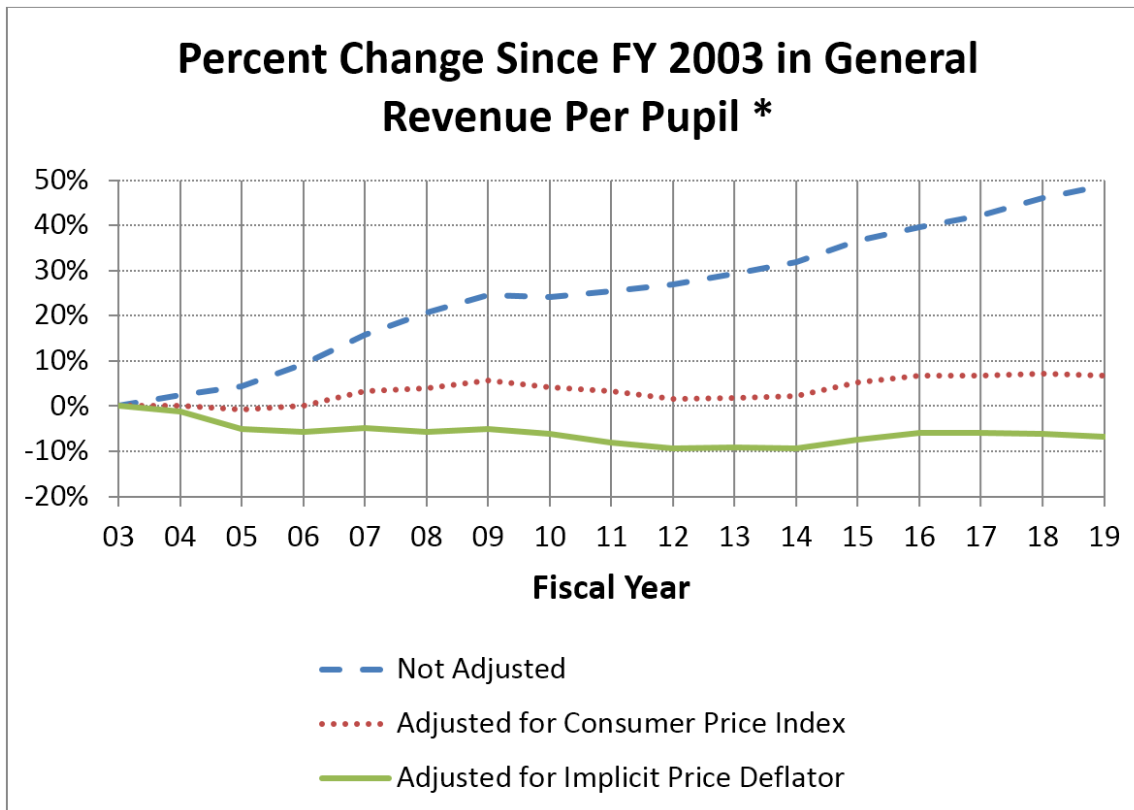
Miscellaneous Adjustments to General Education Revenue:

- Postsecondary Enrollment Options (PSEO) Aid is paid to Minnesota colleges and universities for courses taken by eligible 10th- through 12th-grade students, and 10th-grade students on a more limited basis, for high school credit.
- Contract Alternative Aid is paid to districts for students eligible to participate in the graduation incentives program who enroll in nonpublic, nonsectarian schools that have contracted with the serving school district to provide education services.
- Shared Time Aid is paid to districts for students who attend public schools on a part-time basis while also attending private schools.
- Online Learning (OLL) Aid is paid to state-approved OLL programs on behalf of students who have completed supplemental OLL courses while enrolled in another public school district or charter school.

MDE calculates and processes aid payments and provides technical support for these programs.

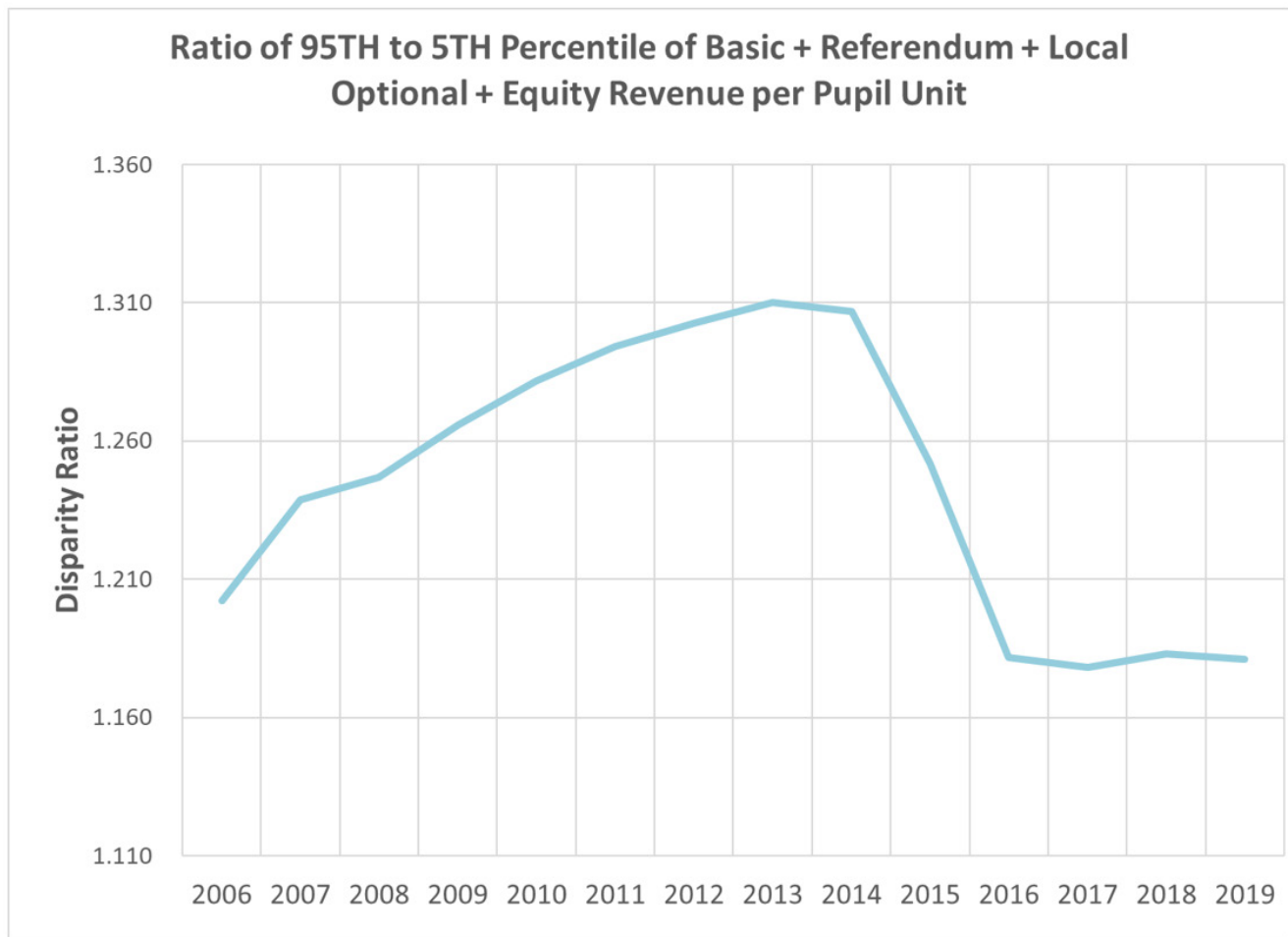
RESULTS

Quality Result: This chart shows the percentage change in general education revenue per student between FY 2003 and FY 2019, based on unadjusted current dollars and adjusted for inflation using the consumer price index and the implicit price deflator. Revenue per student in unadjusted current dollars increased by almost 49 percent during this period. However, when adjusted for inflation, revenue per student remained essentially constant.



*General Education revenue, including local referendum revenue

Quality Result: This chart shows the ratio of unrestricted general education funding per student in high revenue districts versus low revenue districts for FY 2006 through FY 2019. The funding gap between high revenue and low revenue districts increased from 20 percent in FY 2006 to 31 percent in FY 2013, then declined to 18 percent by FY 2016. Between FY 2017 and FY 2019 the gap has remained constant at 18 percent. The gap between high revenue and low revenue districts is primarily driven by property tax disparities.



M.S.126C.10 – General Education Revenue (revisor.mn.gov/statutes/?id=126C.10)

General Education

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	6,681,052	6,859,421	7,065,692	7,248,965	7,243,875	7,283,139	7,465,901	7,654,221
District Revenue	6,681,052	6,859,421	7,065,692	7,248,965	7,243,875	7,283,139	7,465,901	7,654,221
Direct Appropriation	6,671,467	6,868,291	7,070,039	7,231,063	7,244,412	7,279,304	7,444,341	7,635,568
Current Year	6,024,784	6,168,947	6,383,211	6,548,582	6,544,029	6,579,458	6,743,958	6,913,626
Prior Year	635,236	653,857	686,828	682,481	700,383	699,846	700,383	721,942
Transfers Out		25,974						
Cancellations	4,129	12,188						
Expenditures	6,667,338	6,830,129	7,070,039	7,231,063	7,244,412	7,279,304	7,444,341	7,635,568
Biennial Change in Expenditures				803,635		222,614		778,807
Biennial % Change in Expenditures				6		2		5
Governor's Change from Base								556,193
Governor's % Change from Base								4

3801 - Endowment School

Balance Forward In		0						
Transfers In	27,763	29,958	33,023	35,458	35,753	36,048	35,753	36,048
Expenditures	27,763	29,958	33,023	35,458	35,753	36,048	35,753	36,048
Biennial Change in Expenditures				10,760		3,320		3,320
Biennial % Change in Expenditures				19		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other General Education
Activity: Enrollment Options Transport

AT A GLANCE

- 74 students served in fiscal year (FY) 2017.
- Of the 74 students, 21 were from the postsecondary enrollment options program, six were in the open enrollment program and 47 were in charter schools.

PURPOSE & CONTEXT

This state aid program helps low-income students participate in Postsecondary Enrollment Options (PSEO), school district enrollment options, and charter school programs by reimbursing transportation costs.

This aid program supports the World's Best Workforce goal of reducing the racial and economic achievement gaps for low-income students by reimbursing their transportation costs.

SERVICES PROVIDED

School districts and charter schools get state aid to reimburse transportation costs for qualifying low-income students who participate in PSEO or open enrollment. PSEO is a program that allows 10th-, 11th- and 12th-grade students to earn secondary and college credit (dual-credit) while still in high school, through enrollment in and successful completion of college-level courses at higher education institutions. Open enrollment programs allow voluntary prekindergarten through 12th-grade students and prekindergarten children with disabilities to apply to attend a public school outside of their resident district.

PSEO students apply for reimbursement through their resident district or charter school (or the postsecondary institution, if nonpublic). Open enrollment students apply to the enrolling district. Charter school students apply to the enrolling school. Students/families provide their own transportation in these programs.

School districts and charter schools providing out-of-district transportation for a fee are reimbursed for the transportation costs of qualifying low-income students. The reimbursement rate is set at \$0.15 per mile and no more than 250 miles per week. MDE processes reimbursement requests and provides technical support.

RESULTS

The table below provides the average amount of a claim for mileage reimbursement per student per year in postsecondary enrollment options, school district enrollment options, and charter school programs over the last four years. It also provides the number of students served by the program for the last four years. It is difficult to see any trend from the data. With a qualifying income level that is very low, the number of families that fall into that qualifying level vary from year to year. Because there are few participants in the program, a few students who travel long distances to the postsecondary institution can skew the data.

<i>Name of Measure</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Average Claim per Student per Year	\$366	\$375	\$365	\$302
Number of Students Served	91	96	66	74

M.S. 124D.03; M.S. 124D.09; M.S. 124E.15

Enrollment Options Transport

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	24	23	20	22	24	26	24	26
Total	24	23	20	22	24	26	24	26
Biennial Change				(5)		8		8
Biennial % Change				(10)		19		19
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	24	23	20	22	24	26	24	26
Total	24	23	20	22	24	26	24	26

Enrollment Options Transport

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	39	26	29	22	24	26	24	26
Transfers Out			9					
Cancellations	15	3						
Expenditures	24	23	20	22	24	26	24	26
Biennial Change in Expenditures				(5)		8		8
Biennial % Change in Expenditures				(10)		19		19
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other General Education

Activity: Abatement Revenue

AT A GLANCE

- Abatement Aid totaled \$2.3M in fiscal year (FY) 2018.
- Abatement Levy totaled \$10.4M in FY 2019.

PURPOSE & CONTEXT

This state aid and local property tax levy program maintains equity for students and taxpayers by replacing revenue the district was entitled to but did not receive due to abatements. An “abatement” occurs when property taxes on a real estate parcel are decreased after the district certifies levy revenue.

For FY 2018, 258 school districts in Minnesota participated in this program.

SERVICES PROVIDED

Abatement aid and levy is calculated annually based on abatements reported by counties to the Minnesota Department of Education (MDE).

The aid and levy are designed to replace the revenue in the same proportion of aid and levy as the original entitlement. The aid reimbursement is received one year after the revenue loss and the levy reimbursement is received two years after the revenue loss.

MDE calculates and processes aid payments and levy limitations for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Calendar Year 2016</i>	<i>Calendar Year 2017</i>
Quantity	Statewide District Revenue Loss Prevented	\$12.2 M	\$12.7 M

M.S. 126C.46; M.S. 127A.49, subdivision 2

Abatement Revenue

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,050	2,665	2,374	2,939	2,897	2,971	2,897	2,971
Total	3,050	2,665	2,374	2,939	2,897	2,971	2,897	2,971
Biennial Change				(403)		555		555
Biennial % Change				(7)		10		10
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	3,050	2,665	2,374	2,939	2,897	2,971	2,897	2,971
Total	3,050	2,665	2,374	2,939	2,897	2,971	2,897	2,971

Abatement Revenue

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement	3,081	2,620	2,580	2,745	2,914	2,977	2,914	2,977
District Revenue	3,081	2,620	2,580	2,745	2,914	2,977	2,914	2,977
Direct Appropriation	3,051	2,666	2,374	2,939	2,897	2,971	2,897	2,971
Current Year	2,773	2,358	2,112	2,471	2,623	2,680	2,623	2,680
Prior Year	278	308	262	468	274	291	274	291
Cancellations	1	1	0					
Expenditures	3,050	2,665	2,374	2,939	2,897	2,971	2,897	2,971
Biennial Change in Expenditures			(403)		555		555	
Biennial % Change in Expenditures			(7)		10		10	
Governor's Change from Base							0	
Governor's % Change from Base							0	

Program: Other General Education

Activity: Consolidation Transition

education.mn.gov/MDE/dse/schfin/

AT A GLANCE

- There were four school district consolidations in fiscal year (FY) 2014.
- There have been no consolidations since FY 2014.

PURPOSE & CONTEXT

School districts consolidate to expand programs and services and to become more financially stable. The consolidation transition revenue program provides funds for reorganization to districts that have recently consolidated. Students and communities in the consolidating districts are served by this program.

SERVICES PROVIDED

Consolidation Transition revenue must be used to cover district costs for early retirement incentives granted by the district, to reduce operating debt, to enhance learning opportunities, and to cover reorganization expenses.

Aid is \$200 per resident pupil unit in the new district in the first year of consolidation and \$100 per resident pupil unit the year after consolidation. The number of pupil units used to calculate aid for a district in either year is limited to 1,500.

This program is mainly funded with state aid. Optional local property taxes may be used to cover additional costs.

MDE calculates state aid payments and property tax levy limits, and provides technical assistance to districts that choose to consolidate.

RESULTS

There were four consolidations in FY 2014, and there have been none since FY 2014. While the number of consolidations is easy to calculate, the true performance measure is in the satisfaction and achievement of the districts that consolidated, which we do not evaluate.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>
Quantity	First Year of Consolidation	4	0	0	0	0	0

Note: District 2859, Eagle Valley dissolved as of July 1, 2017. District was split between District 786, Bertha and District 787, Browerville.

M.S. 123A.485, M.S. 123A.48, M.S. 123B.82

Consolidation Transition

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
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Expenditures by Fund

1000 - General	21					270		270
Total	21					270		270
Biennial Change				(21)		270		270
Biennial % Change								
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Grants, Aids and Subsidies	21					270		270
Total	21					270		270

Consolidation Transition

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement						300		300
District Revenue						300		300
Direct Appropriation	22		185	0	0	270	0	270
Current Year						270		270
Prior Year	21							
Transfers Out			185					
Cancellations	1							
Expenditures	21					270		270
Biennial Change in Expenditures				(21)		270		270
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Other General Education

Activity: Nonpublic Pupil

education.mn.gov/MDE/fam/nphs/

education.mn.gov/MDE/dse/schfin/Non/

AT A GLANCE

- Number of nonpublic students participating in Fiscal Year 2018:
 - Textbook/materials 66,154
 - Health services 62,014
 - Guidance and counseling 24,719
- Rates per nonpublic student in Fiscal Year 2018:
 - Textbook/materials \$91.60
 - Health services \$74.98
 - Guidance and counseling \$255.57

All nonpublic students requesting materials and/or services by the statutory deadline have been and are being accommodated.

PURPOSE & CONTEXT

This state aid program exists to ensure fair access to nonreligious study materials and student support services for those students who choose nonpublic education.

This aid program supports the World's Best Workforce goal of having all students graduate from high school.

SERVICES PROVIDED

Funding is allocated to public school districts for the benefit of nonpublic school students and not directly to the nonpublic schools. School districts are reimbursed for the costs of the educational materials loaned to nonpublic school students and for the costs of providing support services to nonpublic school students.

There are three basic categories of nonpublic pupil aid supporting the following services:

- Textbooks, individualized instructional materials, and standardized tests.
- Health services.
- Guidance and counseling services.

School districts receive additional funds to cover administrative costs. This amount is equal to 5 percent of their total aid reimbursement amount.

MDE calculates and processes aid payments and provides technical support to school districts and nonpublic schools for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY2016</i>	<i>FY2018</i>
Quality	Percentage of nonpublic students applying for access to textbooks.	81%	77%
Quality	Percentage of nonpublic students applying for access to health services.	76%	72%
Quality	Percentage of secondary nonpublic students applying for access to guidance and counseling services.	93%	93%

M.S. 123B.40-48

Nonpublic Pupil

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	15,047	14,952	17,396	17,816	17,987	18,449	18,135	18,728
Total	15,047	14,952	17,396	17,816	17,987	18,449	18,135	18,728
Biennial Change				5,213		1,224		1,651
Biennial % Change				17		3		5
Governor's Change from Base								427
Governor's % Change from Base								1

Expenditures by Category

Grants, Aids and Subsidies	15,047	14,952	17,396	17,816	17,987	18,449	18,135	18,728
Total	15,047	14,952	17,396	17,816	17,987	18,449	18,135	18,728

Nonpublic Pupil

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement	14,887	14,847	17,649	18,065	17,978	18,502	18,142	18,794
District Revenue	14,887	14,847	17,649	18,065	17,978	18,502	18,142	18,794
Direct Appropriation	16,759	16,879	18,197	17,816	17,987	18,449	18,135	18,728
Current Year	13,473	13,543	16,092	16,259	16,181	16,652	16,329	16,915
Prior Year	1,575	1,410	1,304	1,557	1,806	1,797	1,806	1,813
Transfers Out	786		418					
Cancellations	926	1,927	383					
Expenditures	15,047	14,952	17,396	17,816	17,987	18,449	18,135	18,728
Biennial Change in Expenditures			5,213		1,224		1,651	
Biennial % Change in Expenditures			17		3		5	
Governor's Change from Base							427	
Governor's % Change from Base							1	

Program: Other General Education

Activity: Nonpublic Transportation

<https://education.mn.gov/MDE/dse/schfin/Trans/Type/>

AT A GLANCE

- 43,206 nonpublic students were transported to and from school in fiscal year (FY) 2017.
- 197 of 331 districts transported nonpublic students in FY 2017.

PURPOSE & CONTEXT

This program ensures that nonpublic school students receive the same level of transportation services as public school students, and that the school districts are able to provide this transportation without significant costs being paid from their general fund.

SERVICES PROVIDED

School districts must provide equal transportation services within the district for public and nonpublic school students living within the district. If the district transports nonpublic school students to a school in another district, the nonpublic school or the parents pay the cost of transportation outside of the district boundaries.

Public school districts must provide nonpublic school student transportation within the district boundaries for health and secondary guidance/counseling services that the school district provides to the nonpublic school students.

The public school district must transport nonpublic school students on late activity bus routes if it provides that service for public school students.

The Minnesota Department of Education (MDE) calculates and processes aid payments and provides technical support to school districts and nonpublic schools for this program.

RESULTS

Participation is measured by the percentage of nonpublic students transported to and from school.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quality	Percentage of nonpublic students transported	66.3%	63.7%

M.S. 123B.92, subdivision 9; M.S. 123B.84-87

Nonpublic Transportation

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	17,590	17,467	17,564	19,483	19,135	18,999	19,649	19,920
Total	17,590	17,467	17,564	19,483	19,135	18,999	19,649	19,920
Biennial Change				1,990		1,087		2,522
Biennial % Change				6		3		7
Governor's Change from Base								1,435
Governor's % Change from Base								4

Expenditures by Category

Grants, Aids and Subsidies	17,590	17,467	17,564	19,483	19,135	18,999	19,649	19,920
Total	17,590	17,467	17,564	19,483	19,135	18,999	19,649	19,920

Nonpublic Transportation

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	17,536	17,541	17,557	19,616	19,082	18,989	19,653	19,949
District Revenue	17,536	17,541	17,557	19,616	19,082	18,989	19,653	19,949
Direct Appropriation	17,673	18,278	18,372	19,483	19,135	18,999	19,649	19,920
Current Year	15,775	15,706	15,729	17,655	17,174	17,091	17,688	17,955
Prior Year	1,816	1,761	1,835	1,828	1,961	1,908	1,961	1,965
Transfers Out			808					
Cancellations	83	811						
Expenditures	17,590	17,467	17,564	19,483	19,135	18,999	19,649	19,920
Biennial Change in Expenditures				1,990		1,087		2,522
Biennial % Change in Expenditures				6		3		7
Governor's Change from Base								1,435
Governor's % Change from Base								4

Program: Other General Education

Activity: Career and Technical Aid

education.mn.gov/MDE/dse/cte/

AT A GLANCE

- 311 districts levied a total of \$22.5 million for Career and Technical Education programs for fiscal year (FY) 2017.
- 151 districts received Career and Technical Education aid for FY 2017, totaling \$4.5 million.

PURPOSE & CONTEXT

Career and Technical Education (CTE) revenue is a state aid and local property tax levy program that allows districts to receive revenue for Career and Technical program expenses.

All school districts with approved CTE programs are eligible for this revenue.

Federal Carl D. Perkins funds are available to help provide vocational-technical education programs and services.

CTE programs are a sequence of courses that integrates core academic knowledge with technical and occupational knowledge and skills to provide students a pathway to postsecondary education and careers. CTE teaches transferable workplace skills in applied learning contexts to provide opportunities to explore high-demand career options, and gives students the technology and skills needed for success in adult life.

These programs align with Minnesota's World's Best Workforce goals by helping students learn about, explore and prepare for a career.

SERVICES PROVIDED

Districts must submit annual budgets for their CTE programs to qualify for this revenue. A district with a CTE program approved by the Minnesota Department of Education (MDE) may levy for costs associated with the program.

- A district is eligible for revenue equal to 35 percent of approved expenditures in the fiscal year in which the levy is certified.

CTE property tax levy equals:

- CTE revenue, times
- The lesser of:
 - one; or,
 - the ratio of the adjusted net tax capacity per student in the fiscal year in which the levy is certified, to \$7,612.

CTE aid equals:

- CTE revenue minus CTE levy.

MDE reviews district programs for approval, calculates aid and property tax levies, and makes federal and state aid payments for these programs.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of districts participating in CTE programs	311	311
Quantity	Amount of property tax levy for CTE program	\$19,503,105	\$22,504,108

Note: In FY 2014, state aid was added to the Career and Technical Education Revenue program. Prior to FY 2014, CTE was funded by property tax levies only.

M.S. 124D.4531

Career & Technical Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	5,714	4,630	4,505	4,247	3,751	3,321	3,751	3,321
3000 - Federal	6,039	6,225	5,974	6,310	6,499	6,694	6,499	6,694
Total	11,753	10,855	10,479	10,557	10,250	10,015	10,250	10,015
Biennial Change				(1,572)		(771)		(771)
Biennial % Change				(7)		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	0							
Grants, Aids and Subsidies	11,753	10,855	10,479	10,557	10,250	10,015	10,250	10,015
Total	11,753	10,855	10,479	10,557	10,250	10,015	10,250	10,015
Total Agency Expenditures	11,753	10,855	10,479	10,557	10,250	10,015	10,250	10,015
Internal Billing Expenditures	0							
Expenditures Less Internal Billing	11,753	10,855	10,479	10,557	10,250	10,015	10,250	10,015

Career & Technical Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement	5,114	4,533	4,525	4,229	3,698	3,279	3,698	3,279
District Revenue	5,114	4,533	4,525	4,229	3,698	3,279	3,698	3,279
Direct Appropriation	5,922	4,806	4,561	4,247	3,751	3,321	3,751	3,321
Current Year	5,287	4,113	4,085	3,807	3,329	2,952	3,329	2,952
Prior Year	428	517	420	440	422	369	422	369
Cancellations	208	176	56					
Expenditures	5,714	4,630	4,505	4,247	3,751	3,321	3,751	3,321
Biennial Change in Expenditures			(1,593)		(1,680)		(1,680)	
Biennial % Change in Expenditures			(15)		(19)		(19)	
Governor's Change from Base							0	
Governor's % Change from Base							0	

3000 - Federal

Receipts	6,039	6,225	5,974	6,310	6,499	6,694	6,499	6,694
Expenditures	6,039	6,225	5,974	6,310	6,499	6,694	6,499	6,694
Biennial Change in Expenditures				21		909		909
Biennial % Change in Expenditures				0		7		7
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other General Education

Activity: Special Provision For Select Districts

AT A GLANCE

- The One-Room Schoolhouse revenue program was implemented in fiscal year (FY) 1995.

PURPOSE & CONTEXT

The One-Room Schoolhouse program provides additional revenue to the Warroad school district to assist with expenses related to the Angle Inlet Elementary School.

SERVICES PROVIDED

This program provides \$65,000 each year to the isolated one-room schoolhouse.

The Minnesota Department of Education (MDE) processes the aid payment for this program.

RESULTS

MDE does not collect data regarding utilization of One-Room Schoolhouse aid.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2017</i>	<i>FY 2018</i>
Quantity	Number of Minnesota resident students attending Angle Inlet School	8	9

MN Laws 2017 1st Special Session, Chapter 5, Article 1, Section 19, Subdivision 8

Special Provision For Select Districts

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	65	65	65	65	65	65	65	65
Total	65	65	65	65	65	65	65	65
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	65	65	65	65	65	65	65	65
Total	65	65	65	65	65	65	65	65

Special Provision For Select Districts

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	65	65	65	65	65	65	65	65
Expenditures	65	65	65	65	65	65	65	65
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other General Education

Activity: State Paid Property Tax Credits and Education Reserve

AT A GLANCE

- 9 credit programs in fiscal year (FY) 2017 (one program is for prior year adjustments).
- 1 new credit program beginning in FY 2019 (2017/pay 2018).
- General Fund Reserve transferred \$25.974 million between one excess and five deficient programs in FY 2017.
- Community Education funds had no deficiencies in FY 2017 and the Reserve was not utilized.

PURPOSE & CONTEXT

Property tax credits and aids calculated by the Department of Revenue provide a vehicle for property tax reform or relief for targeted real property classes. The effect of these state paid property tax credits and aids is to shift a portion of property tax burden for education from property owners to the state.

- All school districts in the state receive some form of state paid property tax credits.
- The number and the amount of state paid tax credits that districts and property tax owners in the district receive is dependent upon the local conditions, such as natural disasters, existence of agricultural property, economic depression, and others noted below.

The two "Education Reserves" allow the commissioner to transfer the excess from a direct general fund appropriation for any education aid or grant authorized in specified chapters that exceeds the amount required to be used to any education aid or grant appropriation that is insufficient.

- The general fund reserve pertains to chapters 127A, 122A, 123A, 123B, 124D, 124E, 125A, 126C, and 134, excluding appropriations under sections 124D.135, 124D.16, 124D.20, 124D.22, 124D.52, 124D.531, 124D.55, and 124D.56.
- The community education fund reserve pertains to sections 124D.135, 124D.16, 124D.20, 124D.22, 124D.52, 124D.531, 124D.55, and 124D.56.

SERVICES PROVIDED

There are several property tax credit and aid programs paid to school districts by the Minnesota Department of Education (MDE) that reduce property taxes paid by property owners:

1. Programs reducing the property tax rate applied to the property value to calculate property tax:
 - *Disparity Reduction Aid* provides relief to high tax rate areas. The Department of Revenue calculates a reduction to the initial tax rate to reduce the rate as much as 10 percent.
2. Programs providing a reduction to the calculated property tax:
 - *Local Option Disaster Abatement Credit* provides relief related to the damage or destruction of homestead and non-homestead property. The property need not be located within a disaster or emergency area.
 - Homestead and Disaster Credit provides relief related to the damage or destruction that occurred for each reassessed homestead property within the county that is located within a disaster or emergency area.
3. *Local Option Disaster Credit* provides relief related to the damage or destruction that occurred for: (1) homestead property that meets all the requirements under the Local Option Disaster Abatement, subdivision 1, paragraph (a), but that does not qualify for a credit under the Homestead and Disaster Credit; and, (2) non-homestead and utility property that meets all the requirements under the Local Option Disaster Abatement, subdivision 1, paragraph (b).

4. *Agricultural Preserves Credit* provides relief to owners of agricultural property in the seven-county metropolitan area.
5. *Disparity Reduction Credit* provides relief to apartments, commercial, industrial, and public utilities in economically depressed areas located at Minnesota borders designated as enterprise zones.
6. *Residential Homestead Market Value Credit* provides relief to residential homestead property, including the house, garage, one acre of land for farm homesteads, and certain resort homesteads. The credit is computed as 0.4 percent of the first \$76,000 market value of each homestead property. The maximum credit is \$304 and is phased out at a rate of .09 percent of the value over \$76,000.
7. *Agricultural Land Market Value Credit* provides relief to agricultural homestead property, excluding the house, garage, and one acre. The credit is computed as 0.3 percent of the first \$115,000 market value of each homestead property. The maximum credit is \$345 and is phased out at a rate of .05 percent of the value over \$115,000 with a maximum reduction of \$115.
8. *School Building Bond Agricultural Credit*, enacted in 2017, provides relief to agricultural homestead property, excluding the house, garage, and one acre. The credit is computed as 40 percent of the property's eligible net tax capacity, multiplied by the school debt tax rate.

In addition to the property tax relief aids and credits listed above, school districts may receive others paid by the county, including power line credit, county conservation credit, taconite homestead credit, and supplementary homestead credit. Taconite homestead credit and supplementary homestead credit targets Iron Range homeowners with a credit of either 66 percent or 57 percent, depending on characteristics of the mining industry within the school district. The 66 percent credit has a maximum of \$315.10 per property. The 57 percent credit has a maximum of \$289.80 per property.

The Education Reserves allows full funding or closer to full funding for programs that may be underfunded due to the difference between forecast estimates and actual costs of specified programs.

RESULTS

<i>Program Name</i>	<i>FY 2015 2013 Pay 2014</i>	<i>FY 2016 2014 Pay 2015</i>	<i>FY 2017 2015 Pay 2016</i>	<i>FY 2018 2016 Pay 2017</i>
Disparity Reduction Aid	\$7,877,846	\$7,935,614	\$7,928,689	\$7,933,846
Local Option Disaster Abatement Credit	\$75,609	\$0	\$26,568	\$0
Homestead and Disaster Credit	\$0	\$4,873	\$0	\$66,021
Local Option Disaster Credit	\$0	\$0	\$0	\$4,963
Agricultural Preserves Credit	\$280,509	\$326,341	\$324,938	\$242,182
Disparity Reduction Credit	\$1,682,942	\$1,843,251	\$2,711,320	\$2,527,796
Residential Homestead Market Value Credit	\$7,093	\$8,129	\$19,136	\$7,440
Prior Year Real Property Credit	\$24,136	\$6,956	\$5,654	\$14,125
Agricultural Land Market Value Credit	\$5,021,122	\$8,803,072	\$9,084,824	\$8,667,219

M.S. 273.119; M.S. 273.1233; M.S. 273.1234; M.S. 273.1235; M.S. 273.1384; M.S. 273.1387; M.S. 273.1398; M.S.127A.41, subd.8; M.S.127A.41, subd.9;

E37 - Education

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Transfers In	786	25,974	7,811					
Transfers Out	786	25,974	991					

Program: Other General Education

Activity: Miscellaneous Levies (information only)

education.mn.gov/MDE/dse/datasub/LevyCertSys/

AT A GLANCE

- 13 levy programs have estimated levies for fiscal year (FY) 2019.

PURPOSE & CONTEXT

These programs provide additional local property tax levy revenue to school districts to fund specific obligations of the district's general fund.

SERVICES PROVIDED

The following levies are currently in effect. Most of these levies are available to any district with certain obligations that qualify for levy authority, but a few, as noted below, are for specific districts only.

- Reemployment Insurance Levy
 - A school district may levy for unemployment insurance and for job-placement services offered to eligible employees.
- Judgment Levy
 - A school district may levy for judgments against the district, including interest costs or for its proportionate share of the costs of a judgment against an intermediate district.
- Health Benefit Levy
 - A school district may levy for health insurance and unreimbursed medical expenses of employees who retired before July 1, 1992.
- Additional Retirement Levy
 - The Minneapolis and St. Paul school districts may levy for certain pension obligations.
- Minneapolis Health Insurance Subsidy Levy
 - The Minneapolis school district may levy to subsidize health insurance costs for eligible retired teachers.
- St. Paul Severance Levy
 - The St. Paul school district may levy to pay for severance costs.
- Safe Schools Levy
 - A school district may levy up to \$36 per pupil unit to provide a drug abuse prevention program in the elementary schools; to provide police liaison services in the schools; to provide a gang resistance education program in the schools; to pay the costs for security on school property and/or pay for other crime prevention, drug abuse, student and staff safety; to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems; to pay for facility security enhancements including laminated glass, announcement systems, communication devices and other modifications to violence prevention and facility security; pay for the costs associated with improving school climate; to pay costs associated with collaborating with mental health professionals who are not district employees or contractors.
- Ice Arena Levy
 - A school district may levy for the net operational costs of the ice arena for the previous fiscal year.

- **Severance Levies**
 - A school district that reorganizes under dissolution and attachment may levy the costs of severance pay or early retirement incentives for licensed and non-licensed employees who resign or retire early as a result of the reorganization. A school district with a secondary agreement with another district must pay severance to licensed employees placed on unrequested leave and may levy for the expenses. Districts with an agreement to allow pupils to attend school in an adjoining state may levy for severance costs resulting from the agreement.
- **Swimming Pool Levy**
 - Certain school districts on the Canadian border may levy for the net operational costs of a swimming pool, not to exceed the net actual costs of operation of the swimming pool for the previous year.
- **Economic Development Abatement Levy**
 - The governing body of a political subdivision may grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply. The political subdivision must add to its levy amount for the current year the total estimated amount of all current year abatements granted. No abatement aid is generated for these abatements.
- **Tree Growth Replacement Levy**
 - Districts may levy an amount not to exceed its tree-growth revenue for taxes payable in 2001.
- **Reorganization Operating Debt Levy**
 - A school district that reorganizes under consolidation or dissolution and attachment may levy to retire the net negative undesignated fund balance in the operating funds.

Other Miscellaneous Severance Pay/Early Retirement Incentive Levies

- **Annual Other Postemployment Benefits Levy**
 - A school district may levy for other postemployment benefit expenses if the district: 1) has created an actuarial liability to pay postemployment benefits; and, 2) has a sunset clause in effect for the current collective bargaining agreement.
- **Consolidation Transition Revenue**
 - For a school district that consolidates under Minnesota Statutes, section 123A.485, subdivision 2, consolidation transition aid is equal to a maximum of \$200 per resident pupil unit for the first year of consolidation and \$100 per resident pupil unit for the second year of consolidation. If the cost of the early retirement incentives offered by the district under subdivision 2 exceeds the amount of consolidation transition aid, the district may levy for the difference for a period not to exceed three years.
- **Consolidation/Transition Levies**
 - The board(s) of districts combining or combined under Minnesota Statutes, section 123A.485, subdivision 3, may levy over three years or less for costs directly related to the transition from cooperation to combination.
- **Administrative Services Levy**
 - The school district may levy for costs of retirement incentives or severance pay or other costs related to the discontinuance of administrative positions, under certain circumstances.

The Minnesota Department of Education (MDE) collects data from the districts, calculates the levy authority and in some cases, reviews and approves levy requests.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Pay 2017: In Thousands</i>	<i>Pay 2018: In Thousands</i>
Quantity	Reemployment Insurance Levy	\$6,358.1	\$5,584.4
Quantity	Judgment Levy	\$278.7	\$1,034.8
Quantity	Health Benefit Levy	\$1,705.7	\$1,712.9
Quantity	Additional Retirement Levy	\$24,424.9	\$24,666.6
Quantity	Minneapolis Health Insurance Subsidy Levy	\$0	\$0
Quantity	St. Paul Severance Levy	\$941	\$1,046.6
Quantity	Safe Schools Levy	\$31,083.6	\$31,565.4
Quantity	Ice Arena Levy	\$2,228.6	\$2,273.8
Quantity	Severance Levies	\$611	\$241.4
Quantity	Swimming Pool Levy	\$596.4	\$622.8
Quantity	Economic Development Abatement Levy	\$1,247.8	\$1,608.8
Quantity	Tree-Growth Replacement Levy	\$596.4	\$667.2
Quantity	Reorganization Operating Debt Levy	\$30.7	\$30.7

M.S. 126C.43, subdivision 2; M.S. 126C.43, subdivision 3; M.S. 126C.41, subdivision 2; M.S. 126C.41, subdivision 3; M.S. 126C.41, subdivision 4; M.S. 126C.41, subdivision 5; M.S. 126C.44; M.S. 126C.45; M.S. 123A.30, subdivision 6; M.S. 123A.39, subdivision 3; M.S. 123A.73, subdivision 12; M.S. 123A.444; M.S. 124D.05, subdivision 3; M.S. 126C.41, subdivision 6; M.S. 126C.455; M.S. 469.1812-1815; M.S. 126C.445; M.S. 123A.73, subdivision 9; M.S. 123B.82; M.S. 126C.445; M.S. 123A.485; M.S. 123A.41, subdivision 4; M.S. 123A.76; M.S. 123A.12

Program: Choice Programs

Activity: Charter School Lease Aid

education.mn.gov/MDE/dse/chart

AT A GLANCE

- In fiscal year (FY) 2017, 160 of the 164 charter schools in Minnesota received lease aid.
- Maximum lease aid per pupil unit is \$1,314.

PURPOSE & CONTEXT

Unlike school districts, charter schools cannot generate property tax revenue to pay for school buildings. The Charter School Lease Aid program provides partial funding to charter schools to lease facilities and land.

SERVICES PROVIDED

This program provides funding to charter schools to lease facilities for instructional purposes. Charter schools submit applications for lease aid that are approved or denied based on:

- Reasonableness of the price per square foot.
- Appropriateness of the proposed lease in the context of the space needs, code compliance and financial circumstances of the charter school.
- Conformity of the leased space and lease agreement to the laws and rules of the state and federal governments.

State aid is the lesser of:

- Ninety percent of the actual net lease costs; or
- \$1,314 times the number: (pupil units served plus PSEO pupil units).

The Minnesota Department of Education (MDE) approves charter school lease aid applications.

Beginning FY 2017, lease aid is available for approved pre-K school programs.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>Preliminary FY 2018*</i>
Quantity	Charter Schools receiving lease aid	159	160	160
Quantity	Pupil Units Served	54,052	57,491	61,094
Quantity	Average Lease Cost per Pupil Unit	\$1,413	\$1,429	\$1,491
Quantity	Average Aid per Pupil Unit	\$1,180	\$1,198	\$1,214

*Does not reflect FY 2018 UFARS adjustments to lease costs.

M.S. 124E.22 M.S. 124E.22

Charter School Lease Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	63,446	68,616	73,205	79,646	85,279	90,843	85,450	91,064
3000 - Federal	8,458	8,364	7,542	13,747	11,000	11,000	11,000	11,000
Total	71,904	76,981	80,747	93,393	96,279	101,843	96,450	102,064
Biennial Change				25,255		23,982		24,374
Biennial % Change				17		14		14
Governor's Change from Base								392
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	71,904	76,981	80,747	93,393	96,279	101,843	96,450	102,064
Total	71,904	76,981	80,747	93,393	96,279	101,843	96,450	102,064

Charter School Lease Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	63,803	68,897	73,803	80,219	85,842	91,398	86,032	91,622
District Revenue	63,803	68,897	73,803	80,219	85,842	91,398	86,032	91,622
Direct Appropriation	63,540	68,046	73,440	79,646	85,279	90,843	85,450	91,064
Current Year	57,414	62,228	66,355	72,198	77,258	82,259	77,429	82,461
Prior Year	6,032	6,389	6,850	7,448	8,021	8,584	8,021	8,603
Transfers In		571						
Transfers Out			235					
Cancellations	94	0						
Expenditures	63,446	68,616	73,205	79,646	85,279	90,843	85,450	91,064
Biennial Change in Expenditures				20,789		23,271		23,663
Biennial % Change in Expenditures				16		15		15
Governor's Change from Base								392
Governor's % Change from Base								0

3000 - Federal

Receipts	8,458	8,364	7,542	13,747	11,000	11,000	11,000	11,000
Expenditures	8,458	8,364	7,542	13,747	11,000	11,000	11,000	11,000
Biennial Change in Expenditures				4,466		711		711
Biennial % Change in Expenditures				27		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Choice Programs

Activity: Achievement and Integration Aid

education.mn.gov/MDE/dse/acint/

AT A GLANCE

- During the 2017-2018 schoolyear 55 racially identifiable schools* (in 15 different districts) and 38 racially isolated districts** participated in this program. Some of these racially isolated districts also have racially identifiable schools. There were 82 additional districts in the program to work with racially isolated districts on integration activities.
- Based on their 2017 fall enrollment, 24 additional racially isolated districts and 16 new racially identifiable schools will join the program and generate revenue starting in FY 2020. Up to 66 additional districts may be in the program to work with the new racially isolated districts on integration activities.
- Districts use this revenue to increase racial and economic integration, to reduce achievement disparities within their districts, and to partner with neighboring districts on integration activities for students.

**A school with enrollment of protected students more than 20 percentage points above that of the district average for schools serving the same grade levels.*

***A district with districtwide enrollment of protected students that exceeds that of any adjoining district by more than 20 percentage points.*

PURPOSE & CONTEXT

This program exists to increase racial and economic integration, reduce achievement disparities for specific student groups, and provide students equitable access to a qualified and racially diverse teaching staff.

Students served include prekindergarten through grade 12 students attending public school districts that are eligible under the Minnesota Desegregation and Integration Rule.

Achievement and Integration revenue is made up of two different funding streams: *initial revenue* which may be used to fund the strategies in a district's approved achievement and integration plan and *incentive revenue* which must be used for strategies to reduce racial and economic enrollment disparities. Both types of revenue are funded through local property tax levy (30 percent) and state aid (70 percent).

Districts are required to incorporate their achievement and integration plan into their World's Best Workforce plan. This program supports the World's Best Workforce goals of closing all racial and economic achievement gaps.

Districts that have not met their plan goals at the end of three years must develop an improvement plan and use up to twenty percent of their achievement and integration revenue to fund that plan.

SERVICES PROVIDED

Achievement and Integration revenue is used to implement strategies in a district's achievement and integration plan. These strategies must increase integration and reduce achievement disparities within the district or racially identifiable school. Most plans include student integration activities between neighboring districts.

Achievement and Integration plans may include the following types of strategies:

- Family involvement programs.
- Integrated prekindergarten to grade 12 programs with school enrollment choices designed to decrease racial and economic enrollment disparities within or between districts.
- Training for teachers and administrators to improve the achievement of all students.
- Rigorous coursework and career and college readiness programs for underserved students.
- Recruitment and retention of a racially and ethnically diverse staff.

The Minnesota Department of Education (MDE) reviews and approves district plans and budgets, calculates and processes aid payments, and provides ongoing assistance to districts on developing effective plans, monitoring their progress, improvement processes, and reporting results.

RESULTS

The table below lists the number of racially identifiable schools and racially isolated districts participating in the program for the years listed.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2014-2015 2015-2016</i>	<i>2016- 2017</i>	<i>2017- 2018</i>
Quantity	Number of participating racially isolated districts	40	40	39
Quantity	Number of participating racially identifiable schools	55	55	55
Quantity	Number of participating districts with racially identifiable schools	15	15	15

Districts self-report on the extent to which they've realized the goals in their plans. The current achievement and integration plans were submitted in FY 2017 and will end in FY 2020. First year results for these three-year plans will be available in the fall of 2018.

Districts' progress toward the goals in their prior three-year plan are listed below.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2015</i>	<i>2017</i>	<i>Number of Districts</i>
Quality	Progress toward goal for reducing reading achievement gap	23.9% on track	10.16% met goal	13
Quality	Progress toward goal for reducing math achievement gap	26.9% on track	4.69% met goal	6
Quality	Progress toward integration goal	66.8% on track	51.56% met goal	66

M.S.124D.861; M.S.124D.862; MN Rules 3535.0100-3535.0180

Achievement & Integration Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	64,161	64,889	70,563	70,217	79,875	82,668	80,263	83,101
Total	64,161	64,889	70,563	70,217	79,875	82,668	80,263	83,101
Biennial Change				11,730		21,763		22,584
Biennial % Change				9		15		16
Governor's Change from Base								821
Governor's % Change from Base								1

Expenditures by Category

Grants, Aids and Subsidies	64,161	64,889	70,563	70,217	79,875	82,668	80,263	83,101
Total	64,161	64,889	70,563	70,217	79,875	82,668	80,263	83,101

Achievement & Integration Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	63,850	65,213	71,072	70,869	81,233	83,198	81,663	83,630
District Revenue	63,850	65,213	71,072	70,869	81,233	83,198	81,663	83,630
Direct Appropriation	65,439	67,091	71,384	70,503	80,201	83,003	80,589	83,436
Current Year	57,991	59,030	64,380	63,811	73,142	74,912	73,530	75,303
Prior Year	6,171	5,860	6,182	6,692	7,059	8,091	7,059	8,133
Transfers Out	269	281	279	286	326	335	326	335
Cancellations	1,010	1,921	543					
Expenditures	64,161	64,889	70,563	70,217	79,875	82,668	80,263	83,101
Biennial Change in Expenditures				11,730		21,763		22,584
Biennial % Change in Expenditures				9		15		16
Governor's Change from Base								821
Governor's % Change from Base								1

Program: Choice Programs

Activity: Inter-district Desegregation Transportation

education.mn.gov/MDE/dse/acint/

AT A GLANCE

- In fiscal year (FY) 2017, over 8,000 open enrolled students were transported to and from schools participating in achievement and integration programs at a total district cost of \$15.9 million. Districts received state aid in the amount of \$13.8 million, as districts already receive a portion of general education revenue to cover the cost.
- Other students were transported to achievement and integration programs and events at a total district cost of \$498,130 in FY 2017. Districts received \$498,130 in state aid as there is no general education deduction for this type of transportation.

PURPOSE & CONTEXT

This state aid program supports the achievement and integration program by funding unreimbursed transportation costs for students in an inter-district desegregation program.

This aid program supports the World's Best Workforce goal of reducing the racial and economic achievement gaps between students.

SERVICES PROVIDED

Transportation is provided between the student's home or school and the achievement and integration program or school.

The aid paid to school districts is the difference between the cost of transportation and the portion of general education revenue attributable to transportation that the students generate.

The Minnesota Department of Education (MDE) calculates aid payments and provides technical support for this program.

RESULTS

Both the number of districts and the number of students participating has remained steady with some minor fluctuations over time.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of Districts	61	61	62	65
Quantity	Number of Students Transported	9,060	9,264	8,668	8,065

M.S. 124D.87

Inter-district Desegregation Transportation

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	14,542	13,550	14,328	13,193	13,874	14,589	13,874	14,589
Total	14,542	13,550	14,328	13,193	13,874	14,589	13,874	14,589
Biennial Change				(571)		942		942
Biennial % Change				(2)		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	14,542	13,550	14,328	13,193	13,874	14,589	13,874	14,589
Total	14,542	13,550	14,328	13,193	13,874	14,589	13,874	14,589

Inter-district Desegregation Transportation

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	14,423	13,496	13,337	13,193	13,874	14,589	13,874	14,589
Transfers In	119	54	991					
Expenditures	14,542	13,550	14,328	13,193	13,874	14,589	13,874	14,589
Biennial Change in Expenditures				(571)		942		942
Biennial % Change in Expenditures				(2)		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Choice Programs
Activity: Recovery Program

AT A GLANCE

- For fiscal year (FY) 2017, there was \$500,000 in grant funds available. For FY 2018, the amount was increased to \$750,000.
- Recovery programs are eligible for grants of up to \$125,000 per year.

PURPOSE & CONTEXT

The Recovery Program Grant provides additional revenue to help with the cost of substance abuse recovery program support staff at approved recovery schools. Recovery programs must provide academic instruction designed to meet graduation requirements and assist students recovering from substance abuse or dependency.

This grant program supports the World's Best Workforce goal of all students graduating from high school.

SERVICES PROVIDED

Grants pay for a portion of the costs of recovery program support staff. In FY 2018, coverage for unreimbursed transportation expenses was added to the list of eligible costs.

Recovery program support staff are defined as:

- Licensed alcohol and chemical dependency counselors;
- Licensed school counselors;
- Licensed school psychologists;
- Licensed school nurses; and
- Licensed school social workers.

The Minnesota Department of Education provides the following services for the program:

- Approving recovery programs;
- Developing application process and reporting forms for applicants/recipients;
- Providing technical assistance to applicants/recipients;
- Creating grant contracts including work plans and budget information;
- Calculating, auditing and processing payments; and
- Providing guidance as it relates to Minnesota statutes and state policies.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2017</i>	<i>FY 2018</i>
Quantity	Number of schools receiving grants	5	5

M.S.124D.695

Recovery Program

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	489	439	674	826	750	750	750	750
Total	489	439	674	826	750	750	750	750
Biennial Change				572		0		0
Biennial % Change				62		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	489	439	674	826	750	750	750	750
Total	489	439	674	826	750	750	750	750

Recovery Program

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	500	500	750	750	750	750	750	750
Balance Forward In		11		76				
Cancellations		72						
Balance Forward Out	11		76					
Expenditures	489	439	674	826	750	750	750	750
Biennial Change in Expenditures				572		0		0
Biennial % Change in Expenditures				62		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Indian Education

Activity: Indian Teacher Training Program

education.mn.gov/MDE/fam/indian/

AT A GLANCE

- Historically, grants were awarded to four project sites: Augsburg College, in collaboration with Minneapolis Public Schools and St. Paul Public Schools; Bemidji State University, in collaboration with Red Lake Public Schools; Minnesota State University Moorhead, in collaboration with Mahnomon Public Schools; and the University of Minnesota-Duluth, in collaboration with Duluth Public Schools.
- The grants will be opened up for competitive postsecondary institutions and area schools to reach a more extensive pool of applicants starting in 2019.

PURPOSE & CONTEXT

The Minnesota Indian Teacher Training Program (MITTP) provides scholarships to assist American Indian students to become teachers and to assist current American Indian teachers in gaining additional education, credentials or certifications. The program seeks to diversify the pool of Minnesota teachers in order to increase all students' cultural awareness, experiences, and exposure to a diverse population of teachers.

This program is designed to meet all goal areas of the World's Best Workforce, with a special focus on ensuring all racial and economic achievement gaps between students are closed.

SERVICES PROVIDED

This program provides scholarships to American Indian students and teachers who have the potential to complete a teacher-training program or certification needed to work in a specific school setting, and who have demonstrated a financial need.

RESULTS

A majority of students that receive scholarship/grant funds are supported for multiple years during their teacher training program. Eighty-one of the MITTP participants currently work in an educational capacity.

In the 2017-2018 school year, there were a total of six students participating at the four institutions in the Indian Teacher Training Program. The program receives \$460,000 per year.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Program Participants	10	6

**The total number of graduates listed reflects only students who were receiving grants at the time of graduation. It does not reflect students who may have participated in the program at some point during their teacher training program. The total number of graduates also does not reflect students who returned to receive additional certifications or credentials.*

M.S. 122A. 63; M.S. 124D.72.

Indian Teacher Training Program

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	190	460	460	460	460	460	460	460
Total	190	460	460	460	460	460	460	460
Biennial Change				270		0		0
Biennial % Change				42		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	190	460	460	460	460	460	460	460
Total	190	460	460	460	460	460	460	460

Indian Teacher Training Program

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	190	460	460	460	460	460	460	460
Expenditures	190	460	460	460	460	460	460	460
Biennial Change in Expenditures				270		0		0
Biennial % Change in Expenditures				42		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Indian Education

Activity: Tribal Contract Schools

education.mn.gov/MDE/fam/indian/

AT A GLANCE

- In fiscal year (FY) 2017, 685 American Indian students attended the four federal Bureau of Indian Education (BIE) tribal contract schools in Minnesota.

PURPOSE & CONTEXT

The program seeks to provide tribal schools with sufficient funding so they can provide an adequate and uniform education to their students, as required by the Minnesota Constitution. Participants include the four tribal contract schools in the state: Bug-O-Nay-Ge-Shig School, Leech Lake; Circle of Life Academy, White Earth; Nay ah Shing School, Mille Lacs; and Fond du Lac Ojibwe School, Fond du Lac.

This program supports two goal areas of the World's Best Workforce by ensuring that all racial and economic achievement gaps between students are closed and that all students graduate from high school.

SERVICES PROVIDED

This state aid program provides funding to promote equal education for American Indian students enrolled in BIE tribal contract schools. The funds provide general education services and are not specifically set aside to meet any legislated goals. State aid is calculated based on the difference between the state per pupil adjusted aid amount minus the amount provided by the federal government.

The Minnesota Department of Education (MDE) calculates and processes aid payments to tribal contract schools for this program.

RESULTS

MDE does not track or report participant performance. Tribal contract schools are under federal jurisdiction and therefore are not state public schools under Minnesota statutes, so MDE cannot require tribal schools to submit assessment data related to this program.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	American Indian student graduation rate in BIE Tribal contract schools*	52.5%	44.7%
Quantity	Statewide American Indian student graduation rate	49.5%	50.7%

**This graduation rate was calculated using data reported from two of four tribal contract schools in the state. The remaining two schools had data cells that were too small to report.*

M.S. 124D.83

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	2,362	1,488	2,954	2,948	1,825	1,779	3,321	3,819
Total	2,362	1,488	2,954	2,948	1,825	1,779	3,321	3,819
Biennial Change				2,051		(2,298)		1,238
Biennial % Change				53		(39)		21
Governor's Change from Base								3,536
Governor's % Change from Base								98

Expenditures by Category

Grants, Aids and Subsidies	2,158	1,488	2,631	2,693	1,526	1,610	3,022	3,484
Other Financial Transaction	204		323	255	299	169	299	335
Total	2,362	1,488	2,954	2,948	1,825	1,779	3,321	3,819

Tribal Contract Schools

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement	2,159	1,812	2,886	2,992	1,695	1,788	3,357	3,870
District Revenue	2,159	1,812	2,886	2,992	1,695	1,788	3,357	3,870
Direct Appropriation	3,539	3,278	3,623	2,948	1,825	1,779	3,321	3,819
Current Year	2,159	1,489	2,631	2,693	1,526	1,610	3,022	3,484
Prior Year	204		323	255	299	169	299	335
Transfers Out			669					
Cancellations	1,177	1,790						
Expenditures	2,362	1,488	2,954	2,948	1,825	1,779	3,321	3,819
Biennial Change in Expenditures				2,051		(2,298)		1,238
Biennial % Change in Expenditures				53		(39)		21
Governor's Change from Base								3,536
Governor's % Change from Base								98

Program: Indian Education**Activity: Tribal Early Childhood Program**education.mn.gov/MDE/fam/indian/**AT A GLANCE**

- Provides support to four tribal early childhood family education (ECFE) programs.
- Serves 800 to 1,100 children, birth to age 5, every year.
- Program sites: Bug-O-Nay-Ge-Shig school in Leech Lake; Circle of Life in White Earth; Fond du Lac Ojibwe School in Cloquet; and, Wewinabi Early Education Center in Mille Lacs.

PURPOSE & CONTEXT

This program ensures Early Childhood and Family Education (ECFE) services are available for parents who live in tribal communities and who will send their children to tribally controlled schools.

This program supports two goal areas of the World's Best Workforce by ensuring that all children are ready for school and that all racial and economic achievement gaps between students are closed.

SERVICES PROVIDED

The program uses culturally appropriate materials and strategies to deliver the basic ECFE program, with an added emphasis on preserving American Indian history, language and culture.

The programs require the direct presence and substantial involvement of the children's parents, especially fathers, and may include any or all of the following education services:

- Programs to educate parents about the physical and mental development of the children.
- Programs to enhance parents' skills in providing for their children's learning and development.
- Participation in "Positive Indian Parenting" programs.
- Learning experiences for children and parents.
- Activities designed to detect children's physical, mental, emotional or behavioral problems that may cause learning problems.
- Activities and materials designed to encourage self-esteem, skills, and behaviors that prevent sexual and other interpersonal violence.
- Educational materials that may be borrowed for home use.
- Home visits or center-based activities.
- Other programs or activities to improve the health, development, and school-readiness of children.

The Minnesota Department of Education (MDE), through the Office of Indian Education, works with each of the four project sites annually to determine how allocations will be utilized and verifies how many children and families are served. MDE also calculates and processes aid payments for this program.

RESULTS

Tribally controlled schools are under federal jurisdiction and, therefore, are not state public schools under Minnesota statutes. They are not required to submit assessment data for this program. MDE does not track or report participant performance.

M.S. 124D.83, subd.4

Tribal Early Childhood Program

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	68	68	68	68	68	68	68	68
Total	68	68	68	68	68	68	68	68
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Other Financial Transaction	68	68	68	68	68	68	68	68
Total	68	68	68	68	68	68	68	68

Tribal Early Childhood Program

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	68	68	68	68	68	68	68	68
Expenditures	68	68	68	68	68	68	68	68
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Indian Education

Activity: American Indian Education Aid

education.mn.gov/MDE/fam/indian/

AT A GLANCE

- Provides formula funding to 143 eligible school districts, charter schools and tribal contract schools.
- Funding reaches nearly 97 percent of American Indian students statewide.
- 22,154 American Indian students served annually.
- 26.5 percent of American Indian students served are in the seven-county metro area.
- The Indian Education Aid program replaced the Success for the Future program in fiscal year (FY) 2016.

PURPOSE & CONTEXT

This program seeks to increase the academic achievement, decrease the dropout rate, and improve the school climate of American Indian students in culturally appropriate ways. The program serves American Indian students in school districts, federal Bureau of Indian Education tribal contract schools, and charter schools.

The Minnesota Department of Education's Office of Indian Education convened a stakeholder group to recommend how to improve educational outcomes for American Indian students. The working group decided that the Success for the Future program, a \$4.2 million competitive grant program, needed to be replaced to reach more American Indian students. The recommendation, and eventual statutory funding formula that was enacted by the legislature in 2015, expands funding to eligible districts and schools from 32 to 143, serving nearly 97 percent of American Indian students in Minnesota. Under the new formula, school districts, charter schools, and tribal schools that have 20 or more American Indian students enrolled are eligible to receive \$20,000 for the first 20 students, and an additional \$358 per student beyond the initial count of 20.

This program is designed to support all goal areas of the World's Best Workforce, with a special focus on ensuring that all children are ready for school, all racial and economic achievement gaps between students are closed, and that all students are ready for college and career.

SERVICES PROVIDED

American Indian education programs are designed to meet the unique educational and cultural needs of American Indian students. They focus on:

- Getting students ready for college;
- Increasing achievement, especially in math and reading;
- Making the curriculum more relevant to students' cultural heritage;
- Reinforcing students' positive self-image; and
- Developing intercultural awareness among students, parents, staff and community.

The following services are funded by the American Indian formula aid program with the goals of increasing student achievement, increasing graduation rates, reducing the achievement gap, and lowering dropout rates:

- Programs to improve daily attendance and keep students in school;
- Academic counseling;
- Advocates and liaisons between home and school;
- Innovative curriculum based on technology;
- Support for teaching American Indian history, culture, language and literature;

- Staff development support through training; and
- Best practices in teaching for American Indian students.

The Minnesota Department of Education administers the aid program and calculates payments to school districts, charter schools, and tribal contract schools.

RESULTS

The program serves nearly 97 percent of the state's American Indian students enrolled in public schools and enables participating students to take part in a variety of college- and career-readiness programs.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Results	Statewide American Indian Graduation Rate	51.92%	50.65%
Results	Statewide American Indian MCA Reading Proficiency – 8 th Grade	35.9%	32.6%
Results	Statewide American Indian MCA Math Proficiency – 8th Grade	31.1%	26.8%

M.S. 124D.81

American Indian Education Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	7,001	8,367	9,004	9,501	9,515	9,673	9,515	9,673
Total	7,001	8,367	9,004	9,501	9,515	9,673	9,515	9,673
Biennial Change				3,137		683		683
Biennial % Change				20		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	7,001	8,367	9,004	9,501	9,515	9,673	9,515	9,673
Total	7,001	8,367	9,004	9,501	9,515	9,673	9,515	9,673

American Indian Education Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Entitlement	7,632	8,190	9,214	9,605	9,505	9,692	9,505	9,692
District Revenue	7,632	8,190	9,214	9,605	9,505	9,692	9,505	9,692
Direct Appropriation	7,953	8,838	9,244	9,501	9,515	9,673	9,515	9,673
Current Year	6,808	7,544	8,358	8,645	8,555	8,723	8,555	8,723
Prior Year	193	824	646	856	960	950	960	950
Cancellations	952	471	240					
Expenditures	7,001	8,367	9,004	9,501	9,515	9,673	9,515	9,673
Biennial Change in Expenditures				3,137		683		683
Biennial % Change in Expenditures				20		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Innovation and Accountability
Activity: Alternative Compensation (Q Comp)

education.mn.gov/MDE/dse/qc/

AT A GLANCE

- In fiscal year (FY) 2018, 186 districts and charter schools participated (36.54 percent):
 - 109 school districts participated (33.13 percent).
 - 75 charter schools participated (45.73 percent).
 - One intermediate district participated (25.00 percent).
 - One education district participated (8.33 percent).
- 491,028 students in the state were served (55.49 percent).
- 37,418.03 full-time equivalent (FTE) licensed staff in the state were served (56.75 percent).
- 23 districts and charter schools are on the waiting list with pending applications awaiting funding.

PURPOSE & CONTEXT

The alternative teacher professional pay system (commonly known as Q Comp) provides school districts and charter schools with up to \$260 per student and education districts and intermediate districts with \$3,000 per teacher in additional revenue for designing and implementing a program.

Q Comp programs approved by the Minnesota Department of Education (MDE) use various methods to improve classroom instruction and student learning while also recruiting and retaining highly qualified teachers.

Program revenue is available to all districts and sites that apply and have an approved plan. However, basic aid was limited to \$88,118,000 for FY 2017 and later. Program expenditures have reached this cap as of the start of FY 2017. Due to enrollment increases, all participating programs are seeing funding prorated to 98.8 percent in FY 2019 to ensure the basic aid cap is not exceeded. Applications are still accepted for the waiting list but no plans will be approved until revenue is available.

This program supports the World's Best Workforce goals of closing the racial and economic achievement gap, third-grade students reading at grade level, students graduating from high school, and students being career and college ready.

SERVICES PROVIDED

Interested education sites are required to submit an application that includes:

- A plan of how licensed staff members can provide leadership to help others improve their instructional skills.
- Student achievement goals and the professional development plan that will help meet the goals.
- A description of the teacher observation/evaluation process and training plans.
- An explanation of salary schedule reform linking movement to performance measures and an overview of the performance pay system.

Approved districts or schools use the program funding to provide:

- Compensation to teacher leaders and licensed staff members.
- Professional development, training, and resources related to the program.

MDE performs several functions in support of this program, including:

- Review and approve applications and subsequent program changes.
- Provide technical assistance on program development and implementation.
- Provide professional development, networking and coaching to support educators to effectively implement the program including but not limited to: observation and feedback, professional learning communities, teacher leadership development.
- Calculate and process Q Comp payments.

Basic alternative compensation aid was capped at \$88.1 million for FY 2017, and was available to districts on a first-come, first-served basis. State total basic aid is currently at the cap. The funding cap was reached in FY 2017. The cap would need to be increased in order to provide full funding for all current districts and to provide funding to all interested districts. However, districts have the authority to levy for an amount equal to the shortfall due to proration.

School districts receive 65 percent of the \$260 per pupil amount (\$169) in the form of state aid and the balance (\$91 per pupil) in the form of equalized levy revenue.

Charter schools (which do not have levy authority) receive a prorated aid amount based on the percentage of \$260 per pupil that all school districts receive.

Education districts and intermediate districts (which do not have levy authority) receive \$3,000 per teacher.

RESULTS

Since Q Comp was enacted two outside studies have been done to investigate its effectiveness:

- A 2014 study published in The Journal of Human Resources found a 3 percent standard deviation increase in student achievement on two different reading assessments and on one math assessment at districts receiving Q comp revenue ([Journal of Human Resources study](#)).
- A 2009 study identified a positive correlation between the implementation of Q Comp over a number of years and improved student achievement ([Hezel Associates Q Comp for Teachers Summative Evaluation](#)).

M.S. 122A.414; M.S. 122A.415

Alternative Compensation

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	79,316	88,053	89,924	89,783	89,196	88,841	89,211	88,853
Total	79,316	88,053	89,924	89,783	89,196	88,841	89,211	88,853
Biennial Change				12,338		(1,670)		(1,643)
Biennial % Change				7		(1)		(1)
Governor's Change from Base								27
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	79,316	88,053	89,924	89,783	89,196	88,841	89,211	88,853
Total	79,316	88,053	89,924	89,783	89,196	88,841	89,211	88,853

Alternative Compensation

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Entitlement	79,377	88,963	90,153	89,742	89,135	88,808	89,151	88,819
District Revenue	79,377	88,963	90,153	89,742	89,135	88,808	89,151	88,819
Direct Appropriation	78,956	88,137	90,169	89,783	89,196	88,841	89,211	88,853
Current Year	71,550	80,177	81,138	80,768	80,222	79,928	80,237	79,939
Prior Year	7,766	7,876	8,786	9,015	8,974	8,913	8,974	8,914
Transfers In	359							
Transfers Out			114					
Cancellations		84	131					
Expenditures	79,316	88,053	89,924	89,783	89,196	88,841	89,211	88,853
Biennial Change in Expenditures				12,338		(1,670)		(1,643)
Biennial % Change in Expenditures				7		(1)		(1)
Governor's Change from Base								27
Governor's % Change from Base								0

Program: Innovation and Accountability

Activity: Assessments

AT A GLANCE

- Serves approximately 65,000 students per grade, grades 3-12.
- Serves approximately 73,000 English learners (ELs), grades K-12.
- Serves approximately 6,000 students with severe cognitive disabilities.
- Supports all charter schools, districts, Minnesota Department of Education (MDE) divisions, and stakeholders with data requests and data analysis.

PURPOSE & CONTEXT

Statewide testing's mission is to design, develop, and implement a system of assessment so Minnesota students, parents, teachers, administrators, legislators, and taxpayers will have access to valid and reliable data to support and improve education in Minnesota. Our purpose is to build a comprehensive assessment system and provide analytics that adds value to Minnesota's education system.

This program supports all of the World's Best Workforce (WBWF) goals.

SERVICES PROVIDED

This program provides data and analysis to inform parents, teachers, and the public on the achievement of students against the Minnesota K-12 Academic Standards and Minnesota English Language Proficiency Standards. This includes special populations such as English learners, students receiving special education services and student receiving free/reduced priced meals.

MDE awards contracts to vendors, manages the contracts, supports districts' administration of the tests, and reports test results. Part of the district and agency support provided by the division comes from the Data Analytics Team, which conducts complex analysis of program-specific data, which often includes test results.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2017</i>	<i>FY 2018</i>
Quality	District satisfaction with support/training materials.	~45-60%	More than 80%
Quantity	Number of data requests fulfilled. This includes internal and external requests.	More than 120	More than 140

M.S.120B.30; M.S. 120B.31; M.S. 124D.59
ESEA 1965, Title VI, Part A, Subpart I, Section 1111(b) (2)

Assessments

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	10,255	12,314	10,892	10,892	10,892	10,892	10,892	10,877
3000 - Federal	4,762	8,665	1,155	463				
Total	15,016	20,979	12,047	11,355	10,892	10,892	10,892	10,877
Biennial Change				(12,593)		(1,618)		(1,633)
Biennial % Change				(35)		(7)		(7)
Governor's Change from Base								(15)
Governor's % Change from Base								(0)

Expenditures by Category

Compensation			3	2				
Operating Expenses	15,016	20,979	12,045	11,353	10,892	10,892	10,892	10,877
Total	15,016	20,979	12,047	11,355	10,892	10,892	10,892	10,877

Total Agency Expenditures	15,016	20,979	12,047	11,355	10,892	10,892	10,892	10,877
Internal Billing Expenditures	14	10	5	5				
Expenditures Less Internal Billing	15,002	20,969	12,042	11,350	10,892	10,892	10,892	10,877

Full-Time Equivalents

			0.03	0.01		
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Assessments

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	11,204	10,892	10,892	10,892	10,892	10,892	10,892	10,877
Balance Forward In		1,422						
Balance Forward Out	949							
Expenditures	10,255	12,314	10,892	10,892	10,892	10,892	10,892	10,877
Biennial Change in Expenditures				(785)		0		(15)
Biennial % Change in Expenditures				(3)		0		(0)
Governor's Change from Base								(15)
Governor's % Change from Base								(0)

3000 - Federal

Receipts	4,762	8,665	1,155	463		
Expenditures	4,762	8,665	1,155	463		
Biennial Change in Expenditures				(11,808)	(1,618)	(1,618)
Biennial % Change in Expenditures				(88)	(100)	(100)
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents			0.03	0.01		

Program: Innovation and Accountability
Activity: College Entrance Exam Reimbursements

AT A GLANCE

- Testing reimbursement helps students' access college entrance exams.
- In the 2017-2018 school year, 283 districts requested reimbursement totaling nearly \$864,000.

PURPOSE & CONTEXT

This program provides reimbursement to high school students for one college entrance exam during grade 11 or 12. Beginning in school year 2017-2018, reimbursements are limited to high school students identified as receiving free or reduced-price lunch or unable to pay.

This program supports the World's Best Workforce goal of having students career and college ready.

SERVICES PROVIDED

This program reimburses districts for the cost of one nationally recognized college entrance exam per student who wishes to take the exam and is identified as receiving free or reduced-price lunch or unable to pay. The district must provide grade 11 and 12 students the opportunity to take the exam at the student's high school during the school day and at an ACT exam administration available to students in the district.

The Minnesota Department of Education processes reimbursement requests for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of districts reimbursed	321	321

M.S. 120B.30

College Entrance Exam Reimbursements

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General		5,761	1,511	1,511	1,511	1,511	1,511	1,511
Total		5,761	1,511	1,511	1,511	1,511	1,511	1,511
Biennial Change				(2,739)		0		0
Biennial % Change						0		0
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Operating Expenses		1						
Grants, Aids and Subsidies		5,760	1,511	1,511	1,511	1,511	1,511	1,511
Other Financial Transaction		0						
Total		5,761	1,511	1,511	1,511	1,511	1,511	1,511
Total Agency Expenditures		5,761	1,511	1,511	1,511	1,511	1,511	1,511
Expenditures Less Internal Billing		5,761	1,511	1,511	1,511	1,511	1,511	1,511

College Entrance Exam Reimbursements

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	3,011	3,011	1,511	1,511	1,511	1,511	1,511	1,511
Balance Forward In		3,011						
Cancellations		261	0					
Balance Forward Out	3,011							
Expenditures		5,761	1,511	1,511	1,511	1,511	1,511	1,511
Biennial Change in Expenditures				(2,739)		0		0
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Innovation and Accountability
Activity: Minnesota Principal's Academy

AT A GLANCE

- The two-year program consists of 13 units of study held in two-day training sessions.
- In fiscal year (FY) 2016, the program served approximately 56 school leaders in two cohorts—Twin Cities and Northwest Minnesota.

PURPOSE & CONTEXT

The Minnesota Principal's Academy is an executive development program for school and system leaders focused on instructional leadership.

- Research underscores the importance of an effective school leader in school quality and student achievement.
- The overall goal of the program is to increase participants' capacities to lead effective schools and systems.

SERVICES PROVIDED

The Minnesota Principal's Academy is operated by the University of Minnesota College of Education and Human Development. In this program, school leaders:

- Participate in the research-based curriculum from the National Institute of School Leadership.
- Complete an action research project focused on an individual problem of practice.
- Receive more than 30 days of professional development over two years.

The Minnesota Department of Education (MDE) administers an annual grant to support the program. It was \$150,000 per year through FY 2017. Beginning in FY 2018, it is \$200,000 per year.

RESULTS

This program was new for FY 2016. A program evaluation was completed by the Center for Applied Research and Educational Improvement at the University of Minnesota in June 2017. Highlights of outcomes include:

Program completion: Twenty-four of the 26 participants in the Northwest cohort fully completed the program, and 31 participants in the Twin Cities cohort (representing 18 school districts, three charter schools and the State Academy of the Deaf), completed the program.

Engagement and completion of Action Learning Project: Twenty-one of the 24 participants in the Northwest cohort completed an Action Learning Project, and 26 of the 31 participants in the Twin Cities cohort completed the Action learning Project. The Action Learning Projects focused on a local problem of practice that the participant saw as important to address in striving to increase student outcomes. Participants presented projects to their cohorts of peers in June of 2017.

Leadership expertise: The number of *participants* who rated their perception of expertise (on an online survey) as good increased for the most part due to moving from moderate to good. On the pre-survey, the majority of respondents rated their individual level of expertise as good in four of the seven areas on the pre-survey; however, on the post-survey, the majority of respondents rated their expertise level as good in every area.

Leadership skills: Over 85 percent of the *principal supervisors* respondents agreed or strongly agreed (on an online survey) that their school leaders had enhanced their leadership skills, as a result of participating in the Minnesota Principals Academy. These areas included their ability to motivate and support teachers, especially related to new instructional practices; their thinking around how to improve instruction and build teams; their willingness and ability to ensure that they and their teachers use data and research to make curricular and instructional decisions; their commitment to high expectations for all students; and their willingness to listen to a variety of stakeholders.

MN Laws 2015 1st Special Session, Chapter 3, Article 2, Section 70, subd.23

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	150	150	200	200	200	200	200	200
Total	150	150	200	200	200	200	200	200
Biennial Change				100		0		0
Biennial % Change				33		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	150	150	200	200	200	200	200	200
Total	150	150	200	200	200	200	200	200

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	150	150	200	200	200	200	200	200
Expenditures	150	150	200	200	200	200	200	200
Biennial Change in Expenditures				100		0		0
Biennial % Change in Expenditures				33		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Innovation and Accountability
Activity: Other Innovation Opportunities

AT A GLANCE

- The Teacher-Governed School Grants, Singing-Based Pilot Program, and Vision-Therapy Pilot Project were all one-time appropriations.
- The Full-Service Community Schools program, first appropriated in fiscal year (FY) 2016, had a one-time appropriation for FY 2017.
- With the exception of the Vision-Therapy Pilot Project, which ends June 30, 2020, each of these grant programs ended June 30, 2018.

PURPOSE & CONTEXT

Grant funding provides additional resources to achieve specific programmatic objectives and services as described below. These grants or grant programs support the World's Best Workforce Goals.

SERVICES PROVIDED

Teacher-Governed School Grants were awarded on a first-come basis to support planning by local school boards and teacher unions. Awarded funds encourage licensed teachers to explore, develop, and share site-level leadership, curriculum, instruction, and assessment models for creating teacher-governed schools.

- \$500,000 for FY 2017.
- Up to \$50,000 for planning grants.
- Up to \$100,000 for implementation grants.
- The last of these grants ended on June 30, 2018, and are no longer active.

The Singing-Based Pilot Program was a grant to implement a singing-based reading intervention program designed to improve the reading performance of students in grades 3-5. The pilot was conducted by the Rock'n'Read Project. Pilot sites, in at least three schools, gave priority to schools in which a high proportion of students that: 1) did not read at grade level; and, 2) were eligible for free or reduced-price lunch. This program contributed to the World's Best Workforce goals of all third-graders reading at grade level and closing the economic achievement gap.

- \$100,000 for FY 2017.
- Final report detailing expenditures and outcomes was submitted to the Legislature in February of 2017.
- This grant ended on June 30, 2017, and is no longer active.

The Vision-Therapy Pilot Project is a grant to Independent School District No. 12, Centennial, to implement a neuro-optometric vision-therapy pilot project. This project is designed to determine the impact of vision therapy on learning-related vision problems. This project contributes to the World's Best Workforce goal of all students graduating from high school.

- \$200,000 for FY 2017, available until June 30, 2019.
- The Minnesota Department of Education (MDE) made a grant available to Centennial Schools to report specific measurable outcomes to MDE.
- Centennial Schools was to complete the pilot study on convergence insufficiency and report outcomes to MDE by September 2019.
- MDE was to provide a report to the Minnesota Legislature no later than January 2020.
- Centennial Schools declined the grant.

The Full-Service Community Schools appropriation was available to school sites for the purpose of planning, implementing and improving full-service community schools. Full-service community schools serve as community hubs, bringing educators, families, and community partners together to offer wrap-around services and supports, such as health and social supports, to children and their families. This resulted in integrating community school programming at each covered school site. The effect of the transition to a full-service community school on participating children and adults will be documented, tracked and reported to the public. MDE plans to issue a report on this program in FY 2022. This program supported all five of the World's Best Workforce goals.

- \$250,000 for FY 2016.
- \$1,250,000 for FY 2017.
- Up to \$50,000 each year is for administration of this program.
- These grants ended on June 30, 2018, and are no longer active.

MDE administers all aspects of the grant program. Services include:

- Developing application process and reporting forms for applicants/recipients.
- Providing technical assistance to applicants/recipients.
- Creating grant contracts including work plans and budget information.
- Calculating, auditing, and processing payments.
- Providing guidance as it relates to Minnesota Statutes and state policies.

RESULTS

[Rock N Read Interim Report](#)

There is no other data for these programs at this time.

M.S.124D.231;

MN Laws 2016, Chapter 189, Article 25, Section 49, subdivision 19;

MN Laws 2016, Chapter 189, Article 25, Section 62, subdivision 9, 13, and 16

Other Innovation Opportunities

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
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Expenditures by Fund

1000 - General	200	1,800	500	200			2,000	2,000
Total	200	1,800	500	200			2,000	2,000
Biennial Change				(1,300)		(700)		3,300
Biennial % Change				(65)		(100)		471
Governor's Change from Base								4,000
Governor's % Change from Base								

Expenditures by Category

Compensation							33	34
Operating Expenses							2	2
Grants, Aids and Subsidies	200	1,800	500	200			1,965	1,964
Total	200	1,800	500	200			2,000	2,000

Full-Time Equivalents

							0.25	0.25
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Other Innovation Opportunities

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
1000 - General								
Direct Appropriation	250	2,000	500				2,000	2,000
Balance Forward In			200	200				
Transfers Out	50							
Balance Forward Out		200	200					
Expenditures	200	1,800	500	200			2,000	2,000
Biennial Change in Expenditures				(1,300)		(700)		3,300
Biennial % Change in Expenditures				(65)		(100)		471
Governor's Change from Base								4,000
Governor's % Change from Base								
Full-Time Equivalents							0.25	0.25

Program: Special Student and Teacher

Activity: Advanced Placement-International Baccalaureate

education.state.mn.us/MDE/dse/ccs/ap/

education.state.mn.us/MDE/dse/ccs/ib/

AT A GLANCE

In fiscal year (FY) 2017:

- 79 International Baccalaureate (IB) programs were in place in 65 authorized IB schools.
- 45,348 Advanced Placement (AP) students took 73,559 exams.
- 3,995 IB students took 8,691 exams.
- Efforts focused on increasing the number of low-income students taking AP or IB exams.
- 934 AP teachers attended in-depth training.
- 1,163 IB teachers attended in-depth training.

PURPOSE & CONTEXT

This state-aid program gives high school students the opportunity to take college-level courses and earn college credit while in high school. The funding is used to pay all Advanced Placement (AP) and International Baccalaureate (IB) exam costs for low-income, fee-reduced students and a portion of exam costs for all non-low-income, non-fee-reduced students. The program also provides funding for AP/IB teachers to attend training programs.

This program supports the World's Best Workforce goal of having students be career and college ready.

SERVICES PROVIDED

Most of Minnesota's public and private colleges and universities have credit-awarding policies for AP and IB course credits for exams taken by students.

- Colleges and universities in Minnesota State must award college credit to high school students who receive a score of three or higher on an advanced placement examination or four or higher on the international baccalaureate program examination.
- The University of Minnesota and private postsecondary institutions are encouraged, but not required, to award college credit to high school students who receive a score of three or higher on an advanced placement examination or four or higher on the international baccalaureate program examination.

The AP and IB programs provide financial incentives to support:

- Teacher training and support.
- Student examination fees.

The Minnesota Department of Education (MDE) reviews and approves applications and calculates and processes aid payments for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quality	Percent of AP exams –“proficient” or above (national average is 57% and 58%)	66%	66%
Quality	Number of IB exams–“proficient” or above (national average is 74%, both years)	54%	54%
Quantity	Number of low-income students taking AP exams	4,033	4,208
Quantity	Number of low-income students taking IB exams	1,003	1,177

M.S.120B.13

Advanced Placement-International Baccalaureate

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Total	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Total	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500

Advanced Placement-International Baccalaureate

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Balance Forward In		100						
Cancellations		100						
Expenditures	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Special Student and Teacher

Activity: Concurrent Enrollment

education.mn.gov/MDE/dse/ccs/pseo/index.htm

AT A GLANCE

- Of the 32,010 students that participated in fiscal year 2017 (FY17), 5,803 were low-income students and 187 were English learners.
- For FY 2017, the state aid amount was prorated to \$54.01 per student, per course.

PURPOSE & CONTEXT

The Concurrent Enrollment program provides funding to districts to defray the cost of delivering concurrent enrollment courses in high schools. This program is available to all 11th- and 12th-grade students, to 10th-grade students for career and technical education classes, and to 9th- and 10th-grade students on a limited basis, and provides dual high school and college credit.

This aid program supports the World's Best Workforce goals of having all students graduate from high school and all students be career and college ready.

SERVICES PROVIDED

This program provides funding to districts that offer an agreed-upon concurrent enrollment course for students who take the course at the high school.

- Concurrent enrollment courses are taught during the regular school day at the high school.
- These courses are offered in partnership with a college or university.
- State aid is set at \$150 per student per course. However, because funding is capped and enrollment is increasing, full course reimbursement exceeds the appropriation, and the program is prorated. For FY17, districts received roughly \$54 per student in state aid, with local funding making up an increasing portion of the cost.

Participating students are provided:

- Credit for both high school and college credits at no cost to the student;
- Qualified high school instructors or college faculty teaching the course;
- Exposure to college-level courses and coursework;
- Similar coursework and testing as is used in classes taught on a college campus; and
- Continued participation in the high school culture while earning college credits.

The Minnesota Department of Education:

- Helps districts interpret the laws regarding concurrent enrollment;
- Reviews and approves annual partnership agreements between school districts and colleges or universities; and
- Verifies student eligibility, calculates and processes aid payments to districts.

RESULTS

In 2016-17, 319 districts and charter schools offered 74,059 concurrent enrollment courses to 31,971 students through 38 Minnesota colleges and universities.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of students participating	30,247	32,010
Quantity	College credits earned that generated Concurrent Enrollment aid	224,594 credits	255,879 credits

M.S. 124D.091

Concurrent Enrollment

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Grants, Aids and Subsidies	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000

Concurrent Enrollment

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Cancellations		0						
Expenditures	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Special Student and Teacher
Activity: Collaborative Urban Educator

AT A GLANCE

- In fiscal year (FY) 2018, the Legislature amended the title of the Collaborative Urban Educators program to include Greater Minnesota and titled the program Collaborative Urban and Greater Minnesota Educators of Color Program.
- Four colleges named in legislation are eligible for the Collaborative Urban and Greater Minnesota Educators of Color Program, and a competitive application is added for programs in greater Minnesota.

PURPOSE & CONTEXT

This program addresses the need to recruit and train teachers prepared to meet the educational needs of urban schools and schools in greater Minnesota, as well as a diverse student population. Its purpose is to increase educators of color and American Indian educators in the state of Minnesota.

This program serves four institutions of higher learning named in legislation in Minneapolis and St. Paul, plus postsecondary institutions selected through a competitive grant process.

This program supports the World's Best Workforce goal of reducing the racial and economic achievement gaps between students.

This program supports the Every Student Succeeds Act (ESSA) Minnesota State Plan for Educator Quality and Equity in Access.

SERVICES PROVIDED

Grant funds are \$195,000 for each named Collaborative Urban Educator grantee in law (St. Thomas, Concordia, Hamline, and Augsburg). Each institution has discretion to determine the best way to recruit candidates of color and American Indian candidates, and to use the appropriation in order to increase teacher diversity in the state of Minnesota.

- Concordia University focuses on providing a pathway to a bachelor's degree and teacher licensure for paraprofessionals, education assistants, and teaching assistants through the Southeast Asia Teacher (SEAT) Licensure Program.
- St. Thomas University currently focuses on preparing teachers at the graduate level leading to licensure in Special Education and English as a Second Language.
- Hamline University has established the Center for Excellence in Urban Teaching (CEUT), which focuses on preparing educators for urban settings and providing support for in-service teachers.
- Augsburg College focuses on preparing teachers of East African origin on multiple licensure areas (EAST Program).

Funding was increased in 2018 by \$220,000 for each year (FY18 and FY19) for a competitive grant process to recruit and retain teacher candidates of color and American Indian candidates throughout the state. Grantees who were awarded the funds are:

- College of St. Scholastica
- Metro State University
- Mankato State University

- St. Mary's University of Minnesota
- University of St. Thomas
- Winona State University

Each institution must prepare, by January 1 of each year, a detailed report regarding funds used.

The Minnesota Department of Education (MDE) administers all aspects of the grant program. Services include:

- Developing the application process and reporting forms for applicants and recipients;
- Providing technical assistance to applicants and recipients;
- Creating grant contracts including work plans and budget information;
- Calculating, auditing, and processing payments; and
- Providing guidance as it relates to Minnesota statutes and state policies.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of enrolled students at Concordia University	Not available	26
Quality	Percentage of program completion based on number of enrolled students from Concordia University	Not available	57.7%
Quantity	Number of enrolled students at St. Thomas University	Not available	44
Quality	Percentage of program completion based on number of enrolled students from St. Thomas University	Not available	68.2%
Quantity	Number of enrolled students at Hamline University	Not available	26
Quality	Percentage of program completion based on number of enrolled students from Hamline University	Not available	84.6%
Quantity	Number of enrolled students at Augsburg	Not available	26
Quality	Percentage of program completion based on number of enrolled students from Augsburg	Not available	73.1%

MN Laws 2013, chapter 116, article 3, section 37, subdivision 12

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	780	1,090	1,000	1,000	1,000	1,000	1,000	1,000
Total	780	1,090	1,000	1,000	1,000	1,000	1,000	1,000
Biennial Change				131		0		0
Biennial % Change				7		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	780	1,090	1,000	1,000	1,000	1,000	1,000	1,000
Total	780	1,090	1,000	1,000	1,000	1,000	1,000	1,000

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	780	1,090	1,000	1,000	1,000	1,000	1,000	1,000
Balance Forward In		0						
Cancellations		1						
Balance Forward Out	0							
Expenditures	780	1,090	1,000	1,000	1,000	1,000	1,000	1,000
Biennial Change in Expenditures				131		0		0
Biennial % Change in Expenditures				7		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Special Student and Teacher

Activity: Literacy Incentive Aid

AT A GLANCE

- Fiscal year (FY) 2017, 56.5 percent of third-grade students were proficient statewide.
- FY 2017, 74 percent of fourth-grade students met their growth target statewide.

PURPOSE & CONTEXT

This program provides schools with additional aid based on student reading performance.

Literacy incentive aid is available to all public school districts and charter schools with students in grades three and four.

This program supports the World's Best Workforce goals by incentivizing districts and charter schools to have all third-graders reading at grade level and to have all fourth-graders showing medium to high growth in reading, as measured by the Minnesota Comprehensive Assessments (MCA) test scores.

SERVICES PROVIDED

Part of literacy incentive aid is based on the portion of students in a school that meet or exceed proficiency on the MCA grade three reading test (called "proficiency aid"). Part of literacy incentive aid is based on the portion of students that show medium or high growth in reading proficiency between grades three and four (called "growth aid").

Proficiency and growth are based on three-year averages.

Proficiency aid = \$530 x grade three reading proficiency portion x grade three enrollment from the prior year.

Growth aid = \$530 x grade four growth portion x grade four enrollment from the prior year.

The Minnesota Department of Education (MDE) calculates and processes aid payments for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quality	Portion of grade three students generating proficiency aid	57.2%	58.1%	58.8%	57.3%	56.5%
Quality	Portion of grade four students generating growth aid	72.3%	72.6%	74.0%	73.8%	74.0%

M.S.124D.98

Literacy Incentive Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	44,453	45,183	46,267	45,838	45,304	45,442	45,304	45,442
Total	44,453	45,183	46,267	45,838	45,304	45,442	45,304	45,442
Biennial Change				2,468		(1,359)		(1,359)
Biennial % Change				3		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	44,453	45,183	46,267	45,838	45,304	45,442	45,304	45,442
Total	44,453	45,183	46,267	45,838	45,304	45,442	45,304	45,442

Literacy Incentive Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement	44,169	45,367	46,277	45,829	45,246	45,464	45,246	45,464
District Revenue	44,169	45,367	46,277	45,829	45,246	45,464	45,246	45,464
Direct Appropriation	44,538	45,803	47,264	45,838	45,304	45,442	45,304	45,442
Current Year	39,771	40,786	41,686	41,247	40,722	40,918	40,722	40,918
Prior Year	4,683	4,399	4,581	4,591	4,582	4,524	4,582	4,524
Transfers Out			981					
Cancellations	85	620	16					
Expenditures	44,453	45,183	46,267	45,838	45,304	45,442	45,304	45,442
Biennial Change in Expenditures				2,468		(1,359)		(1,359)
Biennial % Change in Expenditures				3		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Special Student and Teacher

Activity: Student Organizations

AT A GLANCE

- There are seven career and technical education student organizations supported by the Minnesota Foundation for Student Organizations (MSFO).
- MFSO is governed by a 23-member board of directors, half of which are appointed by the governor and half which serve as representatives to the student organizations.

PURPOSE & CONTEXT

The Minnesota Foundation for Student Organizations (MFSO) funds secondary and postsecondary career and technical student organizations that are operated as co-curricular activities. It also funds state-approved career and technical education programs.

This aid program addresses the World's Best Workforce goal of all students being ready for college and career.

SERVICES PROVIDED

The MFSO supports career and technical student organizations as they provide opportunities for:

- Leadership
- Personal development
- Community service
- Career preparation

The student organizations provide those opportunities in the following areas:

- Health Occupations (HOSA)
- Service Occupations (HERO)
- Trade and Industry Technology (SKILLSUSA)
- Business (BPA)
- Agriculture, Food and Natural Resources (FFA)
- Family and Consumer Science (FCCLA)
- Marketing (DECA)

The MFSO coordinates joint activities and outreach among its member student organizations. The MFSO requires member organizations to provide desired support and opportunities for students.

The Minnesota Department of Education (MDE) processes payments and provides technical support for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2015</i>	<i>FY 2017</i>
Quantity	Membership in career and technical education student organizations	19,809	20,573

M.S.124D.34; M.S. 124D.355

Student Organizations

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	725	725	725	725	768	768	768	768
Total	725	725	725	725	768	768	768	768
Biennial Change				0		86		86
Biennial % Change				0		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	725	725	725	725	768	768	768	768
Total	725	725	725	725	768	768	768	768

Student Organizations

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	725	725	725	725	768	768	768	768
Balance Forward In			0					
Expenditures	725	725	725	725	768	768	768	768
Biennial Change in Expenditures				0		86		86
Biennial % Change in Expenditures				0		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Special Student and Teacher

Activity: Early Childhood Literacy

minnesotareadingcorps.org/

AT A GLANCE

- This program is implemented by Reading Corps, an initiative of ServeMinnesota.
- In FY 2017 there was a 57.6 percent pass rate on the statewide third-grade MCA test of reading proficiency for participants who completed their Minnesota Reading Corps tutoring.
- In the 2016-17 school year, Reading Corp served 30,000 children in 77 Minnesota counties in 700 individual sites
- In 2017-2018 school year, Minnesota Reading Corps worked with 452 elementary schools and 153 pre-K sites.

PURPOSE & CONTEXT

This program's purpose is to reduce Minnesota's achievement gap, better prepare preschoolers for kindergarten, and increase the number of students meeting literacy standards by the end of third grade, which are three of the five World's Best Workforce goals.

The program is funded with a combination of state aid, federal funds, and private donations.

SERVICES PROVIDED

The Minnesota Reading Corps places AmeriCorps members in early childhood and elementary school settings. AmeriCorps members:

- Are trained in research-based tutoring techniques and work with children age 3 to grade three.
- Monitor each student's progress.

The Minnesota Reading Corps provides master literacy coaches to all sites. They:

- Train internal literacy coaches on early literacy curriculum and coaching techniques.
- Administer the early learning classroom observation tool in pre-K settings.
- Provide feedback/coaching to AmeriCorps members.

The Minnesota Department of Education awards and makes payments for the program grant, approves work plans and invoices, and reviews annual reports.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of prekindergarten children receiving individualized instruction.	8,412	9,055	9,082	6,816	6,074
Quality	Percentage of prekindergarten children who meet their growth goals.	85%	80%	86%	86%	85%
Quantity	Number of K-3 children receiving individualized instruction.	20,326	19,857	21,802	17,296	17,272
Quality	Percentage of K-3 children who meet their growth goals.	78%	85%	69%	84%	78%

M.S. 119A.50; Ms.S.124D.42

Early Childhood Literacy

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	6,125	7,125	6,950	6,950	7,950	7,950	7,950	7,950
Total	6,125	7,125	6,950	6,950	7,950	7,950	7,950	7,950
Biennial Change				650		2,000		2,000
Biennial % Change				5		14		14
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	6,125	7,125	6,950	6,950	7,950	7,950	7,950	7,950
Total	6,125	7,125	6,950	6,950	7,950	7,950	7,950	7,950

Early Childhood Literacy

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	6,125	7,125	6,950	6,950	7,950	7,950	7,950	7,950
Expenditures	6,125	7,125	6,950	6,950	7,950	7,950	7,950	7,950
Biennial Change in Expenditures				650		2,000		2,000
Biennial % Change in Expenditures				5		14		14
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Special Student and Teacher

Activity: Elementary and Secondary Education Act (ESEA) Programs

education.mn.gov/mde/index.html

AT A GLANCE

- Elementary and Secondary Education Act (ESEA) provides supplementary educational funds for disadvantaged learner programs, professional development of teachers and principals, and English language acquisition.
- ESEA was reauthorized December 2015 and is now more commonly referred to as the Every Student Succeeds Act (ESSA).

PURPOSE & CONTEXT

The Elementary and Secondary Education Act (ESEA) is federal legislation that promotes student achievement through school and district reform.

The law requires each state to develop and implement a system for holding all districts and schools accountable for the education of students.

Annual federal education grants are allocated to eligible districts using census and student enrollment information.

SERVICES PROVIDED

Funds are authorized for instructional programs and materials, professional development, and for promoting family engagement under:

- Title I Part A of ESEA, which provides technical and financial assistance to local education agencies (LEAs) and schools with high numbers or percentages of children from low-income families, in order to help schools make sure that all children meet challenging state academic standards.
- Migrant Education, Title I Part C, which ensures that migratory children receive appropriate educational services that address their special needs.
- Supporting Effective Instruction, Title II Part A, which improves the preparation of prospective teachers and enhances professional development activities for teachers and other school leaders.
- The Title III Program, which helps LEAs ensure that English learners, migrant students, and immigrant students attain English proficiency and meet the same standards required of all other students.
- The Rural and Low-Income Schools Grant, Title VI Part B, which helps small rural districts with high concentrations of poverty meet challenging state academic standards.

The Minnesota Department of Education administers federal education programs for learners under ESEA and provides school districts:

- Leadership to ensure that Title programs funded under ESEA achieve academic excellence are implemented according to legislation and demonstrate reasonable promise of success.
- Support for the design, development, implementation, administration and evaluation of ESEA Title programs.
- Programmatic accountability with ESEA Title programs.

RESULTS

With the reauthorization of ESEA, all states were required to submit a state plan to the federal government in 2017 to meet the new requirements in ESSA. Implementation of ESSA began in the 2018-2019 school year. Minnesota's plan establishes accountability indicators that will be used to prioritize support for schools identified as low-performing in areas such as academic achievement, English language proficiency, graduation rates, and attendance rates.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2018</i>
Quantity	Schools recognized for excellence	524
Quantity	Schools identified for comprehensive support and improvement	198
Quantity	Schools identified for targeted support and improvement	159
Quantity	Schools identified for support	133

No Child Left Behind (NCLB) Act of 2001, Pub. L. No. 107-110, § 115, Stat. 1425 (2002) Reauthorized Every Student Succeeds Act (ESSA) December 2015.

CFDA 84.010; CFDA 84.011; CFDA 84.358B; CFDA 84.365A; CFDA 84.367.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General							450	450
3000 - Federal	195,428	201,822	190,658	204,599	208,919	210,172	208,919	210,172
Total	195,428	201,822	190,658	204,599	208,919	210,172	209,369	210,622
Biennial Change				(1,993)		23,834		24,734
Biennial % Change				(1)		6		6
Governor's Change from Base								900
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses		0						
Grants, Aids and Subsidies	195,428	201,822	190,658	204,599	208,919	210,172	209,369	210,622
Total	195,428	201,822	190,658	204,599	208,919	210,172	209,369	210,622

Elementary and Secondary Education Act

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation							500	500
Net Transfers							50	50
Expenditures							450	450
Biennial Change in Expenditures				0		0		900
Biennial % Change in Expenditures								
Governor's Change from Base								900
Governor's % Change from Base								
3000 - Federal								
Receipts	195,427	201,822	190,658	204,599	208,919	210,172	208,919	210,172
Expenditures	195,428	201,822	190,658	204,599	208,919	210,172	208,919	210,172
Biennial Change in Expenditures				(1,993)		23,834		23,834
Biennial % Change in Expenditures				(1)		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Special Student and Teacher
Activity: Other Special Student Opportunities

starbasemn.org/, minnesotamathcorps.org/

AT A GLANCE

- The Museum and Education Centers program provides grants to four museums and education centers.
- The Civic Education Grants program was first implemented in fiscal year (FY) 2014. The Civic Education Coalition consists of Minnesota Civic Youth, Learning Law and Democracy Foundation, and YMCA Youth in Government.
- 10 AmeriCorps Innovation programs served rural and urban communities in FY 2015.
- More than 613 AmeriCorps Innovation members served approximately 42,000 Minnesotans in FY 2015.
- The Starbase Minnesota program was implemented in FY 2014 and serves 3,400 students and more than 200 educators each year.
- The Minnesota Math Corps program placed more than 200 tutors in more than 170 schools, and 4,726 students received services in FY 2015.
- Race 2 Reduce grants support expanded water conservation programming in Minnesota Schools.
- Grow Your Own funding supports a new teacher initiative involving non-licensed educational professionals, including paraprofessionals and cultural liaisons.
- Concurrent enrollment grants are focused on providing professional development opportunities for teachers

PURPOSE & CONTEXT

Grant funding provides additional resources to achieve specific programmatic objectives and services as described below. These grants or grant programs support the World's Best Workforce Goals (WBWF).

SERVICES PROVIDED

Museums and Education Centers:

- 2016 legislation adds the Headwaters Science Center (HSC) to the list of museums and education centers that receive funding. HSC must use the funding for "hands-on science, technology, engineering, and math (STEM) education."
- Other grantees include the Minnesota Children's Museum, the Duluth Children's Museum, and the Minnesota Academy of Science. There is no specific purpose identified for these three grantees.
- Programs provided by the museums and education centers may help students achieve the WBWF goals related to all children ready for school, and all students ready for career and college.
- \$460,000 for 2018.
- \$460,000 for 2019.
 - \$319,000 each year is for the Minnesota Children's Museum (\$50,000 each year to Minnesota Children's Museum, Rochester).
 - \$50,000 each year is for the Duluth Children's Museum.
 - \$41,000 each year is for the Minnesota Academy of Science.
 - \$50,000 each year is for the Headwaters Science Center.

The Civics Education Grants program is awarded to the Minnesota Civic Education Coalition for a civics education program serving youth age 18 and under. This program instructs students in:

- The constitutional principles and democratic foundation of our national, state, and local institutions.

- The political processes and structures of government, grounded in the understanding of constitutional government.
- This program supports the WBWF Goal of being career and college ready.
- \$125,000 for 2018
- \$125,000 for 2019

Starbase Minnesota is a grant program focusing on science, technology, engineering, and math. The grant is awarded to Starbase Minnesota for a program serving students in grades 4-6.

- This program supports the WBWF goal of being career and college ready.
- \$1,350,000 for 2018
- FY18 balance carries forward into FY19

Minnesota Math Corps provides ServeMinnesota AmeriCorps members with a model of mathematics instruction they can use to help elementary and middle school students and their teachers meet state academic standards in mathematics.

- Students in select elementary, middle and junior high schools in Minnesota are served by this program.
- This program supports the WBWF goals of closing the racial and economic achievement gaps between students, and all students graduating from high school.
- \$500,000 for 2018
- \$500,000 for 2019

Minnesota Reading Corps combines the people power of AmeriCorps and the science of how children learn to read. The program provides training for teaching early literacy skills and provides one-on-one and small group tutoring that is tailored to each learner's needs.

- Provides literary tutors to children from age 3 to grade three.
- This program supports the WBWF goals of closing the racial and economic achievement gaps between students, and all students graduating from high school.
- \$6,950,000 for 2018
- \$6,950,000 for 2019

Race 2 Reduce is a community collaboration of many stakeholders supported through a grant from the Minnesota Department of Education (MDE).

- This program educates students about water resources and engages youth to be leaders of change and environmental stewards of the future.
- Grantees include H2O for Life, ISD 624 (White Bear Lake), and ISD 832 (Mahtomedi).
- \$307,000 for 2018 (total appropriation available through FY19).
 - \$143,000 is for H2O for Life
 - \$98,000 is for ISD 624 (White Bear Lake)
 - \$66,000 is for ISD 832 (Mahtomedi)

The Grow Your Own new teacher program is a competitive grant program that provides grants to school districts with more than 30 percent minority students for a Professional Educator and Licensing Standards Board (PELSB) approved nonconventional teacher residency program.

- Programs provide tuition scholarships or stipends to enable school district employees or community members to seek an education license.
- Grants may also be used to develop innovative programs that encourage secondary students to pursue teaching.
- \$1,500,000 for 2018
- \$1,500,000 for 2019

Expanded concurrent enrollment and Statewide Concurrent enrollment grants focus on providing professional development opportunities for teachers to acquire the graduate credits they need to teach concurrent enrollment courses in the high school. These additional credits are being required by the Higher Learning Commission.

- Statewide - \$375,000 for 2018 and 2019, with up to 5% for grant administration
- Expanded – \$375,000 for 2018 and 2019

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of programs in museum and education centers	3	4
Quantity	AmeriCorps service hours	707,522	588,683
Quantity	Number of children in grades 4-8 receiving individualized Minnesota Math Corps instruction.	2,333	3,192
Quantity	Number of children in grades 4-8 completing the Minnesota Math Corps program.	1,305	1,805
Result	Ratio of children who completed the Minnesota Math Corps program and met their academic goals.	50%	53%

M.S. 124D.36 – M.S. 124D.45; Federal Citation: National and Community Service Trust Act 1993

Other Special Student Opportunities

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,631	3,485	8,000	5,999	7,841	7,841	10,020	10,020
3000 - Federal	81	185	128	33				
Total	2,712	3,669	8,127	6,032	7,841	7,841	10,020	10,020
Biennial Change				7,778		1,523		5,881
Biennial % Change				122		11		42
Governor's Change from Base								4,358
Governor's % Change from Base								28
<u>Expenditures by Category</u>								
Compensation			38	36	37	39	0	0
Operating Expenses			81	185	131	45	8	6
Grants, Aids and Subsidies			2,631	3,485	7,958	5,951	7,796	7,796
Total			2,712	3,669	8,127	6,032	7,841	7,841
							10,020	10,020
Total Agency Expenditures			2,712	3,669	8,127	6,032	7,841	7,841
Internal Billing Expenditures			13	28	21	1		
Expenditures Less Internal Billing			2,699	3,641	8,106	6,031	7,841	7,841
							10,020	10,020
<u>Full-Time Equivalents</u>			0.38	0.21	0.35	0.35	0.00	0.00

Other Special Student Opportunities

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	2,631	3,895	8,033	5,966	7,841	7,841	10,174	10,174
Balance Forward In		1		33				
Net Transfers							154	154
Cancellations		411						
Balance Forward Out	1		34					
Expenditures	2,631	3,485	8,000	5,999	7,841	7,841	10,020	10,020
Biennial Change in Expenditures				7,884		1,683		6,041
Biennial % Change in Expenditures				129		12		43
Governor's Change from Base								4,358
Governor's % Change from Base								28
Full-Time Equivalents			0.35	0.20	0.35	0.35	0.00	0.00

3000 - Federal

Receipts	81	185	128	33				
Expenditures	81	185	128	33				
Biennial Change in Expenditures				(105)		(161)		(161)
Biennial % Change in Expenditures				(40)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.03	0.01				

Program: Special Student and Teacher
Activity: Nonrecurring Grant Programs

AT A GLANCE

Nonrecurring grant programs are grants or grant programs where the funds have already been granted out and grantees are spending down the funds. No new funds have been appropriated for these grants or grant programs.

PURPOSE & CONTEXT

Grant funding provides additional resources to achieve specific programmatic objectives and services, as described below. These grants or grant programs support the World's Best Workforce Goals.

SERVICES PROVIDED

The *Support our Students Grant* program is designed to address shortages of student support services personnel within Minnesota schools. Student support services personnel included individuals licensed to serve as a school counselor, school psychologist, school social worker, school nurse, or chemical dependency counselors. Grant funds will be used to fund new positions for student support services personnel.

- \$12,133,000 in 2017, available until June 30, 2022

Seventy-seven school sites received awards in 37 school districts. Forty grants were awarded to non-metro sites and 37 to metro sites.

By position:

- Social Worker – 21 (17 full-time, four part-time)
- School Counselor – 40 (20 full-time, 20 part-time)
- School Psychologist – 6 (two full-time, four part-time)
- Chemical Dependency – 7 (two full-time, 5 part-time)
- School Nurse – 3 (two full-time, one part-time)

The *Student Teachers in Shortage Areas* grants will provide student teaching stipends to low-income students interested in teaching in a high-needs subject area or region after receiving their teaching license.

- \$2,800,000 in 2017 is a transfer to the Office of Higher Education

The *Western Minnesota Mobile Manufacturing Lab* grant is available to Pine to Prairie Cooperative Center, in collaboration with Northland Community and Technical College, Lakes Country Service Cooperative, and Minnesota State Community and Technical College, for the purpose of establishing a western Minnesota mobile labs program, including manufacturing and welding labs, to create interest in these careers for secondary students.

- \$900,000 in 2017
- Lakes Country Service Cooperative and Minnesota State Community & Technical College partnered to purchase, outfit, and train regional teachers on two trailers that contain welding simulators for the schools in the nine counties of EDR4.
- Minnesota State Northland Community & Technical College partnered to purchase, outfit and train educators on four trailers. Over 18 teachers received training and professional development on the equipment and how to best utilize the equipment impacting more than 800 students.

The *Student Success* grant is available to District 272, Eden Prairie, for the purpose of career and college readiness. It provides funding for coordination, counseling, academic support for middle and high school students, and summer activities and before- and after-school tutoring programs.

- \$500,000 in 2017

The Minnesota Council on Economic Education (MCEE) seeks to address the gap in teacher knowledge regarding economic education. Through teacher staff development, MCEE will provide opportunities for educators to improve their understanding of economics content and instructional strategies to help all students achieve the state economics standards.

- \$250,000 in 2017

Agricultural educator grants pay for licensed agricultural education teachers who are working in the summer with high school students on extended projects. In 2018, there were 48 programs and 73 instructors funded by this grant.

- \$250,000 in 2017

The certificate incentive program will enable the Minnesota Department of Education to establish a list of qualifying career and technical education certificates that will be posted on the agency website.

- In collaboration with the governor's Workforce Development Council and the P-20 education partnership, 109 industry recognized certificates were identified for reimbursement which spanned all six available career fields and included 11 career clusters.
- During the 2016-17 school year, students collectively earned 277 Industry recognized credentials as submitted through the Certificate Incentive Revenue legislation pilot project.
- \$1,000,000 in 2017

The *Education Innovation Partners Cooperative Center* grant is a matching grant to the Education Innovation Partners Cooperative Center to provide professional development and leadership coaching to teachers and other school staff members in northeastern Minnesota.

- \$500,000 in 2017

The Southwest Minnesota State University special education teacher program supports Minnesota resident special education paraprofessionals working toward licensure in an online program coordinated by Southwest Minnesota State University.

- \$385,000 in 2017

Girls in Action is available to support low-income girls of color in graduating from high school on time, completing a postsecondary preparation program, becoming community leaders, and participating in service-learning opportunities in the community.

- \$1,500,000 in 2017

The Sanneh Foundation grant provides funding to expand academic support and student success programs to combat disparities of academic achievement among low-income youth and students of color while also promoting pathways for teachers of color.

- The 2017 grant supports the Dreamline program that serves an estimated 975 students in St. Paul Public Schools, Bloomington Public Schools, Minneapolis Public Schools, Osseo Public Schools and St. Cloud Area Public Schools. Services will be delivered by approximately 40 Dreamline coaches, the majority of whom are from ethnically and racially diverse backgrounds.
- The 2018 grant will provide all-day, in-school and before- and after-school academic and behavioral interventions for low-performing and chronically absent students with a focus on low-income students and students of color throughout the school year and during the summer to decrease absenteeism, encourage school engagement and improve grades and graduation rates.

- \$1,500,000 in 2017; \$1,000,000 in 2018

Minnesota Center for the Book program funding provides grants to the entity designated by the Library of Congress to provide statewide programming related to the Minnesota Book Awards and for additional programming throughout the state related to the center for the book designation.

- \$50,000 in 2018; \$50,000 in 2019

Grants to the African American Registry will be used to establish partnerships with Metropolitan State University and the University of St. Thomas to improve the cultural competency of candidates seeking a first-time teaching license.

- \$100,000 in 2018; \$100,000 in 2019

Teacher Shortage Loan Forgiveness provides funds for loan forgiveness to teachers who are teaching in an identified teacher shortage area. The annual amount of teacher shortage loan forgiveness for an approved applicant shall not exceed \$1,000 or the cumulative balance of qualified education loans, whichever amount is less.

- \$500,000 in 2018 is a transfer to the Office of Higher Education

The *Alternative Teacher Preparation* grant program will be used to expand program approval to licensure areas identified in shortage areas; recruit, select and train teachers who reflect the racial or ethnic diversity of Minnesota; or establish professional development programs for teachers who have obtained licenses through alternative teacher preparation programs.

- \$750,000 in 2018 is a transfer to the Office of Higher Education

Statewide Concurrent Enrollment grants support the concurrent enrollment teacher training program developed under 2016 session laws (formerly the Northwest Regional Partnership).

- \$375,000 in 2018; \$375,000 in 2019

Expanded Concurrent Enrollment grants are for institutions offering "Introduction to Teaching" or "Introduction to Education" college-in-the-schools courses.

- \$375,000 in 2018; \$375,000 in 2019

Science, Technology, Engineering and Mathematics (STEM) grants will be awarded to schools to encourage low-income and other underserved students to participate in advance placement and international baccalaureate programs.

- \$250,000 in 2018; \$250,000 in 2019

The *Educational Stability for Students in Foster Care* is a pilot project established to provide incentives for school districts and county governments to develop partnership agreements and implement transportation plans to keep foster students enrolled in their school of origin.

- \$1,000,000 in 2018

The *Northwest Online College-in-the-High-School Program* grant provides online opportunities for high school students to get secondary and postsecondary credit.

- \$50,000 in 2016 and 2017

The Information Technology Certifications contract is to be used to implement Information technology (IT) certification training within Minnesota public schools. The purpose of the funding is to increase the opportunities for students to access training in the IT area while in the secondary system.

- \$500,000 in 2016

The Minnesota Department of Education audits payment requests for these reimbursement based grants and processes payments to reimburse grantees for their costs associated with the work above.

RESULTS

These are one-time programs. There is no data available for them.

M.S.123B.04, subdivision 2(f);

M.S.125E.20-26;

MN Laws 1st special session 2015, chapter 3, article 2, section 70, subdivision 25;

MN Laws 1st special session 2015, chapter 3, article 6, section 13, subdivision 8;

MN Laws 2016, chapter 189, article 25, section 62, subdivision 3-18;

MN Laws 1st special session 2017, chapter 5, article 2, sect. 57, subdivision 8-9, 13, 20, 29, 32, 34-37;

Nonrecurring Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,172	11,490	7,729	10,524	250	250	250	250
3000 - Federal				958				
Total	1,172	11,490	7,729	11,482	250	250	250	250
Biennial Change				6,548		(18,711)		(18,711)
Biennial % Change				52		(97)		(97)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation				6				
Operating Expenses	125	1,349		4				
Grants, Aids and Subsidies	1,047	10,141	7,729	11,472	250	250	250	250
Total	1,172	11,490	7,729	11,482	250	250	250	250

Full-Time Equivalents

		0.08		
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Nonrecurring Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	1,527	24,168	2,603	400	250	250	2,067	2,067
Balance Forward In		355	15,250	10,124				
Net Transfers							1,817	1,817
Transfers Out		2,800						
Cancellations		259						
Balance Forward Out	355	9,974	10,124					
Expenditures	1,172	11,490	7,729	10,524	250	250	250	250
Biennial Change in Expenditures				5,590		(17,753)		(17,753)
Biennial % Change in Expenditures				44		(97)		(97)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts			958			
Expenditures			958			
Biennial Change in Expenditures			958		(958)	(958)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents			0.08			

Program: Special Education

Activity: Special Education Regular

education.mn.gov/MDE/dse/sped/

AT A GLANCE

- In fiscal year (FY) 2018, 142,270 children and youth, ages birth-21, received special education services.
- In FY 2018, 123,822 K-12 students (14.3 percent of total K-12 students) received special education services.
- In FY 2018, 29,221 full-time equivalent special education teachers and paraprofessional staff were employed.

PURPOSE & CONTEXT

This state aid program funds specially designed instruction and related services for children and youth with disabilities ages birth-21.

Districts also receive federal funds through the Individuals with Disabilities Education Act (IDEA) for special education services. IDEA ensures that all children with disabilities receive a Free Appropriate Public Education (FAPE). FAPE emphasizes that special education and related services must meet students' unique needs and prepare them for postsecondary education, employment and independent living.

This program supports all five of the World's Best Workforce goals.

SERVICES PROVIDED

Goals of special education:

- Provide FAPE in the least restrictive environment.
- Improve performance on statewide assessments.
- Increase special education student graduation rates.
- Coordinate services for students receiving support from more than one agency.

Students receiving special education services must have an Individualized Education Program (IEP). The IEP helps students with disabilities with schoolwork and helps them make progress toward graduation according to their individualized goals. Students are eligible for IDEA Part B services if they meet specific state eligibility requirements under one or more of 13 disability categories as defined in Minnesota Rules.

To be eligible for special education IDEA Part B services, students ages 3-21 must be:

- Found to have a disability.
- In need of specialized instruction and related services.

To be eligible for special education IDEA Part C infant and toddler intervention services, infants and toddlers aged birth-2 must meet at least one of the three components:

- They meet the criteria for any one of Minnesota's recognized special education disability categories.
- They have a demonstrated developmental delay.
- They are diagnosed with a physical or mental condition that has a high probability of resulting in developmental delay.

The combination of these laws and rules require the provision of FAPE for all eligible children and youth with disabilities. FAPE is defined as instruction and services that are:

- Based on eligibility and need.

- Written into an Individualized Education Program (IEP) or an Individualized Family Service Plan (IFSP).
- Provided in the least restrictive environment possible and at no cost to parents.

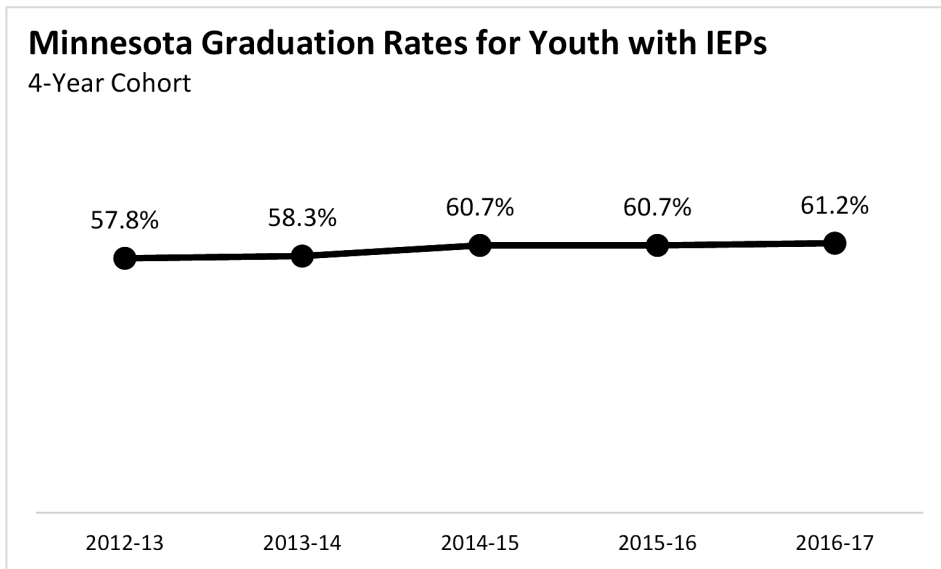
The Minnesota Department of Education (MDE) calculates and processes aid payments and provides technical support for this program.

RESULTS

As part of implementing the Every Student Succeeds Act (ESSA) plan, MDE applied changes to graduation and dropout calculations retroactively back to the 2013 school year in order to provide a trend that uses consistent data. Therefore, the graduation and dropout data reported below reflects the changes in rate calculations and is different than what was reported in the FY 2018 biennial narrative.

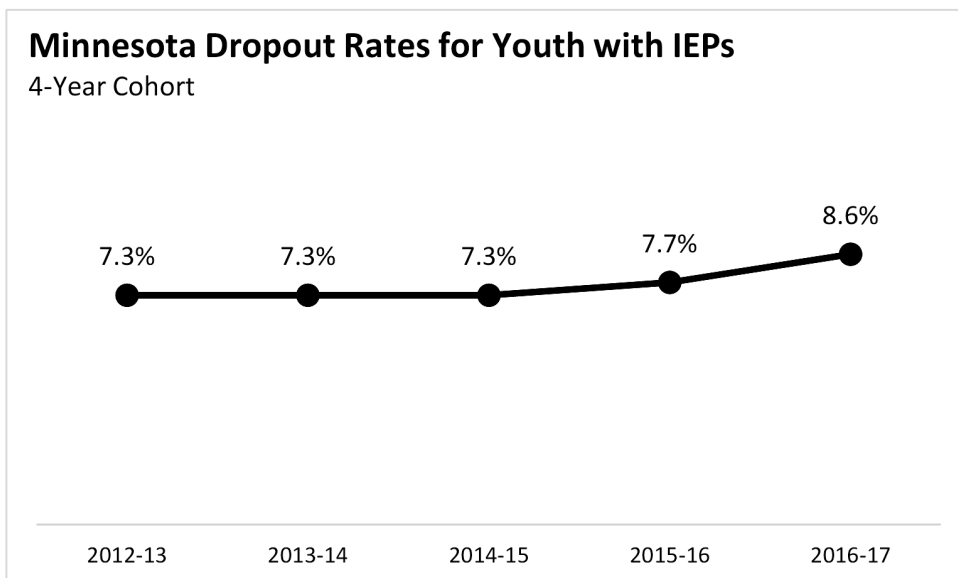
Goal: To increase the graduation rate of students with disabilities.

Measure: Graduation rate of students with disabilities.



Goal: To decrease the dropout rate of students with disabilities.

Measure: Dropout rate of students with disabilities.

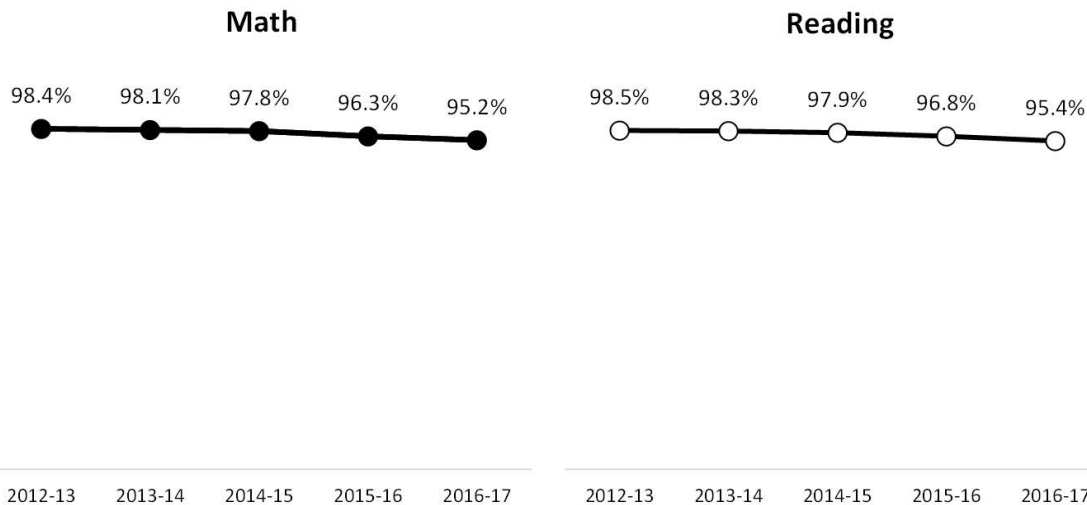


Goal: To support the inclusion of students with disabilities in the statewide assessment system.

Measure: Participation and performance rates on statewide assessments (Minnesota Comprehensive Assessment [MCA] and the Minnesota Test of Academic Skills [MTAS]).

Participation in Statewide Assessments by Minnesota Students with IEPs

Goal is 95% participation in both Math and Reading tests.



Proficiency Rates for Students with IEPs on the Minnesota Statewide

Math and Reading Assessments.

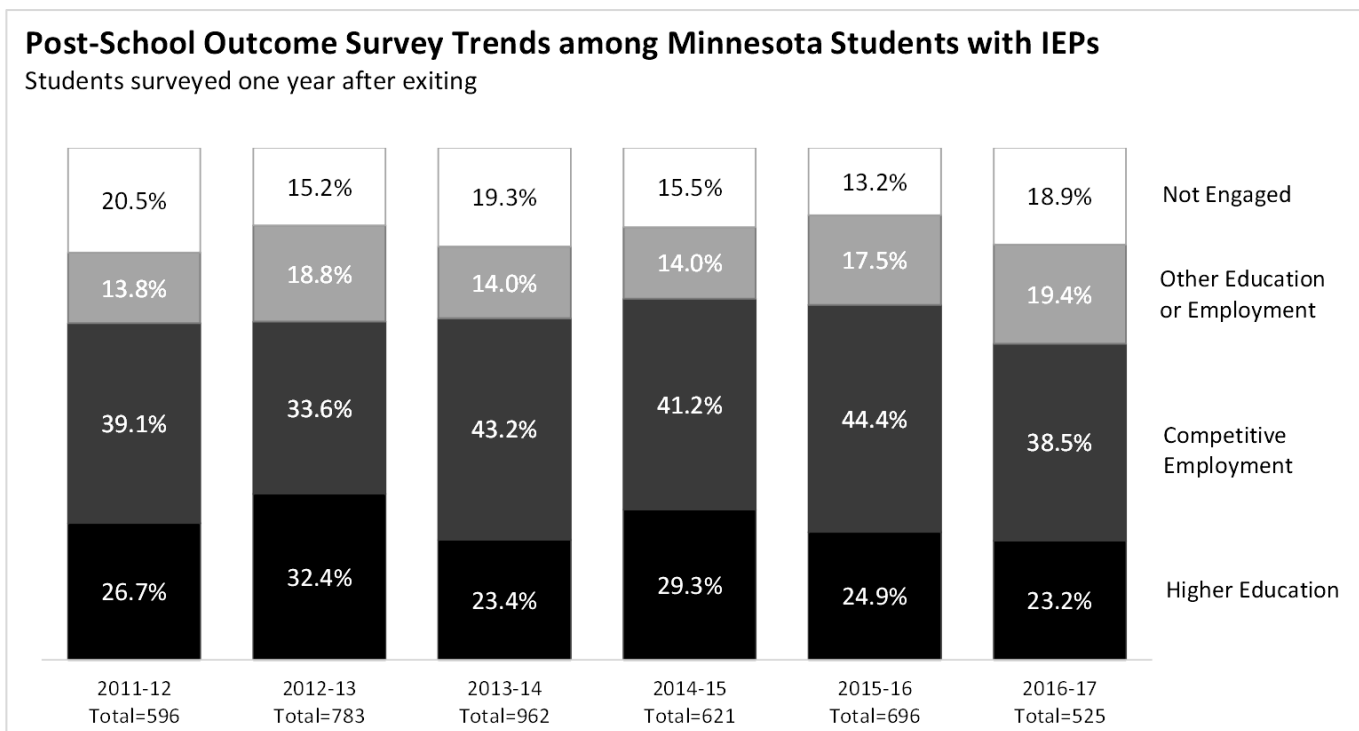
Only students with valid scores are included in the table below.

	Math		Reading	
	2015-16	2016-17	2015-16	2016-17
Grade 3	45.6%	43.8%	33.6%	32.9%
Grade 4	42.8%	41.9%	32.8%	32.2%
Grade 5	30.3%	29.8%	36.8%	36.7%
Grade 6	26.0%	26.6%	29.1%	30.4%
Grade 7	22.9%	21.6%	25.5%	24.7%
Grade 8	23.7%	24.1%	26.1%	26.2%
High School*	15.8%	15.5%	26.2%	27.2%

*Math is assessed in Grade 11; Reading is assessed in Grade 10

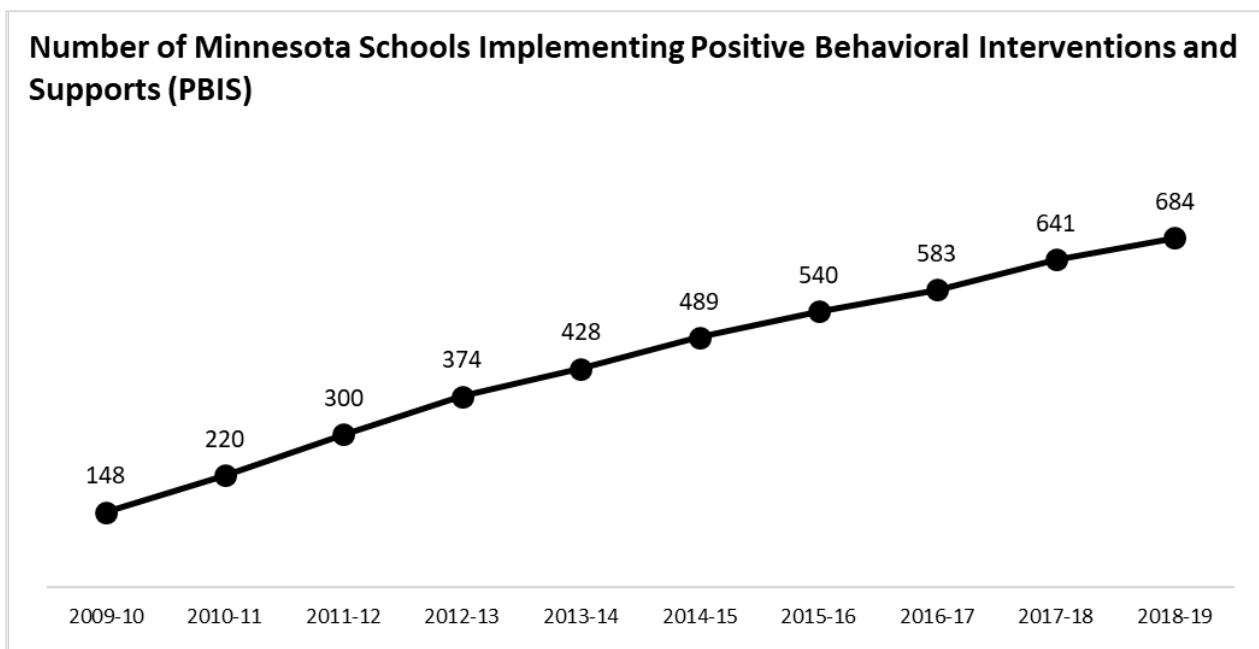
Goal: To increase postsecondary education and employment outcomes for students with disabilities.

Measure: The Post-School Outcome Survey results are based on a sample of special education students interviewed each year regarding their post-high-school education and employment experiences one year after exiting high school. The data reported below are a percent participation rate per category. Because not all students sampled respond to the survey the total of responses will not add to 100 percent.



Goal: To increase Positive Behavioral Interventions and Supports (PBIS), which is a comprehensive, data-driven and educational set of practices ensuring all students, staff and families are working from the same playbook when it comes to supporting positive behavior and academic achievement, in Minnesota schools.

Measure: Number of schools implementing PBIS.



M.S.125A.02; M.S.125A.03; M.S.125A.75; M.S.122A.726; MN Rules 3525;
Special Education disability categories MN Rules 3525.1325 to 3525.1348;
Eligibility criteria for infant and toddler intervention services MN Rules 3525.1350
Federal Law [Individuals with Disabilities Education Act (IDEA) 20 U.S.C. §1400 (2004)]; Federal Regulations (34
CFR 300)

Special Education - Regular

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	1,180,965	1,281,372	1,342,297	1,513,013	1,592,153	1,706,195	1,619,065	1,773,125
3000 - Federal	163,427	176,217	163,535	172,015	177,176	182,491	177,176	182,491
Total	1,344,392	1,457,589	1,505,832	1,685,028	1,769,329	1,888,686	1,796,241	1,955,616
Biennial Change				388,880		467,155		560,997
Biennial % Change				14		15		18
Governor's Change from Base								93,842
Governor's % Change from Base								3

Expenditures by Category

Operating Expenses			0					
Grants, Aids and Subsidies	1,344,392	1,457,589	1,505,829	1,685,028	1,769,329	1,888,686	1,796,241	1,955,616
Other Financial Transaction		0	3					
Total	1,344,392	1,457,589	1,505,832	1,685,028	1,769,329	1,888,686	1,796,241	1,955,616

Special Education - Regular

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	1,190,519	1,291,227	1,390,039	1,493,231	1,605,966	1,720,304	1,636,666	1,792,334
District Revenue	1,190,519	1,291,227	1,390,039	1,493,231	1,605,966	1,720,304	1,636,666	1,792,334
Direct Appropriation	1,183,619	1,258,250	1,342,297	1,513,013	1,592,153	1,706,195	1,619,065	1,773,125
Current Year	1,043,116	1,134,400	1,185,894	1,308,868	1,407,790	1,508,019	1,434,702	1,571,162
Prior Year	137,932	146,971	156,403	204,145	184,363	198,176	184,363	201,963
Transfers In		23,551						
Cancellations	2,654	429						
Expenditures	1,180,965	1,281,372	1,342,297	1,513,013	1,592,153	1,706,195	1,619,065	1,773,125
Biennial Change in Expenditures				392,973		443,038		536,880
Biennial % Change in Expenditures				16		16		19
Governor's Change from Base								93,842
Governor's % Change from Base								3

3000 - Federal

Receipts	163,427	176,217	163,535	172,015	177,176	182,491	177,176	182,491
Expenditures	163,427	176,217	163,535	172,015	177,176	182,491	177,176	182,491
Biennial Change in Expenditures				(4,093)		24,117		24,117
Biennial % Change in Expenditures				(1)		7		7
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Special Education

Activity: Other Federal Special Education Programs

education.mn.gov/MDE/dse/schfin/sped/

helpmegrowmn.org/HMG/index.htm

AT A GLANCE

- Deaf-blindness is the categorical area of special education with the lowest percentage of students (0.07 percent).
- In 2017, census data from the Deaf-Blind Project indicated that 375 special education students had both vision and hearing loss reported as disabilities.
- 17,445 children ages 3-5 with disabilities were counted as being served through Individualized Education Programs on December 1, 2017, and more than half of these children participate in regular early childhood programs and receive special education services in those settings.
- In 2015, the U.S. Department of Education's Office of Special Education and Rehabilitative Services awarded the Minnesota Department of Education (MDE) a Five-Year State Personnel Development Grant (SPDG) to support State Systemic Improvement Plan (SSIP) implementation. Current SSIP partner districts include Duluth, Minneapolis, Osseo and St. Paul.
- In the 2017-18 school year, 20 local education agencies participated in the Employment Capacity Building Cohort (ECBC) with 179 students with developmental cognitive disabilities entering into competitive integrated employment.
- In the 2017-18 school year, eight Minnesota businesses participated as Project SEARCH sites hosting 58 student interns with developmental cognitive disabilities.

PURPOSE & CONTEXT

This budget activity currently consists of five programs: The Minnesota Deaf Blind Technical Assistance Project (DB Project), the Preschool Special Education Part B program, the State Systemic Improvement Plan (SSIP), the Employment Capacity Building Cohorts (ECBC), and Project SEARCH.

The DB Project is a federally funded formula grant received by the Minnesota Department of Education (MDE) to support services for students with both vision and hearing loss and their families.

The Preschool Special Education Part B program provides individualized education services to preschool children with disabilities.

The SSIP is a comprehensive, multi-year plan that focuses on improving results for children and youth with disabilities.

The ECBC is a training and technical assistance program provided for school districts to improve their employment practices for students with developmental cognitive disabilities.

Project SEARCH provides educational internships for students with intellectual/developmental cognitive disabilities through workplace immersion at participating business sites with the goal of obtaining competitive integrated employment within four to 11 months after completion of their internship experience.

Funding for services is a combination of federal funds, state special education aid and general education revenue.

SERVICES PROVIDED

The Minnesota Deaf Blind Technical Assistance Project (DB Project):

- Provides support to teams, including educators and parents, to enhance their ability to address the unique education and service needs of children with deaf blindness.
- Supports appropriate evaluation of students suspected of having dual sensory loss.
- Provides training to new cohorts of interveners, educational aides who help the student who is deafblind, each year.

The Preschool Special Education Part B program is federally mandated.

- Federal funds support statewide efforts to:
 - Seek out and identify potentially eligible children; and,
 - Provide professional development opportunities promoting evidence-based practices through the Regional Centers of Excellence.
- Services are provided to each eligible child through an Individualized Education Program.
- The goal is to increase each child's ability to actively and independently participate in current and future environments such as home, preschool and kindergarten.
- Services most often include special instruction, speech therapy, occupational or physical therapy, and transportation.
- The Minnesota Department of Education:
 - Processes payments/reimbursements;
 - Provides professional development;
 - Collects and reports data;
 - Interprets regulations, statutes and rules; and
 - Connects children and families to appropriate local programs and monitors local implementation.

State Systemic Improvement Plan (SSIP) goals and partnerships:

- Increase the six-year graduation rates for American Indian and black students with disabilities.
- Develop capacity of districts to select and implement effective and sustainable evidence-based practices that support improving graduation outcomes for students with disabilities.
- MDE was awarded a \$5.5 million, five-year State Personnel Development Grant to support SSIP implementation, among other grant initiatives. Initial SSIP partner districts include Duluth, Minneapolis, Osseo, and Saint Paul.

The Employment Capacity Building Cohorts (ECBC)

The Employment Capacity Building Cohorts (ECBC) provides training and technical assistance to school districts in their efforts to learn and change employment practices for students with developmental cognitive disabilities in their school districts and associated counties. Districts partner with their local vocational rehabilitation supervisors and counselors, as well as county level supervisors and case-managers from disability services.

Project SEARCH

Project SEARCH is an internationally recognized evidence-based, one-year internship program for students with intellectual/developmental cognitive disabilities, ages 18-21, in their last year of high school. The Project SEARCH Transition Program is a program that provides educational experiences for these students through workplace immersion at participating business sites. Students receive skill-based training in independent living and employability skills. The goal of Project SEARCH's is that student interns obtain competitive integrated employment within four to 11 months after completion of their internship experience.

RESULTS

Deaf Blind Project

Type of Measure	Name of Measure	2016	2017
Quantity	Unduplicated Child Count where deaf/blind is listed as the primary disability	96	103
Quantity	Number of deaf/blind interveners completing training cohort.	32	38
Quality	Percentage of the participants of intervener training for deaf-blind, who report enhancement of their understanding of deaf-blindness and best practices which affect their current practice.	90%	92%

Preschool Education Part B Program

The table below shows Minnesota's performance on the federally required child outcomes for federal fiscal years (FFY) 2014-16.

Child Outcomes	FFY 2014	FFY 2015	FFY 2016
Children will demonstrate positive relationships			
(A) Greater than expected progress	69.6%	69.8%	68.4%
(B) Exited Part C within age expectations	55.3%	55.5%	54.2%
Children will acquire and use knowledge and skills			
(A) Greater than expected progress	72.5%	72.0%	70.3%
(C) Exited Part C within age expectations	55.0%	54.7%	52.8%
Children will take action to meet needs			
(A) Greater than expected progress	71.0%	70.7%	69.1%
(B) Exited Part C within age expectations	64.3%	64.9%	63.5%

State Systematic Improvement Plan

As part of implementing the ESSA plan, MDE applied changes to graduation calculations retroactively back to the 2013 school year in order to provide a trend over time that uses consistent data. Therefore, the SIMR graduation data reported below reflects the changes in rate calculations and is different than what was reported in the FY 2018 biennial narrative.

To show the differences between the old and new graduation calculations, the State Identified Measurable Result (SIMR) data for the past three years are shown with both the old calculation and the new calculation. The current year SIMR data are also shown, using the new calculation.

MDE's SIMR is to increase six-year graduation rates for American Indian and Black students with disabilities by at least 1 percent per year over the next five years.

State Identified Measurable Result—Targets and Data

<i>Year</i>	<i>School Year</i>	<i>Target</i>	<i>Old Graduation Data</i>	<i>New Graduation Data</i>
FFY 2013— <i>Baseline</i>	2013-14	53.28%	53.28% (old baseline)	53.1% (new baseline)
FFY 2014	2014-15	53.30%	54.99%	53.8%
FFY 2015	2015-16	54.00%	56.65%	56.8%
FFY 2016	2016-17	55.00%	**	57.0%
FFY 2017	2017-18	56.00%	**	
FFY 2018	2018-19	57.00%	**	

**will no longer be used or reported

State Identified Measurable Result—Six-Year Cohort Statewide Cohort Totals and Graduation Rates 2016
NEW Calculation

<i>Race/Ethnicity Group</i>	<i>Total Special Education Students in Six-year Cohort</i>	<i>Total Special Education Students Graduating</i>	<i>Percent of Special Education Graduates</i>	<i>Total Special Education Students Not Graduating in 2016</i>
American Indian	321	165	51.4%	156
Black	1,291	750	58.1%	541
American Indian and Black	1,612	915	56.8%	697
All Race/Ethnic Groups Combined	9,534	6,769	71.0%	2,765

State Identified Measurable Result—Six-Year Cohort Statewide Cohort Totals and Graduation Rates 2017
NEW Calculation

<i>Race/Ethnicity Group</i>	<i>Total Special Education Students in Six-year Cohort</i>	<i>Total Special Education Students Graduating</i>	<i>Percent of Special Education Graduates</i>	<i>Total Special Education Students Not Graduating in 2017</i>
American Indian	330	168	50.9%	162
Black	1,315	769	58.5%	546
American Indian and Black	1,645	937	57.0%	708
All Race/Ethnic Groups Combined	9,781	7,042	72.0%	2,739

ECBC

In the fall of 2017, 20 local education agencies continued or were new to the ECBC. In the same year, 179 students with developmental cognitive disabilities entered into competitive, integrated employment.

Project SEARCH

In 2017-18, eight Minnesota businesses participated as Project SEARCH sites and hosted a total of 58 interns.

M.S.125A.01, subdivision 1-3;

Federal law [Individuals with Disabilities Education Act (IDEA) 20 U.S.C. §1400 (2004)]; Federal Regulations (34 CFR 300);

IDEA (P.L. 108-466); Preschool Incentive Program (P.L. 108-466, Sec. 619); Infants and Toddlers Program (P.L. 108-466, Part C); (P.L. 108-446 IDEA; Part B/Section 619 of the Individuals with Disabilities Education Act

Other Federal Special Education Programs

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
3000 - Federal	1,000	785	253	204	204	204	204	204
Total	1,000	785	253	204	204	204	204	204
Biennial Change				(1,328)		(49)		(49)
Biennial % Change				(74)		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Operating Expenses	5							
Grants, Aids and Subsidies	995	785	253	204	204	204	204	204
Total	1,000	785	253	204	204	204	204	204
Total Agency Expenditures	1,000	785	253	204	204	204	204	204
Internal Billing Expenditures	5							
Expenditures Less Internal Billing	995	785	253	204	204	204	204	204

Other Federal Special Education Programs

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
3000 - Federal								
Receipts	1,000	785	253	204	204	204	204	204
Expenditures	1,000	785	253	204	204	204	204	204
Biennial Change in Expenditures				(1,328)		(49)		(49)
Biennial % Change in Expenditures				(74)		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Special Education

Activity: Other State Special Education Programs

education.mn.gov/MDE/dse/schfin/sped/

AT A GLANCE

- 254 students with disabilities were placed in care and treatment facilities in fiscal year (FY) 2017.
- 104 students without disabilities were placed in care and treatment programs in FY 2017.
- In FY 2017, the average length of stay in a foster facility for care and treatment for students both with and without disabilities was 58 school days, at an average cost of \$4,826.68 per stay.
- 15,088 early childhood special education (ECSE) (birth-4) children served in the Homebased Services program in FY 2017.
- In FY 2017, Minnesota courts placed zero non-Minnesota students with Individual Education Programs (IEP) into care and treatment facilities.
- In FY 2017, court action placed 120 Minnesota students out of state.
- The staff development grants for co-ops is a one-time grant appropriated for FY 2017, available until June 30, 2019.

PURPOSE & CONTEXT

There are currently five programs related to state-aid funded special education in the Other Special Education Programs budget activity. They are: Children with Disabilities, Homebased Services, Court-Placed Revenue, Out-of-State Tuition, and Staff Development Grants for Cooperative Units.

- The Children with Disabilities program provides funding for individuals who are placed for care and treatment in a licensed residential facility or foster facility, and for whom no district of residence can be determined. Children with disabilities are eligible for this program if no district of residence can be determined because:
 - Parental rights have been terminated by court order.
 - The parent or guardian is not living in the state.
 - No other district of residence can be established.
 - The parent or guardian with legal custody of the child is an inmate of a Minnesota correctional facility or is a resident of a halfway house under the supervision of the commissioner of Corrections.
- Children without disabilities are eligible for this program if no district of residence can be determined because:
 - Parental rights have been terminated by court order.
- Districts that serve these students receive full payment for the cost of their education from varying state sources, including children with disabilities aid.
- This program contributes to the World's Best Workforce (WBWF) goal of all students graduating from high school.

The Homebased Services aid program reimburses school districts for travel costs associated with early childhood special education (ECSE) services.

- This program contributes to the WBWF goal of all students ready for school.

Court-Placed Revenue pays for special education for non-Minnesota students with Individual Education Programs (IEP) when the school district is unable to collect tuition from the responsible state, school district, or other non-Minnesota agency.

- Without this aid, a school district would have to pay for special education costs out of their general fund.
- This program contributes to the WBWF goal of all students graduating from high school.

The Out-of-State Tuition program provides education funding for Minnesota resident students placed by court action in out-of-state care and treatment facilities, in a state that does not have a reciprocity agreement.

- Students are placed in specialized care and treatment services when those services are not available in Minnesota, either because the facilities are full, or Minnesota does not have the specialized treatment center available.
- This program contributes to the WBWF goal of all students graduating from high school.

The Staff Development Grants for Cooperative Units are staff development grants to intermediate school districts and other cooperative units providing instruction to students in a federal instruction setting of level four or higher. The grants must be used for enhanced services to students who may have challenging behaviors, mental health issues, or be suffering from trauma. Staff development activities include, but are not limited to, proactive behavior management, personal safety training, de-escalation techniques, and adaptation of curriculum and pedagogy for students with complex needs.

- This program contributes to all five of the WBWF goals.

SERVICES PROVIDED

The Children with Disabilities program ensures a free and appropriate education for eligible children.

- \$1,597,000 for FY 2017
- \$1,830,000 for FY 2018
- Districts are reimbursed for 100 percent of the additional costs of educating these children; they are reimbursed the year after they provide the services.
- The Minnesota Department of Education (MDE) processes reimbursement requests and provides technical support for this program.

With the Homebased Services program, the state reimburses districts half of the amount spent, based on mileage, by workers traveling to provide home- or community-based services to children under age 5 who have disabilities.

- \$508,000 for FY 2017
- \$532,000 for FY 2018
- For very young children, services may also include parent consultation and training.
- Federal funding may be used for this purpose.
- MDE calculates and processes aid payments and provides technical support for this program.

With the Court-Placed Revenue program, Minnesota school districts that provide special education and related services to court-placed non-Minnesota students with IEPs are reimbursed for those services if the out-of-state placing agencies do not pay tuition.

- \$46,000 for FY 2018
- \$47,000 for FY 2019
- Districts must document that they tried to collect tuition from the students' resident districts or states, and submit proof to MDE.
- Districts are reimbursed the fiscal year after they provide the services.
- MDE processes reimbursement requests and provides technical support for this program.

Out-of-State Tuition is provided when a Minnesota student is placed in an out-of-state care and treatment facility:

- The out-of-state care and treatment facilities submit tuition bills to the Minnesota resident district, based on the actual cost of providing education.
- The Minnesota resident district submits the tuition bills to MDE.
- MDE calculates state aid and processes aid payments to the district.
- The aid is paid as a reimbursement in the year after the services are provided.
- \$250,000 for FY 2018

- \$250,000 for FY 2019
- MDE also provides technical support for this program.

The Staff Development Grants for Cooperative Units is a nonrecurring grant program.

- \$4,500,000 for FY 2017
- \$1000 per full-time equivalent number of licensed instructional staff and non-licensed classroom aides.
- Funding available in FY 2017, FY 2018, and FY 2019.

RESULTS

The number of children under age 5 identified as having disabilities and receiving special education services increased from 11,411 in FY 2015 to 15,088 in FY 2017. Most of these services are provided in the child's home or in a center-based site in the community.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Children with Disabilities - Number of eligible Average Daily Memberships (ADM) with disabilities in placement.	56.47	35.83	70.11	78.61
Quantity	Children with Disabilities - Number of eligible Average Daily Memberships (ADM) without disabilities in placement.	10.23	12.23	13.38	19.65
Quantity	Homebased Services - Number of children under age five receiving special education services.	13,725	14,111	14,580	15,088
Quantity	Partial-year students aggregated to determine average daily membership (ADM) placed out-of-state for care and treatment.	65.9	63.91	71.03	42.45

Over the past five years, the number of students eligible for court-placed revenue has declined and remains low. Many school districts are making sure that the resident state or district pays for the cost of special education services.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2013 Placement/ FY 2014 Aid</i>	<i>FY 2014 Placement/ FY 2015 Aid</i>	<i>FY 2015 Placement/ FY 2016 Aid</i>	<i>FY 2016 Placement/ FY 2017 Aid</i>	<i>FY 2017 Placement/ FY 2018 Aid</i>
Quantity	Number of Eligible Students in Court Placement	0	2	2	2	0
Quantity	Partial-year students aggregated to determine the Number of Eligible Full-Year Students (ADM) in Court Placement	0	.29	1.06	0.41	0

M.S.125A.75, subd. 3; M.S.125A.75, subd. 1; M.S.125A.79, subd. 4; M.S.125A.79, subd. 8
IDEA (P.L. 108-466); Preschool Incentive Program (P.L. 108-466, Sec. 619); Infants and Toddlers Program (P.L. 108-466, Part C)

Other State Special Education Programs

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,097	3,571	3,684	2,561	2,085	2,288	2,085	2,288
Total	2,097	3,571	3,684	2,561	2,085	2,288	2,085	2,288
Biennial Change				577		(1,872)		(1,872)
Biennial % Change				10		(30)		(30)
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Grants, Aids and Subsidies	2,097	3,571	3,684	2,561	2,085	2,288	2,085	2,288
Total	2,097	3,571	3,684	2,561	2,085	2,288	2,085	2,288

Other State Special Education Programs

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	442	387	402	406	424	444	424	444
District Revenue	442	387	402	406	424	444	424	444
Direct Appropriation	2,029	6,667	2,401	1,901	2,085	2,288	2,085	2,288
Current Year	400	369	364	366	382	400	382	400
Prior Year	35	42	17	38	40	42	40	42
Balance Forward In			2,595	660				
Transfers In	182	111						
Transfers Out			621					
Cancellations	114	602	31					
Balance Forward Out		2,605	660					
Expenditures	2,097	3,571	3,684	2,561	2,085	2,288	2,085	2,288
Biennial Change in Expenditures				577		(1,872)		(1,872)
Biennial % Change in Expenditures				10		(30)		(30)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Facilities and Technology
Activity: Debt Service Equalization

AT A GLANCE

- In fiscal year (FY) 2019, 231 districts have regular debt service equalization revenue.
- In FY 2019, 34 districts will receive regular debt service equalization aid.
- In FY 2019, 2.8 percent of eligible regular debt service revenue is state aid.
- In FY 2019, two districts will receive natural-disaster debt service equalization aid.

PURPOSE & CONTEXT

School districts must receive approval from a majority of those voting in a school bond referendum before issuing bonds to construct, acquire or improve school facilities. Debt Service Equalization is a state aid and local property tax levy program that helps to ensure that all school districts can provide adequate educational facilities for their students.

Natural Disaster Debt Service Equalization revenue is available beginning in FY 2017 to districts that suffered a natural disaster.

This program serves all public school students and communities in Minnesota. School districts with a relatively high debt service tax rate and low-to-moderate tax base per pupil unit may receive aid to reduce property owners' tax burdens.

SERVICES PROVIDED

The regular Debt Service Equalization program under Minnesota Statutes, section 123B.53, includes several components:

- **Required Debt Service Levy**
 - A school district must levy for the principal and interest payments on its general obligation bonds, plus an additional 5 percent to cover potential tax delinquencies, for the following fiscal year.
 - The required debt service levy for all years is established and approved by the local school board at the time that bonds are sold.
 - To be eligible for debt service equalization, the bonds must have been sold by July 1 of the calendar year the levy is certified. In addition, debt service for repayment of bonds issued after July 1, 1992 must be for construction projects that have received a positive review and comment according to section 123B.71, and have a bond schedule approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and debt service for repayment of bonds issued after July 1, 1997, must be for facilities whose primary purpose is to serve students in kindergarten through grade 12.
 - Beginning in FY 2017, bonds related to the Long-Term Facilities Maintenance program are equalized through that program and are no longer eligible for debt service equalization.
- **Debt Service Equalization Revenue**
 - School districts qualify for state debt service equalization aid if the eligible debt service levy exceeds 15.74 percent of the district's tax base (as measured by Adjusted Net Tax Capacity (ANTC)) and the district's tax base per student is below the guaranteed tax base per student set in law.
 - There is no state aid on the portion of the levy falling below 15.74 percent of the district's ANTC.

- The state provides aid to pay a portion of the levy exceeding 15.74 percent of the district's ANTC using a two-tiered sliding scale that varies with district tax base per student. As the district tax base per student declines, the state share of equalized revenue increases.
- Debt Service Equalization Aid equals the difference between the revenue and the levy.

To be eligible for Natural Disaster Debt Service Equalization under Minnesota Statutes, section 123B.535, a district must:

- Have been impacted by a natural disaster occurring after January 1, 2005, in an area eligible for Federal Emergency Management Agency (FEMA) payments.
- Have damage of \$500,000 or more to school district buildings that is not covered by insurance or FEMA payments.
- Notify the commissioner of education of its intended natural disaster debt service revenue every year by July 1.
- A district receives aid under this program if its total debt service levy exceeds 10 percent of its tax base and the district's tax base per student is below a guaranteed tax base per student set in state law.
- The aid a district receives varies depending on the amount of the district's eligible debt service levy, the number of students it has, and its property tax capacity.
- The state guaranteed tax base for this program is significantly higher than under the regular state debt service equalization program.

MDE reviews and comments on proposed school construction projects and calculates state aid and property tax levies for this program.

RESULTS

MDE does not collect data regarding unmet facility needs.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2017</i>	<i>FY 2019</i>
Quality	Percentage of districts ineligible for Tier 1 debt service equalization because tax base exceeds statutory Tier 1 equalizing factor	87%	88%
Quantity	Districts receiving regular debt service equalization aid	44	34

M.S.123B.53; M.S.123B.54; M.S.123B.55; M.S.123B.59; M.S.123B.61; M.S.123B.62; M.S.126C.40; M.S.126C.63; M.S.126C.68; M.S.475.61; MN Laws 2014, Chapter 312, Article 18, section 5; M.S.123B.535

Debt Service Equalization

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	20,349	22,924	24,907	23,137	20,684	20,363	20,684	20,363
Total	20,349	22,924	24,907	23,137	20,684	20,363	20,684	20,363
Biennial Change				4,772		(6,997)		(6,997)
Biennial % Change				11		(15)		(15)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	20,349	22,924	24,907	23,137	20,684	20,363	20,684	20,363
Total	20,349	22,924	24,907	23,137	20,684	20,363	20,684	20,363

Debt Service Equalization

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	20,059	23,244	25,092	22,920	20,435	20,355	20,435	20,355
District Revenue	20,059	23,244	25,092	22,920	20,435	20,355	20,435	20,355
Direct Appropriation	20,349	22,926	24,908	23,137	20,684	20,363	20,684	20,363
Current Year	18,054	20,919	22,583	20,628	18,392	19,061	18,392	19,061
Prior Year	2,295	2,005	2,324	2,509	2,292	2,043	2,292	2,043
Transfers Out			1					
Cancellations	0	2						
Expenditures	20,349	22,924	24,907	23,137	20,684	20,363	20,684	20,363
Biennial Change in Expenditures				4,772		(6,997)		(6,997)
Biennial % Change in Expenditures				11		(15)		(15)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Facilities and Technology
Activity: Telecommunications Access

education.mn.gov/MDE/dse/schfin/fac/

AT A GLANCE

- In fiscal year (FY) 2018, school districts combined into 18 telecommunications clusters, and three individual school districts received telecommunications access aid.
- Demand from districts in FY 2018 totaled \$8.95 million.
- Aid is capped at \$3.75 million per year. As a result, the aid for FY 2018 was prorated at approximately 42 percent.

PURPOSE & CONTEXT

This program provides telecommunication and internet access funding for all public and nonpublic schools in Minnesota.

All public school districts, charter schools, intermediate school districts, and nonpublic schools in Minnesota are eligible to participate in this program. Home schools are not eligible.

SERVICES PROVIDED

Schools and districts can be reimbursed for the following costs:

- Specific ongoing or recurring telecommunications/internet access costs.
- Recurring costs of specified maintenance on the school district's wide area network.
- Recurring costs of cooperative arrangements for delivery of telecommunications/internet access between certain entities.
- Specific service provider installation fees.

Eligible costs for schools and school districts that are not members of a telecommunications cluster must exceed \$16 per student to qualify for aid. Telecommunications access clusters are school associations, which do not need to meet the \$16 per student threshold.

MDE calculates and processes aid payments for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2018</i>
Quantity	Number of public school districts receiving aid	307	313
Quantity	Number of charter schools receiving aid	8	11
Quantity	Number of nonpublic schools receiving aid	3	1

M.S.125B.26

Telecommunications Access

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,750	4,250	3,750	3,750	3,750	3,750	3,750	3,750
Total	3,750	4,250	3,750	3,750	3,750	3,750	3,750	3,750
Biennial Change				(500)		0		0
Biennial % Change				(6)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	3,750	4,250	3,750	3,750	3,750	3,750	3,750	3,750
Total	3,750	4,250	3,750	3,750	3,750	3,750	3,750	3,750

Telecommunications Access

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	3,750	4,250	3,750	3,750	3,750	3,750	3,750	3,750
Balance Forward In			0					
Cancellations		0						
Balance Forward Out			0					
Expenditures	3,750	4,250	3,750	3,750	3,750	3,750	3,750	3,750
Biennial Change in Expenditures				(500)		0		0
Biennial % Change in Expenditures				(6)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Facilities and Technology

Activity: Long-Term Facilities Maintenance

education.mn.gov/MDE/dse/schfin/fac/ltfm/

AT A GLANCE

- This program began in fiscal year (FY) 2017.
- This program replaces the Alternative Facilities, Deferred Maintenance, and Health & Safety revenue programs that were funded through FY 2016.
- In taxes payable 2018, there were 335 district and secondary cooperative 10-year facility plans approved for FY 2019 revenue.

PURPOSE & CONTEXT

Students need a healthy, safe, accessible, and well-maintained place to learn; and likewise, for school and district employees to work. The long-term facilities maintenance program is a state aid and levy program to address facility and grounds issues that impact safety, health, deferred maintenance, and accessibility concerns. One of the primary purposes of the program was to reduce the disparity in funding between the largest 25 districts that were eligible for Alternative Facilities Revenue and all other districts.

School districts, intermediate school districts and other cooperatives (through member districts), and charter schools are eligible to participate in the program

This program supports the World's Best Workforce goals by providing funding for healthy, safe, accessible facilities.

SERVICES PROVIDED

Program revenue may be used for qualifying facility issues in any existing public school building or site. However, the district must own or have contractually agreed to purchase (lease-purchase) any building or facility where program-funded work is done. New construction and portable classrooms are not eligible for funding. The program has its own equalization formula. Projects may be funded on a pay-as-you-go basis or by issuing debt. Intermediate districts and cooperatives do not receive state aid. Charter school revenue is 100 percent state aid.

The program addresses a wide array of areas impacting facilities and school environments, including the following:

- Asbestos removal or encapsulation.
- Hazardous substance, including provisions for fuel storage repairs, cleanup, storage tank removal, and lead removal.
- Fire safety, including compliance with state fire marshal orders.
- Indoor air quality.
- Environmental health and safety management.
- Physical hazard control, including indoor air quality.
- Accessibility to accommodate persons with a disability.
- Deferred capital and maintenance projects.
- School districts with an approved voluntary prekindergarten program under Minnesota Statutes, section 124D.151, may include costs approved by the commissioner for remodeling existing instructional space to accommodate prekindergarten instruction.

The Minnesota Department of Education (MDE) reviews and approves 10-year facility plans that have been approved by the school board and submitted for commissioner approval. MDE calculates state aids and property tax levies for this program.

RESULTS

<i>Districts</i>	<i>FY 2016 (Previous Programs)</i>	<i>FY 2017 (Long-Term Facilities Maintenance)</i>
Alternative Facility Districts (revenue per adjusted pupil unit)	\$503	\$478
All Other Districts (revenue per adjusted pupil unit)	\$261	\$310

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2019 Charter</i>	<i>FY 2019 District</i>	<i>FY 2019 Total</i>
Quantity	Districts, Intermediates, Cooperatives and charter schools receiving revenue for approved 10-year plans	164	329	493
Quantity	Districts and Charter Schools receiving state aid	164	246	410
Quantity	State aid as a percentage of revenue	100%	20.4%	21.8%

M.S.123B.595

Long-Term Facilities Maintenance Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	23,522	54,588	80,238	102,823	105,144	107,850	105,315	108,042
Total	23,522	54,588	80,238	102,823	105,144	107,850	105,315	108,042
Biennial Change				104,951		29,933		30,296
Biennial % Change				134		16		17
Governor's Change from Base								363
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	23,522	54,588	80,238	102,823	105,144	107,850	105,315	108,042
Total	23,522	54,588	80,238	102,823	105,144	107,850	105,315	108,042

Long-Term Facilities Maintenance Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement	23,450	58,071	83,068	104,642	105,200	108,144	105,389	108,336
District Revenue	23,450	58,071	83,068	104,642	105,200	108,144	105,389	108,336
Direct Appropriation	23,398	52,901	80,238	102,823	105,144	107,850	105,315	108,042
Current Year	21,120	52,258	74,423	94,178	94,680	97,330	94,851	97,504
Prior Year	2,403	2,330	5,815	8,645	10,464	10,520	10,464	10,538
Transfers In	125	1,786						
Transfers Out		99						
Cancellations	1	0						
Expenditures	23,522	54,588	80,238	102,823	105,144	107,850	105,315	108,042
Biennial Change in Expenditures				104,951		29,933		30,296
Biennial % Change in Expenditures				134		16		17
Governor's Change from Base								363
Governor's % Change from Base								0

Program: Facilities and Technology

Activity: Special Facilities and Technology Opportunities

AT A GLANCE

- The Innovative Technology Cooperative Grant was appropriated for fiscal year (FY) 2016 and FY 2017.
- The Broadband Expansion Grant was a one-time grant appropriated for FY 2017.
- Early Repayment Incentive grants are paid annually for FY 2017 through FY 2021 to seven districts that retired their state capital loans in 2016. The total aid will be \$11,750,000.
- Maximum Effort Loan Aid is paid annually for FY 2018 through FY 2022 to 10 school districts that had state capital loans outstanding as of June 30, 2016. The total aid will be approximately \$16.3 million.

PURPOSE & CONTEXT

The Innovative Technology Cooperative Grant was a one-time grant to the Innovative Technology Cooperative for professional development related to technology.

The Broadband Expansion Grant was a one-time grant designed to support wireless off-campus learning for students.

The Early Repayment Incentive Grant provided an incentive for districts to retire their state capital loans by November 30, 2016. With the retirement of the capital loan, however, school districts lose the ability to issue a form of debt known as “one-day bonds” that fund various capital projects. Early Repayment Incentive Grants offset the loss of “one-day bond” funding with a dollar amount specified in law for each district.

The Maximum Effort Loan Aid provides property tax relief to offset the amount of interest paid on state maximum effort loans between December 1, 1990, and June 30, 2016, and capital loans between June 30, 2017, and June 30, 2021, by the 10 qualifying districts.

SERVICES PROVIDED

The Innovative Technology Cooperative Grant allowed districts to provide technology coaches in the schools and provide regional professional development in the schools in the cooperative in the Grand Rapids region.

- \$150,000 in FY 2016
- \$150,000 in FY 2017

The Broadband Expansion Grants provided funding for school districts to purchase student devices allowing them to remotely access school-based learning programs or purchase “hotspots” for their school buses so that students who have long bus routes could continue their learning during their bus rides home.

- \$500,000 in FY 2017

The Early Repayment Incentive Grant payments may be expended for any school-related purpose. The annual amounts by district are as follows:

- \$150,000 ISD 36, Kelliher
- \$180,000 ISD 95, Cromwell
- \$495,000 ISD 299, Caledonia
- \$220,000 ISD 306, Laporte
- \$150,000 ISD 362, Littlefork

- \$650,000 ISD 682, Roseau
- \$505,000 ISD 2580 East Central

MDE administers all aspects of the grant programs. Services include:

- Developing application process and reporting forms for applicants/recipients.
- Providing technical assistance to applicants/recipients.
- Creating grant contracts including work plans and budget information.
- Calculating, auditing, and processing payments.
- Providing guidance as it relates to Minnesota statutes and state policies.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2015</i>	<i>FY 2017</i>
Quantity	Number of districts with capital loan at end of fiscal year	12	4
Quantity	Repayment of capital loan principal as a percent of total capital loan principal balance at beginning of fiscal year*	0%	40%

* Calculated as the percent of outstanding principal paid off during the two fiscal years.

M.S.123A.215

Special Facilities & Technology Opportunities

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	150	2,500	5,603	5,607	5,641	5,641	11,410	17,172
Total	150	2,500	5,603	5,607	5,641	5,641	11,410	17,172
Biennial Change				8,560		72		17,372
Biennial % Change				323		1		155
Governor's Change from Base								17,300
Governor's % Change from Base								153

Expenditures by Category

Grants, Aids and Subsidies	150	2,500	5,603	5,607	5,641	5,641	11,410	17,172
Total	150	2,500	5,603	5,607	5,641	5,641	11,410	17,172

Special Facilities & Technology Opportunities

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement							5,769	10,890
District Revenue							5,769	10,890
Direct Appropriation	150	2,500	2,350	2,350	2,350	2,350	8,119	13,881
Open Appropriation			3,253	3,257	3,291	3,291	3,291	3,291
Current Year							6,410	12,099
Prior Year								641
Expenditures	150	2,500	5,603	5,607	5,641	5,641	11,410	17,172
Biennial Change in Expenditures				8,560		72		17,372
Biennial % Change in Expenditures				323		1		155
Governor's Change from Base								17,300
Governor's % Change from Base								153

Program: Facilities and Technology

Activity: Miscellaneous Facilities Levies (information only)

AT A GLANCE

For property taxes payable in calendar year 2018:

- Building/land lease levies were \$82.42 million.
- Capital projects levies were \$99.08 million.
- There were no cooperative building repair levies.
- There were no disabled access levies.
- Specific legislation levies were \$25,000.

PURPOSE & CONTEXT

Minnesota school districts generate additional revenue through local property tax levies for various capital expenditure obligations. This budget activity summarizes five facilities levy programs.

Eligible districts with levy authority may participate in these programs. All students in participating districts are served by these programs.

SERVICES PROVIDED

Building and Land Lease

- Districts may levy for expenditures to rent or lease a building and/or land for instructional purposes, school storage, administrative purposes, or furniture repair, if the district determines that the total operating capital revenue authorized is insufficient for this purpose.
- The levy may not exceed \$212 per pupil unit. Districts that are members of an intermediate district may levy an additional amount not to exceed \$65 per pupil unit for intermediate district leases.

Capital Project Referendum

- A school district may hold a referendum election to ask voters to increase property taxes for a capital project.
- All proceeds from the levy must be transferred to the capital project referendum account in the building construction fund or general fund.
- This program has been used primarily for deferred maintenance and technology improvements.

Cooperative Building Repair

- A school district that has a cooperative agreement may levy for the repair costs of a building located in another district that is a party to the agreement.
- There currently are no active cooperative building repair levies.

Disabled Access Levy

- The 1990 federal Americans with Disabilities Act (ADA) facilitates the removal of architectural barriers for persons with disabilities in public schools and helps school districts modify school buildings.
- A school district may levy up to \$300,000 over a time period not to exceed eight years to provide disabled accessibility for all facilities.
- Some newly consolidated districts have maximum levy authority of \$450,000 or \$600,000.
- The commissioner must approve the levy amount.

- For most districts, the eight-year time period has expired or the dollar maximum levy authority has been reached.
- There currently are no active disabled access levies.

Special Legislation

- Special legislation provides selected districts with additional capital levy for specific purposes.
- Currently provides additional capital levy for Independent School District 319, Nashwauk-Keewatin.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Pay 2016</i>	<i>Pay 2018</i>
Quantity	Number of districts levying for building leases	220	233
Quantity	Number of districts levying for capital projects	41	51
Quantity	Number of districts levying for disabled access	0	0

M.S. 126C.40, subdivision 1; M.S. 123B.63; M.S. 126C.40, subdivision 3; M.S. 123B.58;

MN Laws 2001 First Special Session, Chapter 5, Article 3, Section 87

Program: Nutrition
Activity: School Lunch

education.mn.gov/MDE/dse/FNS/SNP/index.htm

AT A GLANCE

- More than 100 million lunches (including snacks) served in federal fiscal year (FY) 2017.
- Commodities equaling \$33,951,534 received by 680 schools in federal FY 2017.

PURPOSE & CONTEXT

This program provides nutritious lunches during the school day to help meet children's nutritional needs and foster lifelong healthy eating habits.

The United States Department of Agriculture (USDA) provides funding for the National School Lunch Program (NSLP). The afterschool snack component of the NSLP provides reimbursement for snacks served to children in afterschool educational and enrichment programs. The state of Minnesota provides additional funding to schools to keep lunch prices affordable.

These programs support the World's Best Workforce (WBWF) goal of helping to close the racial and economic achievement gaps between students.

SERVICES PROVIDED

Student health and learning are improved through daily access to a nutritious school lunch. Students in afterschool care programs receive access to a nutritious snack.

- School lunch menus are planned and served according to federal meal-pattern guidelines.
- Students from families with incomes under 185 percent of federal poverty guidelines receive meals at no cost to household.
- Commodities such as meat, cheese, poultry, fruits, and vegetables are donated by the USDA to contribute to the school lunch menu.
- Schools complete commodity preference surveys for more than 1,000 raw processed products, as well as for commercial products that have commodities in them.

School lunch programs are supported financially and administratively through:

- Federal and state reimbursements for lunches and afterschool snacks.
- Surveys of school preferences for USDA commodities.
- Notification to schools of students electronically certified for meal benefits.
- Cyber-Linked Interactive Child Nutrition System (CLICS), an interactive website which allows schools to meet their application, commodity, and claim requirements online.

Reimbursement Rates: FY 2017:

	<i>State:</i>	<i>Federal:</i>
free lunch	\$0.125	\$3.16
reduced price	\$0.525	\$2.76
fully paid	\$0.125	\$0.30 or .32*

*additional 2 cents for sites that serve more than 60 percent free/reduced-price lunches

The Minnesota Department of Education (MDE):

- Conducts administrative reviews of school lunch and afterschool snack programs.
- Provides technical assistance and resource materials to schools and residential child care settings.
- Processes reimbursement claims for meals served.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Percent of lunches sold that are free or reduced price	47.7%	49%	49%
Quantity	Number of school food authorities receiving administrative reviews to assure program compliance	275	270	185

M.S. 124D.111; National School Lunch Act (7 CFR 210).

School Lunch

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	15,776	15,786	15,670	15,990	16,215	16,484	16,306	16,575
3000 - Federal	166,507	171,438	171,834	177,047	177,124	177,136	177,124	177,136
Total	182,283	187,224	187,504	193,037	193,339	193,620	193,430	193,711
Biennial Change				11,034		6,418		6,600
Biennial % Change				3		2		2
Governor's Change from Base								182
Governor's % Change from Base								0

Expenditures by Category

Compensation			13					
Operating Expenses	0		3					
Grants, Aids and Subsidies	182,187	187,099	187,406	192,955	193,271	193,552	193,362	193,643
Other Financial Transaction	96	125	82	82	68	68	68	68
Total	182,283	187,224	187,504	193,037	193,339	193,620	193,430	193,711

Total Agency Expenditures	182,283	187,224	187,504	193,037	193,339	193,620	193,430	193,711
Internal Billing Expenditures	0		3					
Expenditures Less Internal Billing	182,283	187,224	187,501	193,037	193,339	193,620	193,430	193,711

Full-Time Equivalents

		0.01		
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School Lunch

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	16,251	16,234	16,769	15,990	16,215	16,484	16,306	16,575
Transfers Out			1,099					
Cancellations	475	448						
Expenditures	15,776	15,786	15,670	15,990	16,215	16,484	16,306	16,575
Biennial Change in Expenditures				98		1,039		1,221
Biennial % Change in Expenditures				0		3		4
Governor's Change from Base								182
Governor's % Change from Base								1

3000 - Federal

Receipts	166,507	171,438	171,834	177,047	177,124	177,136	177,124	177,136
Expenditures	166,507	171,438	171,834	177,047	177,124	177,136	177,124	177,136
Biennial Change in Expenditures				10,936		5,379		5,379
Biennial % Change in Expenditures				3		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.01					

Program: Nutrition
Activity: School Breakfast

education.mn.gov/MDE/dse/fns/snp

AT A GLANCE

In federal fiscal year (FY) 2017:

- Over 37 million breakfasts were served.
- 680 public school districts, charter schools, private schools, and residential child care institutions participated.

PURPOSE & CONTEXT

This program provides nutritious breakfasts to school children to help meet their nutritional needs and foster lifelong healthy eating habits.

The United States Department of Agriculture (USDA) provides funding for the School Breakfast Program (SBP), which is augmented with state funding.

These programs support the World's Best Workforce (WBWF) goal of helping to close the racial and economic achievement gaps between student groups.

SERVICES PROVIDED

School breakfast menus are planned according to federal meal pattern guidelines. Students from families with incomes under 185 percent of federal poverty guidelines receive free or reduced-price meals. Student health and achievement are improved through daily access to a nutritious school breakfast.

School breakfast programs are supported through:

- Federal and state reimbursements for school breakfasts.
- USDA commodity food items.
- Cyber-Linked Interactive Child Nutrition System (CLiCS) is a website that allows schools to meet their application and claims requirements online.

Reimbursement rates: FY 2017

	<i>State:</i>	<i>Federal:</i>
Free breakfast	\$0	\$1.75 or \$2.09**
Reduced price	\$.30	\$1.45 or \$1.79**
Fully paid	\$.55 or \$1.30*	\$0.30

*All Kindergarten students receive free, fully paid breakfasts.

**Severe-need sites receive a higher reimbursement.

The Minnesota Department of Education (MDE):

- Conducts administrative reviews of school breakfast programs.
- Provides technical assistance and resource materials to schools and residential child care settings.
- Processes reimbursement claims for meals served.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Percent of school breakfasts served that are free or reduced price	69.9%	70%	70%
Quantity	Number of school food authorities receiving administrative reviews to assure program compliance	275	185	185

M.S. 124D.1158; M.S. 124D.117
National School Lunch Act (7 CFR 220)

School Breakfast

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	8,696	9,540	10,053	10,660	11,073	11,534	11,310	11,771
3000 - Federal	50,421	52,415	53,875	53,313	53,300	53,300	53,300	53,300
Total	59,117	61,955	63,928	63,973	64,373	64,834	64,610	65,071
Biennial Change				6,829		1,306		1,780
Biennial % Change				6		1		1
Governor's Change from Base								474
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	59,081	61,908	63,896	63,932	64,342	64,803	64,579	65,040
Other Financial Transaction	36	47	32	41	31	31	31	31
Total	59,117	61,955	63,928	63,973	64,373	64,834	64,610	65,071

School Breakfast

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	9,457	9,869	10,694	10,660	11,073	11,534	11,310	11,771
Transfers Out			641					
Cancellations	761	329						
Expenditures	8,696	9,540	10,053	10,660	11,073	11,534	11,310	11,771
Biennial Change in Expenditures				2,477		1,894		2,368
Biennial % Change in Expenditures				14		9		11
Governor's Change from Base								474
Governor's % Change from Base								2

3000 - Federal

Receipts	50,421	52,415	53,875	53,313	53,300	53,300	53,300	53,300
Expenditures	50,421	52,415	53,875	53,313	53,300	53,300	53,300	53,300
Biennial Change in Expenditures				4,352		(588)		(588)
Biennial % Change in Expenditures				4		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Nutrition

Activity: Summer Food Service Replacement

AT A GLANCE

- Approximately 3.1 million meals were served during the summer of 2017.
- \$9,669,116 was reimbursed to the 904 enrolled organizations that served meals.
- \$149,954 of the total reimbursement was state funding.

PURPOSE & CONTEXT

This Summer Food Service Program (SFSP) helps children who rely on the school breakfast and lunch programs to get the healthy food they need outside the school year.

The United State Department of Agriculture (USDA) funds the program.

State funds are available to supplement meals and snacks.

This program supports the World's Best Workforce (WBWF) goal of helping to close the racial and economic achievement gaps between students.

SERVICES PROVIDED

Menus for healthy meals and snacks are planned according to federal guidelines. Meals and snacks are provided at no charge at a variety of sites to children in low-income areas during the summer. Nutritional meals and snacks improve children's health.

Reimbursement rates: Federal FY 2017:

<i>Federal</i>	
breakfast	\$2.1875* or \$2.1450
lunch/supper	\$3.8325* or \$3.7700
snack	\$ 0.9075* or \$ 0.8875

*reimbursement for rural or self-prep sites

State funding is allocated in proportion to the total number of meals served by each sponsor, approximately \$0.02 per meal.

The Minnesota Department of Education (MDE):

- Reaches out to schools, anti-hunger and youth serving organizations to increase SFSP participation.
- Reviews summer sites and provides training and technical assistance to sponsors.
- Calculates and processes reimbursement claims from sponsors.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of sponsors	189	195	204
Quantity	Number of sites	774	839	931

Note: Sponsors, such as a nonprofit, school, or other local government entity, are organizations that take on the administrative responsibility of managing the program at the local level. Program sites refer to the location of the meals being served.

M.S. 124D.119
National School Lunch Act (7 CFR 225)

Summer Food

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	149	150	150	150	150	150	150	150
3000 - Federal	8,781	8,922	9,698	10,796	10,875	10,825	10,875	10,825
Total	8,930	9,072	9,848	10,946	11,025	10,975	11,025	10,975
Biennial Change				2,791		1,206		1,206
Biennial % Change				16		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	8,912	9,061	9,835	10,932	11,020	10,975	11,020	10,975
Other Financial Transaction	18	12	13	14	5		5	
Total	8,930	9,072	9,848	10,946	11,025	10,975	11,025	10,975

Summer Food

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	150	150	150	150	150	150	150	150
Cancellations	1	0						
Expenditures	149	150	150	150	150	150	150	150
Biennial Change in Expenditures				1		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	8,781	8,922	9,698	10,796	10,875	10,825	10,875	10,825
Expenditures	8,781	8,922	9,698	10,796	10,875	10,825	10,875	10,825
Biennial Change in Expenditures				2,790		1,206		1,206
Biennial % Change in Expenditures				16		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Nutrition
Activity: Commodities

AT A GLANCE

- Minnesota schools receive an estimated 23 million pounds of commodity foods each year.

PURPOSE & CONTEXT

The commodity program began in the early 1930s as an outgrowth of federal agriculture policies designed to shore up farm prices and help American farmers suffering from the Great Depression. When the National School Lunch Act was passed in 1946, its stated purpose was both to improve the health of children and to provide a market for agricultural production.

The United States Department of Agriculture (USDA) provides the entire funding for the program.

SERVICES PROVIDED

Schools participating in the National School Lunch Program (NSLP):

- Receive commodity foods, called “entitlement” foods, at a value of 23.25 cents (July 2017) for each lunch served.
- May also get “bonus” commodities such as meat, cheese, poultry, grains, rice, fruits and vegetables, as they are available through USDA. These foods are offered periodically, but only as they become available through agricultural surpluses.

A state revolving fund was established in 2001 for the cash received for commodity donated foods that have been lost, damaged, recalled or diverted for processing. Minnesota uses the fund to issue payments for the value of those foods.

The Minnesota Department of Education (MDE) assists schools with their entitlements through technical assistance, food ordering, deliveries, inventories, monitoring and other issues concerning the USDA Foods program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Total dollar amount of commodities received by schools	\$30,988,840	\$33,951,534

M.S. 124D.1195

Commodities

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	4,450	4,396	3,632	4,587	2,005	5	2,005	5
3000 - Federal	1,369	1,490	1,831	1,680	1,680	1,680	1,680	1,680
Total	5,819	5,886	5,463	6,267	3,685	1,685	3,685	1,685
Biennial Change				25		(6,360)		(6,360)
Biennial % Change				0		(54)		(54)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	5,813	5,881	5,457	6,260	3,680	1,680	3,680	1,680
Other Financial Transaction	6	5	6	7	5	5	5	5
Total	5,819	5,886	5,463	6,267	3,685	1,685	3,685	1,685

Commodities

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	1,778	2,189	1,604	1,582				
Receipts	4,860	3,811	3,610	3,005	2,005	5	2,005	5
Balance Forward Out	2,189	1,604	1,581					
Expenditures	4,450	4,396	3,632	4,587	2,005	5	2,005	5
Biennial Change in Expenditures				(627)		(6,209)		(6,209)
Biennial % Change in Expenditures				(7)		(76)		(76)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	1,369	1,490	1,831	1,680	1,680	1,680	1,680	1,680
Expenditures	1,369	1,490	1,831	1,680	1,680	1,680	1,680	1,680
Biennial Change in Expenditures				652		(151)		(151)
Biennial % Change in Expenditures				23		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Nutrition

Activity: Child and Adult Care Food

AT A GLANCE

In federal fiscal year (FY) 2017:

- 7,282 family child care homes, 909 child care centers, 44 adult care centers, and 13 emergency shelters participated in the Child and Adult Care Food Program (CACFP).
- 47.7 million meals and snacks were served.

PURPOSE & CONTEXT

CACFP helps ensure that children and youth, those receiving emergency shelter services, chronically disabled adults, and senior citizens receiving licensed organized care, have access to nutritious meals.

Child care centers, family child care homes, school-age care sites, after-school programs, emergency shelters, and adult day care centers may participate in the CACFP.

The federal government provides all funding for the program. The United States Department of Agriculture (USDA) administers CACFP through the Minnesota Department of Education (MDE).

SERVICES PROVIDED

Health is improved through access to nutritional meals and snacks.

- Menus for healthy meals and snacks are planned according to federal guidelines.
- Most CACFP locations provide meals and snacks at no charge to all enrolled children.

CACFP is supported through:

- Federal reimbursement for meals and snacks. (Reimbursement rates are for federal FY 2017.)

	<i>Free</i>	<i>Reduced-Price</i>	<i>Paid</i>
Breakfast	\$1.71	\$1.41	\$0.29
Lunch/supper	\$3.16	\$2.76	\$0.30
Snack	\$0.86	\$.43	\$.07

- Federal administrative reimbursements to family child care homes is defined by poverty level in geographic area served. Tier 1 sites are reimbursed at a higher rate as a result of serving more families that qualify for free or reduced price meals.

	<i>Tier 1</i>	<i>Tier 2</i>
Breakfast	\$1.31	\$.48
Lunch/supper	\$2.46	\$1.49
Snack	\$0.73	\$.20

The Minnesota Department of Education (MDE):

- Assists in meeting program requirements.
- Conducts administrative reviews.
- Provides technical assistance, workshops on nutrition and program regulations, and provides resource materials.
- Processes meal reimbursement claims.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Total value of meals served, all settings (in dollars)	\$56,185,258	\$47,752,732	\$47,692,558
Quantity	Number of participating child care centers	311	800	909
Quantity	Number of participating family day care homes	8,729	7,686	7,282
Quantity	Number of participating adult day care centers	20	31	44
Quantity	Number of participating emergency shelters	13	13	13

Child Nutrition Act and National School Lunch Act (7 CFR 226)

Child & Adult Care Food

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

3000 - Federal	62,946	63,571	66,150	67,300	67,300	67,300	67,300	67,300
6000 - Miscellaneous Agency	2		1	5	4	4	4	4
Total	62,948	63,571	66,151	67,305	67,304	67,304	67,304	67,304
Biennial Change				6,937		1,152		1,152
Biennial % Change				5		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	2	0	1					
Grants, Aids and Subsidies	62,810	63,441	65,995	67,145	67,094	67,094	67,094	67,094
Other Financial Transaction	136	130	155	160	210	210	210	210
Total	62,948	63,571	66,151	67,305	67,304	67,304	67,304	67,304

Child & Adult Care Food

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
3000 - Federal								
Receipts	62,946	63,571	66,150	67,300	67,300	67,300	67,300	67,300
Expenditures	62,946	63,571	66,150	67,300	67,300	67,300	67,300	67,300
Biennial Change in Expenditures				6,933		1,150		1,150
Biennial % Change in Expenditures				5		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

6000 - Miscellaneous Agency

Balance Forward In	0	0	1	1				
Receipts	2	1	2	4	4	4	4	4
Balance Forward Out	0	1	1					
Expenditures	2		1	5	4	4	4	4
Biennial Change in Expenditures				4		2		2
Biennial % Change in Expenditures						28		28
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Nutrition
Activity: Kindergarten Milk

AT A GLANCE

- 3,695,173 half pints of milk were subsidized in fiscal year (FY) 2017 by the Special Milk Program (SMP).
- 3,786,335 half pints were subsidized in FY 2016 through the Minnesota Kindergarten Milk Program (MKMP).

PURPOSE & CONTEXT

Providing milk during the school day helps meet children's nutritional needs and fosters lifelong healthy eating habits. The health and achievement of preschoolers and kindergarteners are improved through daily access to milk.

MKMP is funded by state aid at 20 cents per half pint.

SMP is funded by the U.S. Department of Agriculture at 20 cents per half pint.

Schools that participate in SMP may also participate in MKMP, allowing participating districts to be reimbursed up to 40 cents per half pint of milk served to children.

SERVICES PROVIDED

Both programs are supported financially and administratively through:

- Federal and state reimbursements for half pints of milk served.
- Cyber-Linked Interactive Child Nutrition System (CLiCS) – a website that allows participants to meet their application and claims requirements online.

The Minnesota Department of Education (MDE):

- Conducts administrative reviews of milk programs.
- Provides technical assistance and resource materials.
- Processes reimbursement claims for cartons of milk served.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of school food authorities receiving administrative reviews to assure program compliance	275	270	185

M.S. 124D.118

National School Lunch Act (7 CFR 215)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	758	736	690	691	691	691	691	691
3000 - Federal	721	717	745	743	743	743	743	743
Total	1,479	1,452	1,435	1,434	1,434	1,434	1,434	1,434
Biennial Change				(62)		(1)		(1)
Biennial % Change				(2)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	1,479	1,452	1,435	1,434	1,434	1,434	1,434	1,434
Total	1,479	1,452	1,435	1,434	1,434	1,434	1,434	1,434

Kindergarten Milk

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	788	758	758	691	691	691	691	691
Transfers Out			68					
Cancellations	30	22						
Expenditures	758	736	690	691	691	691	691	691
Biennial Change in Expenditures				(113)		1		1
Biennial % Change in Expenditures				(8)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	721	717	745	743	743	743	743	743
Expenditures	721	717	745	743	743	743	743	743
Biennial Change in Expenditures				50		(2)		(2)
Biennial % Change in Expenditures				4		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Libraries

Activity: Basic Support and Federal Grants

education.mn.gov/MDE/dse/Lib/sls/Reg/

AT A GLANCE

- Public library services are available in all 87 counties.
- 12 regional public library systems support 355 public libraries.
- Public libraries shared over 1.2 million items to other libraries through interlibrary loan, which expanded the reach of local collections.
- In 2017, over 3.8 million Minnesotans had a library card, and public libraries were visited 233 million times.

PURPOSE & CONTEXT

Minnesota's public libraries are designed to ensure all residents have access to information regardless of educational or economic status or location in the state. This program helps Minnesota's public libraries offer free and equitable access to a variety of educational, cultural and informational resources, programs and activities.

Libraries support all five of the World's Best Workforce goals through free, high-quality early learning opportunities and homework support, including extensive book and magazine collections available through interlibrary loan to students. Ninety-four percent offer summer learning programs for children and teens.

SERVICES PROVIDED

Public libraries collect and make information available in a number of different formats—print book, magazine, DVD, CD, and download-only formats. Trained staff help Minnesotans of all ages and abilities to access this information.

Regional library basic system support:

- Provides incentives such as access to regionally administered programs (i.e., interlibrary loans) for counties and cities to work together in regional public library systems, extending service across jurisdictions at the most reasonable cost.
- Distributes funding between cooperating jurisdictions and encourages sharing of library materials through library-to-library lending and borrowing.
- Maintains and improves library programs, materials, and outreach to diverse residents.

The Minnesota Department of Education (MDE) administers all aspects of the aid program. Services include:

- Developing application and report forms for aid recipients.
- Providing technical assistance to applicants/recipients.
- Calculating and processing aid payments.
- Providing guidance as it relates to Minnesota statutes.
- Managing the statutory library annual report program.
- Giving technical assistance and training to all public libraries and regional library systems.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of Minnesotans attending library programs including story times, summer reading programs, digital literacy and job search	1,563,445	1,640,866
Quantity	Circulation of downloadable books, movies and music	5,302,898	5,679,032
Quantity	Number of weekly open hours	735,157	743,577

M.S. 134.31; M.S. 134.32; M.S. 134.34; M.S. 134.355

Basic Support & Federal Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	13,570	13,570	13,570	13,570	13,570	13,570	13,570	13,570
2301 - Arts & Cultural Heritage	2,106	2,134	2,469	2,597				
3000 - Federal	28	1	108	125	126	127	126	127
Total	15,704	15,705	16,146	16,292	13,696	13,697	13,696	13,697
Biennial Change				1,029		(5,045)		(5,045)
Biennial % Change				3		(16)		(16)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	22	1	53	56	58	60	58	60
Operating Expenses	6	0	55	69	68	67	68	67
Grants, Aids and Subsidies	15,676	15,704	16,039	16,167	13,570	13,570	13,570	13,570
Total	15,704	15,705	16,146	16,292	13,696	13,697	13,696	13,697

Total Agency Expenditures	15,704	15,705	16,146	16,292	13,696	13,697	13,696	13,697
Internal Billing Expenditures	5	0	46	49	48	47	48	47
Expenditures Less Internal Billing	15,700	15,705	16,100	16,243	13,648	13,650	13,648	13,650

Full-Time Equivalents

	0.21	0.01	0.50	0.51	0.50	0.50	0.50	0.50
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Basic Support & Federal Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Entitlement	13,570	13,570	13,570	13,570	13,570	13,570	13,570	13,570
District Revenue	13,570	13,570	13,570	13,570	13,570	13,570	13,570	13,570
Direct Appropriation	13,570	13,570	13,570	13,570	13,570	13,570	13,570	13,570
Current Year	12,213	12,213	12,213	12,213	12,213	12,213	12,213	12,213
Prior Year	1,357	1,357	1,357	1,357	1,357	1,357	1,357	1,357
Cancellations			0					
Expenditures	13,570	13,570	13,570	13,570	13,570	13,570	13,570	13,570
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2301 - Arts & Cultural Heritage

Balance Forward In			66	97				
Direct Appropriation	2,200	2,200	2,500	2,500	0	0	0	0
Balance Forward Out	94	66	97					
Expenditures	2,106	2,134	2,469	2,597				
Biennial Change in Expenditures				826		(5,066)		(5,066)
Biennial % Change in Expenditures				19		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	28	1	108	125	126	127	126	127
Expenditures	28	1	108	125	126	127	126	127
Biennial Change in Expenditures				204		20		20
Biennial % Change in Expenditures				702		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.21	0.01	0.50	0.51	0.50	0.50	0.50	0.50

Program: Libraries

Activity: Multi-county Multi-type

education.mn.gov/MDE/dse/Lib/sls/Mult/

AT A GLANCE

- Seven multi-county, multi-type library systems serve approximately 1,800 libraries.
- Multicounty multi-type libraries serve all 87 Minnesota counties.

PURPOSE & CONTEXT

Minnesota's multi-county, multi-type library systems promote excellence in library services and connections between public libraries and libraries in schools, colleges and universities so that library staff can better serve residents.

Multi-county, multi-type library systems support the World's Best Workforce goals through professional-development activities aimed at school library media specialists. They also work across libraries of all types to provide collections, events and other resources that support students and teachers.

State aid provides operating funds based on a formula that includes population and land square miles served. Multi-county, multi-type library systems may increase revenue through grants and/or cost-recovery fees for workshops and other continuing-education activities.

SERVICES PROVIDED

Multi-county, multi-type library systems activities include:

- Organizing and promoting professional development and continuing education activities for library staff.
- Identifying and responding to regional needs across types of libraries.
- Encouraging communication and increasing knowledge of best practices among libraries.
- Supporting resource sharing and collaborative projects among participating libraries.

The Minnesota Department of Education (MDE) administers all aspects of the aid program. Services include:

- Developing application and report forms for aid recipients.
- Providing technical assistance to applicants/recipients.
- Calculating and processing payments.
- Providing guidance as it relates to Minnesota statutes.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of multicounty multi-type member libraries.	1,642	1,829
Quantity	Number of scholarships awarded to library staff for participation in professional development and continuing education.	132	102
Quantity	Attendance at multi-county, multi-type sponsored professional-development activities.	1,310	1,121

MS 134.351; MS 134.353; MS 134.354

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Total	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Total	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300

Multicounty Multitype

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
District Revenue	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Direct Appropriation	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Current Year	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170
Prior Year	130	130	130	130	130	130	130	130
Cancellations	0							
Expenditures	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Libraries

Activity: Electronic Library for Minnesota (ELM)

www.elm4you.org/

AT A GLANCE

- ELM provides access to millions of articles, books, images, test preparation and other information at no cost to users.
- ELM resources are accessible to Minnesotans through computers, smart phones and tablets from homes, schools, school library media centers, academic libraries, public libraries and government agencies.

PURPOSE & CONTEXT

The Electronic Library for Minnesota (ELM) provides all Minnesotans with access to online high-quality and vetted information resources from all Minnesota Internet Protocol (IP) addresses, including home computers, libraries and government agencies.

ELM supports all five of the World's Best Workforce goals.

SERVICES PROVIDED

This program:

- Offers free and equitable online access to millions of magazine, journal, newspaper, and encyclopedia articles, e-books, and other information resources to Minnesota residents.
- Provides tools for career exploration, resume and cover letter writing, test preparation, adult learning and college readiness through LearningExpress Library.
- Reduces costs by negotiating statewide database licenses.

ELM's selected resources:

- Support K-12 and postsecondary students and teachers.
- Provide information and research on a wide range of topics.
- Are available from all Minnesota IP addresses 24 hours a day, seven days a week.
- Support digital literacy and workforce development efforts.

The Minnesota Department of Education (MDE), through State Library Services, recommends and/or approves school and public library representatives on ELM's selection task force and makes final approval of the resources recommended. MDE sets up and processes payments and compiles report information annually.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of ELM searches conducted by Minnesotans	60.9 million	67.6 million
Quantity	Number of LearningExpress Library user sessions	21,481	22,625

MN Laws 2015 1st special session, ch 3, art.8, sec.4, subd.4

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	900	900	900	900	900	900	900	900
Total	900	900	900	900	900	900	900	900
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	900	900	900	900	900	900	900	900
Total	900	900	900	900	900	900	900	900

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	900	900	900	900	900	900	900	900
Expenditures	900	900	900	900	900	900	900	900
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Libraries

Activity: Regional Library Telecom Aid (RLTA)

AT A GLANCE

- Statutory changes in 2015 fully align the state program with the federal e-rate program to maximize public investment in libraries' telecommunications infrastructure.
- 341 public library sites benefit from the aid program.
- Statewide, average available bandwidth purchased with program funds grew from 76.7 MB in 2015 to 203.7 MB in 2017.
- 99.6 percent of public libraries provide wireless access.

PURPOSE & CONTEXT

The Regional Library Telecommunications Aid program (RLTA) helps regional public library systems and their branch or member public libraries provide broadband access to residents statewide.

RLTA funds the telecommunications infrastructure necessary for library-based programs and services that support all five World's Best Workforce goals. Through public libraries, students have greater access to online learning resources such the state-provided Electronic Library for Minnesota and locally provided e-books and online homework help services.

SERVICES PROVIDED

This program:

- Allows libraries to leverage federal funds and state and local investments that improve technology infrastructure.
- Facilitates optimal and equitable access to online resources and information, such as the Electronic Library for Minnesota, and to the statewide web-based infrastructure for interlibrary loan.

Activities that rely on internet access and benefit from this program include:

- Equitable community access to high-speed internet, including weekends and evenings.
- Access to online resources, including the Electronic Library for Minnesota and Ebooks Minnesota.
- Connections to school districts, postsecondary education and other governmental agencies.
- Government-related activities and information, such as unemployment insurance filing.
- Automation systems that improve efficiency and cost-effectiveness in resource sharing.

The Minnesota Department of Education (MDE) administers all aspects of the aid program. Services include:

- Developing application and report forms for aid recipients.
- Providing technical assistance to applicants/recipients.
- Calculating and processing payments.
- Providing technical assistance on the federal e-rate program as it relates to regional library telecommunications aid.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Internet and wireless sessions in public libraries	6,921,334	10,923,529
Quantity	Percentage of public libraries with internet speeds above 20 megabits per second (Mbps)	71% download 64% upload	83% download 68% upload
Quantity	Number of internet devices in public libraries	6,702	6,702

M.S. 134.355

Regional Library Telecommunication

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,999	2,089	2,070	2,300	2,300	2,300	2,300	2,300
Total	1,999	2,089	2,070	2,300	2,300	2,300	2,300	2,300
Biennial Change				282		230		230
Biennial % Change				7		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	1,999	2,089	2,070	2,300	2,300	2,300	2,300	2,300
Total	1,999	2,089	2,070	2,300	2,300	2,300	2,300	2,300

Regional Library Telecommunication

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	1,950	1,909	2,300	2,300	2,300	2,300	2,300	2,300
District Revenue	1,950	1,909	2,300	2,300	2,300	2,300	2,300	2,300
Direct Appropriation	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Current Year	1,770	1,909	2,070	2,070	2,070	2,070	2,070	2,070
Prior Year	230	180		230	230	230	230	230
Cancellations	301	211	230					
Expenditures	1,999	2,089	2,070	2,300	2,300	2,300	2,300	2,300
Biennial Change in Expenditures				282		230		230
Biennial % Change in Expenditures				7		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Early Childhood and Family Support
Activity: Early Childhood Family Education (ECFE)

education.mn.gov/MDE/fam/elsprog/ECFE/

AT A GLANCE

In fiscal year (FY) 2017:

- 96,593 children and 99,529 parents participated in ECFE, including classes and activities.
- 19,945 referrals were made to ECFE from other community programs.
- 14,215 home visits were conducted.

PURPOSE & CONTEXT

The purpose of the program is to provide parenting education to support children's learning and development. All families with children prenatal to kindergarten are eligible for services. School districts with pre-K through third grade initiatives may continue to serve families up to third grade.

This program helps meet the World's Best Workforce goals of all children being ready for school and all third-graders reading at grade level.

SERVICES PROVIDED

ECFE provides programming and services to educate parents and other relatives about the physical, cognitive, social, and emotional development of children, and to enhance the skills of parents and other relatives in providing for their children's learning and development. Each year, programs must: 1) conduct a community needs assessment that identifies new and underserved populations; 2) identifies child and family risk factors, particularly those that impact children's learning and development; and, 3) assesses family and parenting education needs in the community. Programs are required to provide programming and services that are tailored to the needs of families and parents prioritized in the community needs assessment.

ECFE programs usually include all of the following:

- Parenting education groups.
- Structured learning activities requiring interaction between children and their parents or relatives.
- Structured learning activities for children that promote children's development and positive interaction with peers.
- Home visits.
- In-person visits to parents of newborns.
- Outreach, including special events for the entire family.
- Information on community resources.

If there is not enough money to provide programs for all young children, ECFE providers should emphasize programming for children birth to age 3. They should encourage parents to involve 4- and 5-year-old children in school readiness programs and other public and nonpublic early learning programs.

ECFE programs must include learning experiences for children, parents, and other relatives that promote children's early literacy and, where practicable, their native language skills and activities for children that require substantial involvement of the children's parents or other relatives.

ECFE revenue is a combination of state aid and local property tax levy. It is 2.3 percent of the general education formula allowance times 150, or the number of children under age 5 who lived in the district as of October 1 of the previous school year, whichever is greater.

It is common for other state-funded programs to work collaboratively with ECFE. MDE calculates and processes payments and provides technical support for these programs as well:

- Adult Basic Education (ABE), which provides family literacy programs.
- The Educate Parents Partnership program provides parents of newborns with informational materials on a wide range of subjects before they are discharged from the hospital.
- Help Me Grow, an infant and toddler intervention and preschool special education program, disseminates information to families and professionals who have concerns about their child's development.
- The Parent-Child Home Program is a national model focusing on early literacy, parenting, and school readiness. Families are eligible for up to 60 home visits per year for two years.
- The Home Visiting program is a parent education component of ECFE programs that is designed to reach isolated or at-risk families. Starting in FY 2018, local Home Visiting levies are supplemented with state aid.
- School Readiness and Voluntary Prekindergarten provides family engagement and parenting education.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Parents participating in regular parent/child weekly sessions.*	75,914	71,932	75,136	74,302
Quantity	Referrals from ECFE to community resources and partner organizations.	18,638	17,575	18,367	18,014
Quantity	Class offerings for parents.	10,159	9,899	10,623	10,495

* Includes total number of parents/relatives that participated in classes during the fiscal year. Some parents participate in more than one class during the year.

M.S. 124D.13

Early Child Family Education

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	28,347	30,015	31,227	33,691	32,687	32,927	34,123	35,524
2403 - Gift		0						
Total	28,347	30,015	31,227	33,691	32,687	32,927	34,123	35,524
Biennial Change				6,556		696		4,729
Biennial % Change				11		1		7
Governor's Change from Base								4,033
Governor's % Change from Base								6

Expenditures by Category

Compensation	47	45	45	45	45	45	45	45
Operating Expenses	2	3	3	4	4	4	4	4
Grants, Aids and Subsidies	28,298	29,967	31,179	33,642	32,638	32,878	34,074	35,475
Total	28,347	30,015	31,227	33,691	32,687	32,927	34,123	35,524

Full-Time Equivalents

0.43	0.38	0.38	0.36	0.36	0.36	0.36	0.36
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Early Child Family Education

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement	28,038	29,038	30,415	31,534	31,761	32,003	33,357	34,711
District Revenue	28,038	29,038	30,415	31,534	31,761	32,003	33,357	34,711
Direct Appropriation	28,347	31,323	31,881	32,371	32,687	32,927	34,123	35,524
Current Year	25,235	26,135	27,375	28,382	28,586	28,803	30,022	31,240
Prior Year	2,713	2,803	2,904	3,040	3,152	3,175	3,152	3,335
Balance Forward In			1,320	1,320				
Transfers Out			653					
Cancellations	0	8	1					
Balance Forward Out		1,300	1,320					
Expenditures	28,347	30,015	31,227	33,691	32,687	32,927	34,123	35,524
Biennial Change in Expenditures				6,556		696		4,729
Biennial % Change in Expenditures				11		1		7
Governor's Change from Base								4,033
Governor's % Change from Base								6
Full-Time Equivalents	0.43	0.38	0.38	0.36	0.36	0.36	0.36	0.36

2403 - Gift

Balance Forward In	0			
Expenditures	0			
Biennial Change in Expenditures			0	0
Biennial % Change in Expenditures				
Governor's Change from Base				0
Governor's % Change from Base				

Program: Early Childhood and Family Support

Activity: School Readiness

education.mn.gov/MDE/dse/early/read/

AT A GLANCE

In fiscal year (FY) 2017:

- The estimated population of 3- and 4-year-olds in Minnesota was 147,932.
- 21,537 children and 23,938 parents participated in the program.

PURPOSE & CONTEXT

The purpose of the school readiness program is to prepare children to enter kindergarten by creating greater access to educational opportunities for children with high needs and to make progress on closing the achievement gap upon school entrance, which are two of the five World's Best Workforce goals.

The state-funded program is established through the school district and serves children age 3 years to kindergarten entrance with high needs.

SERVICES PROVIDED

School Readiness programs are designed by communities in order to meet their unique needs. Most school-based programs have classes that are half-day and meet one to five days per week.

Other program models include:

- Kindergarten transition classes for children and parents.
- One or two days of child-only activities added to Early Childhood Family Education (ECFE).
- Fully inclusive, integrated classrooms with early childhood special education.
- Coordination of referrals and follow-up to early childhood screening, which is required.
- Staff development and consultation for family child care providers.
- Head Start and family literacy/English learner programs.
- Partnering with other programs to provide full-day programming and wrap-around services.

Programs include the following requirements:

- Assess each child's cognitive skills at entrance to and exit from the program.
- Provide a program based on early childhood research and professional practice that prepares children to move into kindergarten.

School Readiness aid is calculated in two parts:

- Fifty percent of aid is based on the number of 4-year-old children living in the district as of October 1 of the previous school year.
- Fifty percent of aid is based on the number of students enrolled in the school district and eligible for free or reduced-price meals.

The Minnesota Department of Education calculates and processes aid payments and provides technical support to districts for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2014</i>	<i>FY 2015*</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Percentage of preschoolers served:				
	3-year-olds	9.6%	7%	7%	8%
	4-year-olds	26.3%	20%	22.4%	21.2%

* Note: Starting in 2015, data is now pulled from Early Education Student, a new student identification process for children registered in School Readiness. Early Education Student is a newer system with revised reporting thresholds. Comparisons to other systems reporting is not appropriate.

M.S. 124D.15; M.S.124D.16

School Readiness

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	22,420	32,670	33,683	33,683	33,683	33,683	33,683	33,683
Total	22,420	32,670	33,683	33,683	33,683	33,683	33,683	33,683
Biennial Change				12,276		0		0
Biennial % Change				22		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	22,420	32,670	33,683	33,683	33,683	33,683	33,683	33,683
Total	22,420	32,670	33,683	33,683	33,683	33,683	33,683	33,683

School Readiness

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	23,558	33,683	33,683	33,683	33,683	33,683	33,683	33,683
District Revenue	23,558	33,683	33,683	33,683	33,683	33,683	33,683	33,683
Direct Appropriation	22,420	32,670	33,683	33,683	33,683	33,683	33,683	33,683
Current Year	21,203	30,315	30,315	30,315	30,315	30,315	30,315	30,315
Prior Year	1,217	2,355	3,368	3,368	3,368	3,368	3,368	3,368
Expenditures	22,420	32,670	33,683	33,683	33,683	33,683	33,683	33,683
Biennial Change in Expenditures				12,276		0		0
Biennial % Change in Expenditures				22		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Early Childhood and Family Support

Activity: Kindergarten Entry Profile (KEP) (*previously Kindergarten Readiness*)

education.mn.gov/MDE/dse/kind/KEP/index.htm

AT A GLANCE

- The Kindergarten Entry Profile (KEP) is a standards-based assessment system that offers districts a menu of comprehensive, developmentally appropriate assessment tools that help teachers and administrators understand what students know and are able to do at the start of kindergarten in order to support their success in kindergarten and beyond.
- Participation in the KEP is voluntary.
- In fiscal year (FY) 2017, just over 7 percent of all kindergartners participated in the KEP.

PURPOSE & CONTEXT

The 2013 Race to the Top-Early Learning Challenge grant (RTT-ELC) provided the state with an opportunity to improve on the state's pre-existing kindergarten entry assessment model (the School Readiness Study), resulting in a new model: the Kindergarten Entry Profile (KEP). Entering its third full implementation year (the first three years were pilot years), the KEP reflects advances in our understanding of child development, neuroscience, and the importance of early childhood assessment in systems reform.

The KEP is a standards-based assessment system; each of the approved assessment tools are aligned to Minnesota's early learning standards (the [Early Childhood Indicators of Progress](#), or ECIPs). The ECIPs are a shared set of developmentally appropriate expectations for children ages birth to kindergarten and define the foundational skills necessary to build toward the Minnesota K-12 Academic Standards and college and career readiness.

The Minnesota Department of Education (MDE) produces an annual KEP report that includes data for kindergartners from those districts volunteering to participate in the KEP, even though districts are able to choose from a menu of four different assessment tools. The report embraces a well-rounded view of education by presenting data by each of the domains of learning: approaches to learning; the arts; language, literacy, and communications; mathematics; physical and movement development; scientific thinking; social and emotional development; and social systems. Reporting data by ECIP domain also makes the data more actionable and valuable to teachers and administrators.

SERVICES PROVIDED

KEP approved assessment tools undergo a rigorous review to ensure that each assessment is valid and reliable to use with kindergartners, aligned to the ECIPs and Minnesota Academic Standards, represent a whole-child view of development and education, cover all eight domains of learning, provide real-time formative data that can be used to individualize instruction, and rely on authentic assessment.

No more than 10 percent of kindergartners in the state are able to participate due to budgetary constraints. MDE provides training to teachers and administrators in their chosen tool and reimburses participants for the costs of the assessment tool at the state-negotiated rate.

The KEP assessment tools produce data can be used to:

- 1) Provide teachers and other educators with a holistic view of a child's strengths and areas of growth based on their own unique identities, experiences, and development.
- 2) Inform, in real-time, practice and programming (e.g. instruction, lesson plans, curriculum, professional development, resources and supports).
- 3) Build coherence in pre-K to third grade teaching and learning (e.g. strengthening transitions to kindergarten and professional development).
- 4) Inform educators/administrators/policy makers how well incoming kindergarteners meet age expectations in the following eight domains of learning:
 - approaches to learning; the arts;
 - language, literacy, and communications;
 - mathematics;
 - physical and movement development;
 - scientific thinking;
 - social and emotional development; and
 - social systems
- 5) Guide local community and school district efforts to ensure their World's Best Workforce Goal #1: All Children are Ready for School is appropriately identified, measured and reported to stakeholders.

RESULTS

Teachers and administrators are building their capacity to implement standards-based assessment, which includes discussions centered on which students need more support based on their assessment data. KEP trainings have brought prekindergarten and kindergarten teachers together, enabling them to engage in conversations centered on shared expectations of student outcomes, aligning instruction and curriculum across grades/ages, and strengthening transitions to kindergarten.

Though efforts have been made to obtain a representative sample of kindergartners, the voluntary nature of the KEP does not produce a representative sample of kindergartners across the state. Because it is not representative of the general population, generalizations regarding the data should not be made (i.e., these numbers should not be taken as an accurate portrayal of the percentage of students meeting or exceeding age expectations statewide) and results should not be compared from year to year. Participants, however, may be able to compare their results from year to year and make generalizations about their district/charter school.

For detailed results of the KEP for FY 2017, please read the [Transforming the School Readiness Study into the KEP Initiative](#).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
Status	KEP Pilot or Regular	Pilot [†]	Pilot [†]	Pilot [†]	Full	Full
Quantity	Percentage of kindergarteners participating in the KEP	1.6%	1.2%	3.1%	5.8%	7.3%

M.S. 124D.162

†: During the three KEP pilot years (FY2014 – FY2016) participation in the KEP was relatively small, ranging from 0.7 percent to 1.1 percent of kindergartners statewide. This was not a concern, though, given the pilot status of the KEP.

Kindergarten Entry Profile

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	281	103	243	319	281	281	281	281
Total	281	103	243	319	281	281	281	281
Biennial Change				178		0		0
Biennial % Change				46		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	110	73	148	211	212	212	212	212
Operating Expenses	171	30	95	108	69	69	69	69
Total	281	103	243	319	281	281	281	281

Full-Time Equivalents

1.56	0.76	1.34	1.30	1.85	1.85	1.85	1.85
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Kindergarten Entry Profile

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	281	281	281	281	281	281	281	281
Balance Forward In		11		38				
Transfers Out		150						
Cancellations		39						
Balance Forward Out			38					
Expenditures	281	103	243	319	281	281	281	281
Biennial Change in Expenditures				178		0		0
Biennial % Change in Expenditures				46		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.56	0.76	1.34	1.30	1.85	1.85	1.85	1.85

Program: Early Childhood and Family Support

Activity: Access to Quality Early Learning

AT A GLANCE

- Approximately 18 percent of the eligible 3- and 4-year-olds in the state are served by the Early Learning Education Scholarship program, with a maximum award of \$7,500.
- While children ages 0-2 were eligible if the child of a teen parent or a sibling of a scholar, in fiscal year (FY) 2018, Early Learning Scholarships were expanded to serve children 0-2 years of age in foster care, in child protective services, or those who have experienced homelessness in the last 24 months.
- Early learning scholarships can be layered with other funding streams. Fifteen percent of scholarships in FY16 and FY17 were used with Child Care Assistance.

PURPOSE & CONTEXT

The Early Learning Scholarship program supports access to the state's early care and education system for young children. Since scholarships can only be used at early learning programs that participate in Parent Aware, Minnesota's Quality Rating and Improvement System (QRIS), they serve as an incentive to be rated. Early Learning Scholarships, as a funding source, are intended to support improvement in school readiness outcomes for Minnesota children with high needs, by increasing access to high-quality early care and education programs.

These two activities assist in the improvement of high-quality early care and education programs and providing financial assistance to families to attend programs identified as high quality. Early learning program quality is based on Parent Aware, Minnesota's tiered quality rating and improvement system.

SERVICES PROVIDED

Passed in a 2011 special session, \$4 million was authorized beginning in FY 2013. For FY 2014, the state expanded the state-funded Early Learning Scholarship program with a \$23 million appropriation. That program has grown to \$70.2 million in fiscal year's 2018 and 2019 with the base set to increase to \$70,709,000 in FY 2020. State-funded Early Learning Scholarships were available to eligible children statewide since FY 2016 with a maximum scholarship for children attending a Four-Star Parent Aware rated program of \$7,500. Children receive scholarships for a 12-month period and may renew their scholarship until they are eligible for kindergarten.

Early Learning Scholarship program has two pathways:

- Pathway I scholarships are awarded directly to eligible families.
 - Scholarship funds are paid directly to the early learning program.
- Pathway II scholarships are awarded to families through an eligible Four-Star Parent Aware-rated program.
 - Participating programs receive funding to provide scholarships to a specified number of eligible children to cover the cost of the program.

Efforts for Parent Aware and state-funded early learning scholarships ran parallel to the Race to the Top Early-Learning Challenge (RTT-ELC) federal grant. The RTT-ELC grant supported the expansion of the Parent Aware program statewide over four years and ended December 31, 2016. In order to support the continuation of Parent Aware beyond RTT-ELC, the Legislature allocated \$3.5 million dollars to MDE for the 2018-19 biennium to transfer to the Department of Human Services to support the implementation of Parent Aware.

The Minnesota Department of Education (MDE) administers all aspects of the grant program. Services include:

- Developing application process and reporting forms for applicants/recipients.
- Providing technical assistance to applicants/recipients.
- Creating grant contracts, including work plans and budget information.
- Calculating, auditing, and processing payments.
- Providing guidance as it relates to Minnesota Statutes and state policies.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Quantity	Number of early care and education programs participating in Parent Aware.	1,892	2,343	2,684	2,610
Quality	Percent of rated early care and education programs with a 3- or 4-Star Parent Aware rating.	74%	71%	77%	79%
Quantity	Number of high-needs children attending a 3- or 4-Star Parent Aware rated public education program.	24,818	26,748	28,851	28,851
Quantity	Number of children receiving a scholarship	8,225	11,219	15,079	17,091

Parent Aware data on quantity and quality for FY 2015 and FY 2016 comes from the Minnesota Race to the Top – Early Learning Challenge, Annual Performance Report 2015 and the final 2016 report.

Parent Aware data on quantity and quality for FY2017 and FY2018 was provided by the Fast Facts page of Develop, the [Minnesota Quality Improvement and Registry tool](#).

Quantity data for children with high needs attending a 3- or 4-star rated program comes from the Early Learning Scholarship Pathway II applications from school and Head Start programs.

Scholarship data comes from final data from each fiscal year.

CFDA 84.412; M.S. 124D.16

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	43,184	59,263	69,258	69,260	69,759	69,759	0	0
2001 - Other Misc Special Revenue							69,759	69,759
3000 - Federal	2,238	725		3,314	3,314		3,314	
Total	45,422	59,988	69,258	72,574	73,073	69,759	73,073	69,759
Biennial Change				36,422		1,000		1,000
Biennial % Change				35		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation				2	2		2	
Operating Expenses				3,312	3,312		3,312	
Grants, Aids and Subsidies	45,250	59,670	67,526	67,528	68,027	68,027	68,027	68,027
Other Financial Transaction	172	318	1,731	1,732	1,732	1,732	1,732	1,732
Total	45,422	59,988	69,258	72,574	73,073	69,759	73,073	69,759

Full-Time Equivalents

		0.05	0.05
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Access to Quality Early Learning

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	43,184	58,934	69,259	69,259	69,759	69,759	69,759	69,759
Balance Forward In		529		1				
Net Transfers							69,759	69,759
Transfers In		5						
Cancellations		205						
Balance Forward Out			1					
Expenditures	43,184	59,263	69,258	69,260	69,759	69,759	0	0
Biennial Change in Expenditures				36,071		1,000		(138,518)
Biennial % Change in Expenditures				35		1		(100)
Governor's Change from Base								(139,518)
Governor's % Change from Base								(100)

2001 - Other Misc Special Revenue

Transfers In							69,759	69,759
Expenditures							69,759	69,759
Biennial Change in Expenditures				0		0		139,518
Biennial % Change in Expenditures								
Governor's Change from Base								139,518
Governor's % Change from Base								

3000 - Federal

Receipts	2,238	725		3,314	3,314		3,314	
Expenditures	2,238	725		3,314	3,314		3,314	
Biennial Change in Expenditures				351		0		0
Biennial % Change in Expenditures				12				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents					0.05		0.05	

Program: Early Childhood and Family Support
Activity: Health and Developmental Screening

education.mn.gov/MDE/dse/early/scr/index.htm

AT A GLANCE

- In fiscal year (FY) 2017, a total of 60,465 children were screened by school districts. Outcomes included:
 - 7,044 children referred to the school readiness program.
 - 3,752 families referred to early childhood family education.
 - 1,601 children referred to Head Start.
 - 395 parents referred to adult education/literacy.
 - 5,149 referred to special education.
 - 4,281 children received interpreter services during screening.

PURPOSE & CONTEXT

The purpose of this program is to detect factors that may impede children's learning, growth and development. Every school board must provide for a mandatory program of early childhood health and developmental screening for children at least once before they start school, targeting children between 3 and 4 years of age. Districts receive state aid for every child screened prior to starting kindergarten, or within 30 days after first entering kindergarten. Charter schools may elect to apply to provide a screening program.

This program supports the World's Best Workforce goal of helping to ensure that all children are ready for school and supports a reduction in the achievement gap, so that children receive the necessary health and educational interventions needed prior to kindergarten enrollment.

SERVICES PROVIDED

A screening program must include the following components:

- Outreach to inform each resident family about the availability of the program.
- Developmental screening.
- Hearing and vision screening.
- Immunization review.
- The child's height and weight.
- Identification of risk factors that may influence learning.
- Identification of health care coverage and referral to an appropriate provider.
- An interview with the parent about the child.
- Referral and follow up for assessment, diagnosis, and treatment when potential needs are identified.

A district may also offer additional health screening components such as nutritional, physical and dental assessments; review of family circumstances that might affect development; blood pressure; laboratory tests; and, health history.

Families may opt out by submitting a signed statement of conscientiously held beliefs.

Children may receive a comparable screening through Head Start, Child and Teen Checkups/EPSTD, or their health care provider.

A district must provide the parent or guardian of the child screened with a record indicating the month and year the child received screening and the results of the screening.

The Minnesota Department of Education (MDE) calculates and processes screening aid payments and provides technical support to districts for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quality	Percentage of all Minnesota 3-year-old children receiving health and developmental screening.	36%	38%
Quality	Percentage of districts providing interpreter assistance for diverse populations to access screening.	43%	54%
Quantity	Referrals for further assistance made for children identified as having possible health and/or development problems or needs.	14,171	14,980

M.S.121A.16; M.S.121A.17; M.S.121A.19

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,477	3,572	3,606	3,632	3,639	3,625	3,639	3,625
Total	3,477	3,572	3,606	3,632	3,639	3,625	3,639	3,625
Biennial Change				189		26		26
Biennial % Change				3		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	3,477	3,572	3,606	3,632	3,639	3,625	3,639	3,625
Total	3,477	3,572	3,606	3,632	3,639	3,625	3,639	3,625

Health & Developmental Screening

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement	3,558	3,584	3,608	3,635	3,639	3,624	3,639	3,624
District Revenue	3,558	3,584	3,608	3,635	3,639	3,624	3,639	3,624
Direct Appropriation	3,477	3,573	3,606	3,632	3,639	3,625	3,639	3,625
Current Year	3,139	3,225	3,248	3,272	3,276	3,262	3,276	3,262
Prior Year	338	348	358	360	363	363	363	363
Cancellations		1						
Expenditures	3,477	3,572	3,606	3,632	3,639	3,625	3,639	3,625
Biennial Change in Expenditures				189		26		26
Biennial % Change in Expenditures				3		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Early Childhood and Family Support

Activity: Head Start

eclkc.ohs.acf.hhs.gov/hslc

AT A GLANCE

- 32 Head Start and Early Head Start grantees served 14,147 children and families in fiscal year (FY) 2018.
- 15 percent of Head Start and 11.6 percent of Early Head Start children had a diagnosed disability in FY 2017.¹
- 1,376 homeless children received services in FY 2017.¹

PURPOSE & CONTEXT

Head Start and Early Head Start are federal programs that support the comprehensive development and promote school readiness of children from birth to age 5 from low-income families. Head Start and Early Head Start services include early learning, health and family well-being.

Minnesota supplements federal Head Start funds with state funds. With the additional state funding, Head Start and Early Head Start programs are able to expand services and access to educational opportunities for additional children, thus preparing children and families experiencing multiple risk factors for kindergarten. Head Start and Early Head Start supports families and children with high needs to make progress on closing the achievement gap upon school entrance, which are two of the five World's Best Workforce goals.

SERVICES PROVIDED

Head Start and Early Head Start provide a comprehensive program to children and families including:

- Health/dental and nutrition.
- Education.
- Parent engagement.
- Social services and family supports-assistance with housing, medical insurance, heating and food.

Programs operate a center-based, home-based, and/or combination option.

- Head Start center-based programs must operate at least 3.5 hours per day, four days a week, for 128 days a year, and have at least two home visits.
- Early Head Start home-based programs must offer at least 46 home visits of 1.5 hours each, and at least 22 group socializations distributed over the course of the program year.
- Many programs offer full-day, full-year services, through partnerships with child care and school-based programs.

Minnesota Department of Education (MDE):

- Houses the state's Head Start Collaboration Office. The Head Start Collaboration Director facilitates partnerships among Head Start agencies and entities to carry out activities designed to benefit low-income children from birth to school entry, providing a structure and a process for the Office of Head Start (OHS) to work and partner with state agencies and local entities. The Head Start Collaboration Office works with state and community partners to leverage common interests around young children and their families to formulate, implement, and improve state and local policy and practices.

- Provides support to Head Start agencies across the state in the implementation of Parent Aware, Minnesota's Quality Rating and Improvement System, as well as other state agencies' early learning services initiatives.
- Calculates and processes aid payments and provides technical support to grantees for the implementation of this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY2015-2016²</i>	<i>FY 2016-2017²</i>
Results	Percentage of children who met developmental targets upon exiting Head Start	3 year olds 85% 4 year olds 82%	3 year olds 84% 4 year olds 78%
Quantity	Number of children assessed upon exiting Head Start	3 year olds (n=1659) 4 year olds (n=2339)	3 year olds (n=1438) 4 year olds (n=1796)

¹ FY 2017 Data retrieved from the Office of Head Start Program Information Report (PIR)

² Outcome data is available on children served by 14 Minnesota Head Start programs that used the Teaching Strategies Gold assessment and have set development targets for enrolled 3-and 4-year-olds during the FY2015-2016 and FY 2016-2017 school year. These programs have adopted developmental targets for the assessment at these age levels.

M.S.119A.50 -545; U.S.C.9840 et seq.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	25,100	25,073	25,100	25,100	25,100	25,100	25,100	25,100
Total	25,100	25,073	25,100	25,100	25,100	25,100	25,100	25,100
Biennial Change				27		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	25,100	25,073	25,100	22,542	22,542	22,542	22,542	22,542
Other Financial Transaction				2,558	2,558	2,558	2,558	2,558
Total	25,100	25,073	25,100	25,100	25,100	25,100	25,100	25,100

Head Start

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	25,100	25,100	25,100	25,100	25,100	25,100	25,100	25,100
Cancellations		27						
Expenditures	25,100	25,073	25,100	25,100	25,100	25,100	25,100	25,100
Biennial Change in Expenditures				27		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Early Childhood and Family Support

Activity: Infants and Toddlers Part C

helpmegrowmn.org/HMG/index.htm

AT A GLANCE

- 5,524 Minnesota infants and toddlers with disabilities were counted as being served through Individual Family Service Plans (IFSP) on December 1, 2015.
- Part C services are funded with federal grant dollars, state special education aid and general education revenue.

PURPOSE & CONTEXT

The federally regulated Infants and Toddlers program provides individualized family-centered services to eligible children and their families in order to aid in the development of very young children showing delays in development.

This program supports the World's Best Workforce goal of all children being ready for school.

SERVICES PROVIDED

Federal funds support 12 Interagency Early Intervention Committees (IEICs) that conduct public awareness and outreach activities to seek out and identify potentially eligible infants and toddlers.

- Specific services are determined for each eligible child and family based on the child's needs and family priorities.
- Services most often include special instruction, speech therapy and occupational or physical therapy.
- Ninety-seven percent of eligible infants and toddlers receive early intervention services in their homes.

The Minnesota Department of Education (MDE) is responsible for:

- Individualized family service plans and service coordination.
- Personnel development to ensure that personnel are appropriately and adequately prepared and trained.
- Carrying out general administration and supervision.
- Policy for contracting or otherwise arranging for services, and procedure for securing timely reimbursement of funds.

RESULTS

Performance Measure 1:

<i>Child Outcomes</i>	<i>FFY 2012</i>	<i>FFY 2013</i>	<i>FFY 2014</i>
Children will demonstrate positive relationships a. Greater than expected progress b. Exited Part C within age expectations	57.7% 48.5%	54.1% 49.8%	51.2% 50.0%
Children will acquire and use knowledge and skills a. Greater than expected progress b. Exited Part C within age expectations	61.2% 45.1%	60.2% 44.1%	60.3% 44.5%
Children will take action to meet needs a. Greater than expected progress b. Exited Part C within age expectations	67.7% 49.7%	61.9% 51.3%	62.0% 51.5%

Performance Measure 2:

<i>Child Outcomes</i>	<i>FFY 2012</i>	<i>FFY 2013</i>	<i>FFY 2014</i>
Percent of participating families who report that the Infants and Toddlers program has helped their child develop and learn	86.8%	89.8%	87.8%

M.S. 125A.26 – 48
Part C of the Individuals with Disabilities Education Act

Infant & Toddler Intervention

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

3000 - Federal	6,007	6,813	6,288	6,152	6,300	6,300	6,300	6,300
Total	6,007	6,813	6,288	6,152	6,300	6,300	6,300	6,300
Biennial Change				(380)		160		160
Biennial % Change				(3)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation		95						
Operating Expenses	471	820	5					
Grants, Aids and Subsidies	5,537	5,899	6,283	6,152	6,300	6,300	6,300	6,300
Other Financial Transaction	(1)							
Total	6,007	6,813	6,288	6,152	6,300	6,300	6,300	6,300

Total Agency Expenditures	6,007	6,813	6,288	6,152	6,300	6,300	6,300	6,300
Internal Billing Expenditures	38	93	5					
Expenditures Less Internal Billing	5,969	6,720	6,283	6,152	6,300	6,300	6,300	6,300

Full-Time Equivalents

0.09	0.88	0.05	0.05	0.05	0.05	0.05	0.05
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Infant & Toddler Intervention

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
3000 - Federal								
Receipts	6,007	6,813	6,288	6,152	6,300	6,300	6,300	6,300
Expenditures	6,007	6,813	6,288	6,152	6,300	6,300	6,300	6,300
Biennial Change in Expenditures				(380)		160		160
Biennial % Change in Expenditures				(3)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.09	0.88	0.05		0.05	0.05	0.05	0.05

Program: Early Childhood and Family Support

Activity: Preschool Special Education

helpmegrowmn.org/HMG/index.htm

AT A GLANCE

- 17,445 children ages 3-5 with disabilities were counted as being served through Individual Education Programs on December 1, 2017.
- More than half of these children participate in regular early childhood programs and receive special education services in those settings.

PURPOSE & CONTEXT

The Preschool Special Education program provides individualized education services to preschool children with disabilities.

Funding for services is a combination of federal funds, state special education aid and general education revenue.

This program supports the World's Best Workforce goal of helping ensure that all children are ready for school.

SERVICES PROVIDED

The program is federally mandated. Federal funds support statewide efforts to:

- Seek out and identify potentially eligible children.
- Provide professional development opportunities promoting evidence-based practices through the Regional Centers of Excellence.

Services are provided to each eligible child through an Individualized Education Program. The goal is to increase each child's ability to actively and independently participate in current and future environments such as home, preschool and kindergarten.

Services most often include special instruction, speech therapy, occupational or physical therapy and transportation.

The Minnesota Department of Education:

- Processes payments/reimbursements.
- Provides professional development.
- Collects and reports data.
- Interprets regulations, statutes and rules.
- Connects children and families to appropriate local programs and monitors local implementation.

RESULTS

The table below shows Minnesota's performance on the federally required child outcomes for federal fiscal years (FFY) 2014-16. While data demonstrates mixed performance trends, some evidence shows positive impact of efforts to turn the curve or, at a minimum, to slow downward progress.

<i>Child Outcomes</i>	<i>FFY 2014</i>	<i>FFY 2015</i>	<i>FFY 2016</i>
Children will demonstrate positive relationships			
a. Greater than expected progress	69.6%	69.8%	68.4%
b. Exited Part C within age expectations	55.3%	55.5%	54.2%
Children will acquire and use knowledge and skills			
a. Greater than expected progress	72.5%	72.0%	70.3%
b. Exited Part C within age expectations	55.0%	54.7%	52.8%
Children will take action to meet needs			
a. Greater than expected progress	71.0%	70.7%	69.1%
b. Exited Part C within age expectations	64.3%	64.9%	63.5%

M.S. 125A.01–03

Part B/Section 619 of the Individuals with Disabilities Education Act

Preschool Special Education

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

3000 - Federal	5,302	6,103	5,058	5,922	6,101	6,101	6,101	6,101
Total	5,302	6,103	5,058	5,922	6,101	6,101	6,101	6,101
Biennial Change				(425)		1,222		1,222
Biennial % Change				(4)		11		11
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	5,302	6,103	5,058	5,922	6,101	6,101	6,101	6,101
Total	5,302	6,103	5,058	5,922	6,101	6,101	6,101	6,101

Preschool Special Education

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
3000 - Federal								
Balance Forward In		0						
Receipts	5,302	6,103	5,058	5,922	6,101	6,101	6,101	6,101
Balance Forward Out	0							
Expenditures	5,302	6,103	5,058	5,922	6,101	6,101	6,101	6,101
Biennial Change in Expenditures				(425)		1,222		1,222
Biennial % Change in Expenditures				(4)		11		11
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Early Childhood and Family Support

Activity: Special Family Opportunities

northsideachievement.org/

wilder.org/community-leadership/saint-paul-promise-neighborhood/Pages/default.aspx

AT A GLANCE

- State funding for the Northside Achievement Zone and St. Paul Promise Neighborhood programs was made available in fiscal year (FY) 2015.
- The Northside Achievement Zone and St. Paul Promise Neighborhood are Promise Neighborhoods, a federal designation for eligible neighborhoods that seek to improve educational and developmental outcomes of children and youth in those communities.
- The St. Cloud Preschool Pilot Program is a one-time FY 2017 appropriation, available until June 30, 2019.
- The Education Partnership Pilot Program was implemented in FY 2016. Grantees include Northfield Health Community, Jones Family foundation, and United Way of Central Minnesota.
- The Legislature allocated funding to the Minnesota Department of Education for the 2018-19 biennium, for transfer to the Department of Human Services to support the implementation of Parent Aware Quality Rating and Improvement System.

PURPOSE & CONTEXT

Special family opportunities include the Northside Achievement Zone; St. Paul Promise Neighborhood; St. Cloud preschool pilot program; Education Pilot Programs in Northfield, Red Wing, and St. Cloud; and the Quality Rating and Improvement System.

The Northside Achievement Zone and St. Paul Promise Neighborhood programs receive annual grants that fund efforts designed to reduce multigenerational poverty, prepare children for kindergarten, support third-grade reading proficiency, and reduce the educational achievement gap, which are three of the five World's Best Workforce goals.

These programs are available to Minneapolis residents living within the geographic boundaries of the Northside Achievement Zone, and residents of the St. Paul Promise Neighborhood, a 250-square block area in the central neighborhoods of St. Paul.

The purpose of the St. Cloud preschool pilot program grant is to establish a preschool pilot program serving at least 90 students from families with low income, or from families where English is not the primary language spoken in the child's home environment. This program supports the World's Best Workforce goals of having students be ready for school and closing the racial and economic achievement gaps between students.

Each Education Partnership Pilot Program grantee is to support partnerships in the community focused on:

- Academic achievement and youth development.
- Use of a comprehensive and data-driven approach to increase student success.
- Measuring outcomes, such as kindergarten readiness, reading proficiency at third grade, high school graduation, and college and career readiness—all of which are goals of the World's Best Workforce.

The Quality Rating and Improvement System framework is designed to ensure that Minnesota's children have access to high-quality early learning and care programs in a range of settings so that they are fully ready for

kindergarten by 2020. The Quality Rating and Improvement System supports the World's Best Workforce goals of having all children ready for school and closing the racial and economic achievement gap.

SERVICES PROVIDED

The Northside Achievement Zone and St. Paul Promise Neighborhood programs provide the Northside Achievement Zone and the St. Paul Promise Neighborhood each with an annual grant of \$1.3 million for programming and services, consistent with federal Promise Neighborhood program requirements.

The Minnesota Department of Education (MDE) processes aid payments for these programs.

The \$430,000 FY 2017 appropriation for the St. Cloud Early Learning Pilot funds may be used to:

- Purchase developmentally appropriate furniture and materials, instructional materials, and curriculum materials.
- Hire and train teachers and staff.
- Offset transportation costs.

Independent School District (ISD) 742, St. Cloud, must submit an annual report by January 15 of 2017, 2018, and 2019, describing the activities undertaken and outcomes achieved with this grant. The 2019 report must contain recommendations for other districts interested in similar pre-kindergarten programs.

The Education Partnership Pilot program grants each receive \$160,000 in FY 2018 and FY 2019 to:

- Northfield Healthy Community Initiative for a pilot site in Northfield.
- Jones Family Foundation for a pilot site in Red Wing.
- ISD 742, St. Cloud, for a pilot site in St. Cloud—United Way of Central Minnesota.

By February 15 of every even-numbered year, each Education Partnership Pilot grant recipient shall submit to the Minnesota Legislature a report describing:

- Activities funded by the grant.
- Changes in outcome measures attributable to the grant-funded activities.
- Recipient's program plan for the following year.

The Quality Rating System, supported by an appropriation of \$3.5 million for FY 2018-19 transfer from MDE to the Department of Human Services, creates a standards-based voluntary quality rating and improvement system for early learning and care programs which includes:

- Quality opportunities to improve the educational outcomes of children so that they are ready for school.
- A tool to increase the number of publicly funded and regulated early learning and care services in both public and private market programs that are high quality.
- Tracking progress toward statewide access to high-quality early learning and care programs, low-income children with parents who can access quality programs, and increasing the number of children who are fully prepared to enter kindergarten.

RESULTS

Final Results for **St. Cloud Early Learning Pilot** (based on The TS GOLD assessment from fall 2016 to spring 2017)

Area of Development	% of Children Below Growth Range	% of Children Meeting or Exceeding Growth
Social-emotional	3%	97%
Physical	6%	94%
Language	28%	72%
Cognitive	2%	98%
Literacy	3%	97%
Mathematics	4%	96%

Education Partnership Pilot Grants

United Way of Central Minnesota Highlights:

- Results not available at this time

Jones Family Foundation Highlights:

- 20 additional local early childhood preschool educators were trained by a certified Pyramid Model trainer.
- In the Fall of 2017, 83 percent of children were identified as ready for kindergarten, up from 82 percent in 2016.
- 62 community mentors were trained with mentoring skills to work with high school students.
- Prekindergarten through grade 12 teachers worked to align math curriculum.
- 15,000 meals were served to Red Wing youth during the summer of 2017.

Northfield Healthy Community Initiative Highlights:

- Please go to [Benchmarks Northfield Promise](#) to see progress made on their 10 benchmarks.

Type of Measure	Name of Measure (For Northside Achievement Zone)	2013 year-end	2014 year-end	FY 2015*	2016	2017
Quantity	Number of families enrolled in the Northside Achievement Zone	548	739	873	1,231	966
Quantity	Number of scholars enrolled	1,390	1,735	1,867	2,443	2,104

Type of Measure	Name of Measure (For Northside Achievement Zone)	2013	2014	2015	2015-16	2016-17	2017-18
Results	MCA 3 rd -5 th grade reading proficiency for students	19%	19%	20%	23%	27%	30%
Results	MCA 3 rd -5 th grade math proficiency for students	34%	30%	27%	29%	29%	32%

Type of Measure	Name of Measure (For St. Paul Promise Neighborhood Freedom Schools)	2012	2013	2014	2015	2016	2017
Results	Number of students participating in the St. Paul Promise Neighborhood Freedom Schools	224	325	353	431	428	563
Results	Percentage of students who were consistent participants in the St. Paul Promise Neighborhood Freedom School	87%	83%	91%	93%	92%	93%
Results	Number of Freedom School Sites	1	2	1	2	2	2

Type of Measure	Name of Measure (For Parent Awareness)	2013	2014	2015	2016	2017	2018
Quantity	Number of early care and education programs participating in Parent Aware	575	1,467	1,892	2,343	2684	2610
Quality	Percent of rated early care and education programs with a 3- or 4-Star Parent Aware rating**	84%	76%	74%	71%	77%	79%
Quantity	Number of high-needs children attending a 3- or 4-Star Parent-Aware rated public education programs	7,401	21,489	24,818	26,748	28,851	28,851
Quantity	Number of children receiving a scholarship***	509	5,869	8,225	11,219	15,079	17,091

*Report was changed from year-end to fiscal year in FY 2015.

**All Parent Aware data comes from the DEVELOP Fast Facts 2017/2018.

***Scholarship data comes from final data from each fiscal year.

Special Family Opportunities

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	2,901	3,381	3,074	3,086	3,080	3,080	3,080	3,080
Total	2,901	3,381	3,074	3,086	3,080	3,080	3,080	3,080
Biennial Change				(122)		0		0
Biennial % Change				(2)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	2,901	3,381	3,074	3,086	3,080	3,080	3,080	3,080
Total	2,901	3,381	3,074	3,086	3,080	3,080	3,080	3,080

Special Family Opportunities

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	4,101	7,681	4,830	4,830	4,830	4,830	4,830	4,830
Balance Forward In				6				
Transfers Out	1,200	4,300	1,750	1,750	1,750	1,750	1,750	1,750
Balance Forward Out			6					
Expenditures	2,901	3,381	3,074	3,086	3,080	3,080	3,080	3,080
Biennial Change in Expenditures				(122)		0		0
Biennial % Change in Expenditures				(2)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Community Education

Activity: Community Education

AT A GLANCE

- Every Minnesota school district operates a community education program.
- For fiscal year (FY) 2017, school districts received \$29.5 million in general community education revenue, \$5.3 million in youth service program revenue, and \$5 million in after-school enrichment revenue.
- For FY 2017, the state share of community education revenue was \$500,000 and the local property tax share was \$39.3 million.

PURPOSE & CONTEXT

The community education program is a state aid and local property tax levy program, designed to maximize the community's use of public schools and to promote the use of school facilities beyond the regular school day.

Programs serve participants of all ages from preschool through senior citizens.

This program supports all five of the World's Best Workforce goals.

SERVICES PROVIDED

Community education provides services beyond the regular K-12 program. Programs may include:

- Programs for adults with disabilities.
- Adult basic education (ABE).
- Youth development and youth service.
- Early childhood family education (ECFE) and school readiness programs.
- School-age care.
- Summer programs for elementary and secondary pupils and youth after-school enrichment programs.
- Non-vocational, recreational and leisure activities.

School boards must establish a community education advisory council and, with some exceptions, must employ a licensed community education director.

An annual report is required from each district that provides a community education program.

Total community education revenue includes a district's general community education revenue, youth service program revenue, and youth after-school enrichment revenue. These revenues are calculated based on a school district's population and its property tax capacity.

The Minnesota Department of Education (MDE) calculates and processes aid payments for this program.

RESULTS

MDE does not collect data to show impact of the programming other than the number of individuals that received services.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2015</i>	<i>FY 2017</i>
Quantity	Number of districts submitting general annual report	292	308

M.S.124D.18–20

Community Education

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	790	554	477	410	330	257	330	257
Total	790	554	477	410	330	257	330	257
Biennial Change				(457)		(300)		(300)
Biennial % Change				(34)		(34)		(34)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	790	554	477	410	330	257	330	257
Total	790	554	477	410	330	257	330	257

Community Education

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement	758	533	471	403	322	250	322	250
District Revenue	758	533	471	403	322	250	322	250
Direct Appropriation	790	555	483	410	330	257	330	257
Current Year	683	480	424	363	290	225	290	225
Prior Year	107	75	53	47	40	32	40	32
Transfers Out			6					
Cancellations	0	1						
Expenditures	790	554	477	410	330	257	330	257
Biennial Change in Expenditures				(457)		(300)		(300)
Biennial % Change in Expenditures				(34)		(34)		(34)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Community Education

Activity: Adults With Disabilities

AT A GLANCE

- This program funds local community education programs for adults with disabilities.
- Approved programs may receive revenue equal to the lesser of \$30,000 or 50 percent of actual expenditures.

PURPOSE & CONTEXT

This aid and property tax levy program has provided revenue to the same set of school districts to support community education programs and services for adults with disabilities for more than two decades. This aid program addresses the World's Best Workforce goal of all students being ready for a career.

SERVICES PROVIDED

- Revenue for most districts is 50 percent state aid and 50 percent local property tax levy.

Programs use the following service strategies:

- Help for adults to participate in community activities (including one-on-one assistance, braille, and interpreter services).
- Classes specifically for adults with disabilities.
- Outreach to identify adults needing services.
- Activities to increase public awareness of the roles of people with disabilities.

The Minnesota Department of Education (MDE) calculates and processes aid payments to districts and determines their property tax levy for this program.

RESULTS

Program performance data are not collected by MDE and school districts are not required to report on the details of their programs. District reporting of use of funds is limited to the reporting of expenditures in the Uniform Financial Accounting and Reporting System.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY16</i>	<i>FY17</i>
Quantity	# of districts participating in program	37	63
Quantity	# of Metropolitan districts participating in program	13	28

M.S.124D.56

Adults with Disabilities

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	696	693	706	710	710	710	710	710
Total	696	693	706	710	710	710	710	710
Biennial Change				27		4		4
Biennial % Change				2		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	696	693	706	710	710	710	710	710
Total	696	693	706	710	710	710	710	710

Adults with Disabilities

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Entitlement	697	691	710	710	710	710	710	710
District Revenue	697	691	710	710	710	710	710	710
Direct Appropriation	710	710	710	710	710	710	710	710
Current Year	628	624	639	639	639	639	639	639
Prior Year	68	69	67	71	71	71	71	71
Cancellations	14	17	4					
Expenditures	696	693	706	710	710	710	710	710
Biennial Change in Expenditures				27		4		4
Biennial % Change in Expenditures				2		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Community Education

Activity: Hearing Impaired Adults

education.mn.gov/MDE/dse/sped/cat/dhh/index.htm

AT A GLANCE

- In 2017, eight sites submitted qualified requests for funds under this program.
- Demand exceeded the \$70,000 appropriation in three of the previous five years.

PURPOSE & CONTEXT

The hearing impaired adults program provides educational opportunities for adults who are deaf and hard-of-hearing. This program provides assistance with one-time costs for interpreter and note-taker services for adults participating in school district adult education classes, adult technical college programs, or private community agencies who are deaf and hard-of-hearing.

SERVICES PROVIDED

- This program provides assistance with the one-time costs of interpreter and note-taker services.
- The program is not meant to support all interpreter services for adult learners who are deaf and hard-of-hearing, but to help in unforeseen situations.

The Minnesota Department of Education (MDE) calculates and processes aid payments for this program.

RESULTS

The rate at which sites request funds in consecutive years provides a gauge whether providers are anticipating, and budgeting for, support for individuals with hearing impairments. It is difficult to draw assumptions regarding the true statewide demand for services, since most districts or non-profit providers also seek other resources to meet their needs.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2015</i>	<i>FY 2017</i>
Quantity	Number of educational programs for which interpreter and note-taker services costs were reimbursed.	107	137

M.S. 124D.57

Hearing Impaired Adults

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	46	44	70	70	70	70	70	70
Total	46	44	70	70	70	70	70	70
Biennial Change				50		0		0
Biennial % Change				56		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	46	44	70	70	70	70	70	70
Total	46	44	70	70	70	70	70	70

Hearing Impaired Adults

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	70	70	70	70	70	70	70	70
Cancellations	24	26						
Expenditures	46	44	70	70	70	70	70	70
Biennial Change in Expenditures				50		0		0
Biennial % Change in Expenditures				56		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Community Education

Activity: School Age Care

AT A GLANCE

- School age care revenue was funded totally by local property tax levy in fiscal year (FY) 2017 (\$0 state aid).
- The total levy for FY 2017 was \$15.7 million.

PURPOSE & CONTEXT

School Age Care is a program that helps to ensure that all students within a district have equal access to after-school care and summer educational programming.

School districts with school age care programs are served by this program.

This program supports the World's Best Workforce goal of reducing the racial and economic achievement gaps between students.

SERVICES PROVIDED

School age care revenue reimburses districts for approved additional costs incurred to provide school age care to children with disabilities or children experiencing family or related problems of a temporary nature.

The school age care property tax levy equals:

- School age care revenue, times
- The lesser of:
 - One; or,
 - The ratio of (the adjusted net tax capacity of the district the year prior to levy certification, divided by the number of students living in the district for the levy year) to \$2,318.

School Age Care aid equals:

- School age care revenue minus school age care property tax levy.

Because of the low equalizing factor that offsets property taxes with state aid, all revenue has been in the form of local property tax.

The Minnesota Department of Education calculates aid and property tax levies and makes state aid payments for this program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Quantity	Number of districts with school age care expenditures	154	157	157

M.S.124D.19; M.S.124D.22

School Age Care

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General				1	1	1	1	1
Total				1	1	1	1	1
Biennial Change				1		1		1
Biennial % Change								
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies				1	1	1	1	1
Total				1	1	1	1	1

Total Agency Expenditures				1	1	1	1	1
Expenditures Less Internal Billing				1	1	1	1	1

School Age Care

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	1	1	1	1	1	1	1	1
Transfers Out			1					
Cancellations	1	1						
Expenditures				1	1	1	1	1
Biennial Change in Expenditures				1		1		1
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Self Sufficient and Lifelong Learning

Activity: Adult Basic Education (ABE)

education.mn.gov/MDE/fam/abe/

AT A GLANCE

- 1,071 licensed teachers and 2,109 volunteers served over 61,822 students in fiscal year (FY) 2018.
- Of all enrollees, 53 percent were English learners, 8 percent had never attended school, 26 percent were unemployed and 17 percent were in correctional facilities.

PURPOSE & CONTEXT

Adult basic education (ABE) is a state and federally funded program that provides adults educational opportunities to acquire and improve the literacy skills they need to become self-sufficient.

This program supports the World's Best Workforce goals that all students graduate from high school, and are career and college ready.

SERVICES PROVIDED

ABE program options:

- GED (General Education Development diploma)
- Adult Diploma
- English as a Second Language
- Family Literacy
- Basic Skills Education
- Workforce Preparation
- U.S. Citizenship and Civics
- Transition to Postsecondary Education

ABE is provided at more than 300 sites in every Minnesota County. Sites include public schools, workforce centers, community/technical colleges, prisons/jails, libraries, learning centers, tribal centers, and nonprofit organizations. Programs have voluntarily formed ABE consortia (42 administrative units) to maximize efficiency and share resources.

The Minnesota Department of Education provides technical support, calculates aid entitlements, and pays aid to districts and consortia.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2013</i>	<i>FY 2016</i>
Quantity	Clients who obtained a high school diploma or GED	3,932	1,782
Quantity	Clients who entered postsecondary education	2,971	8,562
Quality	Clients who were unemployed at program entry who obtained employment	42%	49%
Quality	Clients who were employed at program entry who retained employment	72%	73%

M.S. 124D.52; M.S. 124D.531; MN Laws 2016, ch.189, art.32, sec.5

Adult Basic Education

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	48,211	49,419	48,643	48,713	50,106	51,620	50,106	51,620
3000 - Federal	5,050	4,561	5,384	5,566	5,733	5,905	5,733	5,905
Total	53,261	53,981	54,028	54,279	55,839	57,525	55,839	57,525
Biennial Change				1,065		5,057		5,057
Biennial % Change				1		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	53,261	53,981	54,028	54,279	55,839	57,525	55,839	57,525
Total	53,261	53,981	54,028	54,279	55,839	57,525	55,839	57,525

Adult Basic Education

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Entitlement	48,224	48,613	48,696	48,686	50,106	51,621	50,106	51,621
District Revenue	48,224	48,613	48,696	48,686	50,106	51,621	50,106	51,621
Direct Appropriation	48,231	49,562	50,010	48,686	50,106	51,620	50,106	51,620
Current Year	43,429	43,836	43,827	43,817	45,238	46,595	45,238	46,595
Prior Year	4,782	4,795	4,777	4,869	4,868	5,025	4,868	5,025
Balance Forward In			67	27				
Transfers Out			1,302					
Cancellations	20	131	104					
Balance Forward Out		12	27					
Expenditures	48,211	49,419	48,643	48,713	50,106	51,620	50,106	51,620
Biennial Change in Expenditures				(274)		4,370		4,370
Biennial % Change in Expenditures				(0)		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	5,050	4,561	5,384	5,566	5,733	5,905	5,733	5,905
Expenditures	5,050	4,561	5,384	5,566	5,733	5,905	5,733	5,905
Biennial Change in Expenditures				1,339		688		688
Biennial % Change in Expenditures				14		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Self Sufficient and Lifelong Learning

Activity: General Education Development (GED) Tests

education.mn.gov/MDE/dse/abe/ged/

AT A GLANCE

- 63 GED testing centers, including 10 at state correctional facilities.
- In fiscal year (FY) 2016, 5,397 examinees took at least one GED test; 3,452 examinees completed all the modules.
- In 2009, individuals with a GED earned about \$4,100 more per year than individuals who did not have a GED or diploma.
- Individuals earning a GED are eligible to receive federal financial aid, including Pell Grants, if they meet income requirements.

PURPOSE & CONTEXT

This state aid program provides increased access for eligible individuals to complete the General Education Development (GED) battery of tests. Six percent of Minnesotans aged 25-64 lack a high school diploma or its equivalent.

The GED examination consists of four tests that measure outcomes associated with a high school education:

- Successful completion of the GED tests results in the awarding of a state of Minnesota GED diploma.
- A high school diploma or GED is required by many employers, is accepted by almost all of Minnesota's postsecondary institutions, and serves as the evidence of "ability to benefit" required in order to receive a Pell Grant.

This program supports the World's Best Workforce goals of having all students graduate from high school and all students be career and college ready.

SERVICES PROVIDED

This program provides supplemental funds that are used to pay a portion of the GED testing fee for eligible Minnesotans.

- For FY 2017, the GED testing allocation was \$125,000.
- The GED testing allocation pays \$10 per sub-test (up to \$40 per test battery) of students' GED testing fees.

The Minnesota Department of Education (MDE) processes reimbursement payments to GED Testing Service so that tests are offered at discounted rates.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2012</i>	<i>FY 2017</i>
Quantity	Test subsidies provided	12,500	7,096
Quality	Percentage of GED candidates completing the full battery who passed*	81.1%	82.5%

* There were five GED tests in FY 2012 and four GED tests in FY 2017.

M.S. 124D.55

General Education Development Tests

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	125	245	125	125	125	125	125	125
Total	125	245	125	125	125	125	125	125
Biennial Change				(120)		0		0
Biennial % Change				(32)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	125	245	125	125	125	125	125	125
Total	125	245	125	125	125	125	125	125

General Education Development Tests

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	125	245	125	125	125	125	125	125
Expenditures	125	245	125	125	125	125	125	125
Biennial Change in Expenditures				(120)		0		0
Biennial % Change in Expenditures				(32)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Agriculture 10.536	Child & Adult Care Food Program Training The overall goal of this project is for the selected applicant to plan, develop, design, promote, and ultimately execute and evaluate a training program that uses a tiered approach to equip State agencies with the knowledge and skills necessary to train their CACFP program operators (including CACFP institutions such as sponsoring organizations and/or independent centers as well as CACFP facilities including child care centers and day care homes) to effectively operate the CACFP at the local-level.		0	49	50	0		0.04
Agriculture 10.541	Child Nutrition-Technology Innovation Grant To allow State agencies that administer the Child Nutrition Programs (CNPs) to apply for grant funding to implement innovative technology solutions that will improve program accountability, data accuracy, program performance measurement, and the capacity to identify and target error-prone areas (locations or program functions) within and across the CNPs at the State and Local Educational Agency (LEA) or Sponsor Organization (SO) levels.		216	941	969	33		0.70
Agriculture 10.547	Professional Standards for School Nutrition Employees The Healthy Hunger-Free Kids Act (HHFKA) of 2010, Section 306, directed the United States Department of Agriculture to establish minimum national professional standards for all school nutrition employees who manage and operate the National School Lunch and School Breakfast Programs. These new standards will ensure that school nutrition personnel have the training and tools they need to plan, purchase and prepare safe, nutritious and enjoyable school meals. The rule institutes minimum hiring standards for the selection of State and local school nutrition program directors; and requires all personnel in these programs to complete annual continuing education/training. The standards are effective July 1, 2015. The principal benefit of this rule is to ensure that key school nutrition personnel are meeting minimum professional standards in order to adequately perform the duties and responsibilities of their positions. The purpose of this Request for Applications (RFA) is to: Provide awards, on a competitive basis, to State agencies administering National School Lunch Program (NSLP) and School Breakfast Program (SBP), to develop and implement trainings to support the Professional Standards rule, Describe which entities are eligible to apply for grant funds, Describe the requirements for submitting a successful application, and Describe how applications will be reviewed and selected.		26	0	0	0		
Agriculture 10.553	Food & Nutrition Services-Breakfast To assist States in implementing a nutritious nonprofit breakfast service for school children, through meal reimbursements and food donations.		53,875	53,313	53,300	53,300	Match	
Agriculture 10.555	Food & Nutrition Services-Lunch To assist States, through cash grants and food donations, in providing a nutritious nonprofit lunch service for school children and to encourage the domestic consumption of nutritious agricultural commodities.		168,874	173,455	173,400	173,400	Match	
Agriculture 10.556	Food & Nutrition Services-Special Milk To provide subsidies to schools and institutions to encourage the consumption of fluid milk by children.		745	743	743	743	Match	

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Agriculture 10.558	Food & Nutrition Services-Child & Adult Care Food Program Commodities To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.		1,831	1,680	1,680	1,680		
Agriculture 10.558	Food & Nutrition Services-Child & Adult Care Food Program Audit To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.		1,209	1,494	1,494	1,494		9.03
Agriculture 10.558	Food & Nutrition Services-Child & Adult Care Food Program Food Service To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.		61,206	61,500	61,500	61,500		
Agriculture 10.558	Food & Nutrition Services-Child & Adult Care Food Program Sponsor Admin To initiate and maintain nonprofit food service programs for children and elderly or impaired adults enrolled in nonresidential day care facilities, children attending afterschool care programs in low-income areas, and children residing in emergency shelters.		4,944	5,800	5,800	5,800		
Agriculture 10.559	Food Nutrition Services-Summer Food Service Program State Admin Expenses Nonprofit food service programs for low-income children during the summer months and at other approved times, when schools are out of session or are closed for vacation.		347	248	359	359		2.24
Agriculture 10.559	Food & Nutrition Services-Summer Food Program Sponsor Admin Initiate and maintain nonprofit food service programs for low-income children during the summer months & at other approved times, when schools are out of session or closed for vacation.		894	926	925	925	Match	
Agriculture 10.559	Food & Nutrition Services-Summer Food Program Initiate and maintain nonprofit food service programs for low-income children during the summer months & at other approved times, when schools are out of session or closed for vacation.		8,804	9,870	9,950	9,900		
Agriculture 10.560	Food & Nutrition Services-State Admin Expense To provide each State agency with funds for its administrative expenses in supervising and giving technical assistance to local schools, school districts and institutions in their conduct of Child Nutrition Programs. State agencies that administer the distribution of USDA Foods to schools and child or adult care institutions are also provided with State Administrative Expense (SAE) funds.		5,015	5,674	5,674	5,674	Match	32.47

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Agriculture 10.574	Food & Nutrition Services-Team Nutrition Training Grants Team Nutrition is an initiative of the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) to support their Child Nutrition Programs through training and technical assistance for foodservice, nutrition education for children and their caregivers, and school and community support for healthy eating and physical activity. Team Nutrition Training Grants for Healthy School Meals have been identified in USDA's national Strategic Plan for Training and Technical Assistance as one of the anchor delivery systems for supporting the implementation of USDA's nutrition requirements and the Dietary Guidelines for Americans in Child Nutrition programs. Team Nutrition's goal is to improve children's lifelong eating & physical activity habits by using the principles of the Dietary Guidelines for Americans & the USDA Food Guidance System.		157	187	192	198		1.00
Agriculture 10.579	Child Nutrition Discretionary Grants Limited Availability National School Lunch Program (NSLP) Equipment Assistance Grants are awarded via a competitive grant process to school food authorities giving priority to high need schools where 50% or more of the enrolled students are eligible for free or reduced meals. Direct Certification Improvement Grants awarded to assist State agencies in improving their direct certification processes and rates. Admin Review Training grants awarded to State agencies to conduct additional administrative reviews of selected local educational agencies and to provide funding for state agencies to be used for oversight and training of admin personnel on application, certification, verification, meal counting, and meal claiming procedures.		332	397	409	421		
Agriculture 10.582	Food & Nutrition Services-Fresh Fruits & Vegetables To assist States, through cash grants, in providing free fresh fruits and vegetables to elementary schools with high percentages of children who receive free or reduced price meals through the National School Lunch Program.		2,676	3,261	3,395	3,395		1.00
Agriculture 10.589	Direct Certification Performance Award Direct Certification Performance Awards are designed to encourage States to ensure that all eligible children living in households receiving benefits under the Supplemental Nutrition Assistance program (SNAP) are directly certified for free school meals. Each year for three years, USDA may award a total of up to 15 States for exemplary performance in their direct certification efforts with SNAP.		0	89	89	89		
	Agriculture Total		311,151	319,627	319,929	318,911		46.48
Labor 17.266	DEED WIA Incentive To develop increased workforce system strategies to connect services among system providers.		8	0	0	0		
Labor 17.283	DEED WIF SubGrant		51	365	0	0		
	Labor Total		59	365	0	0		
Institute of Museum & Library Services 45.310	Library Services and Technology Act – Grants to States Promote improvement in library services in all types of libraries to better serve the public by facilitating access to resources for the purpose of cultivating an educated and informed citizenry and encouraging resource sharing among libraries for the purpose of achieving economical and efficient delivery of library services to the public.		2,803	2,922	3,025	3,132	Match & MOE	7.74
	Institute of Museum & Library Services Total		2,803	2,922	3,025	3,132		7.74

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Education 84.002	Adult Basic Education To fund local programs of adult education and literacy services, including workplace literacy services, family literacy services, and English literacy and integrated English literacy-civics education programs. Participation in these programs is limited to adults and out-of-school youths aged 16 and older who do not have a high school diploma or equivalent and who are not enrolled or required to be enrolled in a secondary school under State law. See 20 USC 9202(1).		6,214	6,553	6,753	6,952	Match & MOE	5.42
Education 84.010	Title 1 To help local educational agencies (LEAs) improve teaching and learning in high-poverty schools in particular for children failing, or most at-risk of failing, to meet challenging State academic standards.		149,968	168,934	171,985	172,985		12.58
Education 84.011	Migrant Education To assist States in ensuring that migratory children have the opportunity to meet the same challenging State content and performance standards that all children are expected to meet.		2,652	2,714	2,789	2,871		1.23
Education 84.013	Title I Neglected & Delinquent To help provide educational continuity for neglected and delinquent children and youth in State-run institutions for juveniles and in adult correctional institutions, so that these youth can make successful transitions to school or employment once they are released.		1,002	938	966	996		0.01
Education 84.027	Special Education—Children with Disabilities To provide grants to States to assist them in providing special education and related services to all children with disabilities.		185,569	196,939	202,939	209,074	MOE	78.38
Education 84.048	Carl Perkins Act – Vocational Education Develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in career and technical education programs.		7,028	7,578	7,805	8,039	Match & MOE	6.91
Education 84.144	Migrant Education - Coordination Program To provide financial incentives to State Educational Agencies (SEAs) to participate in consortia that provide high-quality project designs and services to improve the interstate or intrastate coordination of migrant education programs by addressing key needs of migratory children who have their education interrupted.		38	0	0	0		
Education 84.173	Early Childhood – Special Education Preschool Grants Part B To provide grants to States to assist them in providing special education and related services to children with disabilities ages 3 through 5 years, and at a State's discretion, to 2- year- old children with disabilities who will reach age three during the school year.		7,104	8,117	8,483	8,617	MOE	4.08
Education 84.181	Early Childhood – Special Education-Grants for Infants and Families Part C To provide grants to States to assist them to implement and maintain a Statewide, comprehensive, coordinated, multidisciplinary, interagency system to make available early intervention services to infants and toddlers with disabilities and their families.		7,932	7,816	8,216	8,272	MOE	3.88
Education 84.184	School Climate Transformation (SCT) Grant Program-- State Educational Agency Grants To improve students' safety and well-being during and after the school day.		0	586	570	554		1.50

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Education 84.196	Education for Homeless Children and Youth To ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children, the Education for Homeless Children and Youth program provides assistance to States to: (1) establish or designate an Office of Coordinator for Education of Homeless Children and Youths; (2) develop and carry out a State plan for the education of homeless children; and (3) make subgrants to local educational agencies (LEAs) to support the education of those children.		983	1,066	944	944		1.17
Education 84.206	Javits Gifted and Talented Students Education To promote and initiate a coordinated program of evidence-based research, demonstration projects, innovative strategies, and similar activities designed to build and enhance the ability of elementary and secondary schools nationwide to identify gifted and talented students and meet their special education needs.		128	33	0	0		0.01
Education 84.282	Charter Schools The program supports startup of new charter schools and the replication and expansion of high-quality charter schools. Charter schools increase educational options for parents and students and, in exchange for stricter academic accountability, are exempt from many statutory and regulatory requirements. Funds also support State efforts to improve charter schools' access to facilities.		7,778	14,499	11,778	11,790		2.06
Education 84.287	21st Century Community Learning Centers To provide opportunities for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment for children, particularly students who attend high-poverty and low-performing schools. The program is intended to help students meet state and local student academic achievement standards in core academic subjects, such as reading and math; to offer students a broad array of enrichment activities that reinforce and complement their regular academic programs; and to offer literacy and other educational services to the families of participating children.		13,407	13,787	13,642	14,032		3.71
Education 84.323	Special Education – State Personnel Development To assist State educational agencies in reforming and improving their systems for personnel preparation and professional development in early intervention, educational and transition services, to improve results for children with disabilities. As used in this program, personnel means special education teachers, regular education teachers, principals, administrators, related services personnel, paraprofessionals, and early intervention personnel serving infants, toddlers, preschoolers, or children with disabilities, except where a particular category of personnel, such as related services personnel, is identified.		1,305	1,111	1,182	1,215		1.26
Education 84.326	Deaf & Blind - Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities The purpose of the Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities program is to promote academic achievement and to improve results for children with disabilities by providing technical assistance (TA), supporting model demonstration projects, disseminating useful information, and implementing activities that are supported by scientifically based research.		253	204	204	204		

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Education 84.358	Rural & Low Income Schools Provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools.		316	353	358	358		0.11
Education 84.365	English Language Acquisition State Grants To help ensure that English learners (ELs), including immigrant children and youth, attain English proficiency and meet the same challenging State academic content and student academic achievement standards that all children are expected meet.		9,257	9,861	10,418	10,440	MOE	2.48
Education 84.365	Asian American and Pacific Islander Data Disaggregation Initiative Part D To collect student data on all populations reporting 1,000 or more residents in the most recent decennial census, beginning in the 2017-2018 school year. To ensure that schools and districts have access to disaggregated data that can strengthen academic programs and close the achievement gap.		394	489	500	503	MOE	0.94
Education 84.366	Math & Science Partnerships To improve the academic achievement of students in mathematics and science.		1,219	297	0	0		0.11
Education 84.367	Title II Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) To provide grants to State Educational Agencies (SEAs), and, through the SEAs, to Local Educational Agencies (LEAs) in order to increase student academic achievement consistent with challenging State academic standards; improve the quality and effectiveness of teachers, principals, and other school leaders; increase the number of teachers, principals, and other school leaders who are effective in improving student academic achievement in schools; and provide low-income and minority students greater access to effective teachers, principals, and other school leaders. (Under the antecedent program, State agencies for higher education also were eligible grantees. State agencies for higher education are no longer eligible grantees.) NOTE: The program was reauthorized by P.L. 114-95. The provisions listed here reflect changes made to the program and are applicable for awards made with FY 2017 and subsequent year funds.		28,092	28,602	29,485	30,363		9.43
Education 84.368	Competitive Grants for State Assessments (DIAMOND), Part A Starting with federal fiscal year 2017, the purpose is to support efforts to: (1) improve the quality, validity, and reliability of State academic assessments; (2) measure student academic achievement through the use of multiple measures from multiple sources; (3) develop or improve models to measure and assess student progress or growth; (4) develop or improve assessments for English learners, including assessments of English language proficiency or assessments of academic content in languages other than English; (5) develop or improve assessments for children with disabilities, including alternate assessments aligned to alternate academic achievement standards; and (6) develop and use comprehensive assessment instruments, such as performance- and technology-based assessments, computer adaptive assessments, or extended performance task assessments that improve assessment ability to measure critical thinking, writing and problem solving skills.		1,155	463	0	0		0.01

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Education 84.369	State Assessments The purpose of this program is: to pay the costs of developing the standards and high-quality assessments required by Title I of the ESEA. Once a State has put in place those standards and assessments, it may use program funds to pay for the administration of the assessments and for other activities related to ensuring that the State's schools and LEAs are held accountable for results and helping students attain challenging academic standards linked to college- and career-readiness. Such activities may include, among other things, developing standards and assessments in subjects other than those required by Title I, refining State assessments to ensure continued alignment with standards, expanding the range of testing accommodations for students with disabilities and for English Learner students, developing multiple measures to ensure the validity and reliability of State assessments, and using academic assessment instruments such as performance and technology-based assessments or computer adaptive assessments to better reflect the kind of complex work students do in an effective classroom and the real world.		5,666	7,686	7,800	7,734		11.82
Education 84.371	Striving Readers Comprehensive Literacy (SRCL) Program The objective of the Striving Readers/Comprehensive Literacy Development program is to advance literacy skills, including pre-literacy skills, reading and writing for students from birth through grade 12, including English learner and students with disabilities.		83	10,152	10,204	1,010		2.22
Education 84.372	Statewide Longitudinal Data Systems To enable State educational agencies to design, develop, and implement statewide, longitudinal data systems to efficiently and accurately manage, analyze, disaggregate, and use individual student data, to facilitate analyses and research to improve student academic achievement and close achievement gaps.		2,123	3,201	1,000	0		3.19
Education 84.377	School Improvement Grants Competitive subgrants to local educational agencies that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to raise substantially the achievement of students in their lowest-performing schools.		15,205	5,497	5,401	0		1.36
Education 84.412	Race to the Top Early Learning To improve the quality of early childhood programs and to close the achievement gap for high-need children.		1	0	0	0		
Education 84.419	Preschool Development Grant-Pay for Success Feasibility Pilot To study the feasibility of using a Pay for Success funding structure to enhance the quality of voluntary pre-kindergarten programs in Minnesota through the addition of the Pyramid Model.		250	124	0	0		0.06
Education 84.424	Student Support and Academic Enrichment (SSAE) Grants To improve student's academic achievement by increasing the capacity of States, local educational agencies (LEAs), schools and local communities to: (1) provide all students with access to a well-rounded education; (2) improve school conditions for student learning; and (3) improve the use of technology in order to improve the academic achievement and digital literacy for all students.		2,024	6,656	12,615	12,634		0.73

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Education 84.938	Temporary Emergency Impact Aid for Displaced Students To assist in meeting the educational needs of individuals affected by a 2017 Presidentially declared major disaster or emergency related to the consequences of Hurricanes Harvey, Irma, and Maria and the 2017 California wildfires.		0	979	8	0		0.08
	Education Total		457,146	505,235	516,045	509,587		154.74
Health & Human Services 93.079	Adolescent Health To help school districts and schools develop and implement sustainable program activities to reduce HIV infection and other sexual transmitted disease among adolescents, as well as, reinforce efforts to reduce teen pregnancy rates, experienced by specific adolescent sub-populations.		342	27	0	0		0.47
Health & Human Services 93.434	Preschool Development Grant Birth Through Five In summary, the PDG B-5 grants will support States in their efforts to analyze the current landscape of their ECE mixed delivery system and implement changes to the system that maximize the availability of high-quality early childhood care and education options for low-income and disadvantaged families across providers and partners, improve the quality of care, streamline administrative infrastructure, and improve State-level early childhood care and education funding efficiencies.		0	3,314	3,314	0	Match	
Health & Human Services 93.600	Head Start Promote school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm workers, through the provision of comprehensive health, educational, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals.		132	127	132	138	Match	0.69
Health & Human Services 93.981	CDC Improving Student Health & Academic Achievement thru Nutrition, Physical Activity & Mgmt of Chronic Conditions in Schools This program supports evidence-based strategies and activities to reduce the risk of children and adolescents developing chronic disease in the future, manage chronic conditions prevalent in student populations (asthma, diabetes, epilepsy, food allergies, oral health) and improve academic success. Long-term outcomes include: (1) increasing the number of students who consume nutritious food and beverages, (2) increasing the number of students who participate in daily physical activity, and (3) reducing chronic health issues among students and improving health outcomes in schools.		0	365	376	387		0.86
	Health & Human Services Total		474	3,833	3,822	525		2.02
	MDE Total Federal Funds		771,633	831,982	842,821	832,155		210.98

MDE Federal Funds Summary Narrative

Federal Funds make up 8% of Minnesota Department of Education's (MDE) budget and are projected to be \$833 and \$843 million for State fiscal years 2019 and 2020 respectively. Title and Special Education funding are showing slight increases that are insignificant when compared to the increased cost of providing services to eligible students. 95% of Federal Funds flow thru to LEAs.

Major programs with Maintenance of Effort (MOE) include Special Education, English Language Acquisition, and Food and Nutrition Services. Title I and ABE require LEAs to spend at least 90% of prior year funding from state and local efforts to avoid a prorated loss of federal funds. For Special Education, states are subject to MOE and are required to spend the same amount of funding as the previous year in order to receive IDEA Parts B and C funds. Adult Basic Education (ABE) and Carl Perkins also require a state match for the state to receive federal funds.

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AT A GLANCE

- 10% of Minnesota's population receives emergency medical services annually
- 86,943 square miles of around-the-clock, 9-1-1 ambulance response coverage
- 270 licensed ambulance services operating 851 vehicles across the state
- 339 ambulance service licenses issued (some ambulance services possess multiple licenses)
- 166 approved emergency medical services education programs
- 29,026 certified and registered emergency medical services personnel
- Nearly 400 applicant disclosures reviewed annually
- 46 investigations completed in response to allegations of misconduct pertaining to individuals and entities subject to the agency's jurisdiction
- 65% of the 270 licensed ambulance services have either a volunteer or combination paid / volunteer staffing model.
- 71% of the EMS Regulatory Board's total budget is disbursed to the emergency medical services community

PURPOSE

The mission of the Minnesota Emergency Medical Services (EMS) Regulatory Board (Board) is to protect the public's health and safety through regulation and support of the EMS system. We are the lead agency in Minnesota responsible for certifying EMS personnel, licensing and inspecting ambulance services, registering medical response units, and approving and auditing education programs. We also investigate all complaints and allegations of misconduct involving those individuals and entities subject to our jurisdiction. Our services start prior to the 9-1-1 call requesting response to a medical emergency: we safeguard the quality of care delivered by EMS personnel by ensuring the delivery of nationally-recognized education and testing standards.

We make certain that ambulance services are safe, reliable, and available around-the-clock in metropolitan areas and in Greater Minnesota. Areas with small population bases often rely on volunteer EMS personnel to cover the cost of providing continuous ambulance service. Recruitment and retention of these volunteers continues to be stretched by an anticipated decrease in population in 74 counties through 2025. At the same time, the senior population, generally requiring more frequent and complex care, is increasing. We work with EMS agencies and communities to implement realistic solutions to these issues thereby improving the timely delivery of quality patient care.

We coordinate ambulance and EMS assets and communication as part of our responsibilities during a natural or human-caused disaster or emergency.

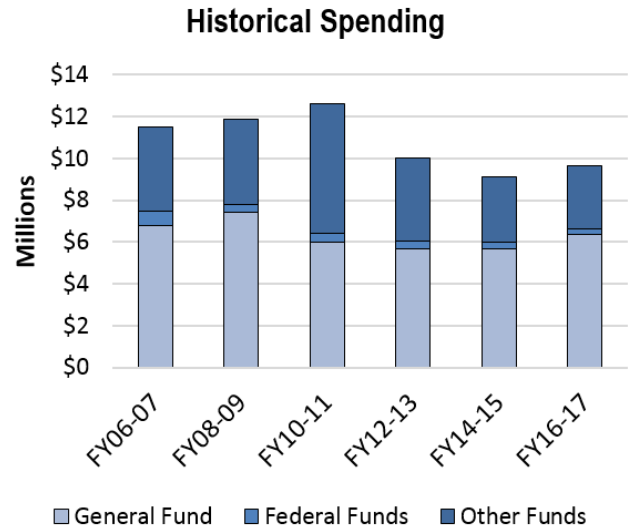
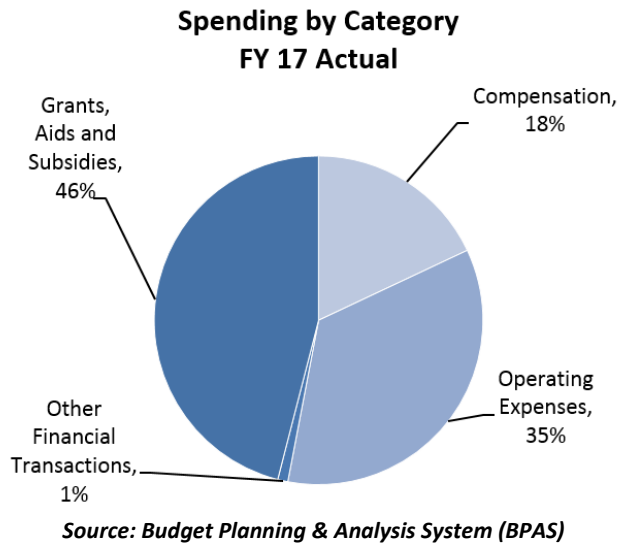
The Board has formed committees and workgroups to aid in the execution of its mission. One such committee is the Medical Direction Standing Advisory Committee, which is comprised of physicians experienced in emergency medicine and emergency medical services and is led by a Board member/emergency physician who serves as the State's EMS Medical Director. This committee discusses, evaluates, and recommends improvements in matters pertaining to the delivery of pre-hospital emergency care.

Our agency services include distributing state and federal grant funds that support the EMS community with retention and recruitment of EMS personnel, ambulance/hospital communications, education reimbursement, equipment acquisition, and improving the pediatric care infrastructure. Our service delivery continues with assessing and advising rural ambulance services and their managers, and it concludes with reinforcing quality care

through inspections and audits, complaint reviews and investigations, and intervention in both a disciplinary and non-disciplinary nature.

Our contribution to ensuring continuous, consistent and safe emergency medical services in Minnesota supports the statewide outcomes of: **All Minnesotans have optimal health and the people in Minnesota are safe.**

BUDGET



The board budget is from a variety of sources: general fund, federal funds, and other funding sources such as revenue from citations issued for seat belt violations. Because the EMS system in Minnesota is heavily dependent on a diminishing pool of volunteers, particularly in rural areas, there is no fee for EMS personnel certification or medical response unit registration. A majority of the agency's budget is dedicated to grant programs that support emergency medical services statewide.

STRATEGIES

To accomplish its mission of protecting the public's health and safety, the Emergency Medical Services (EMS) Regulatory Board uses the following strategies:

1. Regulation

- Establish and enforce standards and requirements for ambulance services, EMS personnel, and education programs.
- License ambulance services, registered medical response units, credential EMS personnel, and approve education programs.

2. Prevention

- Conduct educational compliance seminars.
- Communicate compliance requirements to medical and ambulance service directors to reduce non-compliance issues.
- Conduct rural ambulance assessments to help those services in Greater Minnesota obtain and maintain operational and organizational success.

3. Compliance and Discipline

- Conduct on-site inspections of ambulance services and vehicles and education programs.
- Investigate complaints, allegations of misconduct, and self-reported violations in a fair and timely manner, ensuring that the subjects of those investigations receive the necessary due process.

- c. Review evidence to determine appropriate action through the agency's Complaint Review Panel, which is a subset of our Board and supported by advice from the Attorney General's Office and agency staff.
 - d. Collaborate with the Health Professionals Services Program for matters involving EMS providers experiencing mental health or substance abuse issues.
- 4. Support of the EMS System**
- a. Educate the public, EMS personnel, ambulance services, and education programs about certification and licensing requirements and responsibilities, ethical standards, and the complaint resolution process.
 - b. Distribute state and federal grant funds that support the EMS community with retention and recruitment of personnel, ambulance/hospital communications, education reimbursement, equipment acquisition, and improving the pediatric care infrastructure.
 - c. Continue to reach out to our wider audience: the general public, employers, and ethnically-diverse populations.
- 5. Maximize Technology and Online Services**
- a. Use technology to maximize efficiencies, improve customer service, increase data security, and decrease costs.
 - b. Provide a 24/7 online application and renewal process, no-cost license and certification look-up, and no-cost access to public data on adverse license and certification actions.
- 6. Risk Assessment and Continuous Improvement**
- a. Evaluate performance through customer surveys, research, and data analysis.
 - b. Identify trends in the EMS industry that may need new or improved support, standards, or oversight to ensure the public is protected.
 - c. Conduct system reviews and audits of fees, expenditures, receipts, and disbursements; improve systems as appropriate.
 - d. Engage public and private expertise and input. Our board, committees, and work groups are comprised of volunteers representing EMS physicians and personnel, educators, and stakeholders from public, private, and non-profit organizations. This is important because EMS has touch points in every part of the health care system, and these subject matter experts help identify issues and craft solutions.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of EMS personnel credentialed by the Emergency Medical Services Regulatory Board	29,378	27,488	FY 2016 & FY 2018
Quality	Average time from receipt of completed EMS personnel application to issuance of credentials	3 days	1 days	FY 2016 & FY 2018
Quantity	Requests for ambulance services statewide	596,536	607,608	FY 2016 & FY 2018
Quality	First-Time Pass Rate - Minnesota Students National Registry of Emergency Medical Technicians Certification Examination	80%	75%	FY 2016 & FY 2018
Quality	First-Time Test Pass Rate – National Average National Registry of Emergency Medical Technicians Certification Examination	72%	70%	FY 2016 & FY 2018
Quality	Prompt Payments to Grantees (within 45 days)	96%	97%	FY 2016 & FY 2018

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of investigations completed in response to allegations of misconduct	54	46	FY 2016 & FY 2018
Quality	Resolution Cycle: Percentage of investigations resolved within 12 months	100%	100%	FY 2016 & FY 2018

The Emergency Medical Services Regulatory Board's legal authority comes from Minnesota Statute 144E and Minnesota Rules 4690 (<https://www.revisor.mn.gov/statutes/?id=144E&format=pdf> and <https://www.revisor.mn.gov/rules/?id=4690&version=2014-01-18T06:02:28-06:00&format=pdf>).

Emergency Medical Services Regulatory Board

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,992	3,383	3,253	4,293	3,603	3,603	3,747	3,809
2000 - Restrict Misc Special Revenue	871	661	923	640	647	647	647	647
2001 - Other Misc Special Revenue	819	673	659	767	683	683	683	683
3000 - Federal	120	118	129	130	130	130	130	130
Total	4,801	4,834	4,963	5,830	5,063	5,063	5,207	5,269
Biennial Change				1,158		(667)		(317)
Biennial % Change				12		(6)		(3)
Governor's Change from Base								350
Governor's % Change from Base								3

Expenditures by Program

Emergency Medical Services Bd	4,801	4,834	4,963	5,830	5,063	5,063	5,207	5,269
Total	4,801	4,834	4,963	5,830	5,063	5,063	5,207	5,269

Expenditures by Category

Compensation	850	866	714	1,146	1,175	1,206	1,305	1,399
Operating Expenses	1,268	1,708	1,582	2,268	1,563	1,532	1,577	1,545
Grants, Aids and Subsidies	2,666	2,236	2,664	2,399	2,308	2,308	2,308	2,308
Other Financial Transaction	17	25	3	17	17	17	17	17
Total	4,801	4,834	4,963	5,830	5,063	5,063	5,207	5,269

Full-Time Equivalents

9.75	9.11	7.78	4.75	10.40	10.40	11.40	11.40
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Emergency Medical Services Regulatory Board

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	0	212	78	695				
Direct Appropriation	2,904	3,037	3,667	3,598	3,603	3,603	3,747	3,809
Receipts	300	247	203					
Cancellations		36						
Balance Forward Out	212	78	695					
Expenditures	2,992	3,383	3,253	4,293	3,603	3,603	3,747	3,809
Biennial Change in Expenditures				1,171		(340)		10
Biennial % Change in Expenditures				18		(5)		0
Governor's Change from Base								350
Governor's % Change from Base								5
Full-Time Equivalents	8.71	8.32	7.20	4.35	9.90	9.90	10.90	10.90

2000 - Restrict Misc Special Revenue

Balance Forward In	513	423	487	205	204	174	204	174
Receipts	18	7	25	23				
Transfers In	753	718	615	616	617	617	617	617
Balance Forward Out	414	487	205	204	174	144	174	144
Expenditures	871	661	923	640	647	647	647	647
Biennial Change in Expenditures				31		(269)		(269)
Biennial % Change in Expenditures				2		(17)		(17)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents					0.10	0.10	0.10	0.10

2001 - Other Misc Special Revenue

Balance Forward In	17	30	40	64				
Receipts	148			20				
Transfers In	683	683	683	683	683	683	683	683
Balance Forward Out	30	40	64					
Expenditures	819	673	659	767	683	683	683	683
Biennial Change in Expenditures				(66)		(60)		(60)
Biennial % Change in Expenditures				(4)		(4)		(4)
Governor's Change from Base								0

Emergency Medical Services Regulatory Board

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	0.71	0.66	0.45	0.40	0.40	0.40	0.40	0.40

2403 - Gift

Balance Forward In	9	9	9	9	9	9	9	9
Receipts	0	0	0					
Balance Forward Out	9	9	9	9	9	9	9	9

3000 - Federal

Receipts	120	118	129	130	130	130	130	130
Expenditures	120	118	129	130	130	130	130	130
Biennial Change in Expenditures				21		1		1
Biennial % Change in Expenditures				9		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.33	0.13	0.13					

Emergency Medical Services Regulatory Board

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	3,598	3,598	3,598	7,196
Base Adjustments				
Current Law Base Change		2	2	4
Pension Allocation		3	3	6
Forecast Base	3,598	3,603	3,603	7,206
Change Items				
Operating Adjustment		44	101	145
New Staff Position - Education Specialist		100	105	205
Total Governor's Recommendations	3,598	3,747	3,809	7,556
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	640	647	647	1,294
Forecast Base	640	647	647	1,294
Total Governor's Recommendations	640	647	647	1,294
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	767	683	683	1,366
Forecast Base	767	683	683	1,366
Total Governor's Recommendations	767	683	683	1,366
Fund: 3000 - Federal				
Planned Spending	130	130	130	260
Forecast Base	130	130	130	260
Total Governor's Recommendations	130	130	130	260
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	23			
Total Governor's Recommendations	23			
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	20			
Total Governor's Recommendations	20			

Emergency Medical Services Regulatory Board

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 3000 - Federal				
Forecast Revenues	130	130	130	260
Total Governor's Recommendations	130	130	130	260
 <i>Non-Dedicated</i>				
Fund: 1000 - General				
Forecast Revenues	92	92	92	184
Total Governor's Recommendations	92	92	92	184

Emergency Medical Services Regulatory Board

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	44	101	68	68
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	44	101	68	68
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$145,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Emergency Medical Services Regulatory Board (EMSRB).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year. The EMSRB is a general revenue funded agency and is not supported by fees.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the EMSRB, this funding will cover known employee compensation growth, rent increases, fuel and utilities, vendor costs, and in-state and out-of-state travel.

Base Budget Funding Increase:	FY 2020	FY 2021	FY 2022	FY 2023
Salary and Benefits Increases	\$30,000	\$50,000	\$50,000	\$50,000
Retirement Payouts (one time request)		\$33,000		
Board Travel	\$3,000	\$4,000	\$4,000	\$4,000
Vehicle Cost Increases	\$5,000	\$6,000	\$6,000	\$6,000
Miscellaneous Operational Costs	\$6,000	\$8,000	\$8,000	\$8,000
Total	\$44,000	\$101,000	\$68,000	\$68,000

Equity and Inclusion:

There are no potential positive or negative impacts on the identified groups.

Results:

This proposal is intended to allow EMSRB to continue to provide current levels of service and information to the public.

Statutory Change(s):

This initiative will not require a statutory change.

Emergency Medical Services Regulatory Board

FY 2020-21 Biennial Budget Change Item

Change Item Title: New Staff Position – Education Specialist

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	100	105	105	105
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	100	105	105	105
FTEs	1	1	1	1

Recommendation:

The Governor recommends funding for an emergency medical services (EMS) education specialist at the Emergency Medical Services Regulatory Board (EMS RB).

Rationale/Background:

Since the EMSRB's inception in 1996 it has largely covered operational cost increases through staffing attrition: from 20 FTEs down to 12 FTEs. Throughout the years, operations have been streamlined and technology and procedural improvements have been utilized, however today there is a need to hire an Education Specialist that was lost through attrition.

The past 36 months have seen an evolution in the nature of EMS education in Minnesota and across the nation. This advancement has created developmental opportunities for education programs who often seek guidance from the EMSRB as to content and delivery. EMS education will continue to evolve, particularly in the area of community paramedicine. The new evidence-based paradigms require demonstration of practical skills competency integrated with critical-thinking skills. There is an ongoing trend in the complexity of the changing emergency medical services environment, particularly in the area of EMS education. Today, nearly 30% of Board disciplinary action is related to education deficiencies.

The EMSRB licenses and regulates over 300 ambulance service providers and over 160 EMS education programs responsible for providing initial and renewal EMS education to nearly 30,000 EMS personnel.

Proposal:

The Education Specialist will oversee the agency's requirements over EMS education programs by working with the 160+ EMSRB-approved education programs and ensuring alignment with state and national requirements and standards.

Positions:	FY 2020	FY 2021	FY 2022	FY 2023
Education Specialist	\$100,00	\$105,000	\$105,000	\$105,000
Total	\$100,000	\$105,000	\$105,000	\$105,000

Equity and Inclusion:

There are no potential positive or negative impacts on the identified groups.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of EMS education programs approved by the EMSRB	158	169	FY 2016 & FY 2018
Quantity	Number of EMS education programs audited by the EMSRB	0	0	FY 2016 & FY 2018

Statutory Change(s):

This initiative will not require a statutory change.

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
US Dept. of Health & Human Services 93.127	Emergency Medical Services for Children: partner with Children's Minnesota to improve children pediatric emergency care	No	130	130	130	130	None	0
	Budget Activity Total		130	130	130	130		0
	Program Total		130	130	130	130		0
	Federal Fund – Agency Total		130	130	130	130		0

Narrative

The Minnesota Emergency Medical Services Regulatory Board (EMSRB) receives \$130,000 per year in federal funding. The Emergency Medical Services for Children project is fully funded at the federal level and there have not been any matching state or local funds. There is no required State Match or Maintenance of Effort levels (MOE) for this grant project. The EMSRB receives no other federal grant funds.

Current federal appropriation levels and continuing resolutions as well as guidance from federal agencies were taken into consideration to determine the EMSRB's level of funding for the fiscal years 2020 and 2021. The level of funding has remained consistent and we anticipate the same base level of funding through the end of the current five-year grant cycle ending February 28, 2022. The basis for awarding the grant is a continuation of past grants and planned budgets of future grants.

The overall mission of this grant project is to reduce the prevalence of pediatric morbidity and mortality that may occur as a result of acute illness or severe injury. To accomplish this mission, the EMSRB partners with Children's Minnesota (a/k/a Children's Hospitals and Clinics) to integrate pediatric-centered health care training, access, and delivery into the emergency medical services (EMS) system. The goal is for the EMS system to respond to pediatric emergencies with well-trained personnel, to provide appropriate intervention with equipment and technology tailored to the unique needs of pediatrics, and to transport pediatric emergencies to the most appropriate healthcare facility in the safest manner possible. Simply put, through this funding the EMSRB seeks to solidify the integration of a pediatric focus within the EMS system.

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AT A GLANCE

- DEED is the state's principal economic development and workforce development agency.
- We work to attract, retain, and expand businesses and create jobs for all Minnesotans.
- We work to connect workers to jobs, prepare individuals for jobs in high-demand industries, and help people to live independently.
- We stabilize and stimulate the economy through unemployment benefit payments.
- We work to ensure that no communities are left on the economic sidelines.
- We invest in programs and policies that ensure communities of color reach their professional and personal goals and aim to eliminate economic disparities throughout the state.

PURPOSE

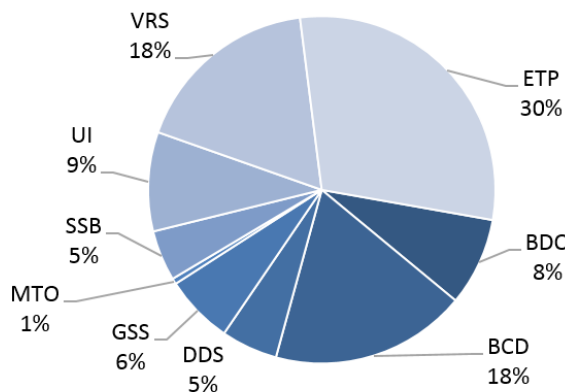
Minnesota Department of Employment and Economic Development (DEED) programs provide employment and training for individuals; provide services that help individuals with disabilities achieve personal and vocational independence; promote business recruitment, expansion, and retention; promote career and business opportunities for individuals currently underrepresented in Minnesota's economy; promote international trade; promote broadband adoption; and support community development.

We support the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **Minnesotans have the education and skills needed to achieve their goals**
- **Efficient and accountable government services**
- **Strong and stable families and communities**

BUDGET

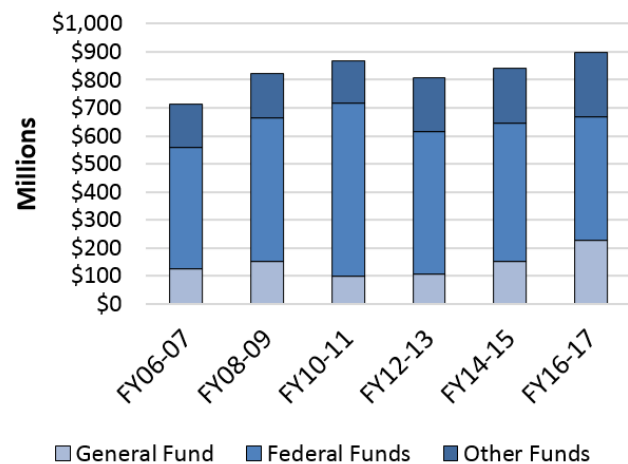
**Spending by Program
FY17 Actual**



BCD = Business and Community Development; MTO = Minnesota Trade Office; UI = Unemployment Insurance; ETP = Employment & Training Programs Division; DDS = Disability Determination Services; GSS = General Support Services; VRS = Vocational Rehabilitation Services; SSB = State Services for the Blind; BDO = Office of Broadband Development

Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement Public Facilities Authority (for FY 2006-2009) expenditure data was removed from DEED's Consolidated Fund Statement data.

Source: Consolidated Fund Statement

STRATEGIES

DEED manages many federal and state programs that support Minnesota's people, businesses, and communities. Our focus is on providing superior service, secure systems, and sustainable and equitable investment in order to combat the state's primary economic challenges: a growing labor shortage and widening economic disparities that exist for individuals with disabilities and communities of color throughout the state.

Our *Employment and Training Program* division works to ensure that businesses have the talent they need to be locally and globally competitive and that workers have the skills and opportunities they need for meaningful and family-sustaining employment. DEED delivers many of these services to Minnesotans at nearly 50 CareerForce locations (formerly WorkForce Centers), through partnerships and with grants to service providers, non-profits, colleges and universities, and Adult Basic Education programs.

- *Employment and Training Program*: Provides unemployed and underemployed Minnesotans with services such as career counseling, assessment, job seeker and placement services, education and training, and job development activities through our employment and training programs.
- *Vocational Rehabilitation*: Assists Minnesotans with disabilities to secure and retain employment, live independently, and reduce their dependence on government supports.
- *State Services for the Blind*: Facilitates the achievement of personal and vocational independence by Minnesotans who are blind, visually impaired, or DeafBlind.
- *Unemployment Insurance*: Pays unemployment benefits to workers unemployed due to no fault of their own to ensure that they are able to support themselves and their families while they search for employment.
- *Disability Determination*: Determines if Minnesota applicants meet federal criteria for disability benefits through the Social Security Administration.

Our *Economic Development* division contributes to Minnesota's economic success by providing services that support the growth of businesses and communities.

- *Business and Community Development*: Provides new and expanding businesses with various business finance incentives, while communities can receive grants, loans, and technical assistance for redevelopment and public infrastructure.
- *Minnesota Trade Office*: Provides export assistance and training for businesses and helps foreign companies invest in Minnesota through new business startups or expansions.
- *Office of Broadband Development*: Coordinates public, private, and philanthropic efforts to increase availability, speed, connectivity and use of broadband.

Our General Support Services (GSS) provides the agency with the infrastructure and leadership necessary to operate programs, develop policies, and provide assistance to individuals, businesses and communities.

- *Commissioner's Office*: Provides executive leadership through appointment by Office of the Governor of Minnesota. In addition to supervising all DEED programs, the Commissioner's Office oversees two quasi-independent agencies:
 - The *Public Facilities Authority* (PFA) is a multi-agency authority that provides municipal financing expertise and infrastructure financing programs to enhance the environmental and economic vitality of the State. The Commissioner of DEED serves as the chair and chief executive officer of the authority while day-to-day operations are managed by an executive director and staff.
 - *Explore Minnesota Tourism* is the state's tourism marketing entity and is an office in the executive branch. The director of that agency reports directly to the Commissioner of DEED.
- *Policy Office*: Oversees legislative policy planning for the agency, evaluates program performance, conducts economic analysis, and represents DEED at the Legislature.
- *Labor Market Information*: Develops and refines data on Minnesota's labor market and communicates that data to customers.

- *Communications Office*: Publicizes DEED services for customers, partners, and other stakeholders while promoting Minnesota as a place to live, work, and do business.
- *Office of Economic Equity and Opportunity*: Helps workers and businesses of color find career paths and business opportunities in Minnesota by breaking down barriers that contribute to disparities for communities of color throughout the state.
- *Office of Diversity and Equal Opportunity*: Ensures DEED's compliance with federal and state laws concerning discrimination, harassment, reasonable accommodation, site and program access and retaliation, and handles complaints of discrimination for any DEED employee, applicant, contractor, intern or customer.
- *Administrative and Financial Services*: Oversees all financial activities (including budgeting, payroll, procurement, continuity of operations and other functions) as well as managing all DEED facilities.
- *Human Resources*: Manages agency personnel, labor relations, and employee development.

State Fiscal Year" or "SFY" is used throughout DEED's program narratives to clarify the time period being referenced, since Minnesota's state government and the Federal Government use different fiscal calendars. The "Federal Fiscal Year" is noted as "FFY."

Minn. Stat. § 116L (<https://www.revisor.mn.gov/statutes/?id=116L>), Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>), and Minn. Stat. § 268 (<https://www.revisor.mn.gov/statutes/?id=268A.11>) provide the legal authority for DEED.

Additional applicable 'general agency' statutes and laws: Government Data Practices, Minn. Stat. § 13 (<https://www.revisor.mn.gov/statutes/?id=13>), Official Records Act, Minn. Stat. § 15.17 (<https://www.revisor.mn.gov/statutes/?id=15.17>), Open Meeting Law, Minn. Stat. § 13D (<https://www.revisor.mn.gov/statutes/?id=13d>), Records Management, Minn. Stat. § 138.17 (<https://www.revisor.mn.gov/statutes/?id=138.17>).

Federal: Workforce Investment Act, the Workforce Investment Act (Public Law 113 – 128) <https://www.gpo.gov/fdsys/pkg/PLAW-113publ128/pdf/PLAW-113publ128.pdf>, 29 U.S.C. Sec. 3101, et. seq. This is a non-state website.

Employment and Economic Development

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	106,793	119,665	91,924	119,368	92,894	106,435	156,144	127,185
2000 - Restrict Misc Special Revenue	26,033	26,887	24,928	43,080	41,384	41,231	41,669	41,516
2001 - Other Misc Special Revenue	6,385	31,316	29,231	1,885	603	613	35,603	35,613
2340 - Renewable Development			15,016	55				
2350 - Petroleum Tank Release Cleanup	7,837	9,171	4,949	12,086	6,201	6,201	6,201	6,201
2390 - Workforce Development	64,257	55,948	63,856	75,395	57,921	58,980	57,321	58,380
2403 - Gift	238	162	237	619	425	427	425	427
2801 - Remediation	797	1,340	700	731	700	700	700	700
3000 - Federal	221,748	218,521	221,777	265,133	265,485	266,388	265,485	266,388
Total	434,088	463,010	452,619	518,352	465,613	480,975	563,548	536,410
Biennial Change				73,873		(24,383)		128,987
Biennial % Change				8		(3)		13
Governor's Change from Base								153,370
Governor's % Change from Base								16

Expenditures by Program

Business and Community Development	93,203	84,503	89,537	108,923	79,330	92,851	87,840	99,361
Unemployment Insurance	45,389	42,791	41,189	59,816	60,324	59,131	60,324	59,131
Employment and Training Programs	125,387	137,916	124,782	148,866	133,044	132,618	129,219	128,793
Disability Determination Services	24,578	24,373	24,089	25,026	25,677	26,607	25,677	26,607
General Support Services	29,275	29,610	27,618	34,799	35,376	35,376	35,376	35,376
Minnesota Trade Office	2,370	2,480	1,988	2,993	2,637	2,537	2,637	2,537
Vocational Rehabilitation Services	82,128	81,509	94,350	112,607	106,546	109,074	110,546	113,074
State Services for The Blind	19,243	21,765	20,322	23,676	22,232	22,326	22,232	22,326
Broadband Development	12,514	38,064	28,744	1,646	447	455	35,447	35,455
Paid Family Medical Leave							54,250	13,750
Total	434,088	463,010	452,619	518,352	465,613	480,975	563,548	536,410

Expenditures by Category

Compensation	116,877	109,210	109,506	122,396	124,863	126,578	128,835	130,500
Operating Expenses	68,157	75,650	72,732	105,879	103,168	102,502	156,120	114,920
Grants, Aids and Subsidies	247,247	273,981	267,037	289,570	237,265	251,578	278,276	290,673

Employment and Economic Development

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Capital Outlay-Real Property	19	2	28	46	13	13	13	13
Other Financial Transaction	1,788	4,166	3,315	461	304	304	304	304
Total	434,088	463,010	452,619	518,352	465,613	480,975	563,548	536,410

Total Agency Expenditures	434,088	463,010	452,619	518,352	465,613	480,975	563,548	536,410
Internal Billing Expenditures	15,181	12,381	12,633	15,882	16,666	16,789	16,695	16,818
Expenditures Less Internal Billing	418,907	450,628	439,986	502,470	448,947	464,186	546,853	519,592

<u>Full-Time Equivalents</u>	1,456.96	1,344.50	1,307.16	1,329.77	1,329.66	1,320.37	1,340.41	1,330.37
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Employment and Economic Development

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	42,653	40,048	31,365	31,214				
Direct Appropriation	96,108	155,778	110,724	84,479	83,399	83,399	181,649	139,149
Open Appropriation			2,687	6,288	11,763	25,304	11,763	25,304
Transfers In	191	1,180	3,148	4,473	1,823	1,857	1,823	1,857
Transfers Out	1,819	51,062	24,697	6,241	4,091	4,125	39,091	39,125
Net Loan Activity		(290)	(61)	(800)				
Cancellations	188	4,497	33	45				
Balance Forward Out	30,152	21,492	31,210					
Expenditures	106,793	119,665	91,924	119,368	92,894	106,435	156,144	127,185
Biennial Change in Expenditures				(15,166)		(11,963)		72,037
Biennial % Change in Expenditures				(7)		(6)		34
Governor's Change from Base								84,000
Governor's % Change from Base								42
Full-Time Equivalents	109.94	107.63	96.55	103.43	104.16	104.11	108.16	107.36

2000 - Restrict Misc Special Revenue

Balance Forward In	9,574	17,420	21,810	28,307	20,307	13,531	20,307	13,614
Receipts	31,691	29,482	30,010	33,625	34,209	34,054	34,577	34,422
Internal Billing Receipts	17,339	14,192	14,431	18,301	18,301	18,301	18,301	18,301
Transfers In	1,170	1,454	1,190	1,125	1,125	1,125	1,125	1,125
Transfers Out		383						
Net Loan Activity	255	149	225	330	(726)	(256)	(726)	(256)
Balance Forward Out	16,657	21,235	28,307	20,307	13,531	7,223	13,614	7,389
Expenditures	26,033	26,887	24,928	43,080	41,384	41,231	41,669	41,516
Biennial Change in Expenditures				15,089		14,607		15,177
Biennial % Change in Expenditures				29		21		22
Governor's Change from Base								570
Governor's % Change from Base								1
Full-Time Equivalents	150.76	122.68	130.44	133.96	130.02	130.02	131.02	131.02

2001 - Other Misc Special Revenue

Balance Forward In	19,286	25,316	45,898	48,284	54,684	57,337	54,684	57,337
Receipts	8,101	4,578	9,744	8,301	2,533	2,458	2,533	2,458

Employment and Economic Development

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Transfers In	237	45,829	24,108	500	1,000	1,000	36,000	36,000
Transfers Out			1,750					
Net Loan Activity	394	1,157	(486)	(516)	(277)	(291)	(277)	(291)
Balance Forward Out	21,634	45,563	48,284	54,684	57,337	59,891	57,337	59,891
Expenditures	6,385	31,316	29,231	1,885	603	613	35,603	35,613
Biennial Change in Expenditures				(6,585)		(29,900)		40,100
Biennial % Change in Expenditures				(17)		(96)		129
Governor's Change from Base								70,000
Governor's % Change from Base								5,757
Full-Time Equivalents	1.16	3.36	5.02	4.94	4.18	4.18	7.18	7.18

2340 - Renewable Development

Balance Forward In				134				
Direct Appropriation			15,150					
Cancellations				79				
Balance Forward Out			134					
Expenditures			15,016	55				
Biennial Change in Expenditures				15,071		(15,071)		(15,071)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.08					

2350 - Petroleum Tank Release Cleanup

Balance Forward In	7,239	6,622	4,635	5,886				
Direct Appropriation	6,200	6,200	6,200	6,200	6,201	6,201	6,201	6,201
Transfers In	11							
Transfers Out	11							
Balance Forward Out	5,602	3,651	5,886					
Expenditures	7,837	9,171	4,949	12,086	6,201	6,201	6,201	6,201
Biennial Change in Expenditures				28		(4,633)		(4,633)
Biennial % Change in Expenditures				0		(27)		(27)
Governor's Change from Base								0

Employment and Economic Development

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	1.80	1.39	1.54	1.55	1.40	1.40	1.40	1.40

2390 - Workforce Development

Balance Forward In	955	1,592	1,445	1,477	1,000	1,000	1,000	1,000
Direct Appropriation	26,506	29,964	34,985	34,034	23,237	23,237	36,384	35,887
Open Appropriation	38,014	25,713	29,107	40,884	34,684	35,743	20,937	22,493
Transfers In	9	17	17	69	55	55	55	55
Transfers Out	9	17	17	69	55	55	55	55
Cancellations	319	689	206					
Balance Forward Out	900	631	1,475	1,000	1,000	1,000	1,000	1,000
Expenditures	64,257	55,948	63,856	75,395	57,921	58,980	57,321	58,380
Biennial Change in Expenditures				19,046		(22,350)		(23,550)
Biennial % Change in Expenditures				16		(16)		(17)
Governor's Change from Base								(1,200)
Governor's % Change from Base								(1)
Full-Time Equivalents	18.84	9.28	8.30	8.81	8.57	8.57	11.32	11.32

2403 - Gift

Balance Forward In	154	167	254	329				
Receipts	217	245	312	290	425	427	425	427
Balance Forward Out	133	250	328					
Expenditures	238	162	237	619	425	427	425	427
Biennial Change in Expenditures				456		(4)		(4)
Biennial % Change in Expenditures				114		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.27	1.00	1.48	1.48	1.48	1.48	1.48	1.48

2801 - Remediation

Balance Forward In	737	640	31	31				
Direct Appropriation	700	700	700	700	700	700	700	700
Balance Forward Out	640		31					

Employment and Economic Development

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	797	1,340	700	731	700	700	700	700
Biennial Change in Expenditures				(706)		(31)		(31)
Biennial % Change in Expenditures				(33)		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	10,859	13,593	5,063	3,698				
Receipts	223,359	210,783	221,958	264,014	267,330	266,388	267,330	266,388
Net Loan Activity	(2,683)	(995)	(1,545)	(2,579)	(1,845)		(1,845)	
Balance Forward Out	9,787	4,859	3,698					
Expenditures	221,748	218,521	221,777	265,133	265,485	266,388	265,485	266,388
Biennial Change in Expenditures				46,641		44,963		44,963
Biennial % Change in Expenditures				11		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1,173.19	1,099.16	1,063.75	1,075.60	1,079.85	1,070.61	1,079.85	1,070.61

Employment and Economic Development

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	84,479	84,479	84,479	168,958
Base Adjustments				
All Other One-Time Appropriations		(2,925)	(2,925)	(5,850)
Current Law Base Change	0	1,812	1,812	3,624
Pension Allocation		33	33	66
Forecast Base	84,479	83,399	83,399	166,798
Change Items				
Community Prosperity Grants Program		2,000		2,000
Border-to-Border Broadband Development Grant Program		35,000	35,000	70,000
Minnesota Innovation Collaborative		2,500	2,500	5,000
Family and Medical Leave Insurance Placeholder		54,250	13,750	68,000
Childcare Economic Development Grants Program		500	500	1,000
Vocational Rehabilitation Services		4,000	4,000	8,000
Total Governor's Recommendations	84,479	181,649	139,149	320,798
Fund: 2350 - Petroleum Tank Release Cleanup				
FY2019 Appropriations	6,200	6,200	6,200	12,400
Base Adjustments				
Current Law Base Change	0			
Pension Allocation		1	1	2
Forecast Base	6,200	6,201	6,201	12,402
Total Governor's Recommendations	6,200	6,201	6,201	12,402
Fund: 2390 - Workforce Development				
FY2019 Appropriations	34,034	34,034	34,034	68,068
Base Adjustments				
All Other One-Time Appropriations		(461)	(461)	(922)
Current Law Base Change		(10,340)	(10,340)	(20,680)
Pension Allocation		4	4	8
Forecast Base	34,034	23,237	23,237	46,474
Change Items				
Closing the Opportunity Gap		12,647	12,150	24,797
Nonprofit Assistance Grant Program		500	500	1,000
Total Governor's Recommendations	34,034	36,384	35,887	72,271
Fund: 2801 - Remediation				
FY2019 Appropriations	700	700	700	1,400
Forecast Base	700	700	700	1,400

Employment and Economic Development

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	700	700	700	1,400
<i>Open</i>				
Fund: 1000 - General				
FY2019 Appropriations	6,288	6,288	6,288	12,576
Base Adjustments				
Forecast Open Appropriation Adjustment	219	14,329	28,036	42,365
November Forecast Adjustment	(219)	(8,854)	(8,093)	(16,947)
February Forecast Adjustment			(927)	(927)
Forecast Base	6,288	11,763	25,304	37,067
Total Governor's Recommendations	6,288	11,763	25,304	37,067
Fund: 2390 - Workforce Development				
FY2019 Appropriations	21,375	21,375	21,375	42,750
Base Adjustments				
Forecast Open Appropriation Adjustment	19,509	13,309	14,368	27,677
Forecast Base	40,884	34,684	35,743	70,427
Change Items				
Closing the Opportunity Gap		(12,647)	(12,150)	(24,797)
Nonprofit Assistance Grant Program		(500)	(500)	(1,000)
DLI Youth Skills Training Grants		(600)	(600)	(1,200)
Total Governor's Recommendations	40,884	20,937	22,493	43,430
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	43,080	41,384	41,231	82,615
Forecast Base	43,080	41,384	41,231	82,615
Change Items				
Angel Tax Credit		285	285	570
Total Governor's Recommendations	43,080	41,669	41,516	83,185
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	1,885	603	613	1,216
Forecast Base	1,885	603	613	1,216
Change Items				
Border-to-Border Broadband Development Grant Program		35,000	35,000	70,000
Total Governor's Recommendations	1,885	35,603	35,613	71,216
Fund: 2403 - Gift				
Planned Spending	619	425	427	852

Employment and Economic Development

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Base	619	425	427	852
Total Governor's Recommendations	619	425	427	852
Fund: 3000 - Federal				
Planned Spending	265,133	265,485	266,388	531,873
Forecast Base	265,133	265,485	266,388	531,873
Total Governor's Recommendations	265,133	265,485	266,388	531,873
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	33,625	34,209	34,054	68,263
Change Items				
Angel Tax Credit		368	368	736
Total Governor's Recommendations	33,625	34,577	34,422	68,999
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	8,301	2,533	2,458	4,991
Total Governor's Recommendations	8,301	2,533	2,458	4,991
Fund: 2403 - Gift				
Forecast Revenues	290	425	427	852
Total Governor's Recommendations	290	425	427	852
Fund: 3000 - Federal				
Forecast Revenues	264,014	267,330	266,388	533,718
Total Governor's Recommendations	264,014	267,330	266,388	533,718
Non-Dedicated				
Fund: 2390 - Workforce Development				
Forecast Revenues	57,784	60,105	61,164	121,269
Total Governor's Recommendations	57,784	60,105	61,164	121,269
Fund: 8200 - Clean Water Revolving				
Forecast Revenues	2	1	1	2
Total Governor's Recommendations	2	1	1	2
Fund: 8350 - Ag & Econ Development Board				
Forecast Revenues	24	22	16	38

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	24	22	16	38

Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Community Prosperity Grants Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	\$2000	\$0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	\$2000	\$0	0	0
FTEs	.75	0	0	0

Recommendation:

The Governor recommends \$2 million in FY2020 for the Community Prosperity Grants program to provide grants to local and regional communities to engage in innovative economic development projects that will support economic growth and equitable prosperity. These grants will provide up to 85% in matching grants to local government units or 501(c)3 organizations that are partnering with one or more local government units.

Rationale/Background:

Minnesota is home to 853 cities, 87 counties, seven Ashinaabe reservations, four Dakota communities, dozens of special districts, political subdivisions, and hundreds of non-profit agencies that work, in whole or in part, to support the growth and prosperity of their communities. Despite Minnesota's state-wide economic recovery and growth since the Great Recession the benefits of that growth have not reached all communities equally.

Many communities still suffer from above average unemployment rates, lower wages, below average labor force participation, low availability and high cost of housing and child care, out-migration of prime-age workers, and difficulty attracting qualified workers to their region.

There are a wide range of existing federal, state, and local programs that assist communities in providing goods and services that, in some degree, help facilitate an economic environment to produce growth and prosperity. Community Prosperity grants will fill in where existing local and state funding sources are unavailable and will allow communities to better leverage those funding sources. Community Prosperity grants will support economic growth by providing innovative new or improved public goods and services that support the economic success of individuals, businesses, and communities by facilitating an economic environment that increases the participation and quality of their workforce and produces new jobs.

Proposal:

This program will provide grants to local and regional communities to provide innovative new or improved public goods and services that will support economic growth and equitable prosperity. Grants will be available to Tribal and community partnerships to implement new or improved innovative economic development strategies that will support economic growth and equitable prosperity. Grant funds would provide 85% of total project cost with 15% matching funds provided by private or local government sources.

Funds can be used to implement projects and programs that help (1) support private investment, business attraction, and business growth, (2) provide support for entrepreneurs and (3) provide resources to train, attract or retain workers.

Grantees will be encouraged to leverage existing local and state funding sources including but not limited to Historical and Cultural Heritage Legacy grants, Parks and Trails Legacy grants, Library Construction grants, Broadband grants, Department of Transportation grants, Small Cities Development grants, Redevelopment grants, Contamination Cleanup and Investigation Grant, Demolition Loan program, Child Care Economic Development Grants and other relevant sources.

Grants will be awarded on a competitive basis based on scoring criteria that emphasizes the potential economic development impact of the project, demonstration of the community need for the project, and the sustainability of the project beyond the initial one-time funding.

Key DEED Activities:

- Develop RFP, award, and accountability criteria related to Community Prosperity grants
- Review proposals and determine awards
- Provide outreach, technical assistance, and support to potential grantees
- Provide grant monitoring, data and outcome collection and reporting

Key Grantee Activities:

- Use data and best practices to inform program design and implementation
- Leverage additional funding sources and public and private partners to maximize impact of grant funds
- Design and implement the collection program performance data
- Support and participate in program reporting and monitoring

This proposal includes .75 FTEs over the project period to develop the RFP, review and award grants, provide accountability protocols, monitor grantee activities, provide oversight of funding, provide technical assistance to potential applicants and grantees, provide analysis of data and report on findings.

Equity and Inclusion:

Racial and Ethnic groups, Lesbian, Gay, Bisexual and Transgender groups, Persons with Disabilities and Veterans could be specifically targeted by and/or directly impacted by this proposal.

Projects that are awarded on a competitive basis will be evaluated based on scoring criteria that emphasizes demonstrating positive impact on specific targeted communities with identified needs as it relates to common measures of economic disparities such as unemployment rates, average wages, labor force participation, etc.

Results:

DEED will track performance metrics for the projects that were invested in to track how they are having a positive economic development impact on their communities. Measures might include but are not limited to: businesses assisted, jobs created/retained, average wage of jobs created/retained, number of workers trained, increase in wages of workers trained, and number of business starts.

Statutory Change(s):

TBD.

Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Border-to-Border Broadband Development Grant Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	\$35,000	\$35,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	\$35,000	\$35,000	0	0
FTEs	3	3	0	0

Recommendation:

The Governor recommends \$35 million in FY2020 and \$35 million in FY2021 for the Border-to Border Broadband Grant Program in Minnesota. The recommendation also allows the Department of Employment and Economic Development (DEED) to reserve up to 3% of grant funds for program administration and broadband mapping.

Rationale/Background:

Access to robust broadband is now recognized as a critical factor in the economic and social sustainability of all Minnesota communities. The state has a broadband mapping program which annually gathers current information from all providers about where broadband internet is available and at what speeds. While great progress has been made over the last several years, with 91% of households and businesses having access to a moderate level of service that meets the state's 2022 goals; only 87% of rural homes and businesses have access at this minimum definition. In addition, the state as a whole has only 73.6% of homes and businesses meeting the 2026 broadband goal of access to 100Mbps/20Mbps service.

This recommendation would extend the funding of the Border-to-Border grant program, under Statute [116J.395](#), at the funding level recommended by the broadband task force. This funding level will facilitate meeting the MN statutory goal of border-to-border access of 25Mbps/3Mbps broadband service by the year 2022 ([§237.012](#)) and begin to pave the way for achieving the state's 2026 goal of reaching everyone with a service capable of delivering 100Mbps/20Mbps.

Funding for this program is comprised of a competitive matching-fund grant program designed to act as a catalyst to spur public and private investments in broadband infrastructure in unserved and underserved areas of the state.

Typical grantees include large and small telephone companies, rural cable operators, electric cooperatives, tribal entities, and local governments (in partnership with private providers). Funding at the recommended level, in partnership with private and federal investments, is anticipated to enable the state to effectively reach its 2022 goal of seeing all homes and businesses served at a level that meets the FCC's minimum definition of broadband.

Rural broadband has been a policy priority at both the national and state levels for the last several years. Minnesota is widely recognized as having one of the top broadband programs in the country. By achieving these goals set out in statute, the state puts in place critical infrastructure needed to maintain strong communities. This investment is the 21st century equivalent of extending the road network so that goods could be transported to market or bringing electricity to rural farms so they could modernize their operations and increase efficiencies. It is critical infrastructure needed so that our rural areas can continue to thrive. Ubiquitous high speed broadband

internet access provides the platform for full adoption of telehealth applications, smart farming and precision agriculture tools to boost productivity and competitiveness of our agriculture sector, and supports modern education technologies that allow rural schools to deliver education experiences on par with their urban peers.

Along with state broadband mapping information, the broadband task force and Office of Broadband Development use national studies and data from the federal government to track current and future broadband needs. These sources include the FCC's annual State of Broadband reports, Pew Research studies, the US Census - American Community Survey results and more.

Proposal:

This recommendation funds the Border-to-Border Broadband Development Grant Program \$70 million for the 2020 – 2021 biennium. This funding commitment will build on several years of public and private investments in broadband infrastructure in unserved and underserved areas of the state and will facilitate meeting the statutory goal of border-to-border access of 25Mbps/3Mbps broadband service by the year 2022 ([§237.012](#)) and begin to pave the way for achieving the state's 2026 goal of reaching everyone with a service capable of delivering 100Mbps/20Mbps.

Equity and Inclusion:

This program is largely targeted towards communities outside the metro area where broadband infrastructure is not as likely to be in place at a level that is needed to support economic equity in greater Minnesota. This program contains preference consideration for rural unserved communities and those that demonstrate low-income indicators such as poverty rate and free/reduced lunch program participation. Tribal areas are specifically called out as eligible to apply for the program and direct outreach to their representatives is conducted when funding becomes available.

Results:

This investment would expand broadband access to an estimated 25,221 households, businesses and community institutions. Less easily quantifiable is the positive impacts this program will contribute to extending and leveraging the benefits of ongoing federal Connect America Fund (CAF) II investments; in many areas, Minnesota's resources and tools will help those CAF investments go beyond the lower federal speed requirements to meet or exceed the Minnesota standards.

Type of Measure	Name of Measure	Year & Amount of Funding Appropriated			
		2014 \$20M	2015 \$10.5M	2016 \$35M	2017 \$20M
Quantity	# of Applications to Broadband Grant Program	40	44	57	70
Quantity	# of Grant Awards from the Broadband Grant Program	16	15	40	39
Quantity	# of Households, Businesses and Community Institutions Served by Broadband Grant Program	6,333	4,098	16,708	12,202
Results	Percent of Minnesota Households with High Speed Broadband Access (based on 2016 established goal of 25Mbps down/3Mbps upload)	85.83% ¹	87.72% ²	87.94% ³	90.77% ⁴

Statutory Change(s):

None

¹ Broadband access as of 2/15

² Broadband access as of 7/16

³ Broadband access as of 4/17

⁴ Broadband access as of 3/18

Department of Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota Innovation Collaborative

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,500	2,500	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,500	2,500	0	0
FTEs (Temporary)	3	3	0	0

Recommendation:

The Governor recommends \$2.5 million in FY2020 and \$2.5 million in FY2021 to establish The Minnesota Innovation Collaborative (MIC). The MIC will contain a series of initiatives focused on growing Minnesota's innovation economy by accelerating the growth of our startup ecosystem and attracting top technology talent to the state. Comprised of a collection of new grant programs, a physical space for education and training, and a new apprenticeship program, the MIC will create a touch-stone for the state to support and enhance our visibility and interest in the innovation ecosystem. It will bring together all the key players: founders, venture capitalists, researchers, academia, businesses (including Fortune-500s), and educators in one space. This initiative will be established and created for the next biennium as a pilot program. The intention is to ultimately separate major pieces of the initiative from state government as they grow. Over the biennium, staff will engage businesses, higher education, investors and communities to provide resources to match state investments to sustain and grow the locations and educational services available to entrepreneurs and startups beyond the biennium.

Rationale/Background:

In the last decade, America's economy has continued its transition from manufacturing to technology and services. States and cities that create attractive environments for startups, entrepreneurs, and innovative talent are quickly distancing their economies from those who do not. The businesses of the future are the startups of today, and our established businesses need an innovation ecosystem to provide the ideas and talent to continue to be global leaders. The innovation ecosystem in Minnesota is not well defined nor is there a central organizing body or effort that coordinates or promotes the ecosystem. Our state government is behind other states in filling key market gaps necessary to accelerate growth. Because of this, Minnesota needs to significantly expand our efforts to make our state a top destination for homegrown and outside entrepreneurs to start, build, and grow businesses.

Proposal:

The MIC would support a series of new initiatives designed to accelerate the growth of startups. Each initiative is uniquely designed to lower the risk required to fund, start, or grow a venture-backed startup in Minnesota. The MIC will bring all of these initiatives together under a new office that acts as a touchstone for the state to support and enhance our visibility and interest in the innovation ecosystem. This initial office will be located in the Twin Cities within an existing startup co-working space, and will engage stakeholders throughout the state to build programming and eventually a footprint in Greater Minnesota markets.

MIC staff will partner with other organizations to execute programs designed for entrepreneurs and small businesses, work with Fortune 500s and Academia to co-locate their innovation labs in the space, and will run

outreach campaigns to ensure all key players in MN's startup ecosystem can take advantage of a series of new programs designed to accelerate their growth. The proposed program would provide leadership, grant funding and forward-thinking approaches to support the innovation ecosystem in Minnesota:

1. Minnesota Innovation Accelerator Space + Leadership (\$950 thousand, FY20-21 biennium)

The Minnesota Innovation Accelerator will lease space in a private co-working facility and include up to three new positions funded by DEED – a director, high-level professional staff and a staff person to manage administrative duties. These positions would be responsible for overall coordination and serve as a resource for entrepreneurs and businesses. The space would include both a front office for engaging the community, and a classroom for startup training. Key activities of the space will include:

- **Instruction.** Classes and informal sessions on how to start a high-tech innovation business in Minnesota, giving startups an easy pathway to incorporating in the state.
- **Promotion.** Activities directed toward entrepreneurs and investors about Minnesota's growing innovation economy.
- **Events and Meetings.** Regular events and one-time meetings that bring together key players in the ecosystem and amplify their work along with supporting other organizations events.
- **Outreach.** Outreach and education on all innovation activities and related financial programs available at DEED particularly for underserved communities.
- **Partnerships.** Interaction and collaboration with the University of Minnesota, Minnesota State schools, private universities, trade organizations and the Mayo Clinic on start-ups and commercialization of technology.
- **Advisory Board.** Staff would identify and administer an advisory board to assist with direction, grant programs, evaluations and other partnerships.
- **Future of Work Research Initiative.** In conjunction with the University of Minnesota and Minnesota State Colleges and Universities, MIC leadership will work to commission research on the impacts of the fast-evolving economy on Minnesota's labor market. (\$279,300, FY20-21 biennium)

2. Minnesota Innovation Grants (\$3.2 million, FY20-21 biennium)

DEED will award grants to eligible Minnesota startups involved in developing or producing products or services in Minnesota that will provide quality jobs for Minnesotans for the next generation. The grants will be targeted to the most promising technology businesses in the early stages of development that are generally not yet able to attract adequate private sources of capital, such as commercial bank loans and angel or venture investment funding. Third party evaluations will assist in determining funding levels and recipients. Some of these funds will require matching from non-DEED sources of funding and may be used for the following activities:

- **Research and Development Grants.** New innovative ideas require research & development (R&D) to increase their commercial feasibility including proof of concept, IP protection, and prototype design. The most commercially viable projects from eligible businesses could receive a one-time award of up to \$50,000 for these activities. (\$417,600 in FY 20, \$417,600 in FY 21)
- **Business Liquidity Grants.** Whether it is space, equipment, staffing contracts or supplier costs there are a variety of business-related non-R&D expenses faced by start-ups. The most commercially viable projects from eligible businesses could receive a one-time award of up to \$25,000 for these expenses (\$275,200 in FY 20, \$275,200 in FY 21)
- **Entrepreneur Benefits Packages.** One of the biggest impediments for leaving existing jobs to start a company is the prospect of not having health insurance. Entrepreneurs often need financial assistance to cover costs associated with healthcare, or housing and child-care costs. Eligible

entrepreneurs could receive a one-time award of up to \$7,500 to help cover these costs. (\$550,400 in FY20, \$550,400 in FY21)

- **Small Business Innovation Research (SBIR) Match Funding.** This financial support is a match for businesses who are new recipients of SBIR/Small Business Technology Transfer (STTR) phase I and phase II federal awards. The business may use funds to support commercialization activities and related costs associated with the project not covered under the federal grant. Eligible entrepreneurs could receive funding of up to \$50,000. (\$275,200 in FY 20, \$275,200 in FY 21).
- **Innovation Vouchers.** This program would provide \$5,000 to \$25,000 awards to assist small businesses purchase technical assistance and services from qualified public universities, colleges, technical schools and non-profits in Minnesota to advance their technology. This initiative would build on the successful program operated by DEED since 2014. (\$81,600 in FY 20 and \$81,600 in FY 21).

Eligible innovative start-ups must work with third-party technology counseling services in Minnesota such as the MIC to develop applications that will be accepted by DEED on a rolling basis. Applications that reflect past or potential investment by outside investors including Fortune 500-type businesses will be encouraged. Grantees will be required to show proof of investment from the private sector to unlock the assistance and will be provided with ongoing mentoring support from the MIC and other private sector organizations throughout the grant period. DEED staff outside of MIC would provide administrative support and a 3% administrative fee would cover administrative expenses. Entrepreneurs seeking assistance must demonstrate income in the previous year of less than \$150,000.

3. Entrepreneurship Education Grants (\$850 thousand, FY20-21 biennium)

DEED will issue a Request for Proposals to award competitive grants to organizations throughout the state that can deliver best-in-class educational programming to entrepreneurs and provide outreach on the state's innovation ecosystem. Local match and involvement with the MIC would be required. DEED staff outside of MIC would provide administrative support and a 3% administrative fee would cover administrative expenses. Organizations would be required to provide the following types of services to support and enhance Minnesota's innovation ecosystem.

- **Outreach.** Outreach and education on programs available including the Angel Tax Credit program, to support technology business creation particularly in underserved communities.
- **Mentorship** for individual technology based businesses and assistance for entrepreneurs seeking federal grant funding.
- **Creation** of consistent programs for technology based entrepreneurs and businesses outside of the 7-county metro area, in partnership with MNSCU or other local educational partners.
- **Promotion.** Activities directed toward entrepreneurs and investors about Minnesota's growing innovation economy.
- **Event and Meetings.** Regular events and one-time meetings that bring together key players in their area ecosystem and amplify their work along with supporting other organizations events.

Equity and Inclusion:

This proposal seeks to grow Minnesota's innovation economy and provides the kinds of wrap around programming and supports necessary for communities who are less able to become entrepreneurs to grow their businesses. The groups most likely to benefit from this intense programming are low-wealth communities. The MIC is expected to grow Minnesota's economy and will spur increased technological innovation and long-term, high-wage job growth. Outcome measurement strategies are described below. This program would be re-evaluated after the upcoming biennium to determine whether any changes are needed.

Results:

In evaluating the results of the MIC, DEED will track the following measures:

- Classes offered and attendees
- Events
- New partnership development
- Grantees served with the new grant programs
- Job creation
- New businesses established or grown
- Research projects undertaken for the Future of Work Research initiative

This program would be re-evaluated after the upcoming biennium to determine whether any changes are needed.

Statutory Change(s):

TBD.

Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Angel Tax Credit

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Tax Aids, Credits and Refunds				
General Fund				
Expenditures	0	0	0	0
Revenues	(10,000)	(10,000)	0	0
Employment and Economic Development				
Other Funds				
Expenditures	285	285	47	47
Revenues	368	368	127	127
Net Fiscal Impact = (Expenditures – Revenues)	9,917	9,917	(80)	(80)
FTEs	1	1	0.25	0.25

Recommendation:

The Governor recommends \$10 million in FY 2020 and \$10 million in FY 2021 for the Angel Tax Credit Program.

These funds provide a tax credit to investors or investment funds that put money into early stage companies focused on high technology, a new proprietary technology, or a new proprietary product, process, or service in specified fields. The program was funded at \$15 million in calendar years 2015 and 2016, \$10 million in calendar year 2017, and was not funded in 2018.

Other funds in this program include fees collected for applications and report filing as well as expenditures for Department of Employment and Economic Development (DEED) program staff to certify participating businesses.

Rationale/Background:

The Angel Tax Credit program is Minnesota's primary economic development tool for assisting early stage businesses and is part of DEED's commitment to fostering innovation in the state. Minnesota has earned its reputation as one of the best states for business by encouraging the growth and economic competitiveness of businesses of all sizes. As high-tech startups look outside the confines of traditional hubs like Silicon Valley, Minnesota has the opportunity to provide incentives that will encourage job growth and technical expertise here in the state. The Angel Tax Credit program has resulted in over \$421 million in private investment in Minnesota startups, leveraged by the state's issuance of \$101 million in tax credits to angel investors. The program spurs economic growth and builds on Minnesota's existing ecosystem of high tech, high innovation companies, including the state's clean energy technology companies.

The program is also an important tool for wealth creation in communities across the state. Since its inception, DEED has sought to broaden the base of individuals, communities, and businesses that benefit from the program. DEED believes it is critical that all qualifying businesses in Minnesota have access to the benefits of the program. The policy changes included in this proposal will increase utilization of the program among targeted group businesses, including those owned by people of color, women-owned businesses, veteran-owned businesses, businesses owned by people with disabilities, and/or businesses in Greater Minnesota.

Proposal:

The Governor recommends \$10 million in FY 2020 and \$10 million in FY 2021 for the Angel Tax Credit Program.

The Governor recommends that the Angel Tax Credit program be modified to better serve targeted group businesses. These modifications include:

- *Adjust the minimum employee compensation requirement to better serve Greater Minnesota:* This proposal revises the minimum employee compensation so rather than applying to every employee of the business, it applies to at least 51% of a business's employees. This requirement has been especially problematic in Greater Minnesota, where wage levels are lower than the metro area. The 2017 requirement was \$20.70 per hour or \$43,050 per year.
- *Lower minimum investment thresholds for investors of targeted business:* This proposal reduces the minimum investment for individuals from \$10,000 to \$7,500 to increase the pool of potential investors in targeted businesses. Targeted businesses typically raise smaller amounts from each investor than non-targeted businesses.
- *Reduce disincentives to annual report filing:* Modify the late filing penalty to \$100 from \$500, an amount that has proven to be a substantial disincentive to filing and providing the program with needed information. This proposal also adds authority for the Commissioner of DEED to revoke any credit allocated and certified for investors, funds, and businesses who fail to file.

Equity and Inclusion:

This proposal specifically targets businesses owned and managed by minorities, women and businesses located in Greater Minnesota, reserving credits for investments in these business and modifying certain program requirements to better enable them to benefit from the program.

Results:

	CY 2014	CY 2015	CY 2016	CY 2017
Number of businesses receiving investments	183	182	187	163
Number of businesses in which investments were made	110	114	105	101
Investment made in businesses qualifying for credit	\$59,783,632	\$70,411,833	\$58,894,095	\$44,474,766
Credit issued for these investments	\$13,841,673	\$15,542,608	\$14,723,711	\$10,723,963
Number of Greater MN businesses receiving investment	8	13	10	10
Women owned & managed businesses	15	10	12	11
Minority owned	8	13	7	5

Statutory Change(s):

Minnesota Statutes, Section 116J.8737

Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Family and Medical Leave Insurance Placeholder

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	54,250	13,750	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	54,250	13,750	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$68 million to establish a Paid Family and Medical Leave Insurance program.

This proposal is a placeholder. It is intended to fund the development of an IT system for collecting premiums and paying benefits, staffing and administrative resources at DEED and other state agencies, and an actuarial study to support program development.

Rationale/Background:

According to the “Paid Family & Medical Leave Insurance: Options for Designing and Implementing a Minnesota Program” released in February 2016, Minnesota workers take an estimated 459,259 leaves (some workers take more than one leave annually). Around 10% of Minnesota workers take a family or medical leave in any given year. Fifty-nine percent (59%) of current leaves in Minnesota are for own-health reasons (other than pregnancy), 17 percent are for bonding/parental leave (including pregnancy disability), and 24 percent of leaves are for caretaking a seriously ill family member.

Currently 26 to 28 percent of all family and medical leaves are without any wage replacement. However, low-wage employees, certain minority groups, younger workers, and less educated populations are much more likely to experience leaves without any pay. Minnesota workers are less likely to receive compensation during leave for their own serious health condition or family care than for pregnancy or parental (bonding/maternity/paternity) leave. For many low income Minnesotans, taking leave with little or no pay can create significant economic instability for their families, often during some of the most challenging times they can experience.

Similar programs in other states have shown improvements in economic stability for families and employers alike. Societal benefits include more women in the labor force, reductions in the need and associated costs for nursing home and other institutional care, reductions in the need for public assistance when a new baby arrives, and less infant care shortages.

Proposal:

The Governor recommends a total of \$68 million to support the creation of a new Minnesota Family and Medical Leave Program administered by DEED. Funding in FY 2020 and FY 2021 will support the creation of a premium collection system, benefits payment system, and user interface development for the program. This program will provide wage replacement for family and medical leaves and will provide job protections for recipients so they are assured of continued employment with their employer upon their return.

The placeholder also includes funding for other agencies, such as the Department of Labor and Industry or the Department of Human Services, which is dependent upon ultimate program design.

Equity and Inclusion:

According to the 2016 report, while almost three-quarters of Minnesota workers receive at least some pay when they were out of work for family or medical reasons, low-wage (46%); black (42%); or Hispanic (39%); younger (39%); part-time (38%) or less educated (38%) workers are much more likely to experience leaves without any pay. This proposal is intended to help address that inequality and the economic impacts that that inequality has on these workers.

Results:

DEED will track the following:

- Amount of leave taken
- Amount of benefit payments made to recipients
- Employer opt-outs
- Employee opt-ins
- Program tax collections and balance
- Customer satisfaction

Statutory Change(s):

TBD.

Department of Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Closing the Opportunity Gap

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	12,647	12,150	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	12,647	12,150	0	0
FTEs	2	2	0	0

Recommendation:

The Governor recommends \$24.797 million over the 2020 – 2021 biennium to make workforce training and entrepreneurship investments intended to help close the state's opportunity gaps between Minnesotans of color and white Minnesotans. To that end, the Governor proposes continuing the direct appropriations made in the 2018 – 2019 biennial budget that were set to expire in the 2020 – 2021 biennium. The Governor further proposes additional funding for youth employment competitive grants targeting at-risk youth, grants to organizations serving Somali youth and increased grantee support from the department to ensure successful program delivery and improved program outcome analysis.

Rationale/Background:

The legislature appropriated funding in SFY 2017 to reduce economic disparities and prepare Minnesotans to meet the future labor market needs. For DEED, those amounted to investments into employment and training programs, minority business enterprises, capacity building for nonprofits and support services for program participants. The state's business community, state and local governments and the nonprofit community have taken further steps in recent years to begin addressing economic inequalities and expanding economic opportunity. In many ways there has been a recognition that Minnesota's future labor market will need all its workers to be skilled participants in the workforce.

Recent U.S. Census figures show income gains and lower unemployment rates for Minnesotans of color. However, there is still drastic inequality - median incomes of white Minnesotans remain almost twice that of American Indian/Alaskan Native Minnesotans and Black/African American Minnesotans and about \$18,000 more than Latino Minnesotans. The same holds true for the unemployment rate, which remains more than twice as high for Black/African American Minnesotans compared to white Minnesotans.

Proposal:

In recognition of Minnesota's deep and persistent disparities and the momentum that has been created around addressing those disparities, the Governor recommends \$12.647 million in FY 2020 and \$12.150 in FY 2021 to continue the direct appropriations made in the 2018 – 2019 biennial budget that were set to expire through the 2020 – 2021 biennium as well as additional strategic investments. The Governor proposes funding \$24.797 million from the workforce development fund over the biennium. The Governor proposes funding the following direct appropriations at their 2018 - 2019 biennial appropriation levels:

- Neighborhood Development Center
- YWCA St. Paul

- YWCA Minneapolis
- EMERGE Community Development
- Metropolitan Economic Development Association (MEDA)
- Minneapolis Foundation
- Twin Cities RISE
- Latino Communities United in Service (CLUES)
- American Indian Opportunities and Industrialization Center
- White Earth Nation Integrated Business Development System
- Grants for community-based organizations serving Somali youth (FY 2017 appropriation)
- Ujamaa Place
- Enterprise Minnesota, Inc.
- Construction Careers Foundation

The Governor further proposes an increase of \$3 million over the biennium to the Youth-at-work competitive grant program and \$500,000 over the biennium for additional grantee support from the department to ensure successful program delivery and improved program outcome analysis.

Equity and Inclusion:

This proposal invests in employment training programs targeting communities of color and people with disabilities, the development of minority business enterprises, capacity building for nonprofits serving communities of color and people with disabilities, and support services for program participants to better prepare Minnesota's talent pool.

Results:

Minnesotans of color and Minnesotans with disabilities access the education, training and support services needed to participate in the labor force and obtain in-demand and high-paying jobs.

- Number of clients with positive employment outcomes (employment in 6 months, credential attained, change in income)
- Increase in the labor force participation rate for targeted populations
- Decrease in the unemployment rate for targeted populations
- Increase in the median income for targeted populations
- Decrease in the poverty rate for targeted populations
- Increased capacity of the nonprofit sector to deliver high-quality culturally-specific services to Minnesotans of color

Ensure that disadvantaged businesses can obtain the capital, management skills and market opportunities necessary for success.

- Increased number of disadvantaged business enterprises in Minnesota
- Increased number of people employed by disadvantaged business enterprises in Minnesota
- Increased average sales by disadvantaged business enterprises in Minnesota

Statutory Change(s):

None.

Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Childcare Economic Development Grants Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	\$500	\$500	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	\$500	\$500	0	0
FTEs	0.25	0.25	0	0

Recommendation:

The Governor recommends \$500,000 in FY20 and \$500,000 in FY21 for the Childcare Economic Development Grants program to provide grants to communities to increase the supply of quality child care in order to reduce regional child care shortages, support increased workforce participation, business expansion and retention and new business development.

Rationale/Background:

There is a large and growing shortage in access to child care across the state. The large gap between the supply of licensed child care capacity and the demand for services is creating a crisis in access and affordability. Based on research by the Center for Rural Policy and Development there is a shortfall of 82,000 licensed child care spaces needed to accommodate the estimated number of children under 6 with both parents working.

Lack of affordable, quality child care is a significant barrier to the participation of women, single parents, low income parents, and rural parents in the workforce. That barrier then creates further spillover barriers to job creation, wealth creation, business expansion and retention, and new business location. Lack of child care is also a major factor in employee absenteeism resulting in adverse effects for both employers and employees.

Proposal:

This program will provide grant funds to communities to implement innovative solutions to reduce regional child care shortages, including, but not limited to, funding for child care business start-up or expansion, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements. These investments will lower the barriers for child care providers to start new operations or expand the capacity of existing operations resulting in more families being able to access child care which in turn allows more parents to pursue job opportunities in their communities.

Priority will be given to communities that have a documented shortage of child care providers in their area, are experiencing above average workforce shortages and experiencing lower than average prime-age workforce participation rates.

Communities throughout Minnesota have expressed strong demand for these funds and have demonstrated that there are a large number of projects ready to go in order to expand child care capacity should additional funding be made available. Based on the past two appropriations it is estimated that an additional \$1 million would leverage over \$2 million in local matching funds, result in 14-20 new projects as well as the ability serve an additional 1,600-2,400 children and their families throughout Minnesota.

This program alone cannot solve the child care crisis but it can be used to make targeted investments to help solve acute shortages in specific communities with the highest need.

Equity and Inclusion:

Racial and Ethnic groups, Lesbian, Gay, Bisexual and Transgender groups, Persons with Disabilities and, Veterans are not specifically targeted by or directly impacted by this proposal. Access to affordable, quality child care affects all Minnesotans but especially low-income people and people in rural communities.

Results:

Over the course of the two previous appropriations funding in FY 2017 and FY 2018, DEED received 39 proposals totaling \$3 million in requests for \$1 million in available funds. A total of 15 awards were made, leveraging a total local match of \$2.6 million. Awards ranged from \$1,500 to \$150,000 with \$75,000 as the average sized award. These projects are projected to provide child care services to an additional 2,131 children when facilities reach their full licensed capacity.

<i>Type of Measure</i>	<i>FY2017</i>	<i>FY2018</i>
Projects Funded	8	7
Funding Leveraged	\$2,341,221	\$ 2,337,591
Children Served	972	1082

Statutory Change(s):

Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Nonprofit Assistance Grant Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workforce Development				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	.75	.75	.75	.75

Recommendation:

The Governor recommends \$500,000 each year in 2020 – 2021 for Propel Nonprofits' Nonprofit Assistance Grant Program from the Workforce Development fund. This program is intended to support the infrastructure of small nonprofit organizations that serve historically underserved cultural communities. The Governor recommends including this funding in the base budget.

Rationale/Background:

The Nonprofit Assistance Grant Program was a direct appropriation made to the Nonprofit Assistance Fund (now Propel Nonprofits) in the 2018-2019 biennial budget. This recommendation continues funding for this program.

To be eligible for a grant, a nonprofit organization must be led by a member of an indigenous community or community of color, and at least 51 percent of the organization's staff or board must be a member of such a group.

75 percent of the organizations that have received grants are led by women of color, and all of the organizations are dedicated to serving people of color and/or indigenous communities. Additionally, 75 percent of previous grantees used their investment to establish financial and administrative systems for managing internal operations that make them ready to apply for other grants and contracts with government and other funders. This includes using accounting software, developing financial procedures, and creating databases to track program work. Other grantees have focused on technology infrastructure purchases to bring efficiencies to their work, through the purchase of electronic records systems, cloud-based software solutions, or other technologies.

Nonprofit organizations play an important role in Minnesota's economy and workforce – they provide essential services, employ local residents, and improve the quality of life. Culturally specific nonprofits play a key role in building strong and vibrant communities. They connect ethnic minorities, who are often isolated and marginalized, to culturally and linguistically needed services and help them to prepare for the workforce.

Proposal:

The Governor proposes continuing this direct appropriation to Propel Nonprofits for the Nonprofit Assistance Fund at \$1 million in the 2020-21 biennium and recommends including this funding appropriation in the base.

Equity and Inclusion:

The primary focus of this grant program is to improve the capacity of nonprofits lead by a member of an indigenous community or community of color with at least 51 percent of the organization's staff or board who are a member of such a group.

Results:

The following were the program's results from the 2018-19 biennium

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Grantees Funded	N/A	21	FY 2018-19
Quality	Percent of grantees headed by women of color	N/A	75%	FY 2018-19
Results	Percent of grantees who established financial and administrative systems	N/A	75%	FY 2018-19

Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Vocational Rehabilitation Services

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	4,000	4,000	4,000	4,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,000	4,000	4,000	4,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends adding \$4 million each year for the Vocational Rehabilitation (VR) program. Absent this proposal, the Vocational Rehabilitation program will be required to establish a wait list for Minnesotans with the most significant disabilities to receive services, and those individuals will be unable to access timely competitive, integrated employment opportunities. This is ongoing funding.

Rationale/Background:

People with disabilities in Minnesota are about 43% less likely than their non-disabled counterparts to have a job. The Vocational Rehabilitation program helps remedy this disparity by helping people with disabilities get and keep a job in a competitive, integrated setting. The Vocational Rehabilitation program provides specialized, one-on-one employment services for individuals with disabilities such as job counseling, job search assistance, training, and job placement services. We know that Minnesota businesses need talented workers to fill jobs in demand given the labor shortage. We also know engaging in productive employment is important for Minnesotans to have the opportunity to live close to their families and friends, to live more independently, and to participate in community life. The Vocational Rehabilitation program is Minnesota's most effective strategy to increase competitive, integrated employment for individuals living with disabilities.

In recent years, major systems changes dramatically transformed and disrupted the nationwide network of disability employment services, including those in Minnesota. These changes are driven by a national commitment to achieving the primary objective of the Americans with Disabilities Act: full inclusion of people with disabilities. The Vocational Rehabilitation program is accountable to Congress and federal agencies to implement requirements stemming from the reauthorization of Title I of the Rehabilitation Act under the Workforce Innovation and Opportunity Act (WIOA).

Two unfunded mandates imposed by WIOA – pre-employment transition services to youth with disabilities (starting in 2014) and services related to the subminimum wage required under Section 511 (starting in 2016) – placed significant financial pressure on the Vocational Rehabilitation program. Even before the WIOA mandates took effect, the Vocational Rehabilitation program was operating with waiting lists for three of its four service categories. In response to this situation, the 2017 Legislature made a one-time increase to the base appropriation of \$7 million (\$3.5 million for each year of the 2018-2019 biennium).

Category 1: The Vocational Rehabilitation program is required by federal law to allocate resources to customers based on the severity of their disability and the number of barriers related to employment experienced by that

individual because of their disability. This process establishes “Priority for Service” categories based on the number of functional areas in which a person has significant limitations to employment.

Priority for Service Category 1 is for individuals with the most significant limitations to employment. This category is currently open. Categories 2-4 have had waiting lists since October 2014. By early 2019, more than 2,000 people in categories 2-4 had been placed on an indefinite waiting list for services, and that waiting list will continue to grow as long as those categories remain closed.

Unless the one-time state appropriation for the next biennium is made a permanent part of the state funding base and increased by an additional \$500,000 in each year, it is likely that Category 1 will have to be closed as early as July 1, 2019, the start of the 2020-2021 biennium, but certainly no later than October 1, 2019, the start of the new federal fiscal year. When that happens, the Vocational Rehabilitation program will only be able accept new participants when other participants exit service, and hundreds of people who are eligible for Vocational Rehabilitation services will be placed on indefinite waiting lists.

If Category 1 is closed, only those individuals who are currently enrolled in the Vocational Rehabilitation program will continue to receive services and the program will be forced to place all eligible new applicants, about 6,500 individuals, on indefinite waiting lists until Category 1 can be reopened.

Maintenance of Effort Penalty: Under federal law, any reduction in state funding from one year to the next would trigger a so-called “maintenance of effort” penalty, resulting in the loss of millions of dollars in federal funding. The Rehabilitation Act requires state Vocational Rehabilitation programs to maintain at least the same level of funding from year to year – to maintain the effort in a long-term and consistent manner. If non-federal funding for the program drops, the law requires that a maintenance of effort penalty be imposed. If the 2017 one-time state biennial appropriation of \$3.5 million per year is not made a part of the permanent base, Minnesota would be out of compliance with the maintenance of effort requirement and the federal maintenance of effort penalty, approximately \$1.7 million, would be imposed at the start of the federal fiscal year on October 1, 2020. The penalty would rise to approximately \$2.5 million on October 1, 2021.

Potential Impact on the Vocational Rehabilitation program: The closure of all priority for service categories (1-4) would have an immediate impact on individuals who apply for and are found eligible to receive services. All new eligible participants would be placed on a waiting list and denied services for an indefinite period of time. Similarly, if all categories are closed the Vocational Rehabilitation program would be compelled to implement a series of cost-saving measures, including likely eliminating nearly 50 Vocational Rehabilitation program staff positions.

Proposal:

The Governor recommends \$4,000,000 per year in FY20 and FY21, and in the base, for the Vocational Rehabilitation program to provide services for individuals with the most significant disabilities to obtain or advance in competitive, integrated employment.

Equity and Inclusion:

There is a strong correlation between disability and poverty. Historically, people with the most significant disabilities have a much higher unemployment rate than people without disabilities. The proposal is designed to increase the access to competitive, integrated employment. The Vocational Rehabilitation program seeks to provide services and supports to individuals with disabilities to obtain, maintain, and advance in competitive, integrated employment – thereby reducing the historic employment disparities for people with disabilities.

Results:

- The overall success of this proposal would be measured by keeping Service Category 1 open indefinitely. Previous years' outcome metrics are below:

	SFY 2015	SFY 2016	SFY 2017	SFY 2018
New participants accepted for service	6,650	6,638	7,176	6,584
New employment plans	5,336	5,522	6,219	5,656
Participants completing an employment plan and attaining employment	2,945	2,947	2,807	2,701
Participating employers	2,041	2,025	1,951	1,945

Statutory Change(s):

None.

Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Job Creation Fund

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a technical change to the Job Creation Fund to ensure consistency with statutory changes made during the 2017 legislative session.

Rationale/Background:

In 2017, the legislature made several changes to the Job Creation Fund program to enhance the ability of targeted businesses to utilize the program. Changes were made throughout the statute but one change that was consistent with the other revisions was not captured in the final version of the legislation. This change would make the statute internally consistent.

Proposal:

Modify Minn. Stat. 116J.8748, Subd. 4(d) to reference the capital investment requirements provided in subdivision 3, paragraph 3 clause (i). These requirements were revised in 2017 to better promote greater economic development and job growth in Greater Minnesota and for businesses owned by minorities and women, and this revision will ensure that this section of the statute is consistent with those changes.

Equity and Inclusion:

Business in the targeted groups benefit from the initial changes by providing a lower threshold to participate in the program and a higher job creation award. Lower eligibility thresholds and higher award levels will increase investment and expansion by the affected groups.

Results:

Job Creation Fund	FY 2017	FY 2018
State Dollars Awarded*	\$4.1M	\$9.8M
Projected Private Sector Investments Leveraged	\$288.1M	\$228M
Projected Job Creation	720	1,381
Number of Projects Enrolled	13	27
Enrolled Projects in Greater MN	7	19

*No funding is disbursed until a business submits evidence of qualifying capital investment and job creation

Statutory Change(s):

Minn. Stat. 116J.8748

Department of Employment and Economic Development

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota Investment Fund

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends modifying the Minnesota Investment Fund (MIF) to enable existing local funds the expanded ability to use those funds for other community and economic development purposes. The Governor further recommends continuing DEED's limited authority to transfer funding from the MIF program to the Redevelopment Grant program and to allow for an increase in the grant limit for a paper mill in Duluth.

Rationale/Background:

The MIF is a loan program used to encourage business investment and job creation in Minnesota. Current law allows local communities and Indian tribal governments to retain up to \$100,000 of a MIF grant when it is repaid to the local community or tribal government. Current law limits the use of those funds use to the allowed uses for the state MIF program uses (with one exception for dairy modernization). With more than \$20 million held in local funds that is often unused, there is significant local interest to allow communities to use the revolving loan funds for other community and economic development purposes, including retail development and economic development planning.

The 2017 legislature granted DEED the ability to transfer funds from the Minnesota Investment Fund to the redevelopment grant program. Under this authority, the agency was able to transfer \$2 million over the 2018 – 2019 biennium to the redevelopment grant program when the program would otherwise be out of funding. DEED received requests-for-proposals of almost twice the available balance in the redevelopment grant program, indicating strong demand for this program and warranting a policy change to support ongoing funding. Funding awards will be issued yet this winter.

Proposal:

This proposal would allow local governments to use MIF repayments for community and economic development purposes as evidenced by a resolution to this effect from the local community.

Continuing DEED's transfer authority from the MIF to the redevelopment grant program will better enable the agency to respond to the changing needs of communities in the state while not negatively impacting the state's economic development tools.

Of the amount appropriated in fiscal year 2020, \$2 million is for a loan to a paper mill in Duluth for a retrofit project that will support the operation and manufacture of packaging paper grades. The company that owns the mill must spend \$20 million on project activities by Dec. 31, 2020. Loan funds may be used for purchases of materials, supplies, and equipment for the project and are available from July 1, 2019 to June 30, 2021. The

commissioner of employment and economic development shall forgive 25 percent of the loan each year after the second year during a 5-year period if the mill has retained at least 200 full-time equivalent employees and satisfied other performance goals and contractual obligations under Minnesota Statutes section 116J.8731.

Equity and Inclusion:

This proposal promotes greater economic development and job growth, benefiting all groups throughout Minnesota.

Results:

DEED will report on which local governments used MIF repayments and for what purposes the funding was used. Further, DEED will continue to report results for MIF and the redevelopment grant programs.

Statutory Change(s):

Minn. Stat. 116J.8731

Program: Business and Community Development

mn.gov/deed/business/

AT A GLANCE

- Administers financing programs to help businesses retain existing jobs and create new high-quality jobs.
- Administers financing programs and special appropriations to support community development.
- Provides information and access to resources to help entrepreneurs and small businesses.
- Funds cooperative training projects involving partnerships between businesses and educational institutions that build the skills of new employees and/or retrain existing employees.
- In SFY 2018, across all programs both federal and state, DEED awarded \$178 million for 530 projects resulting in a minimum of \$2.1 billion in leveraged investment, the creation of 6,250 new jobs and the retention of 12,100 jobs.

PURPOSE & CONTEXT

DEED's Business and Community Development (BCD) division contributes to Minnesota's economic success by providing services that support the growth of businesses and communities.

We provide financial and technical services to businesses and communities to support the creation, expansion, attraction, and retention of businesses in and to Minnesota. We also work to help communities become affordable, quality places for people and businesses to locate, grow, and prosper.

SERVICES PROVIDED

We accomplish our mission via the following activities:

- *Business Finance:* We administer financing programs that provide capital to growing businesses in Minnesota. Some key programs include the Minnesota Job Creation Fund, which provides performance-based awards to new and expanding businesses after they meet job creation and capital investment targets; the Minnesota Investment Fund, which provides upfront financing that targets job creation in industrial, manufacturing and high-tech industries; and the Emerging Entrepreneur Program, which provides loans targeted toward Minnesota small businesses owned by women, veterans, people with disabilities, people from communities of color and/or low-income individuals.
- *Brownfields and Redevelopment:* We manage grant and loan programs that assist local units of government with the investigation and cleanup of contamination and the redevelopment of underutilized properties. The Contamination Cleanup and Investigation Grant Program helps pay for assessing and cleaning contaminated sites for private or public redevelopment. The Redevelopment Grant Program helps communities with the costs of redeveloping blighted industrial, residential, or commercial sites and putting land back into productive use. The Demolition Loan Program helps with the costs of demolishing blighted buildings on sites that have future development potential but no current plans.
- *Business Development:* Our regional business development representatives assist businesses and communities to access DEED services and other available resources to support the growth, retention and attraction of workforce and businesses. The office also promotes specific industry sectors where Minnesota has strength and/or potential for growth.
- *Community Finance:* We administer programs that assist local governments in attracting and keeping businesses and jobs in their communities. Key programs include the Small Cities Development Program, Business Development Public Infrastructure Program, Innovative Business Development Public Infrastructure Program, and the Transportation Economic Development Infrastructure Program. Through financial assistance for housing, the development of commercial and industrial property, and

improvements to public infrastructure, we help communities prosper and position themselves for future economic growth.

- *Minnesota Job Skills Partnership (MJSP)*: Our Minnesota Job Skills Partnership program provides funding for cooperative training projects that build the skills of new employees and/or retrain a company's existing employees. These grants are awarded to educational institutions with businesses as partners. This program can also provide training to low-income individuals to help them advance their career, achieving higher paying jobs and economic self-sufficiency.
- *Small Business Assistance Office (SBAO)*: Our Small Business Assistance Office works to reduce costs for small businesses by providing timely, accurate, and comprehensive information and technical assistance on all aspects of the start-up, operation, or expansion of a small business. The SBAO complements the work of the Small Business Development Center network (SBDCs), which aids in the development of new and existing businesses through a statewide network of offices offering entrepreneurs business consulting, training services and assistance in locating and securing capital.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Leveraged private investment through all programs	\$3.8B	\$3.3B	SFY 2017 & SFY 2018
Results	# of jobs to be created/retained through all programs	47,700	31,850	SFY 2017 & SFY 2018
Results	# of jobs to be created through the Minnesota Job Creation Fund	3,555	2,415	SFY 2017 & SFY 2018
Quantity	Number of loans to underserved Minnesotans through Emerging Entrepreneur Loan program	44	87	SFY 2017 & SFY2018
Quantity	# of workers trained through the Minnesota Job Skills Partnership Program	17,959	18,177*	SFY 2017 & SFY 2018
Quantity	# of small business clients assisted by the SBDC and SBAO	64,038	63,162	SFY 2017 & SFY 2018
Quality	Leveraged private investment through the Contamination Investigation and Cleanup Grant Program	\$685M	\$838M	SFY 2017 & SFY 2018
Quality	Leveraged private investment through the Redevelopment Grant Program	\$80M	\$133M	SFY 2017 & SFY 2018
Quality	Leveraged non state investment through the Business Development Public Infrastructure program & Innovative Business Development Public Infrastructure program	\$18M	\$157.5M	SFY 2017 & SFY 2018
Quality	Leveraged non state investment through the Transportation Economic Development Infrastructure Program	\$11M	\$42M	SFY 2017 & SFY 2018

* SFY17 and SFY18 MJSP grants are currently open, so total number of workers is the “planned number of trainees” the employer indicated they would serve in their grant application.

Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>) provides the legal authority for DEED's Business and Community Development program.

Business and Community Development

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	66,322	55,185	47,887	71,343	47,320	60,861	52,320	63,861
2000 - Restrict Misc Special Revenue	1,163	1,226	379	791	598	543	883	828
2001 - Other Misc Special Revenue	358	(79)	622	321	307	309	307	309
2340 - Renewable Development			15,016	55				
2350 - Petroleum Tank Release Cleanup	7,837	9,171	4,949	12,086	6,201	6,201	6,201	6,201
2390 - Workforce Development	581	1,310	1,856	1,811	1,350	1,350	4,575	4,575
2403 - Gift	16	4	35	98	41	41	41	41
2801 - Remediation	797	1,340	700	731	700	700	700	700
3000 - Federal	16,128	16,347	18,093	21,687	22,813	22,846	22,813	22,846
Total	93,203	84,503	89,537	108,923	79,330	92,851	87,840	99,361
Biennial Change				20,754		(26,279)		(11,259)
Biennial % Change				12		(13)		(6)
Governor's Change from Base								15,020
Governor's % Change from Base								9

Expenditures by Activity

Business Development-DEED	1,581	2,049	3,485	2,045	1,598	1,564	7,323	7,289
Community Finance	32,177	39,121	46,880	51,055	45,044	58,588	47,044	58,588
Entrepreneurship & Sm Bus Dev	5,020	9,471	8,336	6,956	4,834	4,843	5,334	5,343
Business Finance	47,278	29,096	24,178	41,658	22,301	22,303	22,586	22,588
Job Skills Partnership	7,147	4,766	6,658	7,209	5,553	5,553	5,553	5,553
Total	93,203	84,503	89,537	108,923	79,330	92,851	87,840	99,361

Expenditures by Category

Compensation	4,503	4,567	4,505	5,194	5,300	5,373	5,795	5,818
Operating Expenses	1,910	2,440	1,950	2,892	1,876	1,870	2,722	2,706
Grants, Aids and Subsidies	86,647	77,439	81,564	100,718	72,154	85,608	79,323	90,837
Capital Outlay-Real Property			1					
Other Financial Transaction	143	57	1,517	119				
Total	93,203	84,503	89,537	108,923	79,330	92,851	87,840	99,361

Business and Community Development

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total Agency Expenditures	93,203	84,503	89,537	108,923	79,330	92,851	87,840	99,361
Internal Billing Expenditures	649	560	568	733	754	764	754	764
Expenditures Less Internal Billing	92,554	83,943	88,969	108,190	78,576	92,087	87,086	98,597
<u>Full-Time Equivalents</u>	48.37	47.53	45.25	50.45	50.45	50.45	55.45	54.70

Business and Community Development

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	40,697	30,821	29,356	27,830				
Direct Appropriation	49,194	58,307	43,663	38,124	36,111	36,111	41,111	39,111
Open Appropriation			2,687	6,288	11,763	25,304	11,763	25,304
Transfers In	72	621	2,946	2,469	518	552	518	552
Transfers Out	237	13,892	2,876	2,523	1,072	1,106	1,072	1,106
Net Loan Activity		(290)	(61)	(800)				
Cancellations	12	406		45				
Balance Forward Out	23,392	19,977	27,828					
Expenditures	66,322	55,185	47,887	71,343	47,320	60,861	52,320	63,861
Biennial Change in Expenditures				(2,277)		(11,049)		(3,049)
Biennial % Change in Expenditures				(2)		(9)		(3)
Governor's Change from Base								8,000
Governor's % Change from Base								7
Full-Time Equivalents	37.65	37.14	35.34	40.79	41.42	41.37	45.42	44.62

2000 - Restrict Misc Special Revenue

Balance Forward In	5,331	5,419	5,363	7,896	8,072	7,306	8,072	7,389
Receipts	895	949	2,687	637	558	501	926	869
Net Loan Activity	255	149	225	330	(726)	(256)	(726)	(256)
Balance Forward Out	5,318	5,292	7,895	8,072	7,306	7,008	7,389	7,174
Expenditures	1,163	1,226	379	791	598	543	883	828
Biennial Change in Expenditures				(1,218)		(29)		541
Biennial % Change in Expenditures				(51)		(3)		46
Governor's Change from Base								570
Governor's % Change from Base								50
Full-Time Equivalents	3.81	3.16	1.77	1.40	1.75	1.75	2.75	2.75

2001 - Other Misc Special Revenue

Balance Forward In	11,853	20,177	36,637	46,806	54,091	56,761	54,091	56,761
Receipts	7,898	4,061	8,919	7,622	2,254	2,333	2,254	2,333
Transfers In	237	10,829	4,108	500	1,000	1,000	1,000	1,000
Transfers Out			1,750					
Net Loan Activity	394	1,157	(486)	(516)	(277)	(291)	(277)	(291)

Business and Community Development

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	20,024	36,302	46,806	54,091	56,761	59,494	56,761	59,494
Expenditures	358	(79)	622	321	307	309	307	309
Biennial Change in Expenditures				664		(327)		(327)
Biennial % Change in Expenditures				238		(35)		(35)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.93	2.25	3.00	2.51	1.75	1.75	1.75	1.75

2340 - Renewable Development

Balance Forward In				134				
Direct Appropriation			15,150					
Cancellations				79				
Balance Forward Out			134					
Expenditures			15,016	55				
Biennial Change in Expenditures				15,071		(15,071)		(15,071)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.08					

2350 - Petroleum Tank Release Cleanup

Balance Forward In	7,239	6,622	4,635	5,886				
Direct Appropriation	6,200	6,200	6,200	6,200	6,201	6,201	6,201	6,201
Transfers In	11							
Transfers Out	11							
Balance Forward Out	5,602	3,651	5,886					
Expenditures	7,837	9,171	4,949	12,086	6,201	6,201	6,201	6,201
Biennial Change in Expenditures				28		(4,633)		(4,633)
Biennial % Change in Expenditures				0		(27)		(27)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.80	1.39	1.54	1.55	1.40	1.40	1.40	1.40

Business and Community Development

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2390 - Workforce Development								
Direct Appropriation	900	1,650	1,861	1,811	1,350	1,350	4,575	4,575
Cancellations	319	340	5					
Expenditures	581	1,310	1,856	1,811	1,350	1,350	4,575	4,575
Biennial Change in Expenditures			1,776		(967)		5,483	
Biennial % Change in Expenditures			94		(26)		150	
Governor's Change from Base							6,450	
Governor's % Change from Base							239	
Full-Time Equivalents		0.03						

2403 - Gift

Balance Forward In	2	25	56	57				
Receipts	40	33	36	41	41	41	41	41
Balance Forward Out	25	55	57					
Expenditures	16	4	35	98	41	41	41	41
Biennial Change in Expenditures				113		(51)		(51)
Biennial % Change in Expenditures				558		(38)		(38)
Governor's Change from Base								0
Governor's % Change from Base								0

2801 - Remediation

Balance Forward In	737	640	31	31				
Direct Appropriation	700	700	700	700	700	700	700	700
Balance Forward Out	640		31					
Expenditures	797	1,340	700	731	700	700	700	700
Biennial Change in Expenditures				(706)		(31)		(31)
Biennial % Change in Expenditures				(33)		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	7,486	5,459	4,473	1,508				
Receipts	16,784	16,355	16,674	22,758	24,658	22,846	24,658	22,846
Net Loan Activity	(2,683)	(995)	(1,545)	(2,579)	(1,845)		(1,845)	

Business and Community Development

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	5,459	4,473	1,508					
Expenditures	16,128	16,347	18,093	21,687	22,813	22,846	22,813	22,846
Biennial Change in Expenditures				7,305		5,879		5,879
Biennial % Change in Expenditures				22		15		15
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.18	3.56	3.52	4.20	4.13	4.18	4.13	4.18

Program: Unemployment Insuranceuimn.org/uimn/**AT A GLANCE**

- Pays eligible workers up to 50 percent of their average weekly wage (subject to a state maximum) for up to 26 weeks.
- Collaborates with CareerForce locations to ensure workers have the assistance they need to quickly return to employment.
- Paid \$810 million in unemployment benefits to 150,829 Minnesotans in 2017.
- Minnesota UI regularly ranks among the top 5 states in the country in achieving federal performance standards.

PURPOSE & CONTEXT

The Unemployment Insurance (UI) program's mission is to enhance workforce development and the economic strength of Minnesota by providing unemployment insurance for individuals and employers. The program provides a temporary, partial wage replacement to workers who become unemployed through no fault of their own.

Unemployment insurance benefits provide stability to local economies by helping to maintain spending during prolonged economic downturns; support dislocated workers while they obtain training so they may re-enter the labor market; and ensure that skilled workers do not leave an area in search of other work during periods of short-term unemployment.

SERVICES PROVIDED

We accomplish our mission through a variety of advanced technological and management approaches, including:

- Ensuring the prompt and accurate payment of benefits to eligible unemployed workers.
- Reducing administrative burdens as much as possible for employers who pay unemployment insurance taxes.
- Using human resources as cost-effectively as possible.
- Collaborating with CareerForce partners (formerly WorkForce Centers) to ensure workers obtain the assistance needed to quickly return to employment that makes the best possible use of the worker's skills and abilities (a state and federal requirement of UI).

We achieve these goals through several different activities:

- *Appeals Operations and Legal Affairs:* We conduct appeal hearings and Workers' Compensation interventions to ensure that all legal standards are properly applied.
- *Audits and Special Accounts:* We ensure compliance through field audits and manage special programs such as Disaster Unemployment Insurance; Interstate, Federal and Military Claims; the Shared Work Program; and Trade Readjustment Allowances.
- *Customer Service Center:* We work to make the program easy to understand by providing fast, responsive applicant and employer unemployment insurance account support.
- *Program Performance and Outreach:* We focus on operational improvement through informational/outreach programming, benefit accuracy measurements, profiling, program budget evaluation, reemployment assistance, and training.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Timely First Payment of Benefits (Federal goal: 87% in 14 days)	93.1%	93.0%	SFY2017 & SFY2018
Quantity	# New initial applications (new and reactivated) for benefits	223,169	202,820	SFY2017 & SFY2018
Quality	Avg. telephone wait time to speak to UI representative	50 Seconds	45 Seconds	SFY2017 & SFY2018
Quality	Timely Eligibility Determinations (Federal goal: 80% in 21 days)	88.0%	88.0%	SFY2017 & SFY2018
Results	Timely Appeal Decisions (Federal goal: 60% in 30 days)	76.6%	81.0%	SFY2017 & SFY2018

Minn. Stat. § 268 (<https://www.revisor.mn.gov/statutes/?id=268A.11>), U.S. Code, Title 42, Chapter 7 (<http://www.law.cornell.edu/uscode/text/42/chapter-7>), and U.S. Code, Title 26, Chapter 23 (<http://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-23>) provide the legal authority for DEED's Unemployment Insurance program.

Unemployment Insurance

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	107	467	772	12,009	12,010	12,010	12,010	12,010
3000 - Federal	45,283	42,323	40,417	47,807	48,314	47,121	48,314	47,121
Total	45,389	42,791	41,189	59,816	60,324	59,131	60,324	59,131
Biennial Change				12,825		18,450		18,450
Biennial % Change				15		18		18
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Unemployment Insurance	45,389	42,791	41,189	59,816	60,324	59,131	60,324	59,131
Total	45,389	42,791	41,189	59,816	60,324	59,131	60,324	59,131

Expenditures by Category

Compensation	26,588	23,968	23,060	26,412	27,939	27,172	27,939	27,172
Operating Expenses	18,698	18,845	18,113	33,400	32,381	31,955	32,381	31,955
Grants, Aids and Subsidies	(39)	(27)						
Capital Outlay-Real Property			0	1	1	1	1	1
Other Financial Transaction	142	5	16	3	3	3	3	3
Total	45,389	42,791	41,189	59,816	60,324	59,131	60,324	59,131

Total Agency Expenditures	45,389	42,791	41,189	59,816	60,324	59,131	60,324	59,131
Internal Billing Expenditures	3,795	2,939	2,867	3,732	3,979	3,858	3,979	3,858
Expenditures Less Internal Billing	41,595	39,852	38,322	56,084	56,345	55,273	56,345	55,273

Full-Time Equivalents

	357.82	321.78	297.95	298.32	315.63	308.07	315.63	308.07
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Unemployment Insurance

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In		6,422	12,819	18,029	12,020	6,010	12,020	6,010
Receipts	6,529	6,859	5,982	6,000	6,000	6,000	6,000	6,000
Balance Forward Out	6,422	12,814	18,029	12,020	6,010		6,010	
Expenditures	107	467	772	12,009	12,010	12,010	12,010	12,010
Biennial Change in Expenditures				12,207		11,239		11,239
Biennial % Change in Expenditures				2,127		88		88
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	597	2,679	191	830				
Receipts	47,118	39,703	41,056	46,977	48,314	47,121	48,314	47,121
Balance Forward Out	2,431	59	830					
Expenditures	45,283	42,323	40,417	47,807	48,314	47,121	48,314	47,121
Biennial Change in Expenditures				617		7,211		7,211
Biennial % Change in Expenditures				1		8		8
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	357.82	321.78	297.95	298.32	315.63	308.07	315.63	308.07

Program: Employment and Training Programs Division

mn.gov/deed/job-seekers

AT A GLANCE

- Provides skill development and training programs for Minnesotans including career seekers with barriers to employment or who are unemployed.
- Helps career seekers develop and improve job readiness for in-demand occupations that pay family sustaining wages.
- Partners, collaborates, and engages with employers to find and train workers.
- Provides innovative online resume and job-matching system for employers and career seekers through MinnesotaWorks.net.

PURPOSE & CONTEXT

The Employment and Training (ETP) Division supports Minnesotans seeking new employment through policy guidance, program administration and direct services. ETP supports local and statewide partnerships designed to develop and improve career skills and obtain employment at family sustaining wages. Division activities also support the needs of businesses in recruiting and training their current and future workforces to ensure that no Minnesotan is left on the economic sidelines.

SERVICES PROVIDED

DEED is committed to providing high quality workforce development services, solutions, and expertise for diverse populations through the ETP Division to advance Minnesota's economy. From laid-off workers to at-risk youth, ETP programs are designed to intentionally reach diverse communities across the state to ensure that all Minnesotans have access to DEED's services. Many of these programs include partnerships with Local Workforce Development Boards, nonprofit service providers, educational institutions, businesses and other stakeholders; a full list of services can be found on the DEED website (<https://mn.gov/deed/job-seekers>).

- **Career Force:** The state's unified public workforce system; combining state and federal funding to support the work of the 16 local Workforce Development Boards, the Governor's Workforce Development Board and various non-profit partners into one system. CareerForce seeks to unify an inclusive service delivery system for workforce development in the state of Minnesota that includes services in-person at our almost 50 CareerForce locations (formerly Workforce Centers) and online.
 - **Career seekers** can access job-seeking services, free of charge, to search for career opportunities in any industry, discover diverse apprenticeship programs, create practical search steps for successful career paths, access support programs, tap into services and training resources, respond to and manage career referrals as well as build career dashboards.
 - **Employers** can use CareerForce to promote career opportunities, pathways and apprenticeship programs, access talent programs, access services and training resources, find valuable labor market information, find information relative to recruitment needs, and collaborate in community forums. Employers can also access tools and resources created by DEED's Regional Workforce Strategy Consultants, who provide innovative workforce solutions by aligning resources, facilitating collaboration, and leveraging expertise in targeted industry sectors to drive economic equity and growth.
- **Laid-Off Workers:** Workers who lost their jobs through no fault of their own – that is, neither quit nor were fired – can receive assistance to find a new career. The Dislocated Worker Program, funded jointly by the federal government and the State, assists laid-off workers in returning to work with comparable

wages and benefits. Participants enrolled in the program can access career planning and counseling; job search and placement services; short-term training upon counselor approval; and support services for expenses such as family care and transportation upon counselor approval. The related Trade Adjustment Assistance Program (TAA) assists workers who lose their jobs, hours, or income specifically as a result of increased foreign trade activity. Available benefits may include special extensions to unemployment insurance, assistance with training costs, job search allowances, relocation allowances, and similar costs for finding a new job.

- **Adults:** Adults who face any number of barriers to employment can access services to help them succeed in well-paying careers. The state-funded Career Pathway programs integrate basic skills education, career-specific training, support services, and employment placement and retention to meet the needs of our customers. DEED administers federal and state fund grants along with direct legislative appropriations, such as: Pathways to Prosperity, Southeast Asian Economic relief, Capacity Building, Support Services, Women in High-wage, High-demand, Nontraditional Jobs, and several other adult competitive grant programs focused on meeting the needs of different communities across the state.
- **Veterans:** DEED administers the federally funded Jobs for Veterans State Grant (JVSG) program that provides employment and training services for eligible current and former military members. All DEED employees on the Veterans Employment Services team are veterans themselves. Services include job-readiness assessment, job preparation, and job placement assistance.
- **At-Risk Youth:** The youth and young adults who are eligible for DEED services come from low-income families, have severe barriers to employment, and are under-represented in the workforce.
 - The state funded **Youthbuild** program offers a construction career pathway for at-risk youth and young adults who have dropped out of school or experienced repeated failure in school. It provides youth with industry-recognized credentials and pre-apprenticeship training in residential construction; and contextual basic skills and soft skills in work readiness, career counseling, and leadership skills.
 - The state funded **Minnesota Youth at Work Competitive Grants** provides funding to organizations offering workforce development and training opportunities to economically disadvantaged or at-risk youth, ages 14-24, with special consideration to youth from communities of color and youth with disabilities. Services include connecting classroom skills to work-based settings, exposing youth to work settings that offer direct employer/supervisor feedback, and youth engagement while exploring interests and abilities.
 - The state funded **Minnesota Youth Program (MYP)** provides summer and year-round employment and training services to low-income and at-risk youth, ages 14 to 24, through a partnership with the Local Workforce Development Boards (LWDBs) and Youth Committees. This program reaches every single county in Minnesota. At-risk youth can earn academic credit for their participation; and worksite supervisors evaluate (pre and post) work readiness skill attainment on the worksite.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	# of job seekers registered and receiving a reportable service	161,309	154,233	SFY 2016 & SFY 2017
Quantity	# of employers who list their job vacancies on http://www.minnesotaworks.net	93,083	94,684	SFY 2016 & SFY 2017
Quality	Job seeker customer satisfaction using the Net Promoter Score (-100 to 100; a score of 50 is excellent)	43	40	CY 2016 & CY 2017

Type of Measure	Name of Measure	Previous	Current	Dates
Results	Percentage of Dislocated Worker program participants entering employment after exit	85.9%	86.8%	SFY 2016 & SFY 2017
Results	Percentage of Pathways to Prosperity program participants retaining employment for three quarters after exit	N/A*	69%	SFY 2016 & SFY 2017
Results	Percentage of Minnesota Youth Program, Youthbuild and Youth at Work participants who attained work readiness or education goals	86.1%	91.3%	SFY 2016 & SFY 2017
Results	Percentage of Veterans Program participants receiving intensive services who completed all program goals or exited the program into employment	67.0%	77.0%	SFY 2016 & SFY 2017

*The Pathways to Prosperity program folded the former Fast TRAC program into a more comprehensive workforce development and training program in SFY 2016.

Minn. Stat. § 116L (<https://www.revisor.mn.gov/statutes/?id=116L>), Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>), and the Workforce Investment Act, the Workforce Investment Act (Public Law 113 – 128) <https://www.gpo.gov/fdsys/pkg/PLAW-113publ128/pdf/PLAW-113publ128.pdf>, 29 U.S.C. Sec. 3101, *et. seq.* provide the legal authority for DEED's Employment and Training Programs Division.

Employment and Training Programs

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,486	26,843	6,243	5,889	8,289	8,289	8,289	8,289
2000 - Restrict Misc Special Revenue	6,708	6,998	7,858	8,931	8,612	8,612	8,612	8,612
2390 - Workforce Development	55,569	44,491	54,263	64,330	48,741	49,800	44,916	45,975
3000 - Federal	60,624	59,584	56,417	69,716	67,402	65,917	67,402	65,917
Total	125,387	137,916	124,782	148,866	133,044	132,618	129,219	128,793
Biennial Change				10,344		(7,986)		(15,636)
Biennial % Change				4		(3)		(6)
Governor's Change from Base								(7,650)
Governor's % Change from Base								(3)
<u>Expenditures by Activity</u>								
Adult Services	105,720	109,828	100,642	124,501	111,126	110,697	104,951	104,522
Youth Programs	19,667	28,088	24,140	24,365	21,918	21,921	24,268	24,271
Total	125,387	137,916	124,782	148,866	133,044	132,618	129,219	128,793
<u>Expenditures by Category</u>								
Compensation	20,829	19,245	18,675	21,699	20,239	20,093	20,416	20,270
Operating Expenses	10,511	12,711	13,205	21,250	22,265	21,589	22,821	22,121
Grants, Aids and Subsidies	92,719	104,312	91,401	105,860	90,483	90,879	85,925	86,345
Capital Outlay-Real Property	0	0	1					
Other Financial Transaction	1,328	1,648	1,499	57	57	57	57	57
Total	125,387	137,916	124,782	148,866	133,044	132,618	129,219	128,793
<u>Expenditures by Activity</u>								
Total Agency Expenditures	125,387	137,916	124,782	148,866	133,044	132,618	129,219	128,793
Internal Billing Expenditures	3,001	2,353	2,353	3,222	3,032	2,995	3,061	3,024
Expenditures Less Internal Billing	122,387	135,562	122,428	145,644	130,012	129,623	126,158	125,769
<u>Full-Time Equivalents</u>								
	279.20	250.54	233.56	235.55	224.90	221.90	227.65	224.65

Employment and Training Programs

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	315	17	20					
Direct Appropriation	2,189	26,969	6,239	5,889	8,289	8,289	8,289	8,289
Cancellations		123	16					
Balance Forward Out	17	20	0					
Expenditures	2,486	26,843	6,243	5,889	8,289	8,289	8,289	8,289
Biennial Change in Expenditures				(17,197)		4,446		4,446
Biennial % Change in Expenditures				(59)		37		37
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.76	3.58	2.49	2.16	2.29	2.29	2.29	2.29

2000 - Restrict Misc Special Revenue

Balance Forward In	613	993	1,631	910				
Receipts	5,548	6,394	5,947	6,896	7,487	7,487	7,487	7,487
Transfers In	1,170	1,071	1,190	1,125	1,125	1,125	1,125	1,125
Balance Forward Out	624	1,461	911					
Expenditures	6,708	6,998	7,858	8,931	8,612	8,612	8,612	8,612
Biennial Change in Expenditures				3,083		435		435
Biennial % Change in Expenditures				23		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	33.09	32.26	36.08	34.56	30.17	30.17	30.17	30.17

2390 - Workforce Development

Balance Forward In	49	211	32	35	1,000	1,000	1,000	1,000
Direct Appropriation	17,567	18,667	25,259	24,342	14,002	14,002	23,924	23,427
Open Appropriation	38,014	25,713	29,107	40,884	34,684	35,743	20,937	22,493
Transfers In	9	17	17	69	55	55	55	55
Cancellations	0	85	119					
Balance Forward Out	69	32	34	1,000	1,000	1,000	1,000	1,000
Expenditures	55,569	44,491	54,263	64,330	48,741	49,800	44,916	45,975
Biennial Change in Expenditures				18,533		(20,052)		(27,702)
Biennial % Change in Expenditures				19		(17)		(23)

Employment and Training Programs

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								(7,650)
Governor's % Change from Base								(8)
Full-Time Equivalents	17.96	8.82	8.27	8.78	8.54	8.54	11.29	11.29

3000 - Federal

Balance Forward In	273	2,349	211	240				
Receipts	61,105	57,440	56,446	69,476	67,402	65,917	67,402	65,917
Balance Forward Out	754	204	240					
Expenditures	60,624	59,584	56,417	69,716	67,402	65,917	67,402	65,917
Biennial Change in Expenditures				5,925		7,186		7,186
Biennial % Change in Expenditures				5		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	227.39	205.88	186.72	190.05	183.90	180.90	183.90	180.90

Program: Disability Determination Services

mn.gov/deed/programs-services/dds/

AT A GLANCE

- Serves Minnesota residents who file applications for disability benefits and Minnesotans who are reviewed for continuing eligibility.
- Refers disability applications for individuals who may benefit from rehabilitation services to other state agencies.
- Reviewed 50,055 new claims in 2017.
- Program is funded 100% by federal dollars.

PURPOSE & CONTEXT

Disability Determination Services (DDS) evaluates claims for disability benefits using Social Security Administration (SSA) guidelines and Federal Regulations. The Social Security program provides benefits to persons with disabilities who are not able to work. When Social Security added protection for individuals with disabilities in 1954, the Congress wrote into the law that the disability decision for an individual had to be made by a state agency and not by a federal office. Social Security pays Minnesota to run the office and make the disability decisions.

SERVICES PROVIDED

We accomplish our mission by making eligibility decisions regarding disability and blindness applications on behalf of the federal SSA. Our activities include:

- Reviewing disability applications and requesting medical records from claimants' medical sources.
- Corresponding by phone or letter with claimants, family members, legal representatives, and others to obtain additional information necessary for claims.
- Reviewing and analyzing evidence, applying SSA regulations and policy, and writing comprehensive assessments (including medical evidence, vocational factors, educational background, and other collateral information) to reach an eligibility determination.

In addition to providing eligibility determinations for disability payments, we also refer disability applicants who may benefit from rehabilitation services to Vocational Rehabilitation Services, State Services for the Blind, and the Department of Health's section of Children with Special Health Needs.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of new determinations reviewed	50,441	50,055	FFY 2016 & FFY 2017
Quality	Days in decision-making	77.7 days	81.8 days	FFY 2016 & FFY 2017
Quality	Accuracy of determination decisions (assessed through a review by SSA.)	96.2%	99.3%	FFY 2016 & FFY 2017

Social Security Act; U.S. Code, Title 42, Chap. 421 (<http://www.law.cornell.edu/uscode/text/42/421>) provides the legal authority for Disability Determination Services.

Disability Determination Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

3000 - Federal	24,578	24,373	24,089	25,026	25,677	26,607	25,677	26,607
Total	24,578	24,373	24,089	25,026	25,677	26,607	25,677	26,607
Biennial Change				164		3,169		3,169
Biennial % Change				0		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Disability Determination	24,578	24,373	24,089	25,026	25,677	26,607	25,677	26,607
Total	24,578	24,373	24,089	25,026	25,677	26,607	25,677	26,607

Expenditures by Category

Compensation	10,614	9,849	9,726	11,043	11,072	11,698	11,072	11,698
Operating Expenses	7,090	7,292	7,595	6,971	7,482	7,608	7,482	7,608
Grants, Aids and Subsidies	6,873	7,232	6,768	7,011	7,122	7,300	7,122	7,300
Other Financial Transaction	1	0	0	1	1	1	1	1
Total	24,578	24,373	24,089	25,026	25,677	26,607	25,677	26,607

Total Agency Expenditures	24,578	24,373	24,089	25,026	25,677	26,607	25,677	26,607
Internal Billing Expenditures	1,533	1,207	1,227	1,030	1,300	1,300	1,300	1,300
Expenditures Less Internal Billing	23,045	23,166	22,862	23,996	24,377	25,307	24,377	25,307

Full-Time Equivalents

	149.83	134.40	126.04	134.00	134.00	134.00	134.00	134.00
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Disability Determination Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
3000 - Federal								
Balance Forward In	760	489						
Receipts	23,858	23,884	24,089	25,026	25,677	26,607	25,677	26,607
Balance Forward Out	40							
Expenditures	24,578	24,373	24,089	25,026	25,677	26,607	25,677	26,607
Biennial Change in Expenditures				164		3,169		3,169
Biennial % Change in Expenditures				0		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	149.83	134.40	126.04	134.00	134.00	134.00	134.00	134.00

Program: General Support Services

mn.gov/deed

AT A GLANCE

- Provides leadership and infrastructure for the agency.
- Includes the Commissioner's Office and other offices which support DEED's core program work.
- Produces economic analysis and labor market information.
- Serves 404,729 subscribers to DEED's email communications.

PURPOSE & CONTEXT

General Support Services (GSS) directly supports the agency with infrastructure and leadership necessary to operate programs, develop policies, and provide assistance to individuals, businesses, and communities. These divisions provide operational and resource support and provide the technical expertise to ensure our programs are effective and efficient.

SERVICES PROVIDED

General Support Services (GSS) includes the following core functions:

- *Commissioner's Office*: provides executive leadership through appointment by Office of the Governor of Minnesota. In addition to supervising all DEED programs, the Commissioner's Office oversees two quasi-independent agencies:
 - The *Public Facilities Authority* (PFA) is a multi-agency authority that provides municipal financing expertise and infrastructure financing programs to enhance the environmental and economic vitality of the State. The Commissioner of DEED serves as the chair and chief executive officer of the authority while day-to-day operations are managed by an executive director and staff.
 - *Explore Minnesota Tourism* is the state's tourism marketing entity and is an office in the executive branch. The director of that agency reports directly to the Commissioner of DEED.
- *Policy Office*: Oversees legislative policy planning for the agency, evaluates program performance, conducts economic analysis, and represents DEED at the Legislature.
- *Labor Market Information*: Develops and refines data on Minnesota's labor market and communicates that data to customers via funding from the federal Bureau of Labor Statistics and the General Fund.
- *Communications Office*: Publicizes DEED services for customers, partners, and other stakeholders while promoting Minnesota as a place to live, work, and do business.
- *Office of Economic Equity and Opportunity*: Helps workers and businesses of color find career paths and business opportunities in Minnesota by breaking down barriers that contribute to disparities for communities of color throughout the state.
- *Office of Diversity and Equal Opportunity*: Ensures DEED's compliance with federal and state laws concerning discrimination, harassment, reasonable accommodation, site and program access and retaliation, and handles complaints of discrimination for any DEED employee, applicant, contractor, intern or customer.
- *Administrative and Financial Services*: Oversees all financial activities (including budgeting, payroll, procurement, continuity of operations and other functions) as well as managing all DEED facilities.
- *Human Resources*: Manages agency personnel, labor relations, and employee development.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of Invoices Paid Promptly	98.49%	99.18%	SFY 2017 & SFY 2018
Quantity	Number of Labor Market Information (LMI) Office Presentations/Trainings	304	363	SFY 2017 & SFY 2018
Quantity	Subscribers of DEED's GovDelivery Email Communications	312,866	404,729	SFY 2017 & SFY 2018
Quality	Recipients of Economic Analysis projects satisfaction	100% satisfied or very satisfied	100% satisfied or very satisfied	CY 2016 & CY 2017
Quality	Product prepared by an LMI Office regional analyst was useful to client/organization	97% satisfied or very satisfied	99% satisfied or very satisfied	SFY 2016 & SFY 2017
Results	Percentage of Workforce Injury Incidents	1.17%*	1.9%*	CY 2017 & CY 2018

*Data comes from 3rd quarter year-to-date injuries each year.

Minn. Stat. § 116J (<https://www.revisor.mn.gov/statutes/?id=116J>) provides the legal authority for DEED.

Minn. Stat. § 12A.14 (<https://www.revisor.mn.gov/statutes/?id=12A.14>) provides the legal authority for the Public Facilities Authority.

Minn. Stat. § 116U (<https://www.revisor.mn.gov/statutes/?id=116U>) provides the legal authority for Explore Minnesota.

General Support Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<i>Expenditures by Fund</i>								
1000 - General	1,171	1,518	1,595	3,485	2,786	2,786	2,786	2,786
2000 - Restrict Misc Special Revenue	17,213	17,606	15,123	19,313	19,028	19,028	19,028	19,028
2001 - Other Misc Special Revenue	84	80	93	191	99	99	99	99
2390 - Workforce Development	187							
3000 - Federal	10,619	10,407	10,807	11,810	13,463	13,463	13,463	13,463
Total	29,275	29,610	27,618	34,799	35,376	35,376	35,376	35,376
Biennial Change				3,533		8,335		8,335
Biennial % Change				6		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
<i>Expenditures by Activity</i>								
General Support Services	29,275	29,610	27,618	34,799	35,376	35,376	35,376	35,376
Total	29,275	29,610	27,618	34,799	35,376	35,376	35,376	35,376
<i>Expenditures by Category</i>								
Compensation	15,389	12,399	12,972	15,418	15,895	15,909	15,895	15,909
Operating Expenses	12,974	15,880	13,218	18,885	18,985	18,971	18,985	18,971
Grants, Aids and Subsidies	860	1,280	1,409	495	495	495	495	495
Capital Outlay-Real Property			27					
Other Financial Transaction	52	51	(7)	1	1	1	1	1
Total	29,275	29,610	27,618	34,799	35,376	35,376	35,376	35,376
Total Agency Expenditures	29,275	29,610	27,618	34,799	35,376	35,376	35,376	35,376
Internal Billing Expenditures	567	475	518	612	619	622	619	622
Expenditures Less Internal Billing	28,708	29,135	27,101	34,187	34,757	34,754	34,757	34,754
<i>Full-Time Equivalents</i>	159.09	131.09	135.75	143.06	143.07	142.27	143.07	142.27

General Support Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		328		732				
Direct Appropriation	3,059	3,424	4,122	4,638	4,671	4,671	4,671	4,671
Transfers In	16	362	31	1,813	1,114	1,114	1,114	1,114
Transfers Out	1,582	2,171	1,821	3,698	2,999	2,999	2,999	2,999
Cancellations		426	5					
Balance Forward Out	322		732					
Expenditures	1,171	1,518	1,595	3,485	2,786	2,786	2,786	2,786
Biennial Change in Expenditures				2,391		492		492
Biennial % Change in Expenditures				89		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	9.61	9.87	8.78	8.46	8.45	8.45	8.45	8.45

2000 - Restrict Misc Special Revenue

Balance Forward In	2,669	3,570	846	400	115	115	115	115
Receipts	17,874	14,555	14,678	19,028	19,028	19,028	19,028	19,028
Internal Billing Receipts	17,339	14,192	14,431	18,301	18,301	18,301	18,301	18,301
Balance Forward Out	3,329	519	401	115	115	115	115	115
Expenditures	17,213	17,606	15,123	19,313	19,028	19,028	19,028	19,028
Biennial Change in Expenditures				(383)		3,620		3,620
Biennial % Change in Expenditures				(1)		11		11
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	111.76	85.19	90.50	96.00	96.00	96.00	96.00	96.00

2001 - Other Misc Special Revenue

Balance Forward In	68	81	88	92				
Receipts	96	86	97	99	99	99	99	99
Balance Forward Out	80	87	92					
Expenditures	84	80	93	191	99	99	99	99
Biennial Change in Expenditures				120		(86)		(86)
Biennial % Change in Expenditures				73		(30)		(30)
Governor's Change from Base								0

General Support Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents	0.20	0.14	0.43	0.43	0.43	0.43	0.43	0.43

2390 - Workforce Development

Balance Forward In		15		18				
Direct Appropriation	209	17	35	51	55	55	55	55
Transfers Out	9	17	17	69	55	55	55	55
Cancellations		15						
Balance Forward Out	13		18					
Expenditures	187							
Biennial Change in Expenditures				(187)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.87	0.34						

3000 - Federal

Balance Forward In		472	5					
Receipts	10,706	9,940	10,803	11,810	13,463	13,463	13,463	13,463
Balance Forward Out	87	5						
Expenditures	10,619	10,407	10,807	11,810	13,463	13,463	13,463	13,463
Biennial Change in Expenditures				1,592		4,309		4,309
Biennial % Change in Expenditures				8		19		19
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	36.65	35.55	36.04	38.17	38.19	37.39	38.19	37.39

Program: Minnesota Trade Office

mn.gov/deed/business/exporting/

AT A GLANCE

- Works to increase the number of Minnesota companies exporting into foreign markets.
- Helps foreign companies explore the advantages of expanding or relocating in Minnesota and operates trade offices located in Canada, Mexico, EU, UK/Ireland, Japan, ASEAN and Australia/New Zealand.
- Provides technical assistance and financial resources for companies seeking to expand exporting.
- Recruits new and additional foreign direct investment from foreign-owned enterprises.

PURPOSE & CONTEXT

The Minnesota Trade Office (MTO) seeks to increase the number of exports and the amount of foreign direct investment that contribute to the growth of the Minnesota economy.

MTO provides export assistance to Minnesota's manufacturers and service providers. Programs and services focus primarily on assisting small and medium-sized companies. We also have offices and staff in key foreign markets to help overseas companies explore business startup, expansion and relocation opportunities in Minnesota.

SERVICES PROVIDED

The Minnesota Trade Office (MTO) provides:

- *Export counseling and assistance:* Our International Trade Representatives guide Minnesota companies through the challenges of conducting international business. Services include exporting guidance, market research, reviewing regulatory requirements, providing advice on international logistics, and evaluating market entry strategies.
- *Export financing programs:* We provide grants and guide companies on obtaining private financial assistance like loans, working capital, credit, and insurance to help new and current exporters. For instance, the STEP Grant Program provides financial and technical assistance to Minnesota small businesses with an active interest in exporting products or services to foreign markets. Small businesses may also apply for reimbursements of between \$500 and \$5,000 for export-training and export-development related activities.
- *Foreign direct investment assistance:* We work with foreign companies exploring the advantages of expanding or relocating in Minnesota. To facilitate this work, we operate trade offices in Canada, Mexico, EU, UK/Ireland, Japan, the ASEAN region (Indonesia, Thailand, Vietnam, Singapore, Malaysia, Philippines, Myanmar, Cambodia, Laos, and Brunei) and Australia/New Zealand.
- *Protocol Office for the State:* We provide leadership and expertise on international relations and international affairs for the State of Minnesota. We ensure the state's interactions with foreign delegations and dignitaries are conducted with appropriate diplomatic etiquette and cultural practices. We are also the state's liaison to the local diplomatic community – the Minnesota Consular Corp.

We sponsor and coordinate trade missions to foreign countries with delegations of business, education, and government officials, to showcase Minnesota as a superior place to do business, raise the profile of Minnesota companies, and provide important networking opportunities to the delegates.

We also organize reverse missions from foreign countries with delegation of business, education, and government officials to showcase the state and create business opportunities for Minnesota companies.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Annual total exports from Minnesota	\$19B	\$21B	SFY 2016 & SFY 2017
Quantity	Number of organizations receiving export assistance	912	864	SFY 2017 & SFY 2018
Quantity	Number of attendees at MTO training seminars	1,142	1,285	SFY 2017 & SFY 2018
Quantity	Number of Foreign companies requesting information on Minnesota	114	120	SFY 2017 & SFY 2018
Quantity	Number of protocol requests for assistance with diplomatic interactions	30	54	FFY 2017 & FFY 2018
Quantity	Diplomatic visit protocol meetings & events for the State of Minnesota	26	49	FFY 2017 & FFY 2018

Minn. Stat. § 116J.966 (<https://www.revisor.mn.gov/statutes/?id=116J.966>) and the Federal Trade Act of 1974, Public Law 93-618, as amended; U.S. Code, Title 19 (<http://www.law.cornell.edu/uscode/text/19/chapter-12>) provide the legal authority for DEED's Trade Office.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	2,063	2,458	1,912	2,712	2,317	2,317	2,317	2,317
2000 - Restrict Misc Special Revenue	176		76	136	170	70	170	70
3000 - Federal	132	22		145	150	150	150	150
Total	2,370	2,480	1,988	2,993	2,637	2,537	2,637	2,537
Biennial Change				131		193		193
Biennial % Change				3		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Minnesota Trade Office	2,370	2,480	1,988	2,993	2,637	2,537	2,637	2,537
Total	2,370	2,480	1,988	2,993	2,637	2,537	2,637	2,537

Expenditures by Category

Compensation	1,256	1,177	1,000	1,368	1,366	1,389	1,366	1,389
Operating Expenses	813	878	688	1,325	966	843	966	843
Grants, Aids and Subsidies	301	420	289	300	305	305	305	305
Other Financial Transaction	0	4	11					
Total	2,370	2,480	1,988	2,993	2,637	2,537	2,637	2,537

Total Agency Expenditures	2,370	2,480	1,988	2,993	2,637	2,537	2,637	2,537
Internal Billing Expenditures	181	144	126	181	179	182	179	182
Expenditures Less Internal Billing	2,189	2,335	1,862	2,812	2,458	2,355	2,458	2,355

Full-Time Equivalent

	12.52	11.46	9.82	12.00	12.00	12.00	12.00	12.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		190		395				
Direct Appropriation	2,292	2,292	2,292	2,292	2,292	2,292	2,292	2,292
Transfers In	29	45	25	25	25	25	25	25
Cancellations	74	69	11					
Balance Forward Out	184		394					
Expenditures	2,063	2,458	1,912	2,712	2,317	2,317	2,317	2,317
Biennial Change in Expenditures				104		10		10
Biennial % Change in Expenditures				2		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.24	11.39	9.73	12.00	11.90	11.90	11.90	11.90

2000 - Restrict Misc Special Revenue

Balance Forward In	108	87	136	166	100	100	100	100
Receipts	155	49	106	70	170	70	170	70
Balance Forward Out	87	136	166	100	100	100	100	100
Expenditures	176		76	136	170	70	170	70
Biennial Change in Expenditures				36		28		28
Biennial % Change in Expenditures						13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.10	0.07	0.09		0.10	0.10	0.10	0.10

3000 - Federal

Receipts	132	22		145	150	150	150	150
Expenditures	132	22		145	150	150	150	150
Biennial Change in Expenditures				(8)		155		155
Biennial % Change in Expenditures				(5)				
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.18							

Program: Vocational Rehabilitation Services

mn.gov/deed/job-seekers/disabilities/

AT A GLANCE

- Provides employment-related services to approximately 20,000 Minnesotans with disabilities each year who seek competitive, integrated employment.
- Provides career counseling, information and referral services regarding competitive, integrated employment to individuals with disabilities who currently earn less than minimum wage.
- Provides pre-employment transition services to high school students with disabilities.
- Assists Minnesotans with disabilities to live independently and secure their basic rights in areas such as housing, transportation, education and employment.

PURPOSE & CONTEXT

Our purpose is to assist Minnesotans with disabilities to find and keep jobs and live independently in their communities. Vocational Rehabilitation Services helps remedy the disparity between the percentage of working-age Minnesotans with disabilities who have jobs - 48.0 percent - and those with no disability - 83.8 percent (2016)¹.

The programs in Vocational Rehabilitation Services serve:

- Minnesotans with disabilities who face significant barriers to achieving competitive, integrated employment and independence in their communities.
- Students and young adults with significant disabilities who are making the transition from school to work.
- Employers who seek qualified candidates for job openings

SERVICES PROVIDED

We accomplish our mission via three distinct programs; Vocational Rehabilitation Services, Independent Living programs and the Extended Employment program. Vocational Rehabilitation Services and Independent Living programs are operated and funded as federal/state partnerships. The Extended Employment program is funded solely by the state.

- *Vocational Rehabilitation Services (VRS):* We assist people with disabilities to find jobs through employment services such as job counseling, job search assistance, training, and job placement services.
- *Extended Employment:* We work with people with disabilities to keep their jobs and advance in their careers by providing long-term employment support services. Those services typically include assistance in training or retraining job tasks, scheduling changes, adjusting to new supervisors, advancement to new job tasks or positions, and managing changes in non-work environments or life activities that affect work performance.
- *Independent Living:* We provide resources to Minnesotans with disabilities to live and function independently at home, at work, in their communities, and/or relocate out of nursing homes, by collaborating with the state's eight regional centers for independent living to provide services and training.

Our staff provide individualized assessments, evaluations, counseling, training, assistive technologies, job placement, and retention services. Through coordinated partnerships, we work closely with nonprofit community

¹ Data Source: Employment Status by Disability Status and Type, American Community Survey 2016.

rehabilitation providers, county service agencies, regional centers for independent living, secondary and post-secondary educational institutions, businesses, and other public and private organizations.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of individuals new to the program / Number of people receiving services	7,176 / 11,776	6,579 / 11,381	SFY 2017 & SFY 2018
Result	Number of individuals attaining employment	2,807	2,688	SFY 2017& SFY 2018

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of individuals	4,205	3,822	SFY 2017 & SFY 2018
Result	Total wages earned by individuals	\$31.8M	\$30.5M	SFY 2017 & SFY 2018

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total number of individuals served	7,000	6,903	SFY 2017 & SFY 2018
Quantity	Total instances of service (Information and Referral, Skills Training, Peer Counseling, Advocacy)	52,825	64,347	SFY 2017 & SFY 2018

Minn. Stat. § 268A (<https://www.revisor.mn.gov/statutes/?id=268A.11>), Federal Rehabilitation Act of 1973 as amended, U.S. Code, Title 29, Chapter 16 (<http://www.law.cornell.edu/uscode/text/29/chapter-16>), provides the legal authority for DEED's Vocational Rehabilitation Services.

Minn. Stat., Chap. 268A.15 (<https://www.revisor.mn.gov/statutes/cite/268A>) et. seq. provides the statutory authority for the Extended Employment Program. Minn. Stat., Chap. 268A.11

(<https://www.revisor.mn.gov/statutes/?id=268a.11>); U.S. Code, Title 29, Chap. 16, Sect. 796

(<https://www.law.cornell.edu/uscode/text/29/chapter-16/subchapter-VII>) et seq., provides the statutory authority for the Independent Living Program.

Vocational Rehabilitation Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	22,180	19,862	27,508	29,115	25,381	25,381	29,381	29,381
2390 - Workforce Development	7,919	10,147	7,737	9,254	7,830	7,830	7,830	7,830
2403 - Gift				65	100	100	100	100
3000 - Federal	52,029	51,500	59,105	74,173	73,235	75,763	73,235	75,763
Total	82,128	81,509	94,350	112,607	106,546	109,074	110,546	113,074
Biennial Change				43,320		8,663		16,663
Biennial % Change				26		4		8
Governor's Change from Base								8,000
Governor's % Change from Base								4

Expenditures by Activity

Vocational Rehabilitation	61,504	58,741	69,712	83,027	80,439	82,754	84,439	86,754
Extended Employment	15,371	16,658	16,154	20,016	18,400	18,400	18,400	18,400
Independent Living	5,253	6,111	8,485	9,564	7,707	7,920	7,707	7,920
Total	82,128	81,509	94,350	112,607	106,546	109,074	110,546	113,074

Expenditures by Category

Compensation	28,523	28,896	30,180	31,181	32,128	33,739	32,128	33,739
Operating Expenses	11,248	12,123	13,055	14,512	14,551	15,162	14,551	15,162
Grants, Aids and Subsidies	42,341	40,434	51,089	66,889	59,830	60,136	63,830	64,136
Capital Outlay-Real Property	0	1			1	1	1	1
Other Financial Transaction	16	56	26	25	36	36	36	36
Total	82,128	81,509	94,350	112,607	106,546	109,074	110,546	113,074

Total Agency Expenditures	82,128	81,509	94,350	112,607	106,546	109,074	110,546	113,074
Internal Billing Expenditures	4,132	3,554	3,792	4,964	5,367	5,590	5,367	5,590
Expenditures Less Internal Billing	77,996	77,955	90,558	107,643	101,179	103,484	105,179	107,484

Full-Time Equivalents

339.38	336.34	346.82	344.05	344.13	344.13	344.13	344.13
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Vocational Rehabilitation Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	1,642	2,199	1,989	2,234				
Direct Appropriation	22,611	22,611	27,733	26,861	25,361	25,361	29,361	29,361
Transfers In		19	19	40	40	40	40	40
Transfers Out				20	20	20	20	20
Cancellations	103	3,473	1					
Balance Forward Out	1,970	1,495	2,233					
Expenditures	22,180	19,862	27,508	29,115	25,381	25,381	29,381	29,381
Biennial Change in Expenditures				14,582		(5,861)		2,139
Biennial % Change in Expenditures				35		(10)		4
Governor's Change from Base								8,000
Governor's % Change from Base								16
Full-Time Equivalents	5.08	4.16	3.77	3.62	3.70	3.70	3.70	3.70

2390 - Workforce Development

Balance Forward In	906	1,366	1,412	1,424				
Direct Appropriation	7,830	9,630	7,830	7,830	7,830	7,830	7,830	7,830
Cancellations		249	82					
Balance Forward Out	817	599	1,424					
Expenditures	7,919	10,147	7,737	9,254	7,830	7,830	7,830	7,830
Biennial Change in Expenditures				(1,076)		(1,331)		(1,331)
Biennial % Change in Expenditures				(6)		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.01	0.09	0.03	0.03	0.03	0.03	0.03	0.03

2403 - Gift

Balance Forward In	24	24	24	45				
Receipts	0	0	21	20	100	100	100	100
Balance Forward Out	24	24	45					
Expenditures				65	100	100	100	100
Biennial Change in Expenditures				65		135		135
Biennial % Change in Expenditures								
Governor's Change from Base								0

Vocational Rehabilitation Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	1,571	1,992	47	1,006				
Receipts	51,390	49,508	60,064	73,167	73,235	75,763	73,235	75,763
Balance Forward Out	933		1,006					
Expenditures	52,029	51,500	59,105	74,173	73,235	75,763	73,235	75,763
Biennial Change in Expenditures				29,750		15,720		15,720
Biennial % Change in Expenditures				29		12		12
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	334.29	332.09	343.02	340.40	340.40	340.40	340.40	340.40

Program: State Services for the Blind

mn.gov/deed/job-seekers/blind-visual-impaired/

AT A GLANCE

- The State Services for the Blind (SSB) Workforce Development Unit supports blind, visually impaired, and DeafBlind Minnesotans in becoming independent, self-sufficient, and employed by providing career counseling, career-driven training, technology, and employment services.
- The SSB Communication Center Unit provides Minnesotans with braille, audio, large print, and e-text to learn and excel in school, get jobs, increase job skills, and be vital neighbors and community members.
- The SSB Senior Services Unit provides direct services and uses local partnerships across Minnesota to enable seniors to continue living independently in their homes and actively engaging in their communities.

PURPOSE & CONTEXT

The achievement-focused programs of State Services for the Blind (SSB) assist customers with the tools they need to succeed in work, school, and life. Designed to address needs not met by other programs, SSB builds value by investing in young adults, leveling the employment playing field, keeping seniors engaged, safe, and at home, and by transforming print into accessible media.

SERVICES PROVIDED

Workforce Development:

State Services for the Blind receives 78.7 percent of its funding through a grant from the U.S. Department of Education. For Federal fiscal year 2017, the total amount of grant funds awarded were \$9,005,850. The remaining 21.3 percent of the costs \$2,502,083 were funded by a state appropriation to SSB.

Vocational Rehabilitation: A Workforce Innovation and Opportunity Act Core Partner

We assist students in preparing for life after high school by ensuring they have the skills, training, and technology necessary to be a part of a highly skilled, highly trained workforce. We help individuals choose careers that align with today's economic trends and provide them with the necessary training and technology so they have a competitive edge in the labor market.

We help individuals avoid or leave sheltered workshops that pay subminimum wage and instead assist them in finding high quality, good paying jobs in the community. We partner with businesses by assisting them with recruitment, employee retention, disability training, and job accommodations.

Business Enterprises: Providing Entrepreneurial Opportunities

We provide vending business job opportunities for blind, visually impaired, and DeafBlind entrepreneurs within state and federal buildings at 160 locations, 29 entrepreneurs in this program generate \$6.4 million in annual sales, pay \$420,000 in state sales taxes, pay over \$643,000 in employee wages, and pay \$250,000 in funds to support the program.

Senior Services: Many of the people we work with have age-related macular degeneration, diabetic retinopathy, glaucoma, or other vision-related conditions that are often a part of aging. Our goal is to help customers meet the challenges of vision loss based on their own particular needs and circumstances. Services range from teaching simple techniques for managing household activities to comprehensive training that can include learning to use a white cane, how to continue to use technology, and more complex personal independence skills.

The Senior Services Aging Eyes Initiative is an additional program within senior services that leverages community partnerships throughout Minnesota to reach additional seniors in need.

Communication Center: We keep Minnesotans reading so that all can learn and excel in school, get jobs, increase job skills, and be vital neighbors and members of our communities. We provide equal access to information (newspapers, books, magazines, community, religious, and family materials) through braille, audio books, podcasts, large print, and e-text. We partner with the Minnesota Braille and Talking Book Library and are part of the National Library Service program. We provide braille school materials for Minnesota's K-12 children and we produce braille and audio textbooks for Minnesota's higher educational students. Our radio reading service, the Radio Talking Book, broadcasts new books, magazines, and daily newspapers. Dial-In News and NFB-NEWSLINE present audio newspapers and magazines from around the world, as well as job postings. We also produce life-skill podcasts for youth in partnership with Blind Abilities. Government agencies, businesses, and schools rely on us and our 615 volunteers for their braille, audio, large print, and e-text needs.

RESULTS

Workforce Development:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Customers' average hours worked per week	28	27	FFY 2016 & FFY 2017
Result	Customers' average hourly wage	\$16.75	\$20.52	FFY 2016 & FFY 2017

Senior Services:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total customers served	3,750	4,203	FFY 2016 & FFY 2017
Quantity	Customers enrolled through Aging Eyes	450	654	FFY 2016 & FFY 2017
Result	Community partnerships formed	179	457	FFY 2016 & FFY 2017

Communication Center:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total customers served	13,000	13,801	FFY 2016 & FFY 2017

Minnesota Rules 3325 (BEP) (<https://www.revisor.mn.gov/rules/?id=3325>), Chapter 248. Blind; Education, Rehabilitation (<https://www.revisor.mn.gov/statutes/?id=248>) provides the legal authority for State Services for the Blind, Rehabilitation Act of 1973 as amended (<http://www.law.cornell.edu/uscode/text/29/chapter-16>), CFR 361 and 363 (<http://www.law.cornell.edu/cfr/text/34/part-361>, <http://www.law.cornell.edu/cfr/text/34/part-363>)

State Services for The Blind

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	5,999	7,052	6,551	6,551	6,551	6,551	6,551	6,551
2000 - Restrict Misc Special Revenue	666	589	719	1,900	966	968	966	968
2403 - Gift	222	158	202	456	284	286	284	286
3000 - Federal	12,355	13,966	12,849	14,769	14,431	14,521	14,431	14,521
Total	19,243	21,765	20,322	23,676	22,232	22,326	22,232	22,326
Biennial Change				2,990		560		560
Biennial % Change				7		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Services for The Blind	19,243	21,765	20,322	23,676	22,232	22,326	22,232	22,326
Total	19,243	21,765	20,322	23,676	22,232	22,326	22,232	22,326

Expenditures by Category

Compensation	8,898	8,812	9,110	9,769	10,602	10,877	10,602	10,877
Operating Expenses	4,703	5,115	4,809	6,210	4,537	4,377	4,537	4,377
Grants, Aids and Subsidies	5,518	5,492	6,151	7,397	6,876	6,855	6,876	6,855
Capital Outlay-Real Property	19	1		45	11	11	11	11
Other Financial Transaction	105	2,345	252	255	206	206	206	206
Total	19,243	21,765	20,322	23,676	22,232	22,326	22,232	22,326

Total Agency Expenditures	19,243	21,765	20,322	23,676	22,232	22,326	22,232	22,326
Internal Billing Expenditures	1,284	1,113	1,146	1,363	1,390	1,431	1,390	1,431
Expenditures Less Internal Billing	17,959	20,652	19,175	22,313	20,842	20,895	20,842	20,895

<u>Full-Time Equivalents</u>	107.95	108.30	109.34	109.34	102.48	104.55	102.48	104.55
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State Services for The Blind

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1						
Direct Appropriation	5,925	6,925	6,425	6,425	6,425	6,425	6,425	6,425
Transfers In	74	126	126	126	126	126	126	126
Balance Forward Out			0					
Expenditures	5,999	7,052	6,551	6,551	6,551	6,551	6,551	6,551
Biennial Change in Expenditures				51		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	41.83	39.40	35.40	35.40	35.40	35.40	35.40	35.40

2000 - Restrict Misc Special Revenue

Balance Forward In	853	928	1,015	906				
Receipts	690	675	610	994	966	968	966	968
Transfers In		383						
Transfers Out		383						
Balance Forward Out	877	1,014	905					
Expenditures	666	589	719	1,900	966	968	966	968
Biennial Change in Expenditures				1,364		(685)		(685)
Biennial % Change in Expenditures				109		(26)		(26)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00

2403 - Gift

Balance Forward In	128	117	174	227				
Receipts	177	212	255	229	284	286	284	286
Balance Forward Out	83	170	226					
Expenditures	222	158	202	456	284	286	284	286
Biennial Change in Expenditures				278		(88)		(88)
Biennial % Change in Expenditures				73		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0

State Services for The Blind

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Full-Time Equivalents	1.27	1.00	1.48	1.48	1.48	1.48	1.48	1.48

3000 - Federal

Balance Forward In	172	153	137	114				
Receipts	12,267	13,932	12,826	14,655	14,431	14,521	14,431	14,521
Balance Forward Out	84	120	114					
Expenditures	12,355	13,966	12,849	14,769	14,431	14,521	14,431	14,521
Biennial Change in Expenditures				1,297		1,334		1,334
Biennial % Change in Expenditures				5		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	62.85	65.90	70.46	70.46	63.60	65.67	63.60	65.67

Program: Broadband Developmentmn.gov/deed/programs-services/broadband/**AT A GLANCE**

- Works to ensure that the state's Internet service is among the nation's best and can keep pace with the growing demands of businesses and individual Minnesotans.
- Coordinates public, private, and philanthropic efforts to increase availability, speed, and use of broadband.
- Administers the state competitive grant fund for broadband infrastructure.
- Conducts research, data collection, and mapping to inform policy and improve access to underserved and unserved communities.

PURPOSE & CONTEXT

The Office of Broadband Development (OBD), created in 2013, is charged with improving broadband access and use. OBD is housed in the Business and Community Development Division. Our purpose is to drive job creation, promote innovation and expand markets for Minnesota businesses by increasing the deployment and use of broadband technologies. We also encourage investment in broadband infrastructure to achieve equal access to opportunities in economic development, education, healthcare, public safety and social well-being throughout the state. Our work ensures that unserved and underserved communities gain access to the broadband infrastructure they need to remain economically competitive and to have digitally literate Minnesotans.

SERVICES PROVIDED

The Office of Broadband Development (OBD) accomplishes its mission through the following activities:

- *Community Planning:* We work with communities, broadband providers, and local units of government to provide technical assistance and consultation services for broadband development and related planning. We also work to ensure these stakeholders are aware of both federal and state policies and programs, including financial resources.
- *Broadband Infrastructure:* We manage the competitive Border-to-Border Broadband Development Grant program to build broadband infrastructure in areas of the state where conventional business models have been unable to meet connectivity needs. Applicants are typically one partner among several in a community initiative, such as an existing broadband provider, a cooperative, township, city, or tribe.
- *Research and Data Collection:* Through the coordination of data collection, mapping, and analysis, we measure progress toward state broadband goals.
- *Adoption and Use:* We study and work to improve low broadband adoption and use rates among identified population groups.
- *Collaboration and Engagement:* We provide support and input to the Governor's Task Force on Broadband to develop, implement and promote state broadband policy, planning and initiatives to achieve State broadband needs and goals.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Year & Amount of Funding Appropriated</i>			
		<i>2014 \$20M</i>	<i>2015 \$10.5M</i>	<i>2016 \$35M</i>	<i>2017 \$20M</i>
Quantity	# of Applications to Broadband Grant Program	40	44	57	70
Quantity	# of Grant Awards from the Broadband Grant Program	16	15	40	39
Quantity	# of Households, Businesses and Community Institutions Served by Broadband Grant Program	6,333	4,098	16,708	12,202
Results	Percent of Minnesota Households with High Speed Broadband Access (based on 2016 established goal of 25Mbps down/3Mbps upload)	85.83% ¹	87.72% ²	87.94% ³	90.77% ⁴

Minn. Stat., Chap. 116J.39 (<https://www.revisor.mn.gov/statutes/?id=116J.39>) provides the legal authority for DEED's Broadband Development program.

¹ Broadband access as of 2/15

² Broadband access as of 7/16

³ Broadband access as of 4/17

⁴ Broadband access as of 3/18

Broadband Development

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	6,571	6,748	227	273	250	250	250	250
2001 - Other Misc Special Revenue	5,943	31,316	28,516	1,373	197	205	35,197	35,205
Total	12,514	38,064	28,744	1,646	447	455	35,447	35,455
Biennial Change				(20,188)		(29,488)		40,512
Biennial % Change				(40)		(97)		133
Governor's Change from Base								70,000
Governor's % Change from Base								7,761

Expenditures by Activity

Broadband Dev Office	12,514	38,064	28,744	1,646	447	455	35,447	35,455
Total	12,514	38,064	28,744	1,646	447	455	35,447	35,455

Expenditures by Category

Compensation	277	296	278	312	322	328	622	628
Operating Expenses	210	367	99	434	125	127	425	427
Grants, Aids and Subsidies	12,028	37,399	28,366	900			34,400	34,400
Other Financial Transaction	0	0	0					
Total	12,514	38,064	28,744	1,646	447	455	35,447	35,455

Total Agency Expenditures	12,514	38,064	28,744	1,646	447	455	35,447	35,455
Internal Billing Expenditures	40	36	35	45	46	47	46	47
Expenditures Less Internal Billing	12,474	38,027	28,709	1,601	401	408	35,401	35,408

Full-Time Equivalents

2.80	3.06	2.63	3.00	3.00	3.00	6.00	6.00
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Broadband Development

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		6,492		23				
Direct Appropriation	10,838	35,250	20,250	250	250	250	35,250	35,250
Transfers In		6						
Transfers Out		35,000	20,000				35,000	35,000
Cancellations		0						
Balance Forward Out	4,267		23					
Expenditures	6,571	6,748	227	273	250	250	250	250
Biennial Change in Expenditures				(12,819)		0		0
Biennial % Change in Expenditures				(96)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.77	2.09	1.04	1.00	1.00	1.00	1.00	1.00

2001 - Other Misc Special Revenue

Balance Forward In	7,365	5,058	9,174	1,386	593	576	593	576
Receipts	108	432	728	580	180	26	180	26
Transfers In		35,000	20,000				35,000	35,000
Balance Forward Out	1,531	9,174	1,386	593	576	397	576	397
Expenditures	5,943	31,316	28,516	1,373	197	205	35,197	35,205
Biennial Change in Expenditures				(7,369)		(29,487)		40,513
Biennial % Change in Expenditures				(20)		(99)		136
Governor's Change from Base								70,000
Governor's % Change from Base								17,413
Full-Time Equivalents	0.03	0.97	1.59	2.00	2.00	2.00	5.00	5.00

B22 - Employment and Economic Development

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General							54,250	13,750
Total							54,250	13,750
Biennial Change				0		0		68,000
Biennial % Change								
Governor's Change from Base								68,000
Governor's % Change from Base								
Paid Family Medical Leave							54,250	13,750
Total							54,250	13,750
Compensation							3,000	3,000
Operating Expenses							51,250	10,750
Total							54,250	13,750
Total Agency Expenditures							54,250	13,750
Expenditures Less Internal Billing							54,250	13,750

Paid Family Medical Leave

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation							54,250	13,750
Expenditures							54,250	13,750
Biennial Change in Expenditures				0		0		68,000
Biennial % Change in Expenditures								
Governor's Change from Base								68,000
Governor's % Change from Base								

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
US HUD 14.228	Small Cities Community Development Block Grants For the benefit of eligible non-entitlement local units of government for community development needs.		14,488	19,510	20,550	20,596	Match	3.9
ENVIRONMENTAL PROTECTION AGENCY 66.818	Brownfield/Petroleum Cleanup Provide loans to public or private entities for clean-up of contaminated property.		8	12	13	-		-
	Budget Activity Total: Community Finance		14,496	19,522	20,563	20,596		3.9
SMALL BUSINESS ADMINISTRATION 59.037	Small Business Development Centers Financing small business development center services.		2,124	2,068	2,150	2,150	Match	-
SMALL BUSINESS ADMINISTRATION 59.037	Small Business Portable Assistance Program Technical assistance and/or training services to small businesses in communities that are economically impacted as a result of a recent business or government facility downsizing or closing	Yes	53	50	100	100		-
	Budget Activity Total: Entrepreneurship & Small Business Development		2,177	2,118	2,250	2,250		-
US Treasury - No CFDA	State Small Business Credit Initiative To provide portfolio insurance for business loans also collateral support programs, loan participations programs, venture capital programs, and loan guarantee programs		1,419	47	-	-		0.4
	Budget Activity Total: Business Finance		1,419	47	-	-		0.4
	Program Total: Business and Community Development		18,093	21,687	22,813	22,846		4.2
US DEPARTMENT OF LABOR 17.225	Unemployment Insurance Provides a temporary, partial wage replacement to those who become unemployed through no fault of their own.		40,417	47,807	48,314	47,121		298.3
	Program Total: Unemployment Insurance		40,417	47,807	48,314	47,121		298.3
US DEPARTMENT OF LABOR 17.207	Employment Services Wagner-Peyser Provides labor exchange services to individuals seeking employment and to businesses seeking workers.		10,541	11,816	12,380	12,511		95.5
NO CFDA	Subgrant agreements		3,802	4,805	4,100	4,150		24.8

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
US DEPARTMENT OF LABOR 17.273	Foreign Labor Provides federal tax credit to employers hiring members of targeted groups who have difficulty finding jobs. Enables businesses to hire foreign workers. Provide analysis of job market conditions and outlook, economic indicators and workforce trends.		134	80	80	80		0.5
US DEPARTMENT OF LABOR 17.235	Senior Community Service Employment Program Provides people age 55 and older to receive on the job training and current work experience they need to return to work.		1,819	2,857	2,925	2,925		0.3
US DEPARTMENT OF LABOR 17.245	Trade Adjustment Assistance Serves workers displaced by foreign trade and provides workers reentering the workforce with work search, relocation, job training and weekly cash benefits		5,440	12,298	12,298	12,298		7.5
US DEPARTMENT OF LABOR 17.258	Workforce Innovation and Opportunity Act (WIOA) Adult Programs Provides year round employment training services to adults.		7,154	9,040	9,700	9,700		20.3
US DEPARTMENT OF LABOR 17.278	Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Programs Provides employment and training services to workers who have been laid off through no fault of their own.		7,488	9,949	9,953	9,955		
US DEPARTMENT OF LABOR 17.271	Work Opportunity Tax Credit (WOTC) Provides federal tax credit to employers hiring members of targeted groups who have difficulty finding jobs. Enables businesses to hire foreign workers. Provide analysis of job market conditions and outlook, economic indicators and workforce trends.		194	232	240	240		2.7
US DEPARTMENT OF LABOR 17.801	Veterans Programs Provide specialized employment and training services to veterans using the workforce center system.		2,646	2,773	2,517	2,473		23.3
US DEPARTMENT OF LABOR 17.277	National Emergency Grants - Workforce Innovation and Opportunity Act Programs Provides assistance to mass layoffs or plant closings and other events that cause increases in the number of unemployed.		749	-	-	-		-

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
US DEPARTMENT OF LABOR 17.720	RETAIN Demonstration Projects will test the impact of early intervention strategies that improve stay-at-work/return-to-work (SAW/RTW) outcomes of individuals who experience an injury or illness while employed. RETAIN projects will address both on-the-job and off-the-job injuries and illnesses. Individuals participating in RETAIN must be employed, or at a minimum in the labor force, at the time of the injury or illness onset.		-	2,000	500	-	-	-
US DEPARTMENT OF LABOR 17.207	Adult DEI Career Pathways To increase participation in existing job training and career pathways programs by all Minnesotans including adult learners and job seekers with disabilities and other with unique career development needs.		687		-	-		-
US DEPARTMENT OF LABOR 17.283	Workforce Innovation Fund An award to promote system reforms and innovations that facilitate cooperation across programs to improve employment outcomes, cost effectiveness, and delivery of customer-centered services to job seekers, youth and employers.	Yes	1,822	2,000	1,127	-		4.3
US DEPARTMENT OF LABOR 17.268	Apprenticeship Initiative An award to develop innovative approaches to expand apprenticeship into more industries, sectors, and occupations.	Yes	3,135	902	60	60		1.5
	Budget Activity Total: Adult Services		45,611	58,752	55,880	54,392		180.6
US DEPARTMENT OF LABOR 17.207	Youth Disability Employment Initiative (DEI) Program Provides expansion of employment opportunities for youth people with disabilities.	Yes	1,705	500	522	525		1.5
US DEPARTMENT OF LABOR 17.259	Workforce Innovation and Opportunity Act (WIOA) Youth Programs Provides year round employment training services to disadvantaged youth.		9,101	10,464	11,000	11,000		8.0
	Budget Activity Total: Youth Services		10,806	10,964	11,522	11,525		9.5
	Program Total: Workforce Development		56,416	69,716	67,402	65,917		190.0
Social Security Administration 96.001	Disability Determination Provides determinations on social security disability insurance eligibility, verification information to rehabilitation agencies and resources for customers eligible for Ticket to Work program.		24,089	25,026	25,677	26,607		134.0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	Program Total: Disability Determination		24,089	25,026	25,677	26,607		134.0
US DEPARTMENT OF LABOR 17.002	Labor Force Statistics Collects, edits analyze and disseminate employment and economic data.		1,407	1,400	1,400	1,400		14.7
US DEPARTMENT OF LABOR 17.207	Analyst Resource Center Development, maintenance and dissemination of the Workforce Information Database to all states for mandated use as the repository of labor marker data.		1,221	1,215	1,215	1,215		3.5
US DEPARTMENT OF LABOR 17.207	Workforce Information Grant Provide analysis of job market conditions and outlook, economic indicators and workforce trends.		522	848	848	848		4.6
US DEPARTMENT OF LABOR 17.207	Career One-Stop Provides a wide array of information and interactive tools for job seekers, students and other career planners.		7,657	8,347	10,000	10,000		15.4
	Program Total : General Support Services		10,807	11,810	13,463	13,463		38.2
SMALL BUSINESS ADMINISTRATION 59.061	State Trade and Export Promotion (STEP) A pilot program of the SBA to provide grants to states to carry out export programs that assist eligible small businesses.		-	145	150	150	Match	
	Program Total: Minnesota Trade Office		-	145	150	150		-
US DEPARTMENT OF EDUCATION 84.187	Basic Supported Employment Provides assessment, vocational evaluations, counseling, training, and job placement services for persons with significant disabilities.		319	330	319	319	Match	
US DEPARTMENT OF EDUCATION 84.126	Basic Employment Provides assessment, vocational evaluations, counseling, training, and job placement services for persons with significant disabilities.		53,232	66,284	68,220	70,535	Both	339.0
Interagency agreement No CFDA	VR Special Projects		80	1,006	-	-		-
	Budget Activity Total: Vocational Rehabilitation		53,631	67,620	68,539	70,854		339.0
HEALTH & HUMAN SERVICES 93.369	Independent Living Services B Provides independent living skills training, information and referral, systems advocacy, and peer support services to persons with disabilities.		4,126	5,343	3,329	3,365	Match	1.4
HEALTH & HUMAN SERVICES 93.432	Independent Living Services C To support a network of centers for independent living (centers or CILs)		1,349	1,210	1,367	1,544		
	Budget Activity Total: Independent Living		5,475	6,553	4,696	4,909		1.4

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	Program Total: Vocational Rehabilitation		59,105	74,173	73,235	75,763		340.4
US DEPARTMENT OF EDUCATION 84.187	Basic Supported Employment Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.		6	54	54	54	Match	-
US DEPARTMENT OF EDUCATION 84.126	Basic Employment Provides assessment, vocational evaluations, counseling, training, Braille, and job placement services.		11,172	12,678	12,600	12,678	Both	58.4
HEALTH & HUMAN SERVICES 93.369	Independent Living Services B Provides assistance to older blind persons with disabilities to live independently.		61	87	87	87	Match	0.7
US DEPARTMENT OF EDUCATION 84.177	Older Blind Support services for individuals age 55 or older whose severe visual impairment makes competitive employment difficult to obtain but for whom independent living goals are feasible.		894	907	875	876	Match	4.9
Interagency agreement No CFDA	Education Agreement		609	772	681	691		5.8
	SSB Special Projects		106	271	134	135		0.8
	Program Total: Service for The Blind		12,848	14,769	14,431	14,521	-	70.5
	Federal Fund - Agency Total: Department of Employment and Economic Development		221,776	265,133	265,485	266,388		1,076.5

Narrative

DEED receives funding from a variety of federal agencies including the Departments of Labor, Education, Health and Human Services, Housing and Urban Development, Social Security Administration, Environmental Protection Agency, and Small Business Administration. Federal funds represent a significant portion of DEED's budget, consisting of over 47% of expenditures in SFY17 and 49% of expenditures in SFY18.

For planning purposes, it is assumed that federal award amounts for ongoing programs will remain fairly constant over the biennium. FTE counts are based on the estimated time charged against federal programs for SFY19.

While the Workforce Innovation and Opportunity Act took effect on July 1, 2015, the first full program year after enactment. WIOA created streamlined workforce development system eliminating several programs but maintaining the 15 percent funding reservation at the state level to allow states the flexibility to address specific needs. Initially resources to the Local Areas were reduced by approximately 5% and remained level, due to the national allocation methodology during the subsequent federal award years of 2016 and 2017. However, with the 2018 federal funding Minnesota will experience a 15% increase in the WIOA funding from last federal year 2017 and approximately what would be an 8% overall above the federal award received for federal year of 2015.

The Small Business Development Center program requires a 1 to 1 match which is shared between the state and the grantees. The Small Cities Community Development Block Grant program requires a 1 to 1 match for administrative funds, after the first \$100,000 is paid. The Brownfields program requires a 22% match, which is provided by the loan recipients. The Minnesota Trade Office STEP program requires a .333% match.

The Basic Supported Employment program requires a 10% match; Basic Employment requires 21.3% match; Independent Living programs require a 10% match; Older Blind Support requires \$1 for every \$9 of Federal grant funding received. The MOE level on Basic Employment is based on the amount of the State's non-Federal expenditures under the program for the Federal fiscal year two years earlier.

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
BCD Business Development (State) <i>Laws 17 094 01 002 002</i>	Small onetime misc. grants to promote Business Development	Business and not profit entities	5	-
Contaminated Site Grants (State) <i>M.S. 115J.551, MS 115C.08 4, MS 270.97</i>	Investigation and cleanup of contaminated sites for private or public redevelopment	Cities/Counties, Port Authorities, EDA, HRA	6,831	14,743
Pillsbury United North Market (State) <i>Laws 17 094 01 002 02Q</i>	Constructions and renovation of building in North Mpls for use as a "North Market" grocery and wellness center, focused on wellness, job and economic opportunities in one place/	Pillsbury United Communities. Children and families in the community of North Minneapolis.	1,980	-
Emerging Entrpnr Revolving (State) <i>MS 116M.18 & Laws 16 189 07 037 003</i>	Encourage private investment, provide jogs for minority persons and others in low- income areas, create and strengthen minority business enterprises, and to promote economic development in low- income area	Non-profit corporation lenders	305	-
Indian Business Loan Program (State) <i>MS 116J.64</i>	Administrative grant to process and collect loans and repayments for the Indian Business Loan Program	Community Finance Organizations affiliated loan recipient tribes	21	13
MN Job Creation (State) <i>Laws 17 094 01 002 02F & MS 116J.8748</i>	Encourage capital investment and high wage job creation by business	Business in select industries that enter into a construction and job creation business subsidy agreement	8,147	13,896
Minnesota Investment Fund (State) <i>Laws 17 094 01 002 02E & MS 116J.8731 & 17 094 06 027 00B</i>	Funds are awarded to local units of government who provide loans to assist expanding businesses. All projects must meet minimum criteria for private investment, number of jobs created or retained, and wages paid. At least 50 percent of total project costs must be privately financed through owner equity and other lending sources (most applications selected for funding have at least 70 percent private financing). or to maintain existing employment, and for business start-up, expansions, and retention	Cities, counties, townships, certain development authorities and recognized Indian tribal governments are eligible.	7,224	15,114
MIF - DigiKey <i>Laws 17 094 01 002 02E & MS 116J.8731</i>	Construct and equip a wholesale electronic component distribution center	City of Thief River Falls	4,000	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
MIF - Enerkem <i>Laws 17 094 01 002 02E & MS 116J.8731</i>	Loan to extend a effluent pipe to deliver reclaimed water to an innovative waste-to-biofuel project	City of Inver Grove Heights	-	700
Redevelopment Grant Program <i>MS 116J.571 & Laws 16 189 07 002 02C</i>	Investigation and cleanup of contaminated sites for private or public redevelopment	Cities/Counties, Port Authorities, EDA, HRA	-	3,466
MN Film TV Bd Production Jobs (State) <i>Laws 17 094 01 002 02JMS 116U.26</i>	The program shall make payment to producers of feature films, national television or Internet programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota	MN Film & TV Board	995	495
MN Film and TV Board (State) <i>Laws 17 094 01 002 02I</i>	Reimburse select administration cost incurred by MN Film & TV Board	MN Film & TV Board	317	317
Mille Lacs County - City of Isle (State) <i>Laws 17 094 01 002 2CC</i>	Reimbursement grants to small resort businesses located in the city of Isle who were adversely impacted by a decline in walleye fishing on Lake Mille Lacs.	Mille Lacs County	150	-
Upper MN Film Office (State) <i>Laws 17 094 01 002 02H</i>	Promote NE MN as a location destination for shooting and producing films on site	Northspan as the fiscal agent for Upper MN Film Office	11	11
Enterprise MN - SB Growth (State) <i>Laws 17 094 01 002 02N</i>	Small business growth acceleration programs under M.S. 116O.115	Enterprise MN Inc.	831	831
Center Rural Policy Dev (State) <i>Laws 17 094 01 002 02K</i>	Research and policy analysis on emerging economic and social issues in rural Minnesota	Rural Policy and Development Center	132	132
Workforce Housing Grant Prog	This competitive grant program offers financial assistance to build market-rate residential rental properties for workers. Units of local government, nonprofits or the benefiting businesses must contribute \$1 for every \$2 provided by the program. Program grants provide up to 25 percent of the total project costs of a rental housing development.	Cities located outside of the metro area with a population exceeding 500 residents or communities with a combined population of 1,500 residents located within 15 miles of a city or an area served by a joint county-city economic development authority	591	-

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Greater MN Bus Dev Public Infr	The Greater Minnesota Business Development Infrastructure Grant Program helps stimulate new economic development, create new jobs and retains existing jobs through investments in public infrastructure. It provides grants to cities of up to 50 percent of the capital costs of the public infrastructure necessary to expand or retain jobs in the area, increase the tax base, or expand or create new economic development.	Counties outside of the seven-county metropolitan area or statutory or home rule cities outside of the seven-county metropolitan area.	65	1,917
White Earth Nation - IBDS (State) Laws 17 094 01 002 02D	Grant for White Earth Nation Integrated Business Development System to provide business assistance and activities	White Earth Nation	119	-
Host Comm Econ Dev Prog (State) Laws 17 094 01 002 02S	Grants pay for capital costs associated with an economic development project in Host Communities	Cities of Inver Grove Heights and Burnsville. Must meet the definition of a Host Community	831	831
DigiKey Bus Dev Public Infr	Grant to city to support utility extensions, roads, and other public improvements related to contractions of wholesale electronic component distribution center	City of Thief River Falls	1,600	-
U of MN Design Center (State) Laws 17 094 01 002 02O	Grant for greater Minnesota community design pilot project	Minnesota Design Center at the University of Minnesota	238	-
CEDA Southeast StudyLaws 17 094 01 002 02P	Grant to CEDA for economic development study and analysis of the effects on current and projected economic growth in the southeast Minnesota	Community and Economic Development Associates	270	-
Rural Policy Dev Center WDF (State) Laws 17 094 01 002 02U	Administration of the center and to carry out its duties under this MS 116J.421 or under other law	Rural Policy and Development Center	153	153
Enterprise MN (State) Laws 17 094 01 002 02V MS 116O.115	The small business growth acceleration program is established. The purpose of the program is to (1) help qualified companies implement technology and business improvements; and (2) bridge the gap between standard market pricing for technology and business improvements and what qualified companies can afford to pay.	Enterprise Minnesota Inc.	285	285

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Duluth Steam Plant (state) Laws 171 008 01 020 007	To upgrade the municipal district heating facility and systems, including conversion of the distribution system along Superior Street from steam with no condensate return to closed-loop hot water. This appropriation may be used for one or more of the project elements or phases: predesign, design, engineering, renovation, construction, furnishing, and equipping the facility, systems, and infrastructure	City of Duluth	15,000	
Ramsey/Washington R&E Board (State) Laws 17 094 001 09B	For design, construct, and equip capital improvements to the Ramsey/Washington Recycling and Energy Center in Newport.	Ramsey/Washington Recycling and Energy Board	600	
DMC General State inf Aid (state) MS 469.47 9	State aid payment for 2.75% of the certified qualified expenditures in the private-public medical and economic development Destination Medical Center project. To further enhance the region's position as a global destination for health care services.	City of Rochester	2,687	6,288
Job Skills Partnership Program (State) MS 116L.01, Laws 17 094 01 002 02 A	Provide grants to educational institutions partnering with one or more businesses to develop and deliver training specific to business needs for new or existing employees	Educational or other nonprofit institutions	4,791	5,241
Job Training Grants (State) Laws 17 094 01 002 02X MS 116L.42	Provides on-the-job training costs for employees for training and education specifically directed to creating new jobs.	Businesses (in-house training services); institutions of higher education; and federal, state, or local agencies; or private training or educational services.	1,345	1,350
Bus Dev Comp Grant Prog GF (State) Laws 17 094 01 002 02R	Business development assistance and services, but not limited to: minority, women's, rural, bioscience, entrepreneur development, and services to inventors	Public agencies or nonprofit organizations	1,355	1,355
Small Business Development Centers (State) Laws 17 094 01 002 002	Provide consulting services to small business entrepreneurs. Grant provides operational funding to the centers along with a federal grant.	Higher Education Institutions hosting one of the state's nine Small Business Development Center	120	135
Quality Child Care Grants (State) Laws 16 189 07 002 02L	To increase the supply of quality child care providers in order to support economic development. Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contributions.	Local Communities, At least 60% of the funds must go to communities located outside of the seven-county metro area.	110	-

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Quality Child Care Grants FY18 (State) Laws 17 094 01 002 02Y	To increase the supply of quality child care providers in order to support economic development. Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contributions.	Local Communities, At least 60% of the funds must go to communities located outside of the seven-county metro area.	519	-
Metro Econ Dev Assoc (State) Laws 17 094 01 002 02C	For statewide business development and assistance services, including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses	Metropolitan Economic Development Association (MEDA)	1,140	1,140
NDC - Sm Bus Dev (State) Laws 17 094 01 002 02B	For NDC small business programs: (1) training, lending, and business services; (2) model outreach and training in greater Minnesota; and (3) development of new business incubators.	Neighborhood Development Center	728	728
East Phillips Neighborhood Ins Laws 17 094 01 002 02Z	Planning and start-up costs, staff and consultant costs, building improvements, rent, supplies, utilities, vehicles, marketing, and program activities to create the East Phillips Neighborhood Institute (EPNI) to expand culturally tailored resources that address small business growth and create green jobs.	East Phillips Improvement Coalition	303	-
East Side Enterprise Center Laws 17 094 01 002 2BB	to expand culturally tailored resources that address small business growth and job creation.	East Side Enterprise Center (ESEC)	-	285

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Cent Mn Opportunity Grants <i>Laws 17 094 01 002 2EE & MS 116J.9922</i>	To award funds through a competitive grant process to community initiatives in the St. Cloud area that will provide services, either alone or in partnership with another nonprofit organization, in one or more of the following areas: (1) economic development, including but not limited to programs to foster entrepreneurship or small business development; (2) education, including but not limited to programs to encourage civic engagement or provide youth after-school or recreation programs; or (3) housing, including but not limited to, programs to prevent and respond to homelessness or to provide access to loans or grants for housing stability and affordability.	Central Minnesota Community Foundation	500	-
MSU Mankato SBDC <i>Laws 17 094 01 002 2DD</i>	To provide entrepreneur and small business development direct professional business assistance services in the following counties in Minnesota: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Watonwan, and Waseca.	Minnesota State University, Mankato	250	-
Innovative Voucher Pilot vMIF <i>Laws 17 094 06 027 00B & 14 312 03 019 000</i>	To assist small businesses purchase technical assistance and services necessary to advance research, development or commercialization of new or innovative products and services.	Businesses with fewer than 40 employees headquartered in Minnesota	-	200
Border-to-Border Broadband <i>MS 116J.396 & MS 116J.395</i>	Grants for broadband infrastructure to promote the expansion of broadband services to unserved and underserved areas of the state	Incorporated businesses or partnerships; political subdivisions; Indian tribes; MN nonprofits organized under 317A; MN cooperative organized under 308A or B; and MN LLC's organized under 322B for the purpose of expanding broadband areas	28,366	900
Youthbuild WDF <i>Laws 17 094 01 002 3BB & MS 116L.361 & MS 116L.366</i>	Trains and employs young adults in construction	Public agencies or nonprofit organizations	950	-
Dislocated Worker Program <i>MS 116L.17</i>	Provide career assessment, training, and job placement assistance for individuals in transition	Workforce Service Areas	27,483	37,533

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Resource Inc (State) <i>Laws 17 094 01 002 03N</i>	Provide low-income individuals career education and job skills training that are fully integrated with chemical and mental health services	Resource Inc.	475	475
MN Diversified Industries (State) <i>Laws 17 094 01 002 03M</i>	To provide progressive development and employments opportunities for people with disabilities	Minnesota Diversified Industries, Inc.	422	427
Deaf / Hard of Hearing (State) <i>Laws 17 094 01 002 06E</i>	Grants for employment services for persons including transition-age youth, who are deaf, deafblind, or hard-of-hearing	Public agencies or nonprofit organizations providing services to deaf, deafblind, and hard-of-hearing	946	975
WSA Career Advising <i>Laws 17 094 01 002 03B</i>	For publication, dissemination, and use of labor market information under M.S. 116J.411, and for pilot programs in the workforce service areas specified in this act, to combine career and higher education advising	Pilot programs in workforce service areas	250	250
STEM MN High Tech Association (State) <i>Laws 17 094 01 002 03L</i>	Support SciTechsperience, program supports science, technology, engineering, and math (STEM) internship opportunities	MN High Tech Association	1,283	1,283
OIC WDF (State) <i>Laws 17 094 01 002 03DD</i>	Provide employment and training services	MN State Council of OICs	238	475
Boys and Girls Club (State) <i>Laws 17 094 01 002 03O</i>	Administer statewide project for youth job skills development to assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching	Minnesota Alliance of Boys and Girls Club	713	712
Big Brothers Big Sisters (State) <i>Laws 17 094 01 002 03P</i>	Workforce readiness, employment exploration, and skills development for youth ages 12 to 21	Big Brothers, Big Sisters of the Greater Twin Cities	204	204
WESA High Demand Jobs <i>Laws 14 239 02 007 000</i>	Develop and implement the women and high-wage-demand, nontraditional jobs grant program under M.S. 116L.99	Community based organizations experienced in serving women	-	26
Rural Career Counseling <i>Coor Laws 17 094 01 002 03C & MS 116L.667</i>	Rural career counseling coordinator positions in the workforce service areas.	Workforce service areas to receive funds to provide equitable services across workforce services areas	475	475
Rural Career WDF (State) <i>Laws 17 094 01 002 03II</i>	Funds for rural career counseling coordinator position for purposes specified in Minnesota Statutes, section 116L.667	Funds to workforce services areas	500	475

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Support Svc Comp Grant (State) <i>Laws 17 094 01 002 03F</i>	Grants to provide support services for individuals; job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and behavioral interventions for low-performing students, and youth interventions	Public agencies or nonprofit organizations. Grants must focus on low-income communities, young adults from families with a history of intergenerational poverty and communities of color.	670	720
WESA GF (State) <i>Laws 17 094 01 002 03G and MS 116L.99</i>	Grant program for women and high-wage, high-demand, nontraditional jobs program.	Public agencies or nonprofit organizations proving services for women	375	475
Youth at Work Comp Grant (State) <i>Laws 17 094 01 002 03A</i>	Youth-at-Work grants. Competitive Grants program	Public agencies or nonprofit organizations	475	475
SE Asian Comp Grant (State) <i>Laws 17 094 01 002 03H</i>	Grants providing services to relieve economic disparities-workforce recruitment, development, job creation, assistance to smaller organizations to increase capacity and outreach	Public agencies or nonprofit organizations providing services to Southeast Asian community	475	475
OIC American Indian (State) <i>Laws 17 094 01 002 03I</i>	Grant to reduce academic disparities for American Indian students and adults, tutoring and testing support services, training in information technology, assistance with GED, remedial training, postsecondary enrolment	American Indian Opportunities and Industrialization Center in collaboration with the Northwest Indian Community Development Center	-	237
Pathways 2 Prosperity Comp Grt (State) <i>Laws 17 094 01 002 03E</i>	Competitive grants for job training and placement for hard-to-train individuals	Public agencies or nonprofit organizations	1,472	1,477
Construction Careers Fndation (State) <i>Laws 17 094 01 002 03D</i>	Grant for Construction career pathway initiative to provide year-round educational and experiential learning opportunities for teens and young adults that lead to careers in the construction industry	Construction Careers Foundation-increase construction exposure activity for middle and high school youth, parents and counselors	950	950
Twin City RISE Collaboration (State) <i>Laws 16 189 12 002 02H</i>	To provide job training assistance	Twin Cities Rise	20	-
Pathways 2 Prosperity Comp Grt (State) <i>Laws 17 094 01 002 03E</i>	Competitive grants for job training and placement for hard-to-train individuals	Public agencies or nonprofit organizations	4,276	4,390
Displaced Homemaker (State) <i>Laws 17 094 01 002 03GG</i>	To fund displaced homemaker programs	Existing nonprofit and state displaced homemaker programs.	143	143
Getting to Work Grant Program	Getting to work program grant	Public agencies or nonprofit organizations	100	100

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
YWCA MPLS (State) <i>Laws 17 094 01 002 03K</i>	Grant to provide economically challenged individuals the job skills training, career counseling and job placement assistance necessary to secure a child development associate credential for career path in early childhood education	YWCA of Mpls	499	499
YWCA St Paul (State) <i>Laws 17 094 01 002 03Q</i>	Provide job training services and workforce development programs and services, including job skills training and counseling	YWCA of St Paul	238	238
EMERGE Community Development (State) <i>Laws 17 094 01 002 03R</i>	Grant to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program	EMERGE Community Development in collaboration with community partners targeting Minnesota communities with the highest concentrations of African and African-American joblessness	950	950
MPLS Foundation (State) <i>Laws 17 094 01 002 03S</i>	Grant for strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment	Grant to Minneapolis Foundation	950	950
CLUES (State) <i>Laws 17 094 01 002 03T</i>	Expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to higher wages, reduce intergenerational poverty, youth programming, educational advancement and career pathways	Grant to Latino Communities United in Services (CLUES)	713	712
Ujamaa Place (State) <i>Laws 17 094 01 002 03U</i>	Grant for job training, employment preparation, internships, education, training in the construction trades, housing and organizational capacity building.	Grant to Ujamaa Place	570	570
Youth Competitive Grant Prog (State) <i>Laws 17 094 01 002 03CC</i>	Provides job readiness preparation and occupational skills training to youth for employment	Public agencies or nonprofit organizations	3,099	3,181
Bois Forte Tribal (State) <i>Laws 17 094 01 002 03W</i>	Grant for an American Indian workforce development training pilot project	Grant to Bois Forte Tribal Employment Rights Office (TERO)	1,232	760
Cook County Higher Ed Board (State) <i>Laws 17 094 01 002 03X</i>	Grant to provide educational programming and academic support services to remote regions in northeastern Minnesota	Cook County Higher Education Board	38	-

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Minnesota Youth Program <i>Laws 17 094 01 002 3AA & MS 116L.56 & MS 116L.561</i>	Provides short-term, job readiness preparation for at-risk youth	Public agencies or nonprofit organizations	3,859	3,844
Bridges to Healthcare <i>Laws 17 094 01 002 03Y</i>	Provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, build secure pathway out of poverty while addressing worker shortages in Minnesota's innovative industry.	Bridges to Healthcare	238	237
Nonprofits Assistance Fund (State) <i>Laws 17 094 01 002 03Z</i>	Grant to provide capacity-building grants to small, culturally specific organizations serving historically underserved cultural communities	Nonprofits Assistance Fund	475	475
Summit Academy OIC (State) <i>Laws 17 094 01 002 03EE</i>	Grant to expand it contextualized GED and employment placement program.	Summit Academy OIC	713	712
Goodwill-Easter Seals (State) <i>Laws 17 094 01 002 03FF</i>	Grant to continue the FATHER Project in Rochester, Park Rapids, St. Cloud, Minneapolis and the surrounding areas to assist fathers overcoming barriers to support their children economically and emotionally	Goodwill-Easter Seals Minnesota and its partners	475	475
Anoka County (State) <i>Laws 17 094 01 002 03HH</i>	Develop and implement a pilot program to increase competitive employment opportunities for transition-age youth ages 18-21	Anoka County Grant	143	-
Fighting Chance (State) <i>Laws 17 094 01 002 02W</i>	Grant to fund behavioral intervention programs for at - risk youth	Fighting Chance	50	-
AccessAbility Inc. (State) <i>Laws 17 094 01 002 03KK</i>	Provide job skills training to individuals released from incarceration for felon-level offense.	Grant to AccessAbility Incorporated	328	-
Displace Homemaker Program (State) <i>M.S. 116L.96</i>	Pre-employment services that empower participants to enter or re-enter the labor market after having been homemakers	Private and nonprofit organizations	1,065	1,305
SNAP Interagency Agreement <i>MS 471.59</i>	Grants pay for capital costs associated with an economic development project in Host Communities	Must meet the definition of a Host Community	158	-
MFIP Interagency Agreement <i>MS 471.59</i>	Reimburse select administration cost incurred by MN Film & TV Board	MN Film & TV Board	1,403	862

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Income Agreements (State) <i>MS 116J.035</i>	Provides work experience and job placement assistance to adults and teen parents who have been receiving MFIP benefits	Workforce Service Areas	335	133
Seminar/Conference/Events <i>MS 116J.035</i>	Funds received from sources for the purpose of carrying out the duties and responsibilities in the state in the promotion of tourism, trade, and economic development	People of Minnesota thorough private person, firm, corporation or assoication by contracts to carry out programs and projects.	50	-
Capacity Building Grant (State) <i>Laws 17 094 01 002 04C</i>	Statewide capacity-building grant to provide financial assistance in the form of subgrants and technical assistance to small to medium-sized nonprofit organizations offering workforce or economic development programming that addresses economic disparities.	Through Request for proposal process, selection of a nonprofit organization to administer grants that has demonstrated experience in providing financial and technical assistance to nonprofit organizations statewide.	495	Review
State Trade Export Promotion (State) <i>Laws 17 094 01 002 05A</i>	Provides grants to assist small businesses participate in trade missions.	Small Businesses	289	300
Svc for Blind - Senior Svcs <i>Laws 17 094 01 002 007</i>	Provide training services for seniors who are becoming blind - independent living skills to seniors who are becoming blind to allow them to continue to live independently in their homes.	SSU Client Gerneal	138	222
Svc for Blind - Senior Trng <i>Laws 16 189 12 002 02W</i>	Provide training services for seniors who are becoming blind - independent living skills to seniors who are becoming blind to allow them to continue to live independently in their homes.	SSU Client Training	24	-
Services For The Blind State <i>151 001 01 002 007 & 17 094 01 002 007</i>	Provides employment services and support to the blind.	SSB General	1,515	1,800
Extended Employment Program (State) <i>M.S. 268A.15</i>	Provides employment services and support to people with severe disabilities	Rehabilitation facilities	816	1,629
RS Gift And Deposit <i>MS 116J.035 6</i>	Assist VR participants with postsecondary tuition and related costs.	The gift fund may be used for any eligible VR expenses, but a substantial portion of the remaining balance in the gift fund (\$20,000) has donor imposed restrictions as follows: Assist VR participants with postsecondary tuition and related costs. Donee must be approved for VRS services and enrolled in a postsecondary program	-	65
Rehab Services State <i>Laws 17 094 01 002 06A</i>	Assist people with significant disabilities and secure and maintain employment	Public agencies or nonprofit organizations	7,144	14,300

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Assistive Technology of Minnes 151 001 01 002 06G & 17 094 06 018 06G	Grant to Assistive Technology of Minnesota to use funds to provide low-interest loans to individuals of all ages and types of disabilities to purchase assistive technology and employment-related equipment	Assistive Technology of Minnesota	825	-
Independent Living Services St Laws 17 094 01 002 06B	Provides assistance to persons with disabilities to live independently, function in their homes and within their families, and participate in their communities	Independent Living Centers	3,010	3,011
Employment Support Services for Persons with Mental Illness (State) MS 268A.13, MS 268A.15, 151 001 01 002 06E	Provides ongoing employment support services to persons with significant mental health disabilities who require ongoing support to maintain employment	Rehabilitation facilities	916	3
Extended Employment - WDF Laws 17 094 01 002 06C & MS 268A.15	Funds to provide extended employment services for persons with severe disabilities under Minnesota Statutes section 268A.15	Minnesota persons with severe disabilities.	12,114	14,489
Mental Illness-Support Employment Laws 17 094 01 002 06D & MS 268A.15 & MS 268A.13	Grants to fund programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14	Entities providing programs for Minnesota persons with mental illness	1,759	3,127
Totals			56,557	36,624

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AT A GLANCE

Explore Minnesota is the state's official tourism promotion agency. Through advertising, marketing, education and other programs, we support the thousands of businesses and organizations that make up Minnesota's tourism industry. The tourism industry in Minnesota generates:

- **Sales:** \$15.0 billion in gross sales in 2016.
- **Jobs:** More than 265,000 full- and part-time jobs in 2016, or 11% of total private sector employment.¹
- **Wages:** \$5.4 billion in wages.¹
- **Revenue:** \$969 million in state sales tax revenue in 2016, or 18% of state sales tax revenues.
- **Return on Investment:** Every \$1 in state tourism advertising results in \$9 in state and local taxes and \$92 in spending by travelers.²

1: Source: Bureau of Labor Statistics, U.S. Department of Labor, 2016

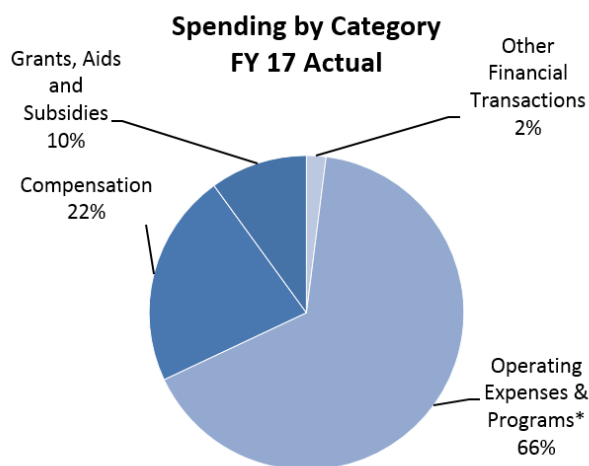
2: Source: June 2018 Longwoods International [Minnesota 2017 Image and Return on Investment Evaluation](#)

PURPOSE

The mission of Explore Minnesota Tourism is to inspire consumers and facilitate their travel to and within Minnesota. We do this by marketing Minnesota tourism, including destinations, lodging, museums, attractions, restaurants, events and outdoor recreation, to consumers. Through consumer advertising, public relations, publications, websites, social media, international marketing and other efforts, we reach millions of potential travelers each year.

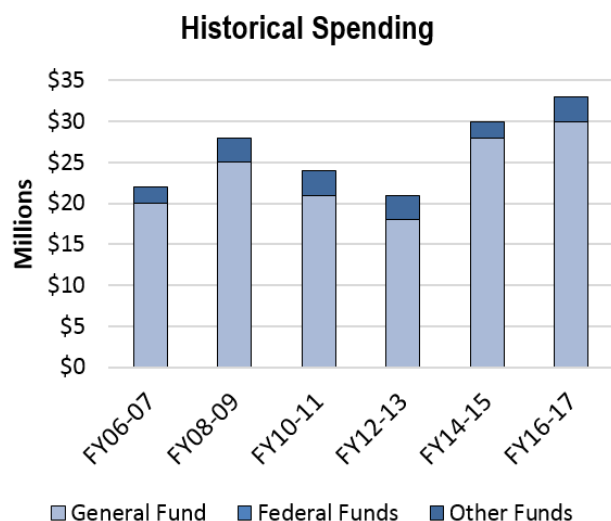
Our work to promote tourism in Minnesota contributes to **a thriving economy that encourages business growth and employment opportunities.**

BUDGET



Explore Minnesota's Operating Expenses include advertising, marketing, public relations and other tourism promotion efforts

Source: Budget Planning & Analysis System (BPAS)



Historical Spending is inclusive of pass-through appropriations

Source: Consolidated Fund Statement

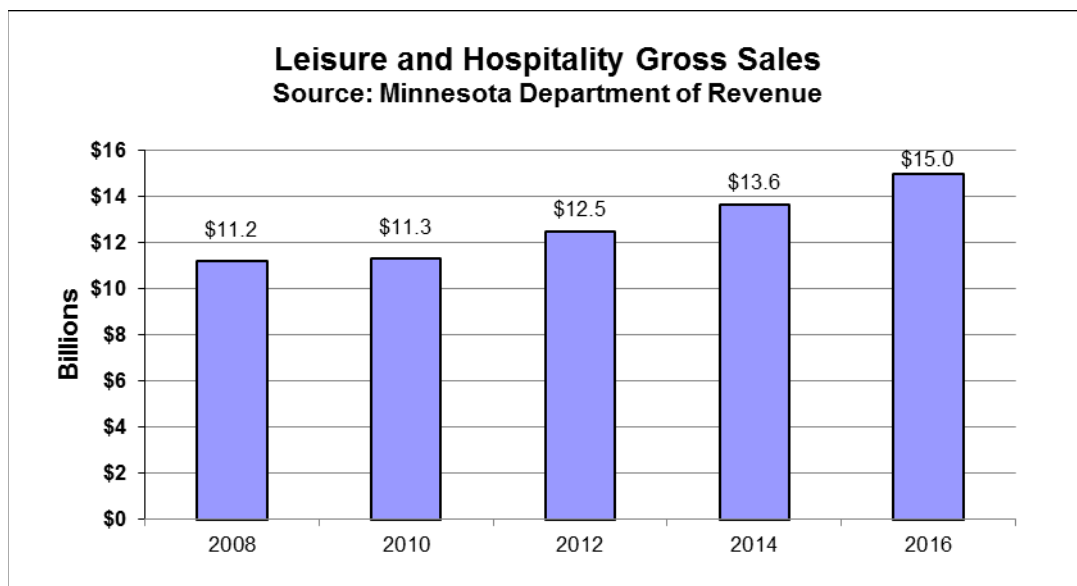
Explore Minnesota Tourism has a total biennial budget in FY18-19 of \$28.4 million in general fund appropriations, and \$2 million in revenue through advertising sales and marketing programs. We also partner with public and private organizations to maximize resources and reach more consumers.

STRATEGIES

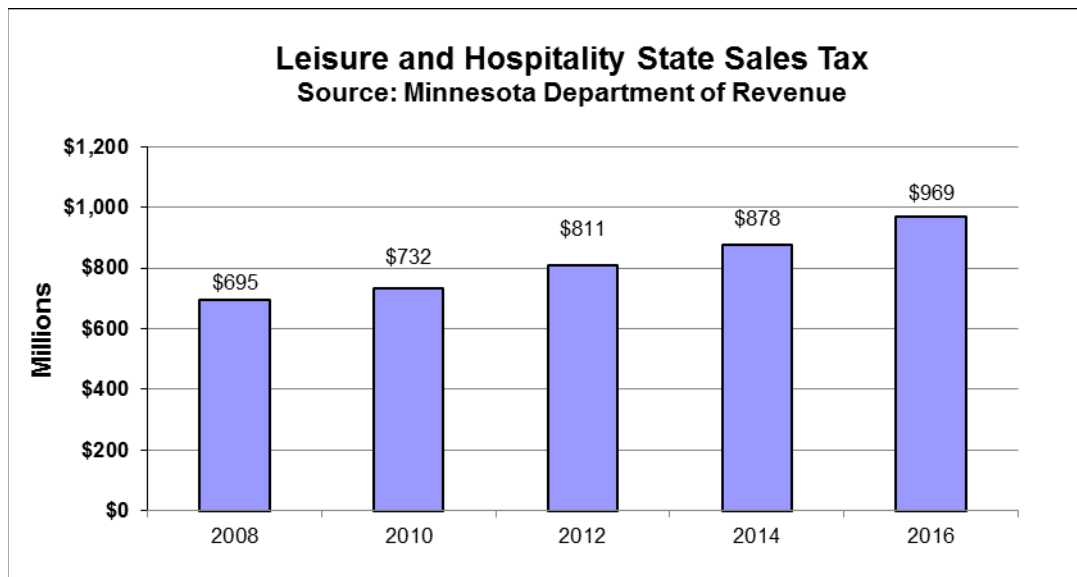
Explore Minnesota Tourism:

- Drives economic vitality by influencing visitation from new and existing domestic and global markets, and takes an entrepreneurial approach to invest in public/private partnerships.
- Creates innovative advertising and promotions that market Minnesota as a travel destination, reaching new audiences through highly-targeted marketing tactics.
- Increases consumer reach and engagement through creation of unique content and innovative campaigns for digital, social media and public relations platforms and channels.
- Provides personalized customer service through diverse touchpoints and mediums, continually improving traveler experiences and satisfaction.

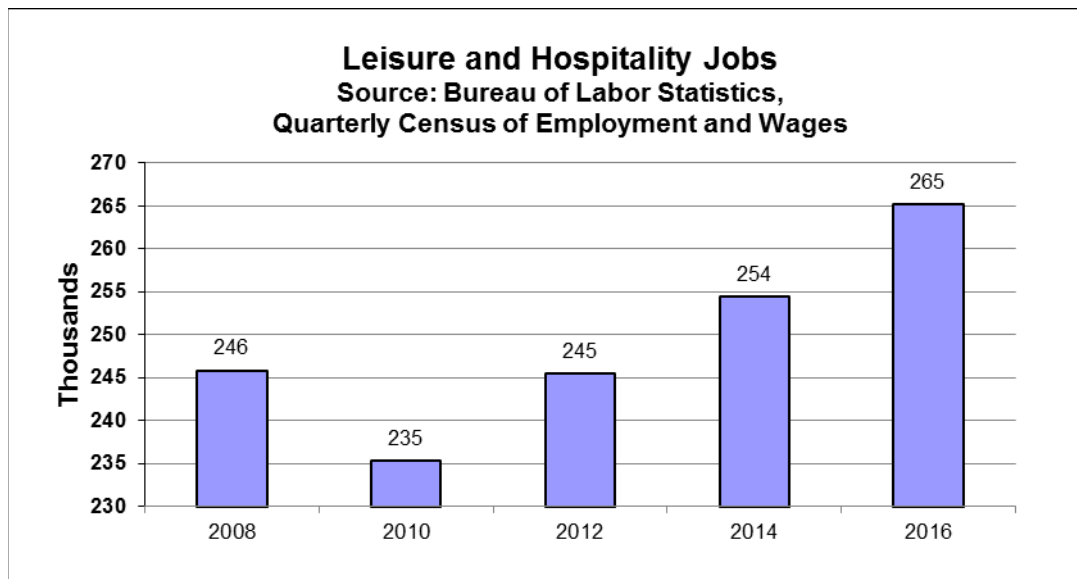
RESULTS



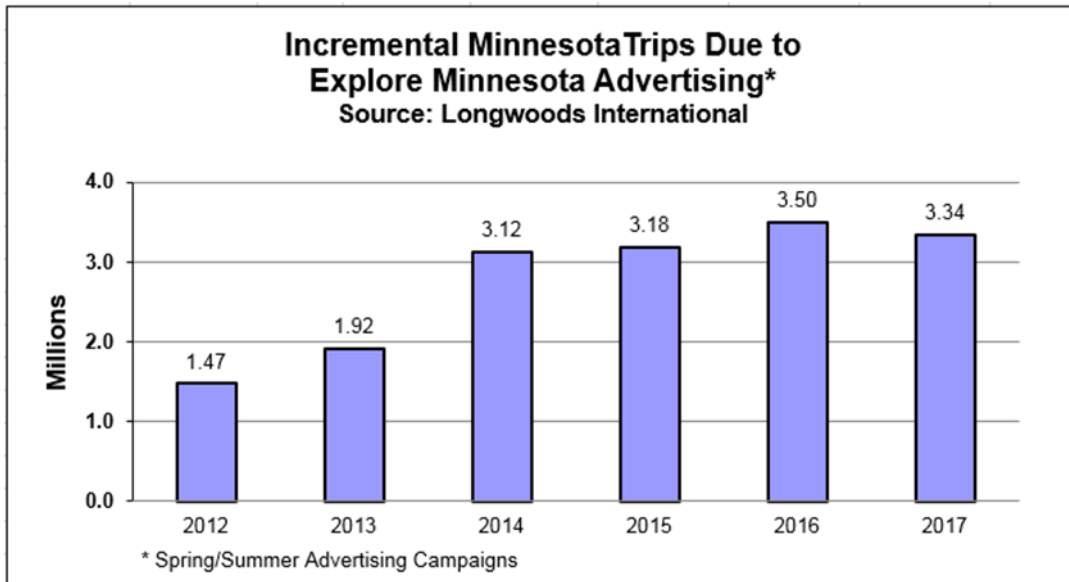
Minnesota's leisure and hospitality industry is a major provider of tourism services. The increase of gross sales in this sector illustrates the effect of successfully advertising to inspire travel to and throughout Minnesota.



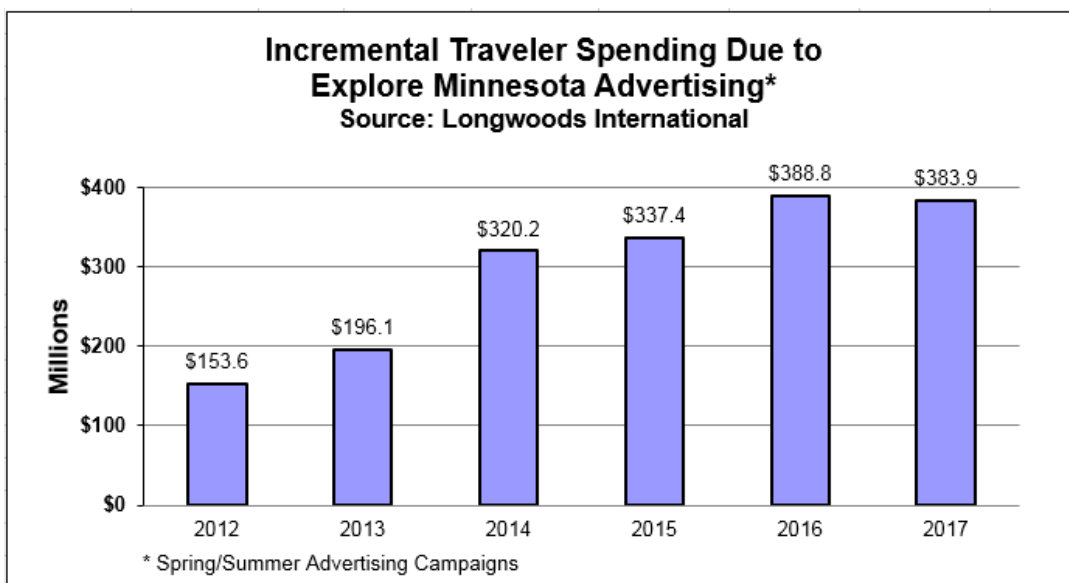
Minnesota’s leisure and hospitality industry is crucial to the state’s vitality, accounting for 18% of total state sales tax revenue. This chart represents substantial 39% growth since 2008 compared with 23% growth over the same period for all other industries.



Minnesota’s 265,000 leisure and hospitality jobs accounted for 11% of the state’s total private sector employment in 2016. The increase to 265,000 jobs in 2016 brought leisure and hospitality employment well above the pre-recession high for the industry.



Explore Minnesota Tourism’s spring/summer advertising campaigns generate millions of Minnesota trips that would not otherwise take place. The impact of Explore Minnesota’s last major budget increase in FY 2014 correlates with the 63% increase in incremental trips in 2014.



Incremental traveler spending also increased in tandem with Explore Minnesota Tourism’s budget increase in 2014, with well over \$300 million in incremental spending due to spring/summer advertising every year since.

MS 116U.30 (<https://www.revisor.mn.gov/statutes/?id=116U>) provides the legal authority for Explore Minnesota Tourism.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	13,858	15,703	14,833	15,167	14,344	14,344	14,344	14,344
2000 - Restrict Misc Special Revenue	1,325	1,291	1,155	1,519	1,210	1,210	1,210	1,210
Total	15,184	16,994	15,988	16,686	15,554	15,554	15,554	15,554
Biennial Change				497		(1,566)		(1,566)
Biennial % Change				2		(5)		(5)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Explore Minnesota Tourism	15,184	16,994	15,988	16,686	15,554	15,554	15,554	15,554
Total	15,184	16,994	15,988	16,686	15,554	15,554	15,554	15,554

Expenditures by Category

Compensation	3,590	3,822	3,782	4,001	4,226	4,463	4,226	4,463
Operating Expenses	10,852	11,152	10,592	11,907	10,583	10,360	10,583	10,360
Grants, Aids and Subsidies	741	1,761	1,604	770	740	726	740	726
Capital Outlay-Real Property	2	1						
Other Financial Transaction	(1)	258	10	8	5	5	5	5
Total	15,184	16,994	15,988	16,686	15,554	15,554	15,554	15,554

Full-Time Equivalents

	46.54	48.46	45.85	45.45	45.45	45.45	45.45	45.45
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		382		835				
Direct Appropriation	14,118	15,321	15,669	14,332	14,344	14,344	14,344	14,344
Transfers In	100							
Transfers Out	100							
Balance Forward Out	260		835					
Expenditures	13,858	15,703	14,833	15,167	14,344	14,344	14,344	14,344
Biennial Change in Expenditures				439		(1,312)		(1,312)
Biennial % Change in Expenditures				1		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	45.81	47.72	45.45	45.45	45.45	45.45	45.45	45.45

2000 - Restrict Misc Special Revenue

Balance Forward In	806	916	793	688	249	231	249	231
Receipts	1,422	1,168	1,051	1,080	1,192	1,192	1,192	1,192
Balance Forward Out	903	793	688	249	231	213	231	213
Expenditures	1,325	1,291	1,155	1,519	1,210	1,210	1,210	1,210
Biennial Change in Expenditures				57		(254)		(254)
Biennial % Change in Expenditures				2		(10)		(10)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.73	0.74	0.40					

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Direct</i>				
Fund: 1000 - General				
FY2019 Appropriations	14,332	14,332	14,332	28,664
Base Adjustments				
Pension Allocation		12	12	24
Forecast Base	14,332	14,344	14,344	28,688
Total Governor's Recommendations	14,332	14,344	14,344	28,688
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,519	1,210	1,210	2,420
Forecast Base	1,519	1,210	1,210	2,420
Total Governor's Recommendations	1,519	1,210	1,210	2,420
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,080	1,192	1,192	2,384
Total Governor's Recommendations	1,080	1,192	1,192	2,384

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Gambling Control Board

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AT A GLANCE

- Minnesota ranks #1 in the U.S. for charitable gambling
- Lawful gambling gross receipts = \$2 billion for FY 2018
- Licensed organizations deposited over \$81 million to support their missions in FY 18
- Minnesota collected \$74 million in charitable gambling taxes in FY 18
- 6,335 new games tested and approved in FY 2018
- 1,150 licensed charitable organizations (conduct gambling year round) operating at 2,800 sites
- Issued 4,000 tax-exempt permits (small raffle permits) generating \$52 million in tax-exempt receipts for FY 2018
- Conducted 944 site inspections and 483 compliance reviews
- For every dollar wagered on charitable gambling in Minnesota 2/10th of one cent (\$.002) goes to fund the board for lawful gambling regulation

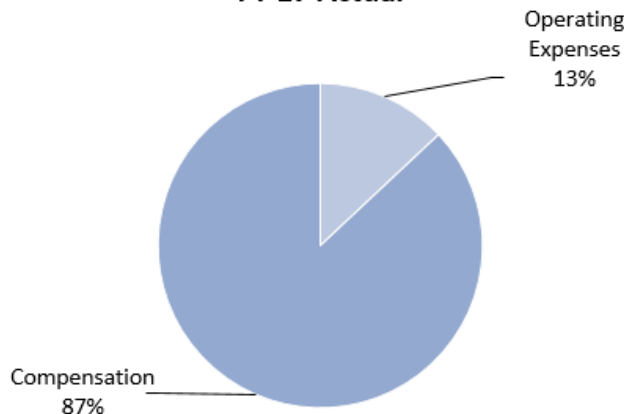
PURPOSE

The Gambling Control Board regulates the lawful (charitable) gambling industry to ensure the integrity of operations and provide for the lawful use of net profits. Lawful gambling in Minnesota includes bingo, raffles, pull-tabs, tipboards, and paddlewheels. Required accountability and reporting by registered nonprofit organizations ensures proceeds are used for appropriate charitable needs to provide:

- Support for Minnesota veterans and their families
- Reduced costs for youth activities
- Fire and safety equipment for local communities
- Educational and training opportunities for religious and community programs
- Support for local units of government and community projects
- Support for wildlife and natural resources programs
- Support for fraternal groups (Eagles, Moose, Elks, Knights of Columbus)
- Support for clubs including Lions, Jaycees, rod and gun, sports and snowmobile

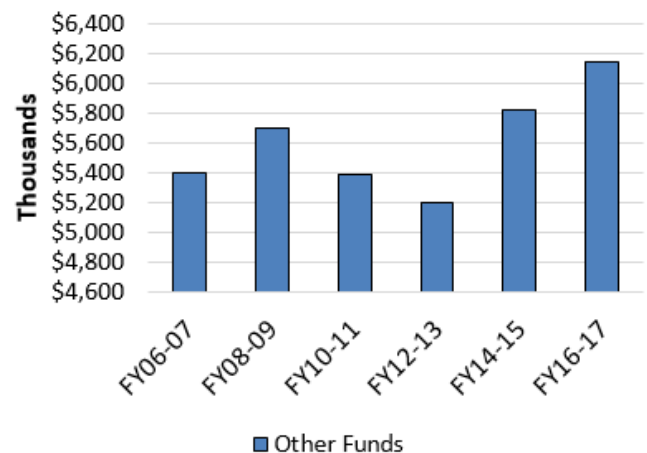
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Gambling Control Board is entirely funded by the industry regulated. All fees collected go into the dedicated lawful gambling regulatory account. License fees are collected from manufacturers, distributors, distributor salespersons, and linked bingo providers. Manufacturers also pay for game approval and testing. Nonprofit organizations conducting gambling pay license and permit fees along with a regulatory fee based on gross sales. In FY 2018 a total of \$4,319,828 was collected by the state.

STRATEGIES

The board consists of seven citizens and 32 full-time equivalent staff. Regulation, education and guidance are provided to the lawful gambling industry through:

- Monthly board meetings to consider games and licenses and to approve special use of gambling funds
- Issuing licenses and permits for nonprofit organizations, distributors, manufacturers and linked bingo providers
- Compliance reviews and audits of nonprofit organizations' gambling activities
- Analyzing expenditures and charitable donations reported monthly by licensed organizations
- An individualized mentoring program for nonprofit organizations to ensure compliance with statute
- Investigations for theft and fraud by inspecting gambling products and sites, investigating irregularities found during compliance reviews and responding to allegations made by players
- Sanctions or fines on licensees that are out of compliance with law and rules
- Monthly gambling manager seminars, continuing education classes, and presentations at state-level conventions
- Publication of Lawful Gambling Manual, quarterly industry newsletter, and other materials
- A comprehensive website including all required forms, records, and reports

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Lawful Gambling Gross Receipts-Taxed Lawful Gambling Gross Receipts-Tax Exempt	\$1,730,180,000 50,000,000	\$2,000,548,000 52,000,000	2017/2018 2017/2018
Quantity	Number of sites where gambling is conducted by 1,150 licensed nonprofit organizations	2,800	2,800	2017/2018
Quantity	Number of sites where electronic games are played	700	975	2017/2018
Quantity	Tax exempt permits issued to 3,400 nonprofit organizations that conduct fewer than 5 events with less than \$50,000 in prizes during the year	4,000	4,000	2017/2018
Quantity	Gambling products reviewed	6,136	6,335	2017/2018

Minnesota Statutes, Chapter 349 (<https://www.revisor.mn.gov/statutes/?id=349>) provides legal authority for the Gambling Control Board.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472
Total	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472
Biennial Change				744		58		58
Biennial % Change				12		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Lawful Gambling Control	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472
Total	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472

Expenditures by Category

Compensation	2,597	2,730	2,813	3,141	2,993	2,993	2,993	2,993
Operating Expenses	383	383	452	473	473	473	473	473
Capital Outlay-Real Property	0			1	1	1	1	1
Other Financial Transaction	39	9	2	5	5	5	5	5
Total	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472

Full-Time Equivalents

	30.15	30.99	31.32	32.28	32.00	31.00	32.00	31.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In		248		156				
Direct Appropriation	3,260	3,324	3,422	3,464	3,472	3,472	3,472	3,472
Cancellations		449						
Balance Forward Out	241		156					
Expenditures	3,019	3,123	3,266	3,620	3,472	3,472	3,472	3,472
Biennial Change in Expenditures				744		58		58
Biennial % Change in Expenditures				12		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	30.15	30.99	31.32	32.28	32.00	31.00	32.00	31.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Direct</i>				
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	3,464	3,464	3,464	6,928
Base Adjustments				
Pension Allocation		8	8	16
Forecast Base	3,464	3,472	3,472	6,944
Total Governor's Recommendations	3,464	3,472	3,472	6,944
<i>Revenue Change Summary</i>				
<i>Non-Dedicated</i>				
Fund: 1000 - General				
Forecast Revenues	50	50	50	100
Total Governor's Recommendations	50	50	50	100
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,825	1,825	1,825	3,650
Total Governor's Recommendations	1,825	1,825	1,825	3,650

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mn.gov/governor/

AT A GLANCE

- Serve more than 5.5 million Minnesota residents
- Deliver services with a balanced state budget of more than \$69 billion every two years
- Respond to more than 100,000 citizen calls and contacts in 2017
- Appoint department heads, members of boards and commissions and judges
- Appoint 1,300 citizens to approximately 140 boards and commissions

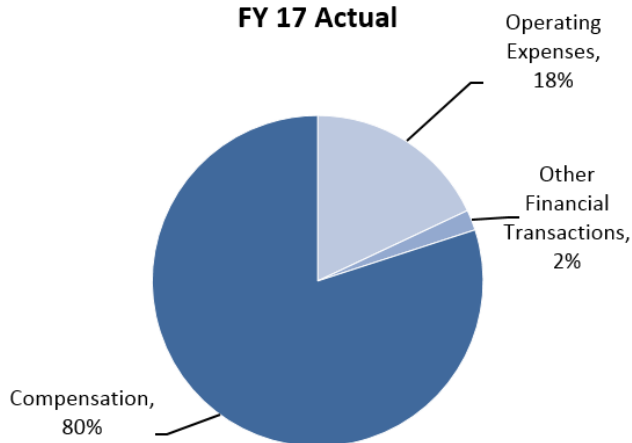
PURPOSE

The Office of the Governor represents all Minnesotans. The office focuses on advancing the Governor's commitment to building a better Minnesota and increasing diversity and equity across the State. Goals include creating jobs and improving Minnesota's economic competitiveness, delivering better government services, and creating a state budget and tax system that are fair, balanced, and contribute to Minnesota's competitiveness. The office supports these statewide outcomes:

- A thriving economy that encourages business growth and employment opportunities
- All Minnesotans have equal opportunities
- Minnesotans have the education and skills needed to achieve their goals
- All Minnesotans have optimal health
- Strong and stable families and communities
- People in Minnesota are safe

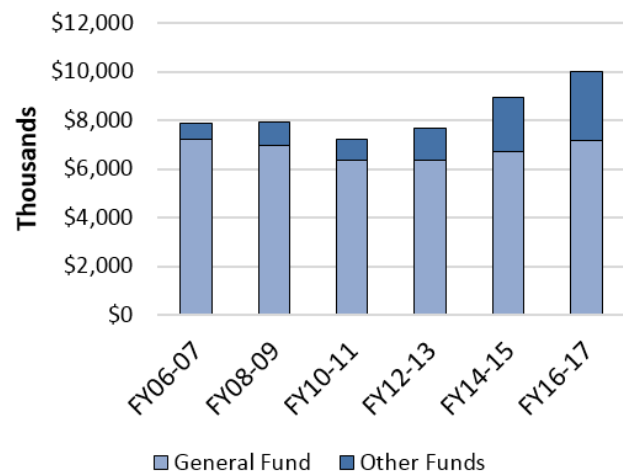
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The office is funded through a general fund appropriation and receipts in the special revenue fund from agency contributions. The majority of our budget is focused on personnel and associated costs. Our operating expenses include general overhead such as rent, centralized IT services, and supplies, as well as dues to the National Governor's Association, Lieutenant Governor's Association and Midwestern Governor's Association.

STRATEGIES

The Office is organized to advance the goals and priorities of the Governor and Lt. Governor and to administer the duties of the chief executive. Major duties of the governor include:

- Appoint state department heads, members of state boards and commissions, and judges to the state's ten judicial districts, the Court of Appeals, and the Supreme Court when vacancies occur. The governor appoints 1,300 citizens to approximately 140 state boards and commissions;
- Chair the State Executive Council, the State Board of Investment, the Land Exchange Board, and the Board of Pardons;
- Serve as Commander-in-Chief of the Minnesota National Guard, and oversee emergency responses;
- Issue extradition papers, proclamations, and writs of special elections;
- Inform the legislature of the state's general condition; review, veto, or sign into law legislation and rules; call special sessions of the legislature when needed; and consult with 201 state legislators during annual legislative sessions; and
- Perform all other duties as specified by the laws of the state.

The lieutenant governor's chief duty is to assist the governor in carrying out the functions of the executive branch and is prepared to act in the governor's place in the event of the governor's absence or disability. The lieutenant governor's official duties also include:

- Chairing the Capitol Area Architectural Planning Board (CAAPB); and
 - Serving as a member of the State Executive Council.
-

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,104	4,075	3,276	3,918	3,611	3,611	3,611	3,611
2000 - Restrict Misc Special Revenue	0			34	34	34	34	34
2001 - Other Misc Special Revenue	1,610	1,227	2,304	2,131	2,118	2,041	2,118	2,041
Total	4,714	5,302	5,580	6,083	5,763	5,686	5,763	5,686
Biennial Change				1,647		(214)		(214)
Biennial % Change				16		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Governor's Office	4,714	5,302	5,580	6,083	5,763	5,686	5,763	5,686
Total	4,714	5,302	5,580	6,083	5,763	5,686	5,763	5,686

Expenditures by Category

Compensation	3,934	4,242	4,377	4,746	4,462	4,462	4,462	4,462
Operating Expenses	717	966	1,203	1,329	1,293	1,216	1,293	1,216
Capital Outlay-Real Property	52							
Other Financial Transaction	10	94		8	8	8	8	8
Total	4,714	5,302	5,580	6,083	5,763	5,686	5,763	5,686

Full-Time Equivalents

43.37	45.53	45.28	43.77	48.00	48.00	48.00	48.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		501		313				
Direct Appropriation	3,615	3,616	3,601	3,616	3,622	3,622	3,622	3,622
Transfers Out	10	20	11	11	11	11	11	11
Cancellations		21						
Balance Forward Out	501		313					
Expenditures	3,104	4,075	3,276	3,918	3,611	3,611	3,611	3,611
Biennial Change in Expenditures				15		28		28
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	28.99	34.26	25.79	27.00	29.00	29.00	29.00	29.00
2000 - Restrict Misc Special Revenue								
Receipts				34	34	34	34	34
Expenditures	0			34	34	34	34	34
Biennial Change in Expenditures				34		34		34
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
2001 - Other Misc Special Revenue								
Balance Forward In	426	1	215	167	77		77	
Receipts	107	58	96	96	96	96	96	96
Transfers In	1,078	1,383	2,161	1,945	1,945	1,945	1,945	1,945
Balance Forward Out	1	215	168	77				
Expenditures	1,610	1,227	2,304	2,131	2,118	2,041	2,118	2,041
Biennial Change in Expenditures				1,598		(276)		(276)
Biennial % Change in Expenditures				56		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.38	11.27	19.49	16.77	19.00	19.00	19.00	19.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	3,616	3,616	3,616	7,232
Base Adjustments				
Pension Allocation		6	6	12
Forecast Base	3,616	3,622	3,622	7,244
Total Governor's Recommendations	3,616	3,622	3,622	7,244
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	34	34	34	68
Forecast Base	34	34	34	68
Total Governor's Recommendations	34	34	34	68
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	2,131	2,118	2,041	4,159
Forecast Base	2,131	2,118	2,041	4,159
Total Governor's Recommendations	2,131	2,118	2,041	4,159
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	34	34	34	68
Total Governor's Recommendations	34	34	34	68
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	96	96	96	192
Total Governor's Recommendations	96	96	96	192

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State Guardian ad Litem Board

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mn.gov/guardian-ad-litem/

AT A GLANCE

- 17,206 children served by the program in FY17
- 8085 active cases on July 1, 2017
- Two year budget of \$32,960,000
- 255 total employee/213.17 FTE's and 263 volunteers

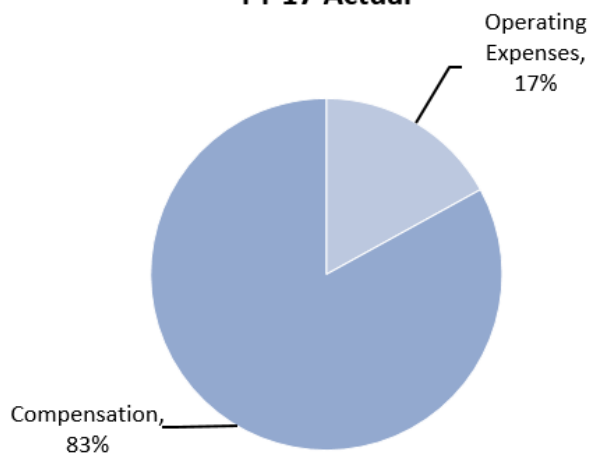
PURPOSE

The State Guardian ad Litem Board (GALB) administers the Minnesota Guardian ad Litem Program which exists so that all children with a court-appointed Guardian ad Litem have their primary needs met and that each judicial officer is equipped to make informed decisions for each child within the confines of available resources. The GALB contributes to the statewide outcome of strong and stable families and communities by giving abused and neglected children a strong and consistent voice in which to be heard throughout child protection and family court proceedings.

- Children are safe
- Permanency planning begins on Day 1
- Children spend the least amount of time under court jurisdiction
- Children receive appropriate services including trauma informed care
- Parents participate in services that reflect the best interests of children
- Physical and mental health, educational and cultural needs of children are met
- Children are reunited with parents if it is in the best interests of the child
- Children do not re-enter the child protection system

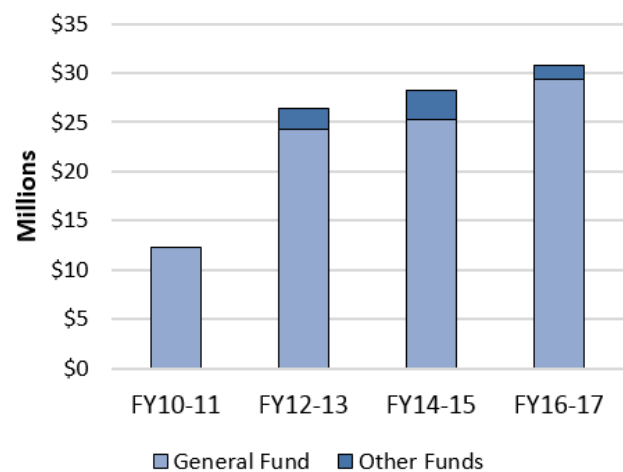
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

In 2010, the Legislature created the State Guardian ad Litem Board to move and transition the Guardian ad Litem Program out of the state court system and establish an independent guardian ad litem program. Historical spending begins in FY11. The State Guardian ad Litem Board has a total biennial budget of \$32,906,000 with

payroll consisting of 83% and operating expenses 17%. The budget is funded primarily by general fund appropriations.

STRATEGIES

In order to achieve the mission, the following strategies are utilized:

- The Board complies with mandated appointments for every child alleged to be abused or neglected.
- The Board accommodates as resources permit the unmet and critical need to assist the court with custody and parenting time cases.
- The guardian ad litem provides information to the court through investigation, report writing and testimony about the child's current situation and what has happened to the child.
- The guardian ad litem makes recommendations to the court about what the child needs to be safe, what permanent plans are in the best interest of the child and how the child's well-being should be addressed.
- The guardian ad litem advocates for the child so the child obtains a safe, nurturing and permanent home as quickly as possible.
- The Board and program staff utilize the case management system to measure outcomes for children and program performance.
- Program staff work as part of the Children's Justice Initiative Team in each of the judicial districts.

RESULTS

<i>Type of Measure</i>	<i>Appointment of a Guardian ad Litem</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Cases Assigned Per Fiscal Year	7,998	7,738	FY 16-18
Quality	Percentage of GAL assigned < 3 days of petition filing	40.25%	39.05%	FY16-18
Results	Compliance with federal and state mandates	90%	92%	FY16-18

<i>Type of Measure</i>	<i>Reunification of Child with Parents</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percentage of Children reunified within 12 months	83.9%	47.5%	FY15-17

*Minnesota Department of Human Services Dashboard at Tableau Public

<i>Type of Measure</i>	<i>Time to Permanency</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Length of Time to Permanency at 18 mos.	4,617	2,528	FY16-18
Results	Length of Time to Permanency at 18 Mos.	87%	81%	FY16-18

*Minnesota Judicial Analytical Database Report

M.S. 480.35 (<https://www.revisor.mn.gov/statutes/cite/480.35>) established the State Guardian ad Litem Board; M.S. 260C.163 (<https://www.revisor.mn.gov/statutes/2015/cite/260C.163>) provides for the appointment of a guardian ad litem in juvenile court proceedings and M.S. 518.165 (<https://www.revisor.mn.gov/statutes/cite/518.165>) for family court.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	13,984	15,446	16,040	16,866	16,784	16,784	21,876	22,578
2000 - Restrict Misc Special Revenue	706	640	203	1,244	820	817	820	817
2403 - Gift				5				
Total	14,690	16,086	16,242	18,115	17,604	17,601	22,696	23,395
Biennial Change				3,582		848		11,734
Biennial % Change				12		2		34
Governor's Change from Base								10,886
Governor's % Change from Base								31

Expenditures by Program

Guardian ad Litem	14,690	16,086	16,242	18,115	17,604	17,601	22,696	23,395
Total	14,690	16,086	16,242	18,115	17,604	17,601	22,696	23,395

Expenditures by Category

Compensation	12,122	13,423	13,541	13,699	13,734	13,734	18,491	19,343
Operating Expenses	2,548	2,648	2,686	4,407	3,861	3,858	4,196	4,043
Capital Outlay-Real Property	4	9	12	7	7	7	7	7
Other Financial Transaction	15	6	4	2	2	2	2	2
Total	14,690	16,086	16,242	18,115	17,604	17,601	22,696	23,395

Full-Time Equivalents

180.11	197.87	195.91	198.91	195.81	191.71	244.91	244.91
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		158		117				
Direct Appropriation	14,063	15,289	16,157	16,749	16,784	16,784	21,876	22,578
Transfers In					600	600	600	600
Transfers Out					600	600	600	600
Cancellations		1						
Balance Forward Out	79		117					
Expenditures	13,984	15,446	16,040	16,866	16,784	16,784	21,876	22,578
Biennial Change in Expenditures				3,476		662		11,548
Biennial % Change in Expenditures				12		2		35
Governor's Change from Base								10,886
Governor's % Change from Base								32
Full-Time Equivalents	179.64	197.87	195.91	198.91	195.81	191.71	244.91	244.91

2000 - Restrict Misc Special Revenue

Balance Forward In	1,019	879	818	1,081	437	217	437	217
Receipts	565	567	466	600	600	600	600	600
Balance Forward Out	877	807	1,081	437	217		217	
Expenditures	706	640	203	1,244	820	817	820	817
Biennial Change in Expenditures				101		190		190
Biennial % Change in Expenditures				8		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.47							

2403 - Gift

Balance Forward In	2	4	5	5				
Receipts	2	1						
Balance Forward Out	4	5	5					
Expenditures				5				
Biennial Change in Expenditures				5		(5)		(5)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	16,749	16,749	16,749	33,498
Base Adjustments				
Pension Allocation		35	35	70
Forecast Base	16,749	16,784	16,784	33,568
Change Items				
Maintain Core Guardian ad Litem Operations		552	1,166	1,718
Compliance with Federal and State Mandates		4,205	4,443	8,648
Board Development and Training		135	135	270
Technology Upgrades and Enhancements		200	50	250
Total Governor's Recommendations	16,749	21,876	22,578	44,454
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,244	820	817	1,637
Forecast Base	1,244	820	817	1,637
Total Governor's Recommendations	1,244	820	817	1,637
Fund: 2403 - Gift				
Planned Spending	5			
Forecast Base	5			
Total Governor's Recommendations	5			
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	600	600	600	1,200
Total Governor's Recommendations	600	600	600	1,200

Guardian ad Litem Board (GALB)

FY 2020-21 Biennial Budget Change Item

Change Item Title: Maintain Core Guardian ad Litem Operations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	552	1,166	1,166	1,166
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	552	1,166	1,166	1,166
Maintain FTEs	3.1	7.2	7.2	7.2

Recommendation:

The Governor recommends funding for this request from the Guardian ad Litem Board.

The Guardian ad Litem Board seeks \$1,718,000 in the FY2020-2021 biennium to increase compensation for employees by 3.5% each year of the biennium and to fund unavoidable health insurance premium increases. The request represents a 5.12% increase in the Guardian ad Litem Boards biennial base budget. The request maintains the current complement of employees.

Rationale/Background:

The Guardian ad Litem Board needs to attract and retain skilled and knowledgeable employees who can ensure competent and effective advocacy will be provided for the children that we serve. The Guardian ad Litem Board is currently facing significant workforce challenges in accomplishing that goal.

The Guardian ad Litem Board is facing a significant retirement wave in the near future. Nearly 37% of current staff will be 65 years old or older in the next 10 years. The Guardian ad Litem Board will be losing a highly skilled workforce with an incredible knowledge base and we will need to increase the compensation structure to be competitive in today's market.

To ensure the salary structure supports a competent workforce, the Guardian ad Litem Board must strive to keep pace with county and public-sector market competitors. Retaining a skilled and knowledgeable workforce is important to ensure competent advocacy. Exit interviews report that staff are leaving our agency for better paying positions often in county or nonprofit agencies. Minimizing employee turnover will add consistency and reliability for the children we serve. When an employee resigns, all of the children on their case load must be reassigned to a new Guardian ad Litem and often times the transition can be difficult for those children.

The Guardian ad Litem Board is also requesting funding for unavoidable health insurance increases. Health insurance premiums are estimated to increase by 5.63% in 2020 and 5.62% in 2021. The Guardian ad Litem Board does not negotiate its own insurance agreements – it participates in the general plan negotiated by Minnesota Management and Budget. The Guardian ad Litem Board does not have the funds available to absorb this increase.

Proposal:

This change level request is not a new initiative. The Guardian ad Litem Boards FY2020-2021 biennial budget request seeks funding to increase employee salaries, which will help to ensure that the Guardian ad Litem Board is

able to retain a solid workforce. It will also allow the Guardian ad Litem Board to be in a position to respond to the upcoming retirement wave by improving the competitiveness of the current salary structure.

In addition, the request for funding unavoidable health insurance increases will minimize the impact of rising insurance costs for Guardian ad Litem employees on the program.

Equity and Inclusion:

- The change level request assists in ensuring a competent, and diverse workforce.
- It is imperative salaries remain competitive to ensure that the Guardian ad Litem Board can recruit and retain employees from minority, ethnic and racial groups.

Results:

This request is sought to support the Guardian ad Litem Board's core mission of providing effective advocacy for the children that we serve.

The children that our staff serve are the most vulnerable population served by the state. Guardians ad Litem are assigned when a finding has been made by the Court that a child has been abused or neglected. Guardians ad Litem work every day to ensure that these children have their primary needs met and that the Court has the information necessary to rule confidently. It is critically important to the Guardian ad Litem Board to be able to retain and attract a competent workforce.

Guardian ad Litem Board (GALB)

FY 2020-21 Biennial Budget Change Item

Change Item Title: Compliance with Federal and State Mandates

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	4,205	4,443	4,443	4,443
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,205	4,443	4,443	4,443
Maintain FTEs	46	46	46	46

Recommendation:

The Governor recommends funding for this request from the Guardian ad Litem Board.

The Guardian ad Litem seeks funding to hire 46 staff positions to ensure compliance with federal and state mandates.

The Guardian ad Litem Board seeks \$4.205 million in FY20 and \$4.443 million in FY21 and ongoing to ensure staffing levels can meet the state and federal requirement of a Guardian ad Litem assigned to all mandatory cases. In addition, the request will allow for equalization of caseload sizes, appropriate supervision levels of staff and cases and the assignment of mandatory family court cases. The Guardian ad Litem Board currently has 255 employees and 263 volunteers. The request represents a 25.76% increase in the Guardian ad Litem biennial starting base budget.

Rationale/Background:

The Guardian ad Litem Board's compliance with federal and state mandate request is a direct response to the Office of the Legislative Auditor report in 2018 that recommended the Guardian ad Litem Board develop a plan for complying with laws regarding Guardian ad Litem appointments and determine the level of funding needed by the program.

Per federal and state statutes, a judge must appoint a guardian ad litem on every juvenile court case alleging that a child has been abused or neglected; M.S. 260C.163. Minnesota state statute mandates the appointment of a guardian ad litem on a family case alleging a child is abused or neglected; M.S. 518.165. A guardian ad litem performs duties outlined in statute and court rule in their role of advocating for the best interests of children.

Child protection case filings have increased 55 percent from FY13-FY17. This rise has directly impacted the program resources and ability to comply with court ordered appointments. This increase has caused the guardian ad litem program to have to deny a court order to appoint a guardian ad litem on mandatory cases due to lack of resources available to appoint, and place cases on a waiting list. Additionally, some guardians ad litem have increased their caseload size beyond acceptable limits and are not able to perform statutorily mandated duties. Acceptable case sizes are needed to ensure adequate child contacts, thorough investigations and timely reports.

The Guardian ad Litem Boards operating expenses are 17% of the total base budget. Efforts to minimize operating expenditures to ensure compliance with the mandates have included; closing offices, streamlining services, and combining district management.

The impact of not funding this request is that vulnerable children will continue to not receive a mandated guardian ad litem to advocate for their best interests in certain cases. The appointment of a guardian ad litem provides abused and neglected children with a strong voice in the court system and generates better outcomes for children.

Proposal:

The change request is to add staff to our existing program.

- The proposed request will fund all costs associated with establishing 31 new guardian ad litem positions throughout the state. This will ensure assignment of all mandated cases and the result will be that no cases/children will be put on a waiting list. Additionally, the program will be able to lower current case load sizes so all mandated duties are performed for every child.
- The additional 15 positions will be established to provide appropriate supervision levels for supervisory staff as well as staff positions to ensure additional performance monitoring as a response to the legislative audit recommendations.
- Funds are requested for July 1, 2019 with recruitment to begin immediately.

Equity and Inclusion:

- Funding for the additional positions could significantly increase the number of children of color who are promptly assigned a guardian ad litem and allow the program to expand its diversity recruitment.
- Employee guardians ad litem must receive 15 continuing education credits each year and volunteers must receive 12 continuing education credits. The guardian ad litem board mandated that of the required credits 3 must be related to cultural awareness topics so guardians can best serve the needs of diverse clients. Additionally, the revised guardian ad litem report has a specific section on the cultural needs of the child. More training and tools are continually being developed and implemented to provide guardian's ad litem additional guidance regarding what should be addressed in that section of the reports so the judge may factor those recommendations in court orders.
- Recruitment and selection of the new positions will reflect the diverse nature of the children served by the program.

Results:

- Filings have increased drastically over the past six years resulting in lower percentages of guardians ad litem assigned within 3 days of petition filing and less than 100% compliance with state and federal mandates. The Guardian ad Litem Board is currently 92% in compliance with the federal and state mandates. This number is likely lower as many Judicial Officers have reported not requesting the assignment of a guardian ad item on mandatory family files due to the known limited ability to assign on family cases due to the lack of resources.

<i>Type of Measure</i>	<i>Appointment of a Guardian ad Litem</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Cases Assigned Per Fiscal Year	6,486	7,738	FY 14-18
Quality	Percentage of GAL assigned < 3 days of petition filing	83.4%	39.05%	FY14-18
Results	Compliance with federal and state mandates	99.99%	92%	FY14-18

*Data provided by Guardian ad Litem Case Management System

<i>Type of Measure</i>	<i>Reunification of Child with Parents</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percentage of Children reunified within 12 months	83.9%	47.5%	FY15-17

*Minnesota Department of Human Services Dashboard at Tableau Public

<i>Type of Measure</i>	<i>Time to Permanency</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Length of Time to Permanency at 18 mos.	4,617	2,528	FY16-18
Results	Length of Time to Permanency at 18 Mos.	87%	81%	FY16-18

*Minnesota Judicial Analytical Database Report

The number of children with a CHIPS or Permanency case filed in the past five fiscal years has increased 52%. The results for FY18 are likely impacted by the increasing number of children who have had CHIPS or Permanency cases filed in the past five years.

Guardian ad Litem Board (GALB)

FY 2020-21 Biennial Budget Change Item

Change Item Title: Board Development and Training

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	135	135	135	135
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	135	135	135	135
Maintain FTEs	0	0	0	0

Recommendation:

The Governor recommends funding for this request from the Guardian ad Litem Board.

The Guardian ad Litem Board seeks \$135,000 per year in the FY2020-2021 biennium to permanently fund GAL Board development and training, employee development and learning management system. The request represents a .8% increase in the Guardian ad Litem Board biennial base budget.

Rationale/Background:

The Guardian ad Litem Board development and training change request is a direct response to the Office of the Legislative Auditor's report, completed in 2018, which recommended that the Guardian ad Litem Board should provide greater financial oversight to the program, review the Program Administrator's performance, establish measurable goals, and monitor performance of those goals.

In response to the recommendations provided by the Office of the Legislative Auditor, the Guardian ad Litem Board has been engaged in a board policy and governance realignment process and has implemented Policy Governance. Policy Governance integrates a number of unique principles designed to enable accountable board leadership. The board policies have been revised to ensure enhanced accountability, transparency and oversight of the program. The Guardian ad Litem Board has created a detailed monitoring calendar to ensure data is provided on a consistent basis to monitor organizational performance. The board also recognizes that to ensure continuity of the changes the board would need to invest in its governance capacity. The board is requesting funding for board training and development, an auditing budget for monitoring organizational performance and an information gathering budget for surveys, focus groups and analyses.

The Office of the Legislative Auditor's report specifically noted the Guardian ad Litem Board should ensure all Guardians ad Litem comply with the board's training policies. In response to this recommendation the Guardian ad Litem Board has purchased and implemented a learning management system which allows for the centralized tracking of continuing education requirements for all staff and volunteers. As a result of updated program standards and policies, there is an increased demand for training and employee development and the learning management system will allow for online training modules to assist in meeting this need. The learning management system will provide for a more efficient utilization of resources and ensure compliance with training requirements and timelines.

If the funding is not provided, the Guardian ad Litem Board will not be able to fully implement necessary changes to address the recommendations provided by the Office of the Legislative Auditor.

Proposal:

This is a new initiative.

Board Development:

1. Training: \$5,000 annually for training to include Policy Governance
2. Auditing: \$20,000 annually for auditing and third party monitoring of organizational performance
3. Informational/Data collection - \$10,000 annually for surveys, focus groups and analyses

Training:

1. Education: \$85,000 annually for employee education and development
2. Learning Management System: \$15,000 annually for maintenance costs for the learning management system

The Guardian ad Litem Board has been engaged in the realignment process since March 2018, and has been improving the board's effectiveness and is prepared to implement the board development and educational changes upon receipt of funds.

Equity and Inclusion:

- All Minnesotans that are served by our program are impacted by the proposed change item as the change items will allow for additional monitoring, performance accountability and transparency.
- The learning management system will allow for increased access for staff to complete online learning modules in the area of diversity, inclusion and implicit bias.
- Employee guardians ad litem must receive 15 continuing education credits each year and volunteers must receive 12 continuing education credits. The Guardian ad Litem Board mandated that of the required credits three must be related to cultural awareness topics so guardians can best serve the needs of diverse clients. Additionally, the revised guardian ad litem report has a specific section on the cultural needs of the child. More training and tools are continually being developed and implemented to provide guardians ad litem additional guidance regarding what should be addressed in that section of the reports so the judge may factor those recommendations in court orders.

Results:

The Guardian ad Litem Board has established a monitoring calendar in which the board's policies and performance measures will be tracked and data regarding compliance with the policies will be provided for review and interpretation by the board. The learning management system will track compliance with education and training requirements.

Guardian ad Litem Board (GALB)

FY 2020-21 Biennial Budget Change Item

Change Item Title: Technology Upgrades and Enhancements

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	200	50	50	50
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	200	50	50	50
Maintain FTEs	0	0	0	0

Recommendation:

The Governor recommends funding for this request from the Guardian ad Litem Board.

The Guardian ad Litem Board seeks \$200,000 in FY2020 and \$50,000 in FY2021 and ongoing to fund technology upgrades and enhancements to our current case management system. The Guardian ad Litem Board seeks funds to purchase tablets or similar devices for all Guardian ad Litem staff. The request represents a .74% increase in the Guardian ad Litem Board biennial base budget.

Rationale/Background:

The Guardian ad Litem Board technology change request is a direct response to the Office of the Legislative Auditor report in 2018 that recommended the Guardian ad Litem Board establish measurable goals and monitor the performance of those goals. The report specifically noted that Guardian ad Litem managers should evaluate the collection of evidence in Guardian ad Litem investigations and provide greater oversight of court reports, including the timeliness of court reports.

The Guardian ad Litem Board recognizes that to comply with the recommendations regarding the gathering of evidence, the program must deploy field-friendly devices that will allow GAL to document their work within the Case Management System while in the field. Guardian's ad litem gather much of their statutorily required information directly from interviews in the field. This work includes meetings with parents and children and observations of children. Tablets or small notebook devices will allow Guardians ad Litem to document information through a variety of methods, including handwriting, but ensure that such documentation is retained and stored either directly within the case management system or other secure server locations accessed by the case management system. The devices will thus help to eliminate redundant data entry and time spent searching paper documents for relevant information. The devices and integration will also enhance document security, confidentiality and accountability. Supervisory staff will have real time insight and access into the Guardian ad Litem investigation and evidence, enabling them to provide guidance or direction to staff prior to the completion of court reports.

If the funding is not provided, the Guardian ad Litem Board will not be able to fully implement necessary changes to address the recommendations provided by the Office of the Legislative Auditor.

Proposal:

The Guardian ad Litem Board transitioned from the utilization of an Access database to our current web-based case management system in 2015. The case management system is in need of additional development to allow for providing the reporting features and data collection to establish an improved data monitoring structure.

1. System Enhancements
 - a. The enhancement queue currently has over 30 items, most of which are enhancements to allow for increased productivity and accountability for the program.
2. Dashboard Research and Visualizations
 - a. The addition of a comprehensive dashboard with real-time visualizations of data to ensure that performance against key metrics are always visible to staff and available to ensure accountability and enhance performance. This would build on the programs efforts to dashboard child contracts, court hearings and other performance measurements.
3. Tablets or similar device
 - a. Provide for a tool to assist in prompt entry of case information and assist in ensuring that non-public data remains secure.
4. Training
 - a. Technical training for supervisory staff on utilization of data and enhancements to ensure quality and integrity of data.

Equity and Inclusion:

- All Minnesotans that are served by our program are impacted by the proposed change item as data security and document/data loss have a direct impact on our customers.
- All Minnesotans are impacted as the public's trust and confidence in our program is essential and of utmost importance to the Guardian ad Litem Board. The proposed change items will allow for additional monitoring, performance accountability and transparency.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware	\$200,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total						
MNIT FTEs						
Agency FTEs						

Results:

The Guardian ad Litem Board continues to develop specific performance measures and monitoring reports on data security and the treatment of children served. The enhancements will allow for monitoring the program performance measures.

In addition to the measurements above, the data collection due to the case management system enhancements will be leveraged and provided to the public in an annual report. The report will provide data on the treatment of children served and the program's ability to meet key program metrics.

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AT A GLANCE

The Minnesota Department of Health (MDH) is the state's lead public health agency using the best scientific data and methods available to prevent illness, disease incidence, and injury, implement strategies to improve the availability and quality of health care, and help ensure the every community has an opportunity to be healthy.

- Manage an annual budget of over \$500 million
- Provide oversight for over \$325 million in outgoing grants to 500 unique grantees across the state
- Maintain a highly skilled workforce of over 1,500 employees including doctors, nurses, health educators, biologists, chemists, epidemiologists, and engineers
- Work collaboratively with nearly 50 local public health agencies in every county, multiple cities as well as 11 sovereign tribal governments
- Successfully meet rigorous standards set by the Public Health Accreditation Board
- Operate regional offices in Bemidji, Fergus Falls, Mankato, Marshall, Rochester, and St. Cloud

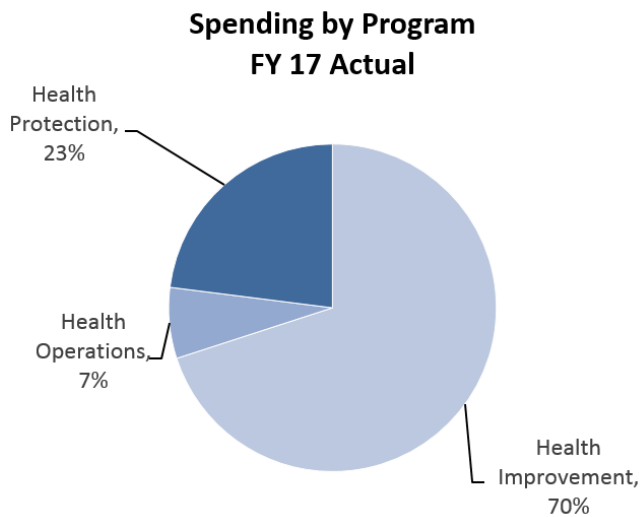
PURPOSE

The Minnesota Department of Health's (MDH) mission is to protect, maintain, and improve the health of all Minnesotans. MDH is responsible for operating programs that prevent infectious and chronic diseases, while promoting and ensuring clean water and air, safe food, quality health care, and healthy living. The department works to improve the health of all communities in the state by incorporating the best evidence and health equity considerations into our decisions or activities.

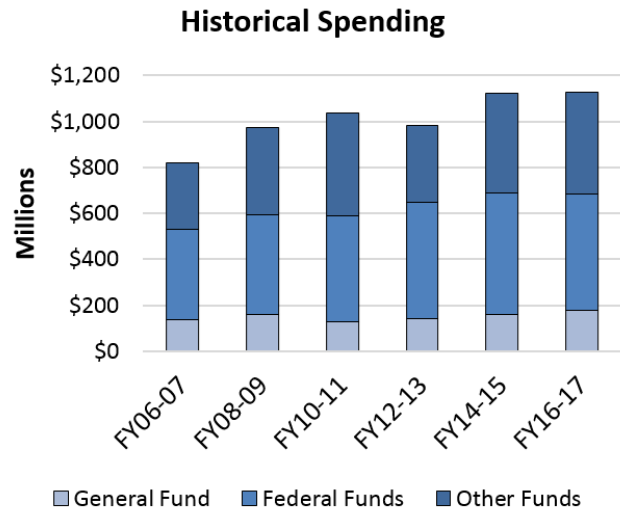
MDH carries out its mission in close partnership with nearly 50 city and county public health departments, 11 Anashinaabe and Dakota tribal governments, the federal government, and many health-related organizations. The department recognizes the strong connection between overall population health and a wide range of government policies from economic development to education to transportation. MDH's work impacts several of the state's strategic goals:

- **All Minnesotans have optimal health**— we work with public health organizations and health care providers to reduce the incidence of chronic disease and to identify, investigate, and stop infectious disease outbreaks from spreading.
- **Strong and stable families and communities**—we provide funding, technical assistance and guidance to local governments and community-based organizations to create healthier families and communities.
- **People in Minnesota are safe**—we work to reduce the incidence of deaths due to suicide and drug or alcohol addiction.
- **Older and vulnerable Minnesotans are protected from harm**—we provide a timely response and investigation into every allegation of abuse and maltreatment against vulnerable Minnesotans receiving care in a health care facility subject to state or federal regulations.
- **A clean, healthy environment with sustainable uses of natural resources**—we monitor and ensure that indoor air and drinking water quality meet Minnesota's high standards.
- **Minnesotans have the education and skills needed to achieve their goals**—we partner with the departments of education and human services to ensure our youngest Minnesotans get a healthy start through family home visiting, healthy nutrition and opportunity for physical activity.
- **Efficient and accountable government services**—we strive for transparency, effectiveness and efficiency in our service delivery and administration of the public's funds.

BUDGET



Source: BPAS



Source: Consolidated Fund Statement

STRATEGIES

The MDH vision is one of health equity, meaning a state in which all communities are thriving and all people have what they need to be healthy. While Minnesota ranks as one of the healthiest states in the nation, a 2014 MDH report found significant and persistent disparities in health outcomes. The report found these disparate outcomes exist because the opportunity to be healthy is not equally available everywhere for everyone in the state. Furthermore, these disparities have a negative impact on the health of all Minnesotans, preventing all Minnesotans from achieving their full health potential. This is why MDH has made advancing health equity a major priority. Improving the health of those experiencing the greatest inequities will result in improved health outcomes for all.

In addition, our key strategies for protecting, maintaining, and improving Minnesotans' health include:

- Maintaining a nation-leading position in disease investigation and response, environmental health protection, and laboratory science;
- Reinforcing our partnerships with the state's local public health organizations to ensure a strong public health infrastructure in all corners of the state; and
- Working with cross-sector partners to change policies and practices at the community level to support greater opportunities for promoting health and reducing risks, both to improve the health of the population and to reduce future health care costs.

The Department of Health is governed by a number of statutes. Most sections governing department activities are M.S. Chapters 144 (<https://www.revisor.mn.gov/statutes/?id=144>)
M.S. Chapters 145 (<https://www.revisor.mn.gov/statutes/?id=145>)
M.S. Chapter 145A (<https://www.revisor.mn.gov/statutes/?id=145A>)
M.S. Chapters 62J. (<https://www.revisor.mn.gov/statutes/?id=62j>)
Each activity narrative lists additional relevant statutes.
State's strategic goals (<https://mn.gov/mmb/mn-dashboard/>)
2014 MDH report, "Advancing Health Equity in Minnesota: Report to the Legislature"
(http://www.health.state.mn.us/divs/che/reports/ahe_leg_report_020114.pdf)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	85,043	94,409	99,274	109,920	115,159	116,213	136,300	139,282
1100 - Medical Education & Research	79,942	78,841	79,006	79,450	78,991	78,991	78,991	78,991
1200 - State Government Special Rev	49,354	49,310	53,552	54,362	54,229	54,566	59,030	61,914
2000 - Restrict Misc Special Revenue	6,949	6,881	5,309	9,303	3,209	3,107	5,470	3,107
2001 - Other Misc Special Revenue	46,495	46,011	43,595	53,203	51,435	52,898	51,435	52,898
2050 - Environment & Natural Resources				1,000				
2302 - Clean Water	5,460	4,716	4,653	6,353			6,748	6,748
2360 - Health Care Access	33,496	37,212	35,707	41,181	36,858	36,258	37,510	36,607
2365 - Opioid Stewardship							6,000	9,251
2403 - Gift	27	13	42	55	8	8	8	8
2800 - Environmental	640	875	645	843	746	746	867	867
2801 - Remediation	213	298	240	272	257	257	257	257
3000 - Federal	238,604	241,652	248,307	269,764	267,839	264,409	267,839	264,409
3001 - Federal TANF	8,867	13,829	11,282	11,713	11,713	11,713	11,713	11,713
8201 - Drinking Water Revolving	636	595	477	796	678	678	678	678
Total	555,724	574,642	582,088	638,215	621,122	619,844	662,846	666,730
Biennial Change				89,938		20,663		109,273
Biennial % Change				8		2		9
Governor's Change from Base								88,610
Governor's % Change from Base								7

Expenditures by Program

Health Improvement	393,729	400,432	405,814	430,088	426,604	422,921	443,312	441,822
Health Protection	123,466	134,549	135,907	162,109	148,579	149,934	172,716	176,940
Health Operations	38,529	39,660	40,368	46,018	45,939	46,989	46,818	47,968
Total	555,724	574,642	582,088	638,215	621,122	619,844	662,846	666,730

Expenditures by Category

Compensation	127,104	137,021	142,277	150,057	146,183	144,871	158,913	163,942
Operating Expenses	99,702	103,630	106,224	144,350	132,034	132,512	148,168	145,872
Grants, Aids and Subsidies	322,187	325,665	325,834	335,603	335,170	335,127	348,030	349,582
Capital Outlay-Real Property	1,851	2,783	728	2,126	1,668	1,567	1,668	1,567

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Other Financial Transaction	4,879	5,543	7,025	6,079	6,067	5,767	6,067	5,767
Total	555,724	574,642	582,088	638,215	621,122	619,844	662,846	666,730

Total Agency Expenditures	555,724	574,642	582,088	638,215	621,122	619,844	662,846	666,730
Internal Billing Expenditures	27,221	27,236	33,746	37,354	34,028	33,271	34,078	33,301
Expenditures Less Internal Billing	528,502	547,406	548,343	600,861	587,094	586,573	628,768	633,429

<u>Full-Time Equivalents</u>	1,391.47	1,473.61	1,484.81	1,557.16	1,450.78	1,441.78	1,582.41	1,641.51
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	836	5,407	7	4,740				
Direct Appropriation	89,472	91,414	111,723	105,327	115,306	116,360	136,447	139,429
Transfers In	1,248	2,213	1,490	2,352	2,601	3,605	2,601	3,605
Transfers Out	1,173	3,388	9,142	2,499	2,748	3,752	2,748	3,752
Cancellations	213	1,230	65					
Balance Forward Out	5,127	7	4,740					
Expenditures	85,043	94,409	99,274	109,920	115,159	116,213	136,300	139,282
Biennial Change in Expenditures			29,742		22,178		66,388	
Biennial % Change in Expenditures			17		11		32	
Governor's Change from Base							44,210	
Governor's % Change from Base							19	
Full-Time Equivalents	143.63	142.08	133.26	153.33	146.77	147.31	203.72	250.06

1100 - Medical Education & Research

Balance Forward In	1,282	188	651	635	176	176	176	176
Receipts	75,054	75,054	78,991	78,991	78,991	78,991	78,991	78,991
Transfers In	3,788	4,248	157	150	150	150	150	150
Transfers Out			157	150	150	150	150	150
Balance Forward Out	181	649	635	176	176	176	176	176
Expenditures	79,942	78,841	79,006	79,450	78,991	78,991	78,991	78,991
Biennial Change in Expenditures				(327)		(474)		(474)
Biennial % Change in Expenditures				(0)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			1.35	2.15	0.75	0.88	0.75	0.88

1200 - State Government Special Rev

Balance Forward In	8	5,800	28	254				
Direct Appropriation	53,920	52,594	53,607	54,185	54,306	54,643	59,662	61,914
Open Appropriation			249					
Transfers In	611	610	592	118				
Transfers Out	688	687	669	195	77	77	632	0
Cancellations		8,980						

Health

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	4,497	27	255					
Expenditures	49,354	49,310	53,552	54,362	54,229	54,566	59,030	61,914
Biennial Change in Expenditures				9,250		881		13,030
Biennial % Change in Expenditures				9		1		12
Governor's Change from Base								12,149
Governor's % Change from Base								11
Full-Time Equivalents	290.97	299.40	303.87	298.16	299.14	298.07	332.67	352.46

2000 - Restrict Misc Special Revenue

Balance Forward In	7,915	6,375	7,258	5,892	361	284	361	284
Direct Appropriation	3,937	3,937						
Receipts	5,472	4,591	2,547	2,594	1,968	1,969	3,597	1,969
Transfers In	1,624	1,721	1,440	1,178	1,164	1,164	1,796	1,164
Transfers Out	3,788	4,315						
Net Loan Activity	(1,995)	237	(44)					
Balance Forward Out	6,216	5,666	5,891	361	284	310	284	310
Expenditures	6,949	6,881	5,309	9,303	3,209	3,107	5,470	3,107
Biennial Change in Expenditures				782		(8,296)		(6,035)
Biennial % Change in Expenditures				6		(57)		(41)
Governor's Change from Base								2,261
Governor's % Change from Base								36
Full-Time Equivalents	26.91	22.64	15.13	20.33	12.91	12.21	12.91	12.21

2001 - Other Misc Special Revenue

Balance Forward In	15,201	11,780	7,780	10,308	8,629	7,976	8,629	7,976
Receipts	39,985	40,865	41,125	51,524	50,782	52,245	50,782	52,245
Internal Billing Receipts	24,812	25,410	29,463	34,231	35,258	36,315	35,258	36,315
Transfers In	4,542	4,909	10,104	5,564	700	700	700	700
Transfers Out	4,363	4,909	5,104	5,564	700	700	700	700
Balance Forward Out	8,870	6,634	10,309	8,629	7,976	7,323	7,976	7,323
Expenditures	46,495	46,011	43,595	53,203	51,435	52,898	51,435	52,898
Biennial Change in Expenditures				4,293		7,535		7,535
Biennial % Change in Expenditures				5		8		8

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	337.34	352.36	351.83	356.78	324.05	323.22	324.05	323.22

2050 - Environment & Natural Resources

Direct Appropriation				1,000	0	0	0	0
Expenditures				1,000				
Biennial Change in Expenditures				1,000		(1,000)		(1,000)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	3,209	1,770	1,110	1,246				
Direct Appropriation	3,913	3,812	4,787	5,107	0	0	6,748	6,748
Transfers In	150	150	150	150				
Transfers Out	150	150	150	150				
Cancellations	107	8						
Balance Forward Out	1,555	857	1,244					
Expenditures	5,460	4,716	4,653	6,353			6,748	6,748
Biennial Change in Expenditures				830		(11,006)		2,490
Biennial % Change in Expenditures				8		(100)		23
Governor's Change from Base								13,496
Governor's % Change from Base								
Full-Time Equivalents	28.83	26.83	26.18	31.24			30.14	30.14

2360 - Health Care Access

Balance Forward In	8,005	8,348	3,904	4,923				
Direct Appropriation	33,987	35,456	36,643	36,258	36,858	36,258	37,510	36,607
Open Appropriation			98					
Transfers In	2,865	2,865	67	68	68	68	68	68
Transfers Out	3,365	3,465	67	68	68	68	68	68
Cancellations	2,209	2,197	15					

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	5,786	3,794	4,923					
Expenditures	33,496	37,212	35,707	41,181	36,858	36,258	37,510	36,607
Biennial Change in Expenditures				6,179		(3,772)		(2,771)
Biennial % Change in Expenditures				9		(5)		(4)
Governor's Change from Base								1,001
Governor's % Change from Base								1
Full-Time Equivalents	62.98	67.77	66.64	76.25	76.34	76.34	78.35	79.79

2365 - Opioid Stewardship

Direct Appropriation							6,000	9,251
Expenditures							6,000	9,251
Biennial Change in Expenditures				0		0		15,251
Biennial % Change in Expenditures								
Governor's Change from Base								15,251
Governor's % Change from Base								
Full-Time Equivalents							8.00	8.00

2403 - Gift

Balance Forward In	151	135	144	123	71	66	71	66
Receipts	8	21	22	3	3	3	3	3
Transfers In	1	9						
Transfers Out	1	9						
Balance Forward Out	132	143	124	71	66	61	66	61
Expenditures	27	13	42	55	8	8	8	8
Biennial Change in Expenditures				58		(81)		(81)
Biennial % Change in Expenditures				146		(84)		(84)
Governor's Change from Base								0
Governor's % Change from Base								0

2800 - Environmental

Balance Forward In		144		97				
Direct Appropriation							121	121
Transfers In	734	734	1,253	1,258	1,258	1,258	1,258	1,258
Transfers Out			512	512	512	512	512	512
Cancellations		2						

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	94		96					
Expenditures	640	875	645	843	746	746	867	867
Biennial Change in Expenditures				(28)		4		246
Biennial % Change in Expenditures				(2)		0		17
Governor's Change from Base								242
Governor's % Change from Base								16
Full-Time Equivalents	5.94	5.61	4.15	3.72	3.72	3.72	4.72	4.72

2801 - Remediation

Balance Forward In		47		15				
Transfers In	252	252	255	257	257	257	257	257
Cancellations		1						
Balance Forward Out	39		15					
Expenditures	213	298	240	272	257	257	257	257
Biennial Change in Expenditures				1		2		2
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.33	2.23	1.96	1.96	1.96	1.96	1.96	1.96

3000 - Federal

Balance Forward In	76	1,041	936	840				
Receipts	238,627	241,596	248,211	268,924	267,839	264,409	267,839	264,409
Transfers In	3	89						
Transfers Out	3	89						
Balance Forward Out	98	980	839					
Expenditures	238,604	241,652	248,307	269,764	267,839	264,409	267,839	264,409
Biennial Change in Expenditures				37,816		14,177		14,177
Biennial % Change in Expenditures				8		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	485.46	546.45	575.43	606.87	578.77	571.70	578.77	571.70

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
3001 - Federal TANF								
Receipts	8,867	13,829	11,282	11,713	11,713	11,713	11,713	11,713
Expenditures	8,867	13,829	11,282	11,713	11,713	11,713	11,713	11,713
Biennial Change in Expenditures			299		431		431	
Biennial % Change in Expenditures			1		2		2	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	2.25	4.21	2.11	2.11	2.11	2.11	2.11	2.11

6000 - Miscellaneous Agency

Receipts	60	67	67	67	67	67	67	67
Transfers Out	60	67	67	67	67	67	67	67

8201 - Drinking Water Revolving

Balance Forward In	87			118				
Receipts	632							
Transfers In		595	595	678	678	678	678	678
Balance Forward Out	84		118					
Expenditures	636	595	477	796	678	678	678	678
Biennial Change in Expenditures				42		83		83
Biennial % Change in Expenditures				3		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.83	4.03	2.90	4.26	4.26	4.26	4.26	4.26

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	105,327	105,327	105,327	210,654
Base Adjustments				
All Other One-Time Appropriations		(894)	(894)	(1,788)
Current Law Base Change		10,871	11,875	22,746
Pension Allocation		52	52	104
Approved Transfer Between Appropriation		0	0	0
Biennial Appropriations		(50)		(50)
Forecast Base	105,327	115,306	116,360	231,666
Change Items				
Vulnerable Adult Protection - Current Program Improvements		7,438	4,302	11,740
Vulnerable Adults - Regulatory Reforms and Enhanced Protections		2,432	8,114	10,546
Public Health Laboratory Equipment		840	655	1,495
Comprehensive Suicide Prevention		3,730	3,730	7,460
Statewide Tobacco Cessation Quitline		1,598	2,748	4,346
Maintaining and Improving Provider Network Adequacy Reviews		231	231	462
Operating Adjustment		1,222	1,639	2,861
Community Solutions Fund		2,000		2,000
Family Planning Special Projects		2,500	2,500	5,000
Reduce Positive Alternatives		(850)	(850)	(1,700)
Total Governor's Recommendations	105,327	136,447	139,429	275,876
Fund: 1200 - State Government Special Rev				
FY2019 Appropriations	54,185	54,185	54,185	108,370
Base Adjustments				
Current Law Base Change		38	375	413
Pension Allocation		83	83	166
Approved Transfer Between Appropriation		0	0	0
Forecast Base	54,185	54,306	54,643	108,949
Change Items				
Vulnerable Adult Protection - Current Program Improvements		1,103	1,103	2,206
Vulnerable Adults - Regulatory Reforms and Enhanced Protections		632		632
Repeal Unnecessary Infection Control Law		(107)	(214)	(321)
Office of Medical Cannabis Operational Costs		813	668	1,481
Safe Drinking Water Fee Increase		2,117	4,234	6,351
Operating Adjustment		798	1,480	2,278
Total Governor's Recommendations	54,185	59,662	61,914	121,576
Fund: 2050 - Environment & Natural Resources				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
FY2019 Appropriations	1,000	1,000	1,000	2,000
Base Adjustments				
All Other One-Time Appropriations		(1,000)	(1,000)	(2,000)
Forecast Base	1,000	0	0	0
Total Governor's Recommendations	1,000	0	0	0
Fund: 2302 - Clean Water				
FY2019 Appropriations	5,107	5,107	5,107	10,214
Base Adjustments				
One-Time Legacy Fund Appropriations		(5,107)	(5,107)	(10,214)
Forecast Base	5,107	0	0	0
Change Items				
Groundwater Restoration and Protection Strategies (CWF)		650	650	1,300
Virus Study (CWF)		250	250	500
Private Well Protection (CWF)		850	850	1,700
Drinking Water Protection (CWF)		350	350	700
Source Water Protection (CWF)		2,747	2,747	5,494
Contaminants of Emerging Concern (CWF)		1,376	1,376	2,752
Water Reuse (CWF)		275	275	550
Well Sealing (CWF)		250	250	500
Total Governor's Recommendations	5,107	6,748	6,748	13,496
Fund: 2360 - Health Care Access				
FY2019 Appropriations	36,258	36,258	36,258	72,516
Base Adjustments				
Biennial Appropriations		600		600
Forecast Base	36,258	36,858	36,258	73,116
Change Items				
MN Health Access Survey		450		450
Operating Adjustment		202	349	551
Total Governor's Recommendations	36,258	37,510	36,607	74,117
Fund: 2365 - Opioid Stewardship				
Change Items				
Opioid and Other Drug Abuse Prevention		6,000	9,251	15,251
Total Governor's Recommendations		6,000	9,251	15,251
Fund: 2800 - Environmental				
Change Items				
Understanding and Reducing Community Health Risks from TCE		121	121	242
Total Governor's Recommendations		121	121	242

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Dedicated</i>				
Fund: 1100 - Medical Education & Research				
Planned Spending	79,450	78,991	78,991	157,982
Forecast Base	79,450	78,991	78,991	157,982
Total Governor's Recommendations	79,450	78,991	78,991	157,982
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	9,303	3,209	3,107	6,316
Forecast Base	9,303	3,209	3,107	6,316
Change Items				
Vulnerable Adults - Regulatory Reforms and Enhanced Protections		2,261		2,261
Total Governor's Recommendations	9,303	5,470	3,107	8,577
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	53,203	51,435	52,898	104,333
Forecast Base	53,203	51,435	52,898	104,333
Total Governor's Recommendations	53,203	51,435	52,898	104,333
Fund: 2403 - Gift				
Planned Spending	55	8	8	16
Forecast Base	55	8	8	16
Total Governor's Recommendations	55	8	8	16
Fund: 3000 - Federal				
Planned Spending	269,764	267,839	264,409	532,248
Forecast Base	269,764	267,839	264,409	532,248
Total Governor's Recommendations	269,764	267,839	264,409	532,248
Fund: 3001 - Federal TANF				
Planned Spending	11,713	11,713	11,713	23,426
Forecast Base	11,713	11,713	11,713	23,426
Total Governor's Recommendations	11,713	11,713	11,713	23,426
Fund: 8201 - Drinking Water Revolving				
Planned Spending	796	678	678	1,356
Forecast Base	796	678	678	1,356
Total Governor's Recommendations	796	678	678	1,356

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Revenue Change Summary				
Dedicated				
Fund: 1100 - Medical Education & Research				
Forecast Revenues	78,991	78,991	78,991	157,982
Total Governor's Recommendations	78,991	78,991	78,991	157,982
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	2,594	1,968	1,969	3,937
Change Items				
Vulnerable Adults - Regulatory Reforms and Enhanced Protections		1,629		1,629
Total Governor's Recommendations	2,594	3,597	1,969	5,566
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	51,524	50,782	52,245	103,027
Total Governor's Recommendations	51,524	50,782	52,245	103,027
Fund: 2403 - Gift				
Forecast Revenues	3	3	3	6
Total Governor's Recommendations	3	3	3	6
Fund: 3000 - Federal				
Forecast Revenues	268,924	267,839	264,409	532,248
Total Governor's Recommendations	268,924	267,839	264,409	532,248
Fund: 3001 - Federal TANF				
Forecast Revenues	11,713	11,713	11,713	23,426
Total Governor's Recommendations	11,713	11,713	11,713	23,426
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	67	67	67	134
Total Governor's Recommendations	67	67	67	134
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	1,625	1,625	1,625	3,250
Total Governor's Recommendations	1,625	1,625	1,625	3,250
Fund: 1200 - State Government Special Rev				
Forecast Revenues	52,014	52,642	52,809	105,451

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Change Items				
Safe Drinking Water Fee Increase		2,117	4,234	6,351
Total Governor's Recommendations	52,014	54,759	57,043	111,802

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Vulnerable Adult Protection—Current Operations Improvements

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Department of Health				
General Fund				
Expenditures	7,438	4,302	5,800	5,369
Revenues	0	0	0	0
State Government Special Revenue				
Expenditures	1,103	1,103	0	0
Revenues	0	0	0	0
Department of Human Services				
General Fund				
Expenditures	1,093	0	218	218
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	9,634	5,405	6,018	5,587
FTEs	39	38	30	30

Recommendation:

The Governor recommends funding from the General Fund and State Government Special Revenue fund (SGSR) for the Minnesota Department of Health (MDH) and the Department of Human Services (DHS) to continue necessary current operations improvements to the regulatory activities, systems, analysis, reporting, and communications that contribute to the health, safety, care quality, and abuse prevention for vulnerable adults in Minnesota.

Rationale/Background:

Two sets of recommendations were released in early 2018, one from the Office of the Legislative Auditor and one from Governor Dayton's Elder Abuse Prevention workgroup, on how specific programs within the Health Regulation Division (HRD) should implement new systems, staffing, processes and reporting practices that would contribute to the health, safety, and quality assurance of care at healthcare facilities for vulnerable adults.

The recommendations identified and addressed concerns over the rise in maltreatment allegations in Minnesota; the inability of certain programs at MDH to meet statutory requirements; outdated processes and IT systems; and inadequate staffing and funding to ensure timely notifications in addition to the analysis, reporting, and communications activities that support stronger public transparency, accountability, and engagement.

Proposal:

This proposal takes a comprehensive, division-wide approach to vulnerable adult health, safety, care quality, and abuse prevention and focuses on four components: regulatory capacity, case management, data analysis and reporting, and communications and engagement.

The proposal drives more efficient management of existing financial resources and increases the capacity of subject matter experts within MDH and partner agencies to implement needed changes. It identifies opportunities for cross-agency systems partnership and builds on existing IT systems and data reporting to inform enhancements. This proposal stabilizes necessary funding for program activities and IT systems that respond to stakeholder service expectations and regulatory requirements. It also creates a new business intelligence capacity that supports robust cross-agency data analysis, reporting, and stakeholder communications that vulnerable

adults and their families request and the Office of Legislative Auditor recommended. Additional request details are described below:

1. **Regulatory capacity** – Funding increases and program improvements are needed to better meet state and federal statutory requirements. This component includes needed funding for licensing, certification, investigations, and inspections.
 - a. **State and federal regulatory work requirements**, including increased complaints activity. Federal cost participation in MDH regulatory work varies according to the type of work and the type of facility and is based on standards and guidance set by the Centers for Medicare and Medicaid Services (CMS). CMS reimbursement requires a financial match from state funds to equitably share costs. This proposal will increase available General Fund resources for the required state match for Health Care Facility Licensing and Certification work by \$3 million each year, beginning in FY 2020. Of the \$3 million annual request, \$2.4 million per year is for state licensing activities and \$0.6 million per year is for the required state match for Medicaid-funded work.

Current funding for the state share is inadequate to meet the demands of our regulatory work. The number of federal complaints, especially from nursing homes, has been increasing in recent years along with the increasing number of residents in such facilities. This growth has increased the workload and the need for state matching funds. Over the past year, revisions to current cost sharing agreements with CMS were made to correctly account for state work and state financial share requirements. As a result, both the proportion of state costs and the volume of work for the state have increased, but the allocations used to pay the state financial match have not kept pace. In order for Minnesota to fully meet state and federal requirements for health care facility licensing and certification work at the required workload, a corresponding increase in allocations is needed.

- b. **Home Care and Assisted Living Program survey activities**. This proposal increases the SGSR appropriation by \$1.1 million each year in the FY 2020-21 biennium for the Home Care and Assisted Living Program (HCALP) to add one additional survey team to improve the frequency of home care provider inspections. Current law requires that each provider be inspected once every three years. MDH is only able to meet this requirement with 30 percent of the providers at this time. An additional survey team, along with Continuous Improvement efforts, will significantly improve our inspection schedule. HCALP recently completed a preliminary assessment and is poised to implement recommendations that will impact performance and capacity within the program, including 40%-50% increased productivity by redesigning the work processes, eliminating duplication, and reallocating resources. This funding increase can be accommodated within existing fee revenues; no fee increase would be necessary. This funding increase is only for the FY2020-21 biennium, based on the impact that the Governor's Vulnerable Adult Regulatory Reforms proposal would have on the number of home care providers.
2. **Case Management** – HRD currently relies on a 15-year-old electronic system to manage our work around inspections, investigations, enforcement, time-reporting, and federal reimbursement creating a significant operational and financial risk for the agency. Continued use of this legacy system perpetuates an inefficient, expensive, and paper-based process and restricts the ability to innovate and gain critical efficiencies. The current system cannot store documents or manage workflow and is extremely limited in the ability to extract stored data. These limitations severely impact the ability of HRD to provide information to the public, analyze operations, coordinate state and federal activities, and forecast future needs.

Creating a modern, centralized framework for case management that integrates existing systems and technology would mitigate the risks posed by the legacy system and further support the continuous improvement activities underway to protect vulnerable adults. The framework will be based on DHS's Social Services Information System (SSIS) for case management. It will integrate existing IT systems for electronic licensing and document management and incorporate a common entry point with the Minnesota Adult Abuse and Reporting Center (MAARC), the state's abuse allegation reporting system. The case management system

will be aligned with a public reporting website where visitors can search, sort, and compare information about providers.

- a. The new, integrated **MDH case management system** would be built in two phases over four years for a total estimated cost of \$ 5.0 million. The first biennium request (\$3.3 million for FY 2020-21) for the new case management system will include:
 - i. **Connection to DHS through SSIS for maltreatment investigation** case management
 - ii. **Implementation and integration of in-house IT systems** across the division for electronic licensing and document management, with the goal to leverage existing systems and minimize unnecessary redundancy
 - iii. **Development of a time-reporting module** to support federal reporting across multiple HRD programs
 - iv. **Access to data and new business intelligence** gathered through the adoption of SSIS and optimized workflows of programs responsible for prevention of abuse, neglect, and maltreatment
 - v. **Evaluation of the functionality of the integrated systems**, including additional needed requirements and develop a plan for optimization in Phase 2 (\$2.8 million in FY 2022-23)
 - b. Creation of a **common entry point and functional enhancements for MAARC and nursing home self-reports** (\$250,000 for 2020-21 biennium, \$60,000 for the 2022-23 biennium). All reporters will start their required online reports through an updated drop-down menu on the MAARC landing page. The revised drop-down menu on the MAARC page will direct nursing home self-reports to the existing NHR login page. This user-friendly approach will create a unified user experience with updated policy guidance, yet still ensure that required data elements and timelines are met. Improvements include more robust data collection and reporting through additional data elements and enhanced data transfer capabilities. This work will be done in collaboration with DHS.
 - c. Building a **public reporting website** where visitors can search, sort, and compare information about providers. (\$1.6 million for 2020-21 biennium, \$0.5 million annual support and maintenance thereafter)
3. **Data analysis and reporting** – Enhanced capacity to support timely notification of maltreatment complaints, respond to the growing number of complex data practices requests, and generate robust analysis and reports to drive continued improvement and public engagement. (\$1.2 million for the FY2020-21 biennium)
 4. **Communications and engagement** – Dedicated resources to support work groups and committees, stakeholder engagement, and develop more effective online content and other materials for key audiences. (\$0.4 million biennial request)

\$ in thousands	FY 2020	FY 2021	FY 2022	FY 2023
Regulatory Capacity: State Licensing	3,013	3,013	3,013	3,013
Regulatory Capacity: Home Care and Assisted Living (SGSR)	1,103	1,103		
IT: MDH Case Management System	2,220		1,600	1,169
IT: DHS Case Management System	1,093		218	218
IT: Common Entry Point for Abuse Allegation Reporting & MAARC Enhancements	175	75	30	30
IT: Reporting Website	1,077	504	447	447
Data Analysis and Reporting	744	501	501	501

Communications and Engagement	209	209	209	209
Total GF (MDH)	7,438	4,302	5,800	5,369
Total SGSR (MDH)	1,103	1,103		
Total GF (DHS)	1,093		218	218
Grand Total	9,634	5,405	6,018	5,587

Equity and Inclusion:

This proposal addresses substantial needs within HRD for modernization and capacity building that directly affect the quality and safety of services and facilities for vulnerable adults across Minnesota. To the extent that facility quality and safety affect health disparities and access to care for underserved persons and communities, including racial and ethnic groups, LGBTQ persons and populations, veterans, persons with disabilities and chronic health concerns, or other underserved communities, this proposal supports access and quality health care for all Minnesotans. Additionally, MDH, as part of its regulatory responsibilities, enforces federal and state law to ensure that facility residents are protected from discriminatory policies and practices that affect the ability of Minnesotans to receive health care.

IT Related Proposals:

This proposal makes \$5.9 million in information technology improvements and upgrades over the 2020-21 biennia. The projects relate to creating the case management framework and establishing a MAARC common entry point and other website improvements.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Federal standard: inspect each nursing home at least once every 15.9 months	100%	100%	FFY14 FFY15
Quality	Total on-site Vulnerable Adults Act investigations completed within 60 days	40%	31%	SFY13 SFY14
Quantity	Inspect each temporary home care license within the first twelve months	100%	100%	SFY17 SFY18
Quantity	Inspect each licensed home care provider at least once every three years	29%	30%	SFY17 SFY18
Quality	Enforcement Actions (licenses denied or issued with conditions)	3	26	SFY17 SFY18

Statutory Change(s):

Minnesota statutes 144A.474, Subds. 9, 11

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Vulnerable Adults – Regulatory Reforms and Enhanced Protections

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,432	8,114	0	0
Revenues	0	0	0	0
State Government Special Revenue				
Expenditures	0	0	13,458	13,418
Revenue	0	0	13,965	13,555
Transfer Out	632	0	0	0
Special Revenue Fund				
Transfer In	632	0	0	0
Revenues	1,629	1,629	0	0
Net Fiscal Impact = (Expenditures – Revenues)	803	6,485	(507)	(137)
FTEs	8.5	53	94	94

Recommendation:

The Governor recommends funding for regulatory reforms and enhanced protections for vulnerable adults, including:

- Creating an assisted living licensure requirement that combines the licensing of home care services and housing with physical plant standards into a single license
- Adding regulatory requirements for services provided to persons with dementia through an additional certification that supplements the assisted living licensure
- Authorizing the Commissioner to immediately impose fines against providers when violations are detected during inspections and/or investigations instead of having to wait for an opportunity to correct the violation before imposing a fine
- Prohibiting deceptive marketing and false advertising

Rationale/Background:

Currently, 41,000 people live in 1,345 assisted living settings across Minnesota. The concern and the risk is that these assisted living residents have increasing care needs and live in facilities not originally designed to meet those needs. In 2014, 58% of residents in assisted living were over age 85 and 39% had dementia. Data show that residents are living and staying longer in care than ever before.

Despite this increasing need in Minnesota, regulatory protections for vulnerable adults vary based on the type of facility setting a person lives in, not their individual vulnerabilities. Specifically, current laws for Housing with Services Establishments (HWS) do not regulate the HWS physical plant of the building, the supportive services provided within, nor the people employed by the HWSs. Further, residents and families are confused by existing laws and how to enforce their rights. Residents and families need a regulatory system that is understandable, responsive, and holds providers accountable.

Home care services include assisting with: activities of daily living; managing and taking medications; providing complex skilled health care and treatments for persons who use ventilators to breathe, have feeding tubes, or require wound care; and overseeing people who need constant care and assistance because of cognitive loss from brain injuries or dementia. While many home care residents may be capable of directing their own care, a special responsibility exists to protect residents who cannot.

Proposal:

Assisted Living Licensure

This proposal establishes a new, three-tier licensing system comprised of Basic, Comprehensive, and Comprehensive-Plus licenses.

- A Basic license includes assisted livings that provide or arrange services in conjunction with the Basic Home Care license. Services include assistance with dressing, self-feeding, oral hygiene, hair care, grooming, toileting, bathing, standby assistance, medication and treatment reminders, preparing modified diets, and helping with housekeeping and laundry.
- A Comprehensive license includes assisted livings that provide or arrange services in conjunction with the Comprehensive Home Care license. Services include the services of professional nurses, occupational therapists, speech-language therapists, respiratory therapists, nutritionists, or social workers; tasks delegated to unlicensed personnel by a registered nurse (RN); medication management; hands-on assistance with transfers; assisting clients with complicated eating problems; and providing other complex and specialty care such as ventilators.
- A Comprehensive PLUS license includes all elements of the Comprehensive license, plus taking care of residents with dementia, including having a separate dementia care unit.

All three tiers of licenses include:

- License application and fees
- An annual survey
- Staffing standards
- Residency contracts, clear management agreements that identify responsible parties
- Provider disclosure requirements
- Services and housing termination appeal rights for residents
- Resident councils
- Sanctions against providers who retaliate against residents and family who complain about services provided or not provided
- Immediate fine authority
- Provisional licenses
- A complaint system to address physical plant and home care services issues

The proposal assumes a four-year implementation period.

- Year 1 (July 1, 2019 to June 30, 2020) will include expedited rulemaking to finalize and implement the standards for physical plant, environment, staffing and training, healthcare practices, and discharge rights for the new licensing system and planning. During this year MDH will begin hiring staff.
- Year 2 (July 1, 2020, to June 30, 2021) will be a transition period to prepare for the new licensing requirements. MDH will continue hiring staff, build infrastructure, conduct outreach, and prepare forms.
- Year 3 (July 1, 2021 to June 30, 2022) all existing home care licensees who provide services as an assisted living will convert to the new licensure and new applicants for licensure are required to apply under new assisted living licensure laws.
- Year 4 (July 1, 2022 to June 30, 2023) will be the first full year of licensure. The new licensure will be fully in effect for providers by July 1, 2022.

The proposal authorizes the Commissioner to impose immediate fines when a violation is noted during an onsite survey of the provider. Current law requires that the provider be given time to correct the violation before a fine is imposed. This proposal would still require the provider to correct the violation; however, the fine may be imposed on the first onsite survey. The goal is to reduce violations occurring in the first place because providers would know that with the first onsite survey, an immediate fine could be imposed. This proposal also deposits immediate fine revenue and previously collected home care assessment fines into a dedicated, special revenue

account that is appropriated to the Commissioner once an advisory council's recommendations are approved by the Commissioner.

Finally, to assist and support MDH's regulatory activities, this proposal includes resources for a continuous improvement process, a data/communications staff, IT development, and maintenance and provider training resources to help organizations "get ready" for the changes.

Dementia Care Services

This proposal requires any assisted living facility that provides care to residents with dementia in a dementia care unit to obtain a Comprehensive PLUS license, the highest tier of assisted licensure.

A Comprehensive PLUS license requires that an assisted living licensee:

- Demonstrate the ability to care for residents with dementia prior to receiving a Comprehensive PLUS license
- Train direct care staff on how to provide person-centered care to dementia residents
- Establish person-centered policies and procedures for dementia care residents
- Meet minimum physical plant standards
- Provide enhanced physical design, living environment, and safety standards for dementia care units
- Provide consumers with transparent advertising of dementia-care services
- Document that the administrator receives continuing education on caring for dementia residents
- Have dementia-trained staff conduct Comprehensive license requirements

Deceptive Marketing Practices

This proposal prohibits providers from engaging in deceptive marketing and business practices. Providers cannot make any false, fraudulent, deceptive, or misleading statements in marketing and advertising orally or in writing. This includes facilities that are licensed as HWSs, home care, boarding care homes, and nursing homes.

Equity and Inclusion:

These regulatory requirements will be consistent for all groups and will protect all groups equally.

IT Related Proposals:

This proposal makes \$1.15 million in information technology improvements and upgrades over the 2020-21 and 2022-23 biennia. The projects relate to electronic corrective action plans, licensing system enhancements, and electronic workflow management.

Statutory Change(s):

- New Statute Chapter needed
- Minn. Stat. sec. 144A.43 through 144A.484 (home care services licensing)
- Minn. Stat. sec. 144.051 (home care data practices)
- Minn. Stat. sec. 144G (assisted living services)
- Minn. Stat. sec 144D (housing with services settings)

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Public Health Laboratory Equipment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	840	655	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	840	655	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends one-time funding from the General Fund in the FY 2020-2021 biennium to purchase laboratory equipment critical to the work performed at the Minnesota Department of Health (MDH) Public Health Laboratory. Funding will support essential equipment purchasing needs that cannot be funded through any other source.

Rationale/Background:

The Minnesota Department of Health Public Health Laboratory (MDH-PHL) performs critical laboratory testing to detect public health threats, including foodborne illnesses such as Salmonella, emerging infectious disease threats, rare but treatable disorders in newborns, and hazardous chemicals in the environment and in humans. Much of the testing performed at MDH-PHL is not available in other laboratories and requires the use of sophisticated facilities and instruments.

State-of-the art equipment enables the laboratory to detect extremely small amounts of chemical contaminants and more rapidly detect infectious diseases. Without advanced testing methods, we will be missing key pieces of data needed to respond to ever-changing chemical and biological threats. MDH must continuously update laboratory capital equipment to maintain the ability to detect harmful chemical compounds and radioactive substances, or novel biological threats, such as avian influenza or Ebola.

While MDH-PHL has existing capital equipment valued at approximately \$10 million, there is no current budget mechanism to substantially replace obsolete instruments or to expand laboratory capability. Failure to replace aging equipment poses a risk to lab capability and readiness to respond to outbreaks and emergencies that require laboratory services. MDH-PHL currently has only a limited budget (approximately \$385,000 per year) to replace existing laboratory equipment. MDH supplements this limited budget by using one-time federal or state funds, when available. On occasion, partners have provided equipment for special projects; however, this is not a reliable mechanism for obtaining critical instrumentation. Most often, federal agencies and other funders only pay for testing to be performed, not for building the capacity to do testing.

The physical laboratory facility shared by the Departments of Health and Agriculture was completed in 2005. Analytical and support equipment purchased at the time of construction is nearing the end of its projected service life. Because of advances in technology, analytical instruments currently in use by the laboratory have become outdated and have been either replaced by newer technologies or are no longer supported by vendors.

Proposal:

This proposal provides capital equipment necessary to:

- Support faster and more accurate detection of health threats to ensure MDH and state agency partners have the best scientific data and methods available to protect the health of Minnesotans.
- Replace outdated equipment that is no longer supported by the vendor and undermines the security of the state's information technology infrastructure.
- Meet increased demand from MDH programs and state agency partners for specialized laboratory testing, which has grown significantly in recent years.

Investment in newer, more sensitive and reliable technologies is needed to maintain or build capacity for critical testing in the areas of:

- **Emerging infectious diseases.** MDH-PHL uses state-of-the-art technologies to find outbreaks and detect emerging threats to our communities such as avian flu, Zika virus, and Ebola virus. We would use funding to replace our aging equipment used to perform this work allowing us to keep pace with new technologies and newly identified infectious diseases.
- **Rare but treatable disorders in newborns.** MDH-PHL screens newborns for 61 treatable disorders. Improvements to analytical methods have resulted in increased sensitivity and specificity of these tests, resulting in fewer false-negative and false-positive test results. Early identification and treatment of a newborn's rare or hidden disorder can prevent a child's illness, physical disability, developmental delay, or death. Funding would allow us to purchase capital equipment capable of performing supplemental tests that reduce the number of false-positive results and decrease the need for follow-up.
- **Chemicals in the environment.** MDH-PHL tests for chemicals of emerging concern, such as pharmaceutical compounds, hazardous chemicals, and radioactive substances, which are increasingly found in the environment. MDH-PHL in collaboration with the Environmental Health Division of MDH and the Minnesota Pollution Control Agency (MPCA) conduct studies to look at chemicals in blood and urine to detect potentially harmful contaminants, for example perfluorochemicals (PFCs), in Minnesota residents. Data from this testing helped MDH and MPCA assess the extent of residents' exposure to PFCs and design interventions to remove PFCs from drinking water. Testing for these compounds requires the use of extremely sophisticated and expensive analytical instruments, many of which are reaching the end of their service life.

Failing to replace old instruments whose software cannot be upgraded poses an IT security risk. Currently, MDH must maintain a separate IT network for older instruments so their security risks do not threaten other state activities. Maintaining a separate network is inefficient and costly.

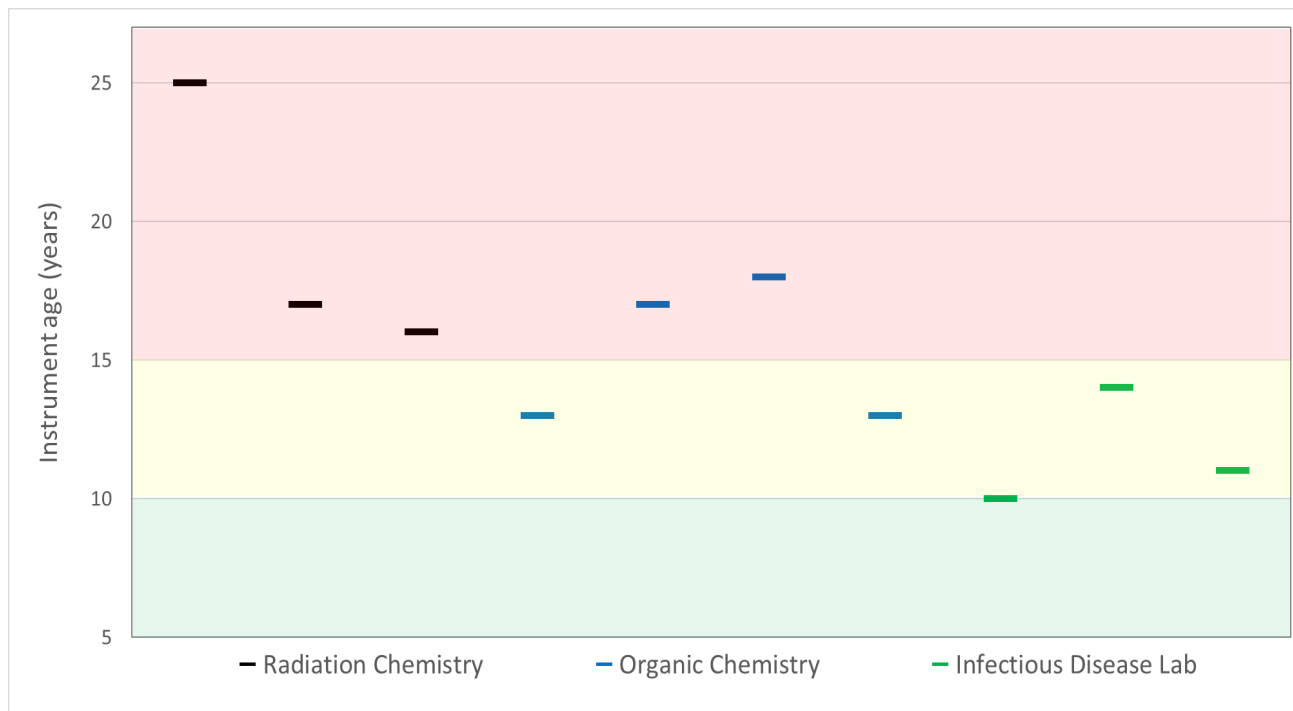
Funding will be available over four years to purchase approximately 10 instruments, ranging from a \$43,000 alpha spectrometer that detects radiation from a nuclear power plant accident or deliberate act of terrorism, to a \$350,000 tandem mass spectrometer for improved detection of rare disorders in newborns. A small portion of the funding will be used to replace parts of the water and air purification systems to maintain a stable environment for laboratory testing.

Results:

As laboratory equipment ages, the companies who built and serviced them are no longer able to repair the equipment. Most of our laboratory equipment has a projected service life of 10-15 years. With this budget request, we will replace equipment that is between 10-25 years old. Instruments that are more than 15 years old are considered a critical risk of failure (indicated by bars in the red area of the graph) and those between 10-15 years old are at high risk of failure (indicated by bars in the yellow area of the graph). If equipment fails and is no longer supported by the vendor, that instrument may not be able to be repaired, and we will be unable to conduct testing that utilized that instrument. For example, all of our instruments needed for radiation testing are at a critical risk of failure (the first three black bars in the top shaded area of the graph). MDH-PHL is the only

laboratory in the state that tests for radiation in drinking water; loss of this capacity would represent a serious risk to the public.

Lab Equipment Currently at or Beyond Service Life



In addition to the risk of instrument failure, old instruments are unable to detect the lower levels of chemicals that are now recognized as hazardous to health. Although MDH-PHL developed the detection and testing methods for PFCs that were used to assess health hazards in the East Metro, we are currently unable to achieve the sensitivity needed to detect these compounds at the recently revised (lowered) health-based values because of instrument limitations. Updated instruments will enable the laboratory to detect lower levels of these compounds, as well as enable detection of additional types of PFCs that may pose a hazard to health and other emerging contaminants. Likewise, because of instrument limitations, the laboratory is currently unable to analyze drinking water samples for potentially hazardous disinfectant byproducts. The laboratory has been asked to add pesticides of concern to our analytical panel, however, we are unable to comply with this request without additional instrumentation. Upgrading instrumentation will enable the laboratory to enhance our capability and capacity to address these known chemical threats, as well as be prepared to respond to emerging threats.

Investing in new equipment enables MDH-PHL to leverage additional federal funds that further enhance our ability to protect public health. For example, the laboratory's ability to detect low levels of chemical contaminants in blood and urine have enabled us to obtain federal funding to conduct additional studies. Most recently, MDH-PHL, in collaboration with the University of Minnesota, was awarded funding to act as an assessment hub for the Children's Health Exposure Assessment Resource (CHEAR) project. The project looks at chemical and non-chemical factors that may impact children's health and development.

Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Opioid and Other Drug Overdose Prevention

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Department of Health				
Opioid Stewardship Fund				
Expenditures	6,000	9,251	9,251	9,251
Revenues	0	0	0	0
MMB Non-Operating				
Health Care Access Fund				
Transfer Out	13,000	0	0	0
Opioid Stewardship Fund				
Transfer In	13,000	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,000	9,251	9,251	9,251
FTEs	8	8	8	8

Recommendation:

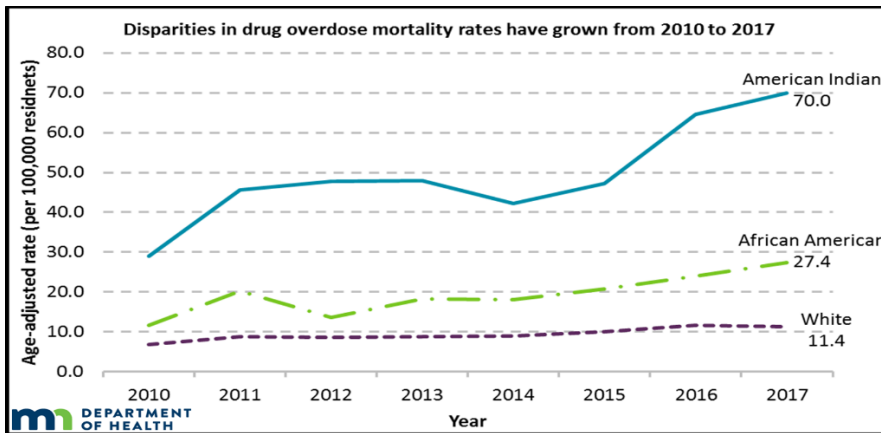
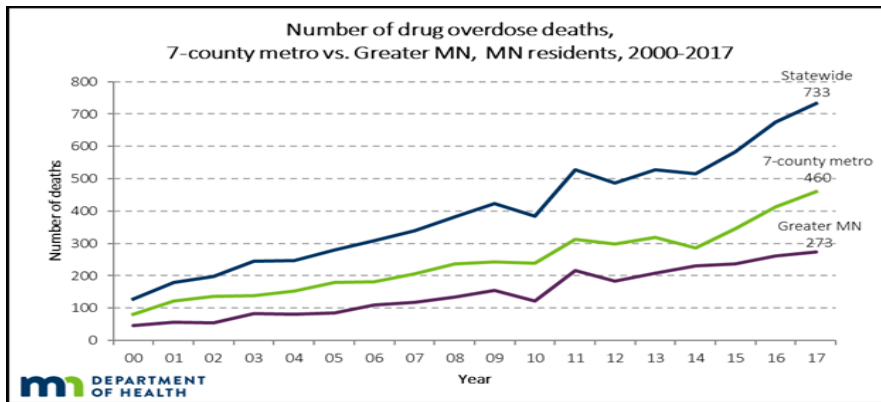
The Governor recommends funding from the Opioid Stewardship Fund for opioid and other drug overdose prevention at the Minnesota Department of Health (MDH). This proposal includes a comprehensive array of evidence-based approaches to the growing crisis of drug overdoses and drug-related deaths in Minnesota. It doubles the current number of community opioid pilot prevention projects, strengthens Tribal Prevention Programs, provides Naloxone and training for first responders across Minnesota (including State Patrol, Tribal Law Enforcement, probation and parole officers, and others), and improves local data collection and analysis.

This proposal is part of a package of proposals recommended by the Governor to address rising rates of opioid use. The package of proposals is funded by new fees on opioid manufacturers, wholesalers, and entities that handle controlled substances.

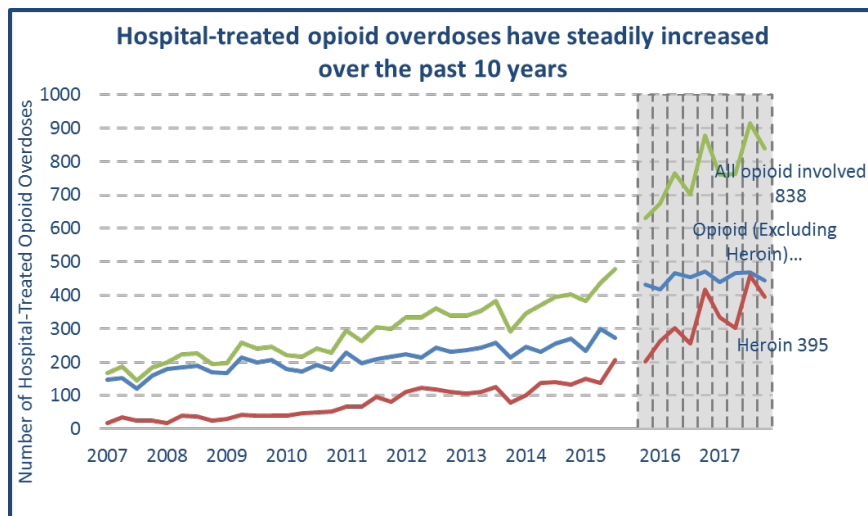
The Governor also recommends a one-time transfer of \$13 million from the Health Care Access Fund to the Opioid Stewardship Fund. The primary source of revenue into the Health Care Access Fund is a tax on health care providers, hospitals, surgical centers, and wholesale drug distributors. The fund supports initiatives that improve access to health care, contain health care costs, and promote public health. This transfer will provide resources to fund opioid-related programming prior to the receipt of new fee revenue.

Rationale/Background:

Preliminary drug overdose data for 2017 indicates that drug overdose fatalities increased by 3% from 2016 to 2017 (rising to 733 deaths; of these, 422 were opioid-involved deaths). Overdose deaths are not equal across age groups, genders, geography, and cultures in Minnesota. The highest drug overdose rates have moved to younger age groups. Other differences persist by gender and geography (urban, rural). American Indians in Minnesota have the highest rate of drug overdose deaths (primarily opioid overdose) in the nation. In 2016, American Indians were six times more likely to die of a drug overdose than were white Minnesotans. This was the worst disparity rate in the nation. African Americans in Minnesota were 2.4 times more likely to die of a drug overdose than white Minnesotans. This was the fifth highest disparity rate ratio amongst blacks relative to whites in the nation.



Although death is the most visible outcome, increasing substance use and abuse have great impact on families, school systems, employers, law enforcement, and communities. The associated injury and violence also results in millions of dollars in hospital visits and rehabilitative drug treatment in Minnesota, according to analyses performed by MDH. Opioid-related hospital treatment (includes emergency department treatment and in-patient hospitalization) has been increasing since 2001 and has doubled since 2005. Opioid-related hospital treatment surpassed that of heart attack and stroke in 2009.



Notes: The dashed lines on the right hand side of the two graphs indicate a change in coding manuals – the trends are the same, but how cases are identified differ enough that we present them distinctly.

There is no state funding dedicated to overdose prevention. MDH has successfully competed for short-term federal funding which is being used to improve data collection and analysis in order to define the magnitude of the problem, to develop the opioid prevention dashboard (www.health.state.mn.us/opioiddashboard), and to test interventions like the employer toolkit (www.health.state.mn.us/opioidtoolkit). Projected department expenditures from all opioid-related federal awards are \$1.325 million in FY 2020 and \$935,000 in FY 2021.

Proposal:

This proposal includes four components:

1. Continue and expand the community-based pilot prevention projects
2. Invest in culturally-specific prevention efforts to address overdose disparities among American Indians and African Americans
3. Provide Naloxone (antidote to opioid overdose) training and medication supplies to first responders and state troopers statewide
4. Conduct community-based, drug overdose fatality review data collection and analysis

Opioid pilot projects - In 2017, MDH received a one-time General Fund appropriation of \$1 million to replicate the overdose prevention efforts of St. Gabriel's Hospital in Little Falls, MN. MDH awarded funding to eight communities and tribal nations. This proposal would expand the work occurring in the first eight communities for an additional year to allow them to assess the effectiveness and sustainability of their work. The funds will also support similar drug overdose prevention grants to eight new communities for two years. Each year, the program would allow eight communities to "graduate" and eight new intervention communities would initiate prevention work. (\$1.3 million in FY 20 and \$2.3 million each year thereafter and 2 FTEs: one planner principal and one management analyst)

Each community implements six major activities to reduce opioid use or abuse and reduce rates of opioid addiction:

- 1) Establishing multidisciplinary controlled substance care teams that may consist of physicians, pharmacists, social workers, nurse care coordinators, and mental health professionals;
- 2) Delivering health care services and care coordination, through controlled substance care teams, to reduce the inappropriate use of opioids by patients and rates of opioid addiction;
- 3) Addressing any unmet social service needs that create barriers to managing pain effectively and obtaining optimal health outcomes;
- 4) Providing prescriber and dispenser education and assistance to reduce the inappropriate prescribing and dispensing of opioids;
- 5) Promoting the adoption of best practices related to opioid disposal and reducing opportunities for illegal access to opioids; and
- 6) Engaging partners outside of the health care system, including schools, law enforcement, and social services to address root causes of opioid abuse and addiction at the community level.

Culturally specific prevention grants – This component specifically addresses the overdose disparities in Minnesota and strives to identify and interrupt the root causes of the overdose epidemic. MDH will distribute grants to organizations working directly with urban American Indians (including the homeless), African Americans, and Minnesota's 11 tribal nations. The community organizations and tribal nations will implement components of the Menomonie Project, a whole health initiative designed by the Menomonie Nation (Wisconsin) that has resulted in clear reductions in overdose death and hospitalizations. The Menomonie Project emphasizes high school graduation rates, employment, reclaiming language, prescribing practices, social services, and family supports. (\$2.4 million in FY20 and \$4.5 million each year thereafter and 3 FTEs—two planner principal positions and one management analyst)

Naloxone – This evidence-based strategy provides funding for training and provides Naloxone medications to first responders, including state troopers, across all of Minnesota. Often, our first responders (state troopers, sheriffs, local law enforcement, Tribal police, fire, and EMS) have opportunities to save lives and can do so when equipped with training (so ensure proper administration of either the injectable or inhalation Naloxone) and are provided with at least two doses of Naloxone per first responder (\$1 million each year).

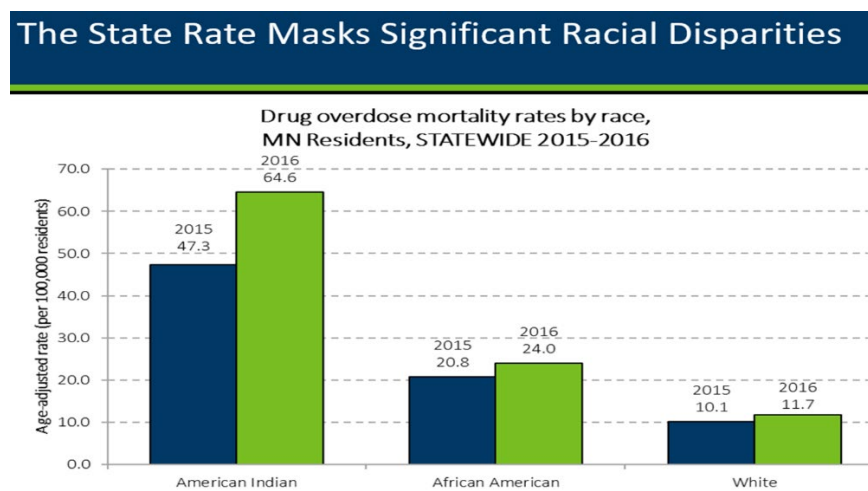
Fatality Review Data and Analysis – This component provides funding for overdose fatality reviews, a systematic process that enables the state and local communities to understand the circumstances of these preventable deaths and identify strategies to prevent future overdoses. Nine states have recently authorized the fatality review process to examine and understand drug overdose fatalities.

Overdose fatalities are not unpredictable and random. An in-depth, multi-disciplinary review of each fatality can identify failures or oversights in medical care, gaps in community services (e.g. access to mental health or medical treatment, coordination between service providers, including emergency medical services), the need for changes to state laws or government practices, or emerging causes of death (i.e. new synthetic opioids or drugs in the community).

MDH staff will support and develop overdose fatality reviews across Minnesota. We will partner with tribal governments, counties, local public health, law enforcement, health care providers, other state agencies, and other community groups. Some reviews will be led by MDH staff; however, part of their responsibility will be to train partners across the state to lead fatality reviews at the local level. Most of the requested funding will support the work of the fatality reviews through grants awarded at the community level. (\$1.3 million in FY 20 and \$1.4 million each year thereafter and 3 FTEs—an epidemiologist, a planner principal, and a research analyst)

Equity and Inclusion:

Minnesota's overall overdose death rate is among the lowest ten states in the nation. However, Minnesota's white overdose rate compared to American Indians and African Americans reveals that Minnesota has the greatest racial disparity in the nation. In 2016, African Americans were two times more likely to die of a drug overdose than were whites. In 2016, American Indians were almost six times more likely to die of a drug overdose than were whites. MDH is using in-person meetings, focus groups, surveys, advisory meetings, and professional forums to understand how best to prevent substance use disorder and overdose death.



Results:

The proposal will reduce the number of drug overdose deaths for all Minnesotans and particularly for American Indian and African American Minnesotans. Potential performance measures could include: number of community prevention programs funded; number of doses of Naloxone purchased; number of drug reversals (proxy for lives

saved); number of grants to Tribal Nations; number of policies changed at the local level; and number of opioid prescriptions each year compared with the preceding year.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Drug Overdose Fatality Rate for American Indian	47.3 per 100,000	70.0 per 100,000	2015 / 2017
Results	Drug Overdose Fatality Rate for African American	20.8 per 100,000	27.4 per 100,000	2015 / 2017

Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Comprehensive Suicide Prevention

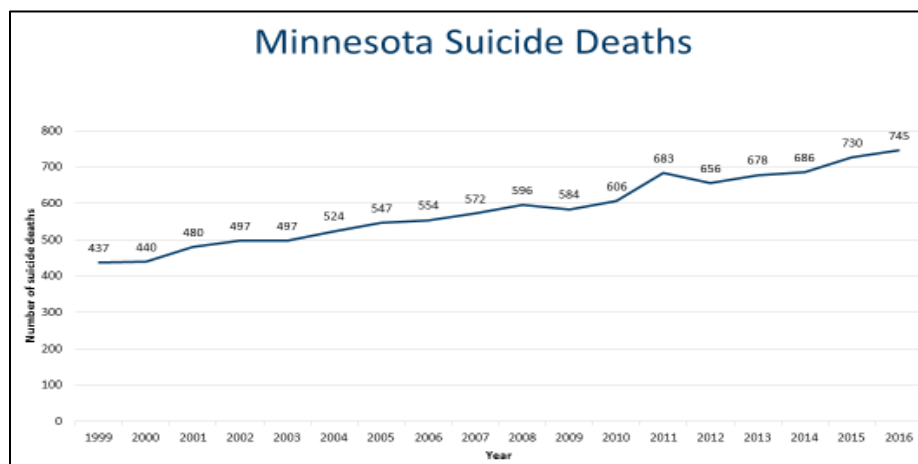
Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	3,730	3,730	3,730	3,730
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,730	3,730	3,730	3,730
FTEs	4.8	4.8	4.8	4.8

Recommendation:

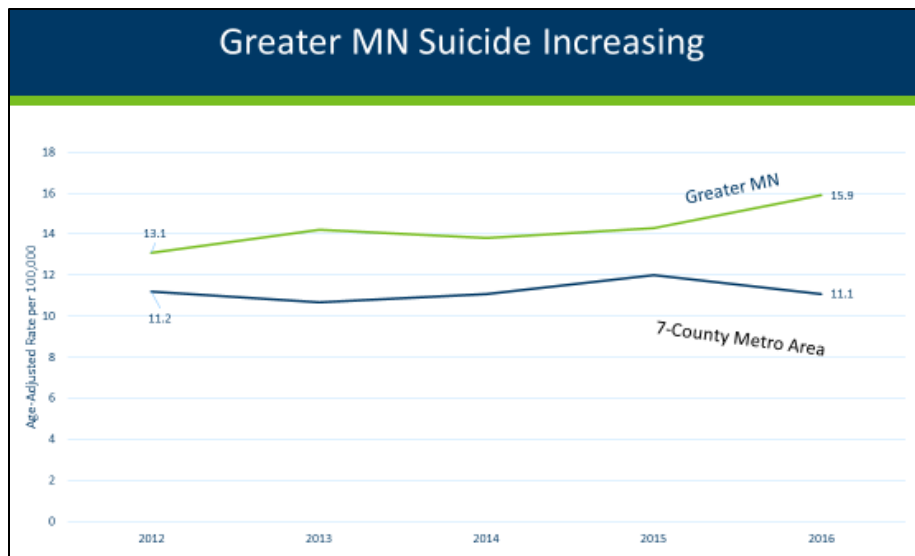
The Governor recommends a General Fund appropriation to support a comprehensive, community-based suicide prevention program. This proposal builds upon a public/private partnership to expand, strengthen, sustain, and support community-based suicide prevention across Minnesota. The proposal includes four components: 1) expanding community-based programs, 2) purchasing program materials and resources for private and public school systems statewide, 3) implementing Zero Suicide in health systems, and 4) funding the national suicide prevention lifeline in Minnesota.

Rationale/Background:

Suicide is the eighth leading cause of death in Minnesota. Our state has experienced a 40 percent increase in suicide deaths since 1999. Between 2016 and 2017, the number of Minnesotans who died by suicide increased from 745 to 771 Minnesotans, almost a four percent increase compared to only two percent in the previous year and one percent in the year prior.



The increase in Minnesota's suicide rate in recent years is due to more suicide deaths in Greater Minnesota.



Evidence shows that most suicides are preventable, mental illness is treatable, and recovery is possible. The 2015 Minnesota State Suicide Prevention Task Force five-year prevention roadmap recommended that prevention efforts be comprehensive, community-based, and culturally specific; involve collaboration across sectors; and include the voices of those with lived experience – suicide attempt survivors and suicide loss survivors.

MDH’s base funding for statewide suicide prevention initiatives is \$350,000 per year, including community-based suicide prevention programming and training. The current appropriation supports one statewide prevention coordinator and six local prevention programs (tribal, local community, and two organizations with statewide reach). It does not include resources for curricula, the Lifeline, or Zero Suicide model implementation.

This proposal will help Minnesota turn the curve on the alarming increases in rates of death by suicide.

Proposal:

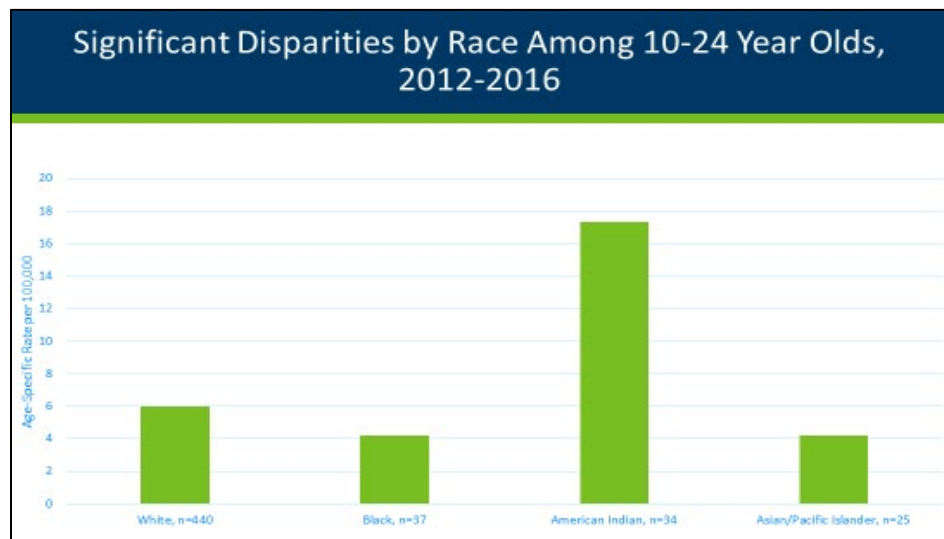
This comprehensive prevention approach to suicide has four components:

1. Expand existing state-funded suicide prevention efforts in those communities and populations that have the greatest number and rates of suicide death. MDH will work in communities to assess conditions and circumstances that contribute to suicide death and implement evidence-informed strategies.
 2. Increase protective factors within our communities and youth to promote healthy individuals and decrease suicide risk by using evidence-based and research-informed resources and tools.
 3. Increase the number of behavioral/health care organizations implementing the Zero Suicide Model (currently receives some federal funding).
 4. Build a robust Minnesota-based National Suicide Prevention Lifeline (MSPL) network to increase the timely access of crisis services to all Minnesota residents 24 hours a day.
-
1. **Community-based suicide prevention grants** – This component increases grant funds for community-based programming and trainings from six grantees to 21 grantees. This will result in more communities working to prevent suicide and a decrease in suicides in Minnesota, and in particular, will focus on those communities with the greatest disparities. (\$1.291 million each year, 2.2 FTEs)
 2. **Evidence-based Training and Resources** – This component funds the increasing need for evidence-based training for educators and suicide prevention curriculum for schools to decrease suicide risk among students. Minnesota law requires all teachers to take one hour of evidence-based suicide prevention training as part of renewing their teacher’s license. These funds will support professional and staff training and will purchase curriculum for student use statewide. (\$913,000 each year, 1.2 FTEs)

3. **Zero Suicide Model** – The Zero Suicide Model is becoming the new practice of care for behavioral and healthcare organizations to treat individuals at risk for suicide and to support them across systems of care and upon discharge. Evidence shows that the period post discharge for suicide attempts is the highest risk period of suicide among these individuals. The Zero Suicide model is a commitment to patient safety based upon the understanding that suicidal individuals can be lost to follow-up in a fragmented system. MDH is working with 16 behavioral/health care organizations to implement Zero Suicide, using \$100,000 from a federal grant. This component requires additional funding for a Zero Suicide Academy to implement the model and support related training activities and resources needed for an additional 16 organizations to be successful. (\$205,000 each year, 0.7 FTEs)
4. **Minnesota-based National Suicide Prevention Lifeline (MSPL)** – This component provides funding to establish a Minnesota-based resource for answering the estimated 66,000 calls that are currently generated from Minnesota, into the MSPL. Until July 2018, Minnesota had one MSPL call center in the state; when they were no longer able to function, Minnesota had to depend on MSPL call centers from neighboring states. MSPL is the most recognized and used hotline for suicide prevention. It is a requirement that states have an in-state line and that this line is answered at least at a 70 percent rate in order to be eligible for all future suicide prevention grants (SAMHSA grant requirement). MSPL can be a help and hope for many people that are contemplating suicide. It can get them through the immediate issue before it becomes a significant mental health crisis or suicide attempt. Phone service is part of the continuum of care. This will decrease the use of other already stretched services – such as emergency department and mobile crisis services. New funding will support grants to providers serving the entire state. A state-based lifeline reduces call wait times from 3+ minutes per call to about 30 seconds and is more effective than calls going to a multi-state regional hub. Individuals waiting longer than 30 seconds have time to make impulsive decisions, which they may not have made if their call would have been answered by an in-state call center. State-based call centers have specific and intimate knowledge of community resources and health care providers available to meet immediate needs. The planned Minnesota Network does not duplicate county-based crisis services; rather, the proposed network enhances and integrates with current crisis services. Functioning lifelines have resulted in a decrease in the use of emergency departments and other emergency services. (\$1.322 million, 0.7 FTEs)

Equity and Inclusion:

This proposal will reduce current disparities in suicide. Minnesota currently has disparities by race, geography, gender, and age. An American Indian youth is three times more likely to attempt suicide than a white Minnesotan. In addition, in Minnesota 18 to 24 year olds, suicide is the second leading cause of death, with youth rates three times higher than the average Minnesotan.



Results:***Expand community-based suicide prevention grants:***

- Number of communities funded to do suicide prevention
- Number of communities implementing evidence-based suicide prevention activities

Evidence-based training and resources:

- Number of educators and teachers trained in identifying students at risk for suicide and how to connect them to services (gatekeeper trained)
- Number of educators and school staff confident in their ability to identify students at risk for suicide and connect them to services
- Number of students who are identified as at risk for suicide and are connected to services

Expand Zero Suicide Model in behavioral/health care systems

- Number of behavioral health providers screening all patients at every visit for suicidal thoughts
- Number of providers implementing Zero Suicide Model
- Number of clients who screened positive for suicide risk that have a client safety plan developed
- Rate of suicide attempts

National Suicide Prevention Lifeline (MSPL) in Minnesota

- Percent of calls answered within Minnesota
- Number of MSPL providers in Minnesota
- Timeliness of crisis services
- Rate of use of emergency departments for suicidal ideation

Statutory Change(s):

N/A

Change Item Title: Statewide Tobacco Cessation Quitline

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,598	2,748	2,878	2,878
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,598	2,748	2,878	2,878
FTEs	3	3	3	3

Recommendation:

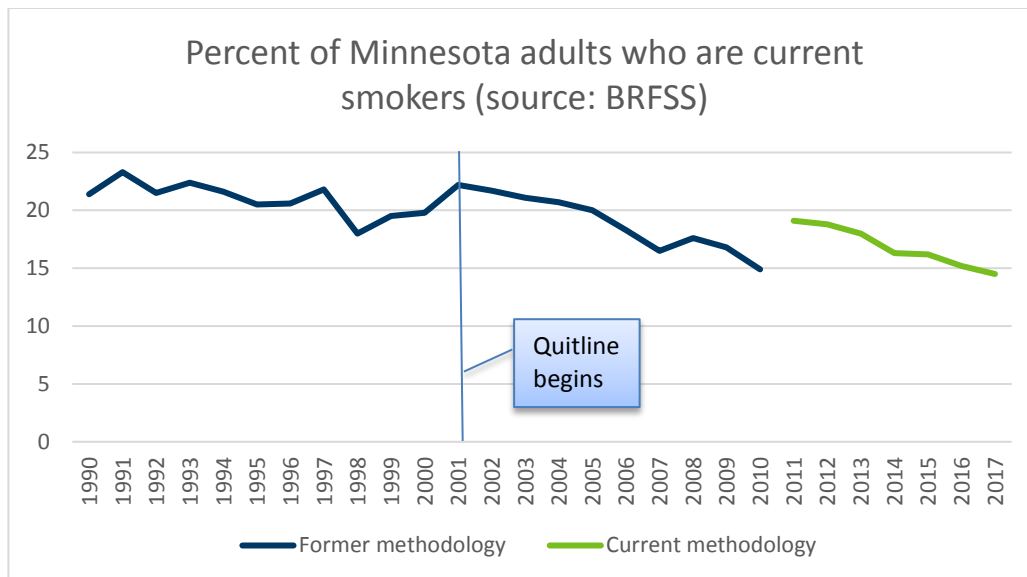
The Governor recommends funding from the General Fund to operate a statewide tobacco cessation quitline to provide tobacco cessation counseling, nicotine replacement therapies (NRT), and cessation promotion activities to increase public awareness at the Minnesota Department of Health (MDH). The proposed state-funded quitline will replace the current ClearWay Minnesota QUITPLAN® Services, which will close by March 2020 due to ClearWay's legally required sunset plan.

Rationale/Background:

Quitlines are widely recognized as an evidence-based means of helping tobacco users quit and a core component of a comprehensive tobacco control program. All 50 states have a quitline, with 47 of them operated by tobacco control programs within state health departments (Hawaii, Oklahoma, and Minnesota all have quitlines funded by tobacco settlement "trust agencies," such as ClearWay Minnesota). Providing access to free cessation resources complements tobacco control and smoke-free policies that motivate smokers to quit.

In addition to providing needed cessation services to the uninsured and underinsured, MDH will address the cessation needs of populations most disparately impacted by the harms of tobacco. Minnesota is at risk of becoming the only state in the U.S. without a statewide quitline, leaving smokers who want to quit without the necessary cessation support. Smokers are three times as likely to quit with the aid of counseling and medication, than if they try on their own.

Tobacco use is still the number one cause of preventable disease in Minnesota. Public health efforts have driven down smoking rates (see the graph below), but 580,000 adults in Minnesota still smoke and need help quitting. A 2017 Blue Cross and Blue Shield of MN cost analysis estimates there are \$3 billion in tobacco-related excess health care costs in Minnesota. Annual costs to the Minnesota Medicaid program total \$563 million. Over 14% of adults and 10% of youth in Minnesota still smoked in 2017. Failure to offer a statewide quitline could jeopardize Minnesota's success in decreasing adult tobacco use. ClearWay Minnesota reports that their QUITPLAN Services reach hundreds of thousands of tobacco users every year. In 2017 alone, more than 225,000 people visited QUITPLAN.com or called the QUITPLAN Helpline.



Note: In 2011 the Behavioral Risk Factor Surveillance System (BRFSS) added cell-phone sampling and improved weighting procedures. Readers should not compare 2011 and later prevalence estimates with those from previous years, but instead consider the 2011 results a new baseline to compare with subsequent survey results.

Proposal:

Under this proposal, MDH will operate Minnesota's statewide tobacco cessation quitline. MDH will contract with a specialized vendor to operate a new, fully-operational and state-administered, 24/7 call center and online registration process that provides smokers with ongoing counseling with trained cessation counselors, distribution of free nicotine replacement therapies, and texting and email services. This proposal will replace ClearWay Minnesota's call line and a percentage of their budget for cessation awareness promotion activities. MDH will offer a regularly updated website as an effective resource for people trying to quit including a tobacco cost calculator, quitting readiness quiz, and other resources that can be accessed without professional help (\$650,000 in FY20 and \$1.3M each year thereafter).

MDH will also contract for statewide cessation promotion activities to encourage smokers to use the quitline, conduct outreach to disparately impacted populations, and offer quit challenges and other activities throughout the year to encourage smokers to quit tobacco. Like ClearWay Minnesota, we hope to offer specialized, culturally appropriate quitline services for American Indian and the behavioral health populations. The target for these promotion activities is approximately 574,000 adult smokers and 56,000 high school users. (Statewide public awareness activities: \$500,000 in FY20 and \$1 million each year thereafter.) MDH will contract for an evaluator beginning in year 2022 once the quitline is fully established and has been operating to identify trends, assess impact, and make recommendations for improvement.

MDH will require three FTE's (\$336,000 total each year) to administer the program, including:

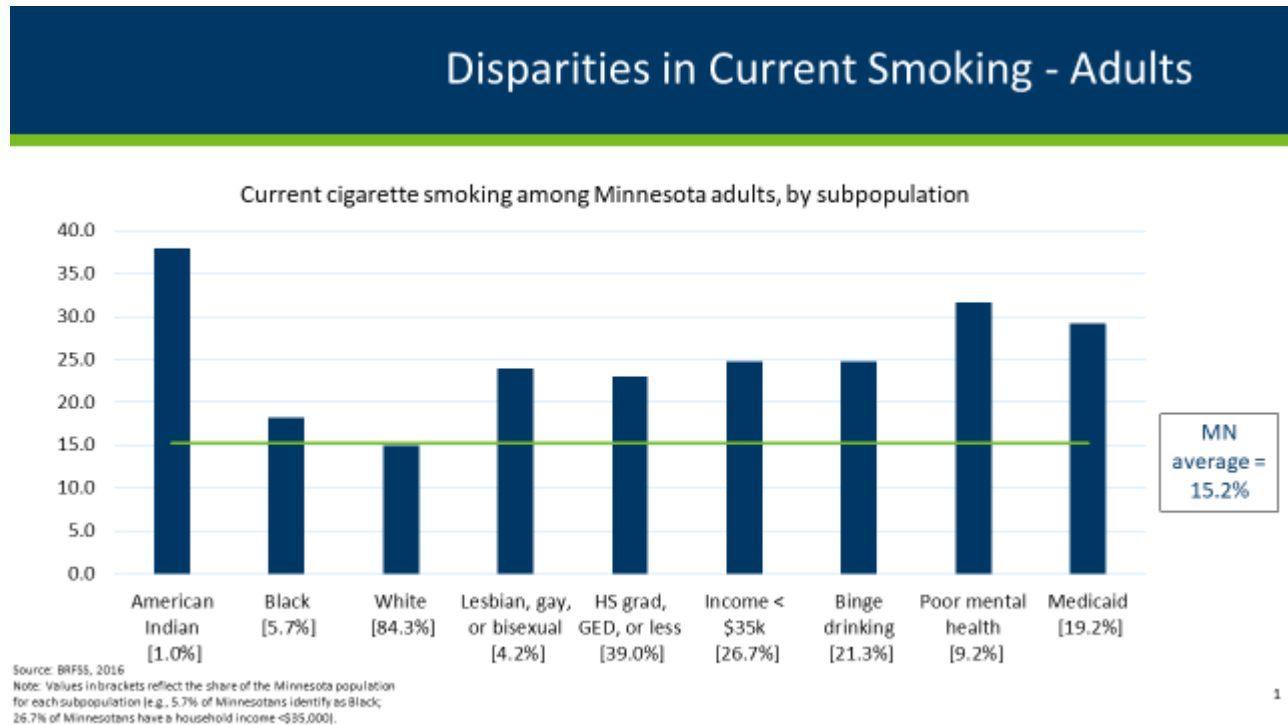
- A tobacco cessation manager to coordinate and oversee the cessation program and services,
- A cessation planner to coordinate the quitline contract and monitor the weekly call progress and the day-to-day operations of the vendor, and
- A cessation outreach coordinator for statewide promotional activities, including culturally specific targeted campaigns.

The MDH quitline will serve an important role as the centralized, 800-number clearinghouse and triage for all smokers to provide seamless, barrier-free access to free cessation. Unlike most states, several private health plans in Minnesota also operate their own quitlines or wellness programs that include cessation support, but these services are limited to their members. The MDH statewide quitline will be accessible to smokers who do

not have access to cessation counseling or nicotine replacement therapies. If health plan members call the MDH quitline, it will triage them to their insurance-covered quitline, providing a seamless experience for the user.

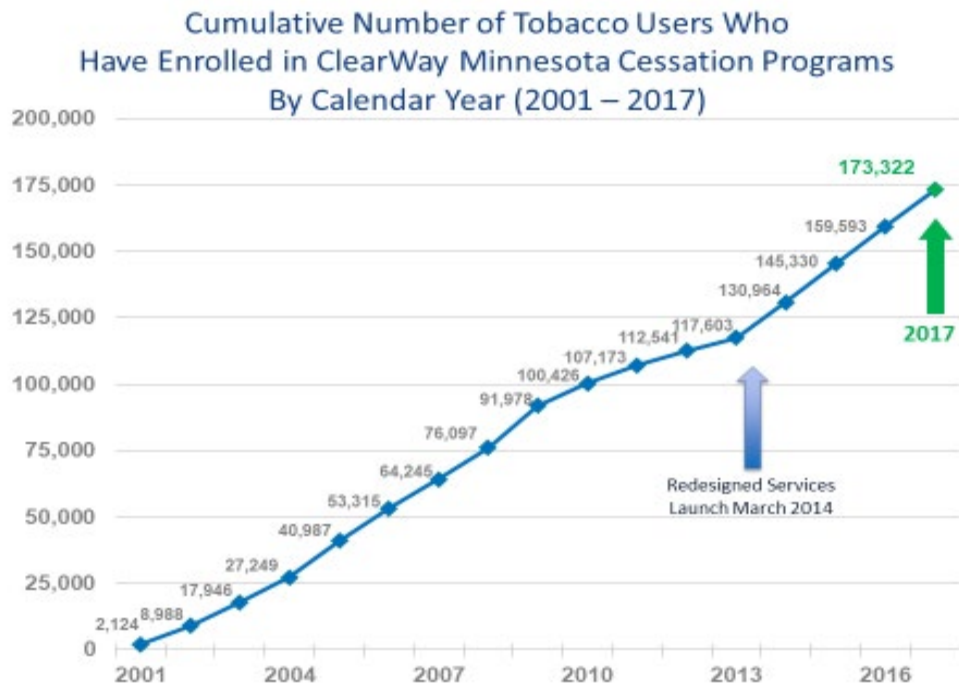
Equity and Inclusion:

Significant tobacco-related disparities among populations historically targeted by the tobacco industry through decades of marketing continue to persist. American Indians, African Americans, LGBTQ, low-income individuals, and people with mental health problems and substance use disorders have dramatically higher tobacco use rates which has had devastating health impacts in the form of chronic disease and death. A 2017 national study found that progress in reducing tobacco use has been uneven in the United States, and substantially higher rates of tobacco use persist among population groups defined by race/ethnicity, occupation, socioeconomic status, sexual orientation, and other factors. MDH's proposal will reduce these disparities and address the devastating consequences from tobacco use in these communities.



Results:

MDH will use standard quitline metrics to evaluate results. From the baseline launch in 2020, MDH expects to increase calls to the statewide quitline, increase quit attempts and increase successful quits (defined as seven continuous months without smoking). The 2017 adult smoking rate in Minnesota is 14.5% (2017 Behavioral Risk Factor Surveillance System). With continued expansion of tobacco control policy changes and a statewide cessation program, MDH aims to further reduce the adult smoking rate to 12% or lower by 2022. MDH also expects to decrease smoking-related health disparities by reducing smoking rates among populations most impacted by the harms of tobacco. MDH anticipates continuing the progress illustrated in the ClearWay Minnesota graph below.



Statutory Change(s):

144.396 Tobacco Use Prevention. Creation of a new section providing authority and funding to operate a state quitline.

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Maintaining and Improving Provider Network Adequacy Reviews

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	231	231	231	231
Transfers In	(77)	(77)	(77)	(77)
State Government Special Revenue Fund				
Expenditures	77	77	77	77
Transfers Out	(77)	(77)	(77)	(77)
Net Fiscal Impact = (Expenditures – Revenues)	308	308	308	308
FTEs	3.0	3.0	3.0	3.0

Recommendation:

The Governor recommends a General Fund appropriation each fiscal year for health plan product reviews and licensing of Health Maintenance Organizations (HMOs). Additionally, the Governor recommends eliminating a \$77,000 appropriation transfer from the State Government Special Revenue fund (SGSR) to the General Fund initiated by a 2008 session law. The proposed funding will provide salary support for increased costs related to the complexity of network adequacy reviews for all carriers and health plans offered both on and off the exchange (MNSure) as well as to enhance the Minnesota Department of Health's ability to assess whether network providers are available to consumers who are seeking care.

Rationale/Background:

The ability to access the care they need, when they need it, and within a reasonable distance, is critical for patients. If patients lack access to clinicians in their network who can support their needs in a timely fashion, they may face long wait times for care, inconvenient travel to a distant provider, or substantial out-of-pocket costs.

The Managed Care Section at the Minnesota Department of Health (MDH) regulates Health Maintenance Organizations (HMOs), including assuring that they meet network adequacy requirements, under Minnesota Statutes, Chapter 62D. MDH also reviews provider network submissions of non-HMO commercial health insurers under Minnesota Statutes, Chapter 62K. The intent of this review is to ensure that the networks offered in Minnesota's commercial health insurance market meet minimum state and federal requirements related to network adequacy. However, additional resources are needed for this work to address feedback from consumers statewide who have experienced challenges when they sought care within an approved network. This funding will also ensure that MDH has the capacity to enforce state requirements.

MDH's annual network adequacy reviews only assess whether requirements related to geographic accessibility (miles to a provider) are being met. However, state statute also requires that each network include a sufficient number and type of providers to ensure that covered services are available to all enrollees without unreasonable delay. We know that some patients have found, often at a time when the need for care is critical, that although a provider is included in their network and is within the required geographic range, they are unable to get a timely appointment with that provider. This may be because the provider is not accepting new patients, or in some cases the provider is no longer providing services at all due to retirement or closure. This leads to a great deal of frustration for consumers and delays in care. These patients may ultimately be forced to seek care out-of-network and face substantial out-of-pocket costs.

Currently, MDH does not have the capacity to assess whether the providers included in networks are truly available to enrollees in a timely manner or are even still actively practicing. Network adequacy reviews are based on information submitted by health plans, with no independent verification by MDH of the accuracy of information or the availability of providers throughout the year. As a result, we are unable to assess whether all requirements under Minnesota Statutes, Section 62K.10 are being met.

In prior years, MDH received \$200,000 annually in federal funds via MNsure for its work related to provider network review and also dedicated a portion of its SGSR funds from HMO and County Based Purchaser filing fees to support this work. As of SFY2019, MNsure's federal grants have ended. With the loss of federal funding for provider network review, the Department is unable to review networks for commercial insurance health plans. The General Fund request would ensure continuity of this activity and avoid the issue of cross-subsidizing the work of commercial insurance network review using SGSR funds supported by HMO fees.

Proposal:

This proposal will provide funding to sustain two FTEs to conduct provider network adequacy reviews which would otherwise be discontinued. Additionally, the proposal will allow for the addition of 1.0 FTE in new staffing to assess, throughout the year, whether listed providers are currently active, actually in network, and accepting new patients. The work of the new FTE will lay the groundwork for more effectively enforcing state requirements and identifying additional capacity that may be needed to assist with that enforcement in the future.

Equity and Inclusion:

The proposal addresses the review of health plan provider networks, which affect health care quality, access and affordability in the health care system. To the extent that these health care system factors affect health disparities and access to care for underserved persons and communities, including racial and ethnic groups, LGBT persons and populations, veterans, persons with disabilities and chronic health concerns, or other underserved communities, this proposal supports health care systems to provide access and quality health care for all Minnesotans.

Results:

Under Chapter 62K, MDH undertakes health plan reviews for health plans offered in the Minnesota individual and small group employer (employers with 50 or fewer employees) health insurance markets. In 2017, these plans covered approximately 450,000 Minnesotans, or about 8.3 percent of the Minnesota insurance market.¹

The following table provides an overview of the volume of activity for recent health plan review periods:

Reviews per Year

Year	Networks Reviewed	Waivers Approved	Plans Reviewed/Approved		
			Commercial/PPO	HMO	Dental
2016	41	5,058	625	383	117
2017	50	3,822	592	336	54
2018	41	4,488	531	298	28
2019	44	4,985	506	435	14

Statutory Change(s):

Laws of 2008, Chapter 364, Section 17(b)—repeal of the annual transfer required from SGSR appropriations to the General Fund.

¹ MDH – Health Economics Program, enrollment reported as of December 2017. Market includes both private and public insurance.

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: MN Health Access Survey

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Health Care Access Fund				
Expenditures	450	0	450	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	450	0	450	0
FTEs	0	0	0	0

Recommendation:

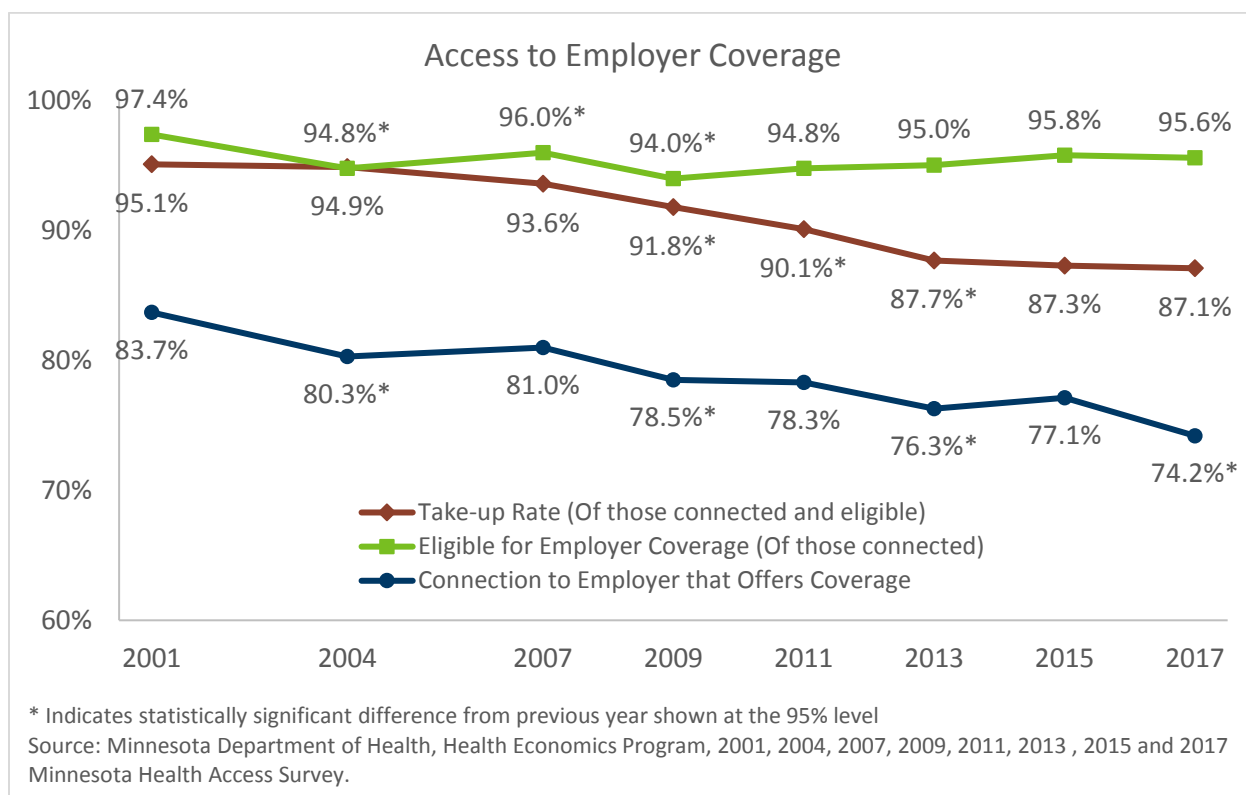
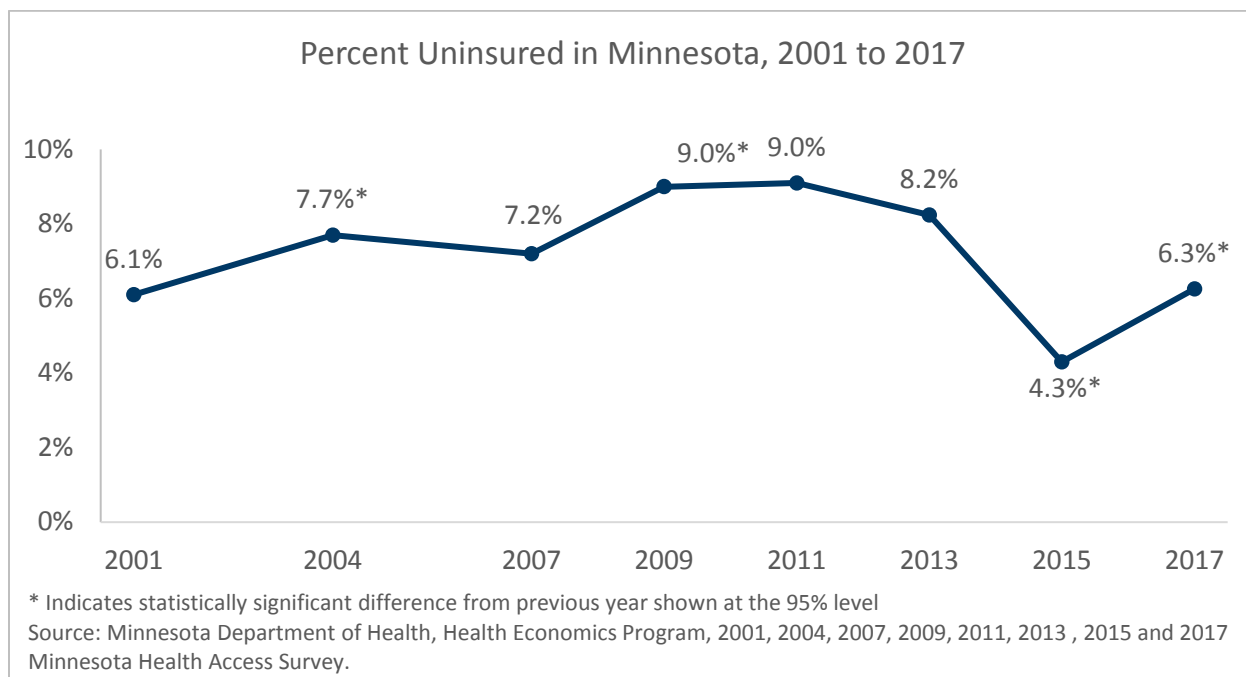
The Governor recommends an increased appropriation of \$450,000 from the Health Care Access Fund (HCAF) in the first (even) year of each biennium beginning with FY 2020 for the continued operations of the Minnesota Health Access Survey (MNHA). The MNHA is a biennial population survey of Minnesotans that collects information on health insurance coverage including the percentage of Minnesotans without health insurance and barriers to accessing health care services. MDH currently receives \$750,000 each biennium from the HCAF to conduct the survey.

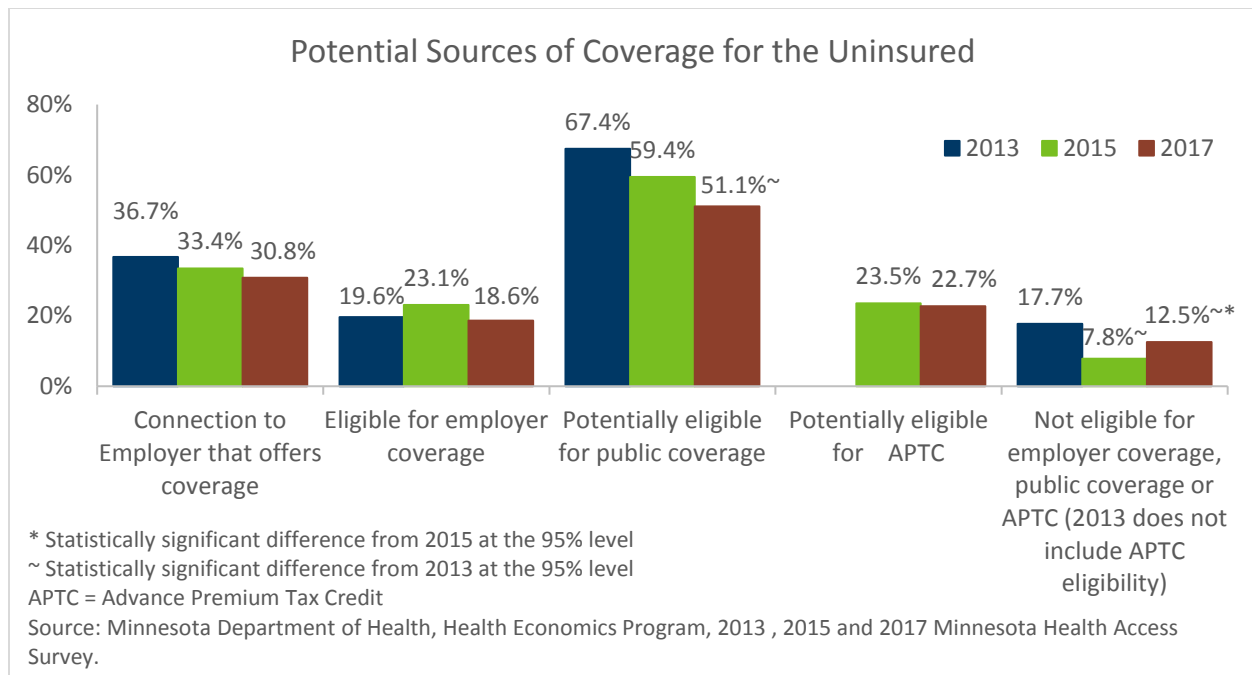
Rationale/Background:

The MN Health Access Survey, conducted biennially by MDH in partnership with the University of Minnesota, is the definitive statewide source of information on access to health insurance coverage and barriers to coverage and care. Policymakers, academic institutions, and organizations working to increase coverage in Minnesota use the survey results to understand the dynamics of the health insurance market, trends in who is gaining or losing coverage and why, the characteristics of the remaining uninsured, and the potential paths to coverage for those who lack insurance. The data are also critical to the Departments of Human Services (DHS), Revenue (DOR), and Management and Budget (MMB) for assessing the potential impact of state and federal policy proposals related to health coverage and costs.

While MDH already receives a base appropriation to conduct the survey, costs have risen substantially over the past 10 years, reaching nearly \$1.2 million in 2017, with the expectation of ongoing increases. For recent survey cycles, MDH has received some supplemental funding from DHS, in recognition of the value of the data to that agency. However, it is uncertain whether these funds will continue to be available in the future.

Examples of MNHA results:





Proposal:

This proposal would appropriate an additional \$450,000 to cover the costs of existing data collection. This would allow MDH to purchase sufficient sample sizes to provide analysis on key populations that are small in numbers, including: the uninsured, young adults, persons with lower incomes, enrollees in Minnesota’s individual market, rural Minnesotans, and Minnesotans of color and American Indians.

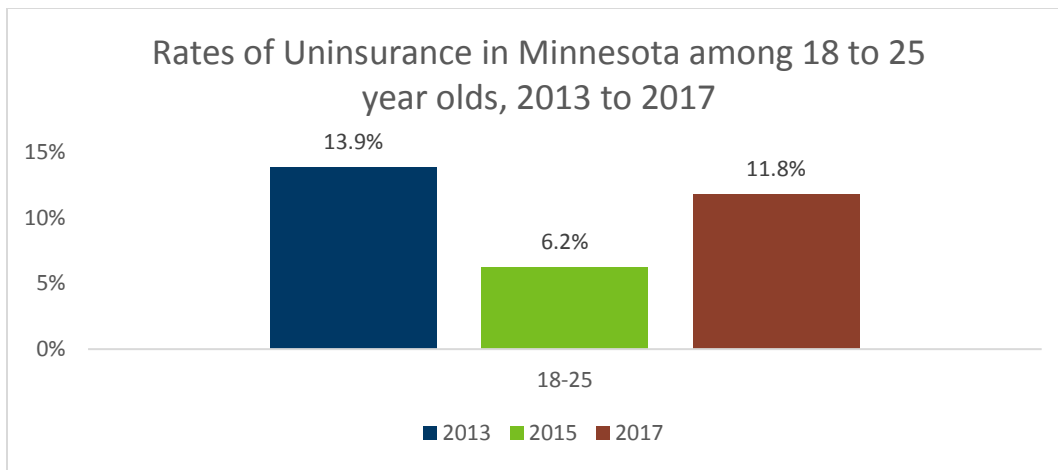
The new funds will also enable MDH to cover higher costs for telephone interviews, driven significantly by a need to reach out to more individuals for every completed interview (low response rates across all modes of interviews) and by recent federal requirements to manually dial phone numbers. Additional funding will allow MDH to continue to collect this critical data at a level of precision consistent with prior surveys.

Equity and Inclusion:

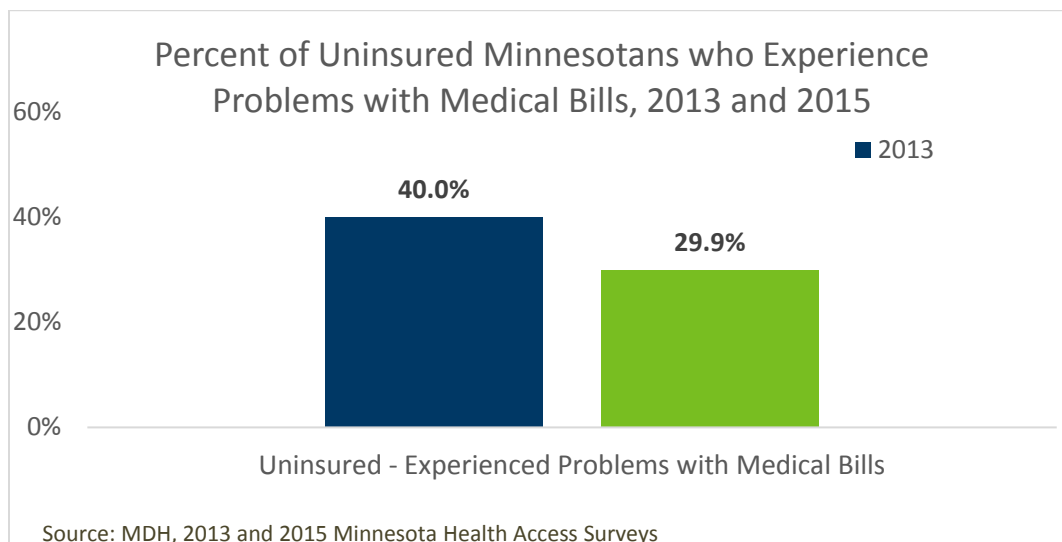
Absent this funding, the scope of the survey and the precision of the estimates would need to be significantly scaled back. A smaller survey sample will impact MDH’s and the public’s ability to understand populations in the state experiencing the greatest barriers to coverage (people of color and American Indians, young adults, and people with lower incomes or lower educational attainment). The survey may lack details on those who struggle with barriers to care because of costs (people with individual market coverage, the uninsured, and young adults), or who live in lower populated parts of the state with unique geographic challenges. The survey would become less effective in providing data and evidence for policy proposals to address health access challenges of these populations.

Results:

Young adults (aged 18 to 25) are a key uninsured demographic because they are typically healthy, very price sensitive, and represent a transition population. The Health Access Survey highlighted major gains in their coverage after the Affordable Care Act (dependent coverage expansion, access to individual market, and Medicaid) followed by significant decreases in their coverage rate two years later. This reflected problems with the viability of the individual health insurance market and the impact of policies around access to insurance coverage. Without sufficient funding for a full sample, this increase in the uninsurance rate among 18 to 25 year olds would not have even been detected.



Similarly, one of the highlights of our findings in 2015 was that fewer people without health insurance experienced problems with medical bills – from 40.0% in 2013 to 29.9% in 2015. This was mainly because fewer Minnesotans were uninsured for the entire year and therefore only had health insurance to assist them for part of the year. A reduced sample would not be able to detect this difference.



Without increased funding, we will decrease the length of the survey, eliminating questions like:

- The number of healthy days, both mental and physical health, experienced by Minnesotans.
- The kind of providers people have trouble accessing (used by DHS federal reporting on access to care for Medicaid recipients).
- What types of assistance was used to enroll in coverage.
- Measures of health insurance literacy.
- What percent of Minnesotans are enrolled in a high deductible health plan

Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Repeal Unnecessary Infection Control Law

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue				
Expenditures	(107)	(214)	(214)	(214)
Revenues				
Net Fiscal Impact = (Expenditures – Revenues)	(107)	(214)	(214)	(214)
FTEs	(1)	(2)	(2)	(2)

Recommendation:

The Governor recommends repealing unnecessary blood borne infection control requirements first enacted in 1992 (Minn. Stat. 214.17-25). The Governor also recommends a corresponding reduction in funding for this activity. New drugs and standards of practice in health care settings are now highly effective at minimizing transmission of blood borne infections making these requirements unnecessary. State health boards that license health professionals retain the power to suspend or revoke licenses for professionals that pose an imminent risk to the public.

Rationale/Background:

In 1992, Minnesota mandated that the Minnesota Department of Health (MDH) or the professional licensing boards evaluate and monitor licensed health care professionals (HCPs) who have human immunodeficiency virus (HIV), hepatitis B virus (HBV), or hepatitis C virus (HCV). These HCPs, which the law refers to as regulated persons, include any registered or licensed nurse, physician, physician's assistant, podiatrist, dentist, dental hygienist, dental assistant, chiropractor, or a medical resident. The law also requires a person with knowledge of a regulated person having HIV, HBV, or HCV to file a report with MDH. A regulated person must report within 30 days of learning of their infection or 30 days after licensure, whichever comes first.

Each professional board pays into a special revenue fund based on its number of monitored licensees; MDH uses the funds to conduct the necessary evaluation, counseling, and follow up monitoring of the regulated person. MDH has an annual appropriation in the state government special revenue fund of \$214,000 for this activity that it largely uses for 2 FTEs: 1 nurse specialist and portions of salaries of three administrative staff that support the program. As of July 2018, MDH was monitoring 92 HCPs.

In the last 26 years, there have been many scientific advances in care and treatment for bloodborne infections, including medications to cure HCV and treatments that can decrease HIV to a level that is not detectable with lab testing. While there is no cure for HIV, people living with undetectable HIV have effectively no risk of transmitting HIV to their sex partners. There have been no documented cases of transmission of HIV, HBV, or HCV in a Minnesota healthcare setting since the program began in 1992.

“Standard Precautions” have also now become a standard of practice, effectively minimizing infection transmission in healthcare settings. Standard precautions are a set of infection control practices used to prevent transmission of diseases that can be acquired by contact with blood, body fluids, non-intact skin (including rashes), and mucous membranes. These measures are used when providing care to all individuals, whether or not

they appear infectious or symptomatic. Moreover, there are national Society for Healthcare Epidemiology of America standard practice guidelines for HCPs who are infected with HBV, HCV, or HIV.

The current law results in redundant and unnecessary regulation of health care workers infected with HBV, HCV, or HIV. State health boards that regulate the licensed professionals retain the power to suspend, either temporarily or permanently, any licensed health professional who is an imminent risk to the public. They also have formal disciplinary processes to address improper infection control practices.

Proposal:

This proposal repeals Minnesota Statutes 214.17-.25 and eliminates the HIV, HBV, and HCV Prevention Program for licensed health care professionals. Minnesota is the only state in the U.S. with a monitoring program for licensed healthcare professionals who have a bloodborne infection. The program would formally end on December 31, 2019. Prior to that date, MDH will rescind current monitoring agreements.

The professional health licensing boards (Board of Medical Practice, Board of Nursing, Board of Dentistry, and Board of Chiropractic Examiners) all question the necessity of this outdated program and believe that with the current infection control practices are adequate.

Equity and Inclusion:

This proposal helps remove stigmatization of individuals living with bloodborne infections. Certain disadvantaged racial and ethnic communities, as well as gay, bisexual, and transgender individuals have a higher risk of bloodborne infection and thus, disproportionately bear the burden of this outdated regulation. Organizations who work with diverse populations, such as Justus Health (formerly known as the Minnesota AIDS Project), also support this proposal.

Statutory Change(s):

Minn. Stat. §§ 214.17-.25 - Repeal of HIV, HBV, and HCV Prevention Program

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Office of Medical Cannabis Operational Costs

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue				
Expenditures	813	668	668	668
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	813	668	668	668
FTEs	2	3	3	3

Recommendation:

The Governor recommends funding from the State Government Special Revenue fund (SGSR) for the Office of Medical Cannabis (OMC) to maintain current levels of service, anticipate projected patient growth, and conduct needed system improvements.

Rationale/Background:

Minnesota's medical cannabis program was authorized in law in 2014 and began registering qualified patients on July 1, 2015. The original statutory appropriation for the program was the best estimate MDH could make at the time—prior to the creation of the program in 2014. Since that time, the program has more than doubled the enrollment projections made in 2014. The program's current appropriations (\$738,000 from the General Fund and \$1.160 million from the SGSR fund) have not kept pace with the demand for services. We have experienced a growth in the number of new patients and an expansion in the number of qualifying medical conditions. Not only has this challenged the OMC to meet its statutory requirements, it has dramatically increased program revenues. Current projections for FY 2019 show that revenues will exceed expenditures by \$1.169 million, which will be more than sufficient to support an increased appropriation.

Additional funds will allow OMC to meet the growing demand for services without compromising service levels or the research and evaluation components that are the cornerstone of the program. Since 2014:

- Patient enrollment continues to grow to more than 14,400 people
- Legal and regulatory costs for the program are growing
- Qualifying medical conditions have been added
- Program IT needs are still evolving

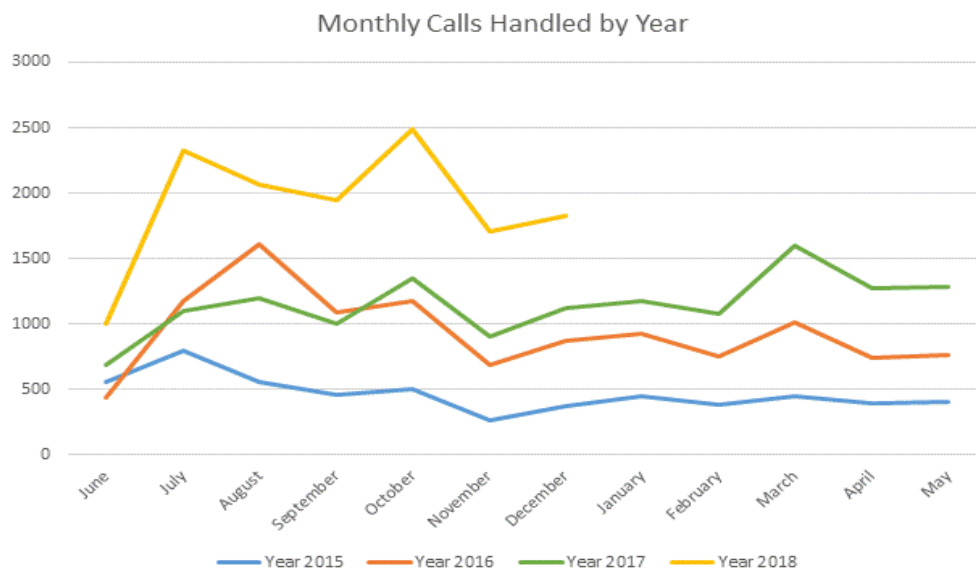
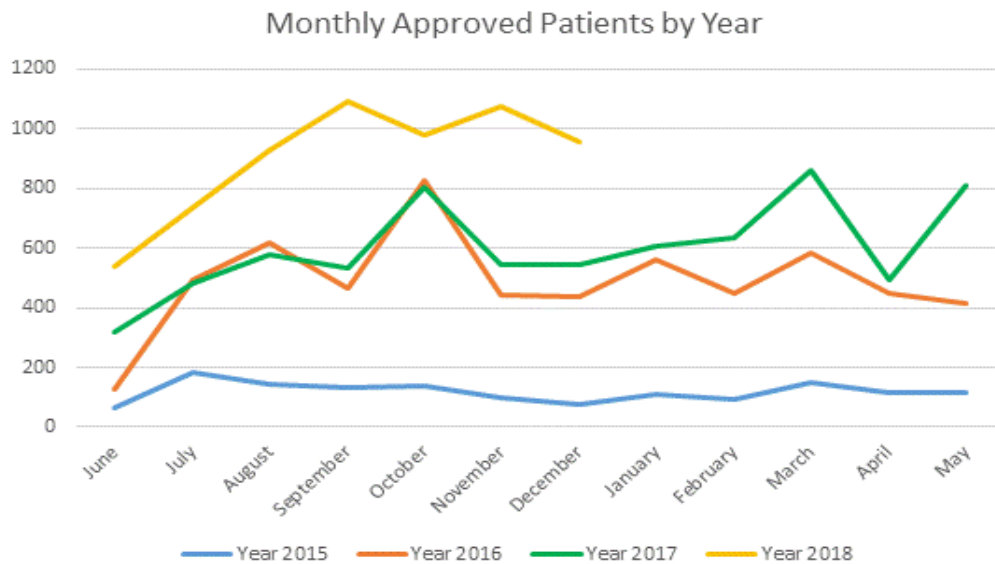
As the medical cannabis program adds qualifying conditions, patient participation continues to grow. The increased patient enrollment creates pressure on the OMC patient enrollment staff to maintain high levels of customer service and meet application processing timelines set in law. Increased patient enrollment also leads to increased demand for product from the manufacturers, which is causing a strain on product inventory. Business practices need to be refined to accommodate the demand. As the manufacturers refine their processes and standard operating procedures, OMC staff must re-inspect each facility to assure that they continue to meet quality and safety standards, leading to increased demand on OMC inspection staff.

Proposal:

This proposal addresses the increased costs of operating the medical cannabis program by increasing the SGSR fund appropriation within available fee revenues. This is necessary to maintain current service levels, protect

patient safety, provide security and oversight of program participants, and protect the important research and evaluation components of the program. New funding would be for three FTEs (one inspector and two customer service specialists) and for IT database system upgrades that could handle the current patient volume as well as handle large scale expansion and maintenance costs.

Results:



Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Safe Drinking Water Fee Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue				
Expenditures	2,117	4,234	4,234	4,234
Revenues	2,117	4,234	4,234	4,234
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	14	28	28	28

Recommendation:

The Governor recommends increasing the safe drinking water fee by \$3.36, from \$6.36 to \$9.72, per water service connection to ensure Minnesota's public water supply continues to be safe to drink.

This fee directly funds Minnesota's vital strategy to protect drinking water activities, specifically to:

- Test water quality for 7,000 public water supplies,
- Provide expert review of test results and trend analysis,
- Perform specialized engineering review of treatment plant plans or source changes,
- Assist in prevention or treatment of contamination issues,
- Train and certify water operators,
- Conduct regular site visits to systems to identify and prevent potential problems while still small and relatively inexpensive to fix,
- Support testing for and risk management of unregulated contaminants, and
- Increase replacement of failing infrastructure by reducing use of Drinking Water Revolving Fund for program activities.

Rationale/Background:

Safe and abundant drinking water is often taken for granted in the United States. However, when problems arise with drinking water—as was the case in Flint, Michigan - the results can be catastrophic. No community or state is immune from threats to its drinking water, but prevention strategies can help minimize costs and risks.

For decades, Minnesota has relied on a unique and effective strategy to protect public drinking water. Unlike states that rely on public water systems to monitor water quality and report back to the state, Minnesota Department of Health (MDH) staff conduct water quality testing for 7,000 public water systems to ensure correct sampling procedures, accurate results, and timely reporting. In addition, MDH addresses increasing threats to drinking water that fall outside the scope of the Safe Drinking Water Act (SDWA), such as pharmaceuticals, personal care products, cyanotoxins, and other unregulated contaminants. Staff go on site to monitor and conduct inspections, building strong relationships with water suppliers. Trust in the expertise and experience of MDH staff prompts systems to contact MDH when a problem occurs, take action before contaminant levels reach the level of a violation, or go beyond regulatory requirements for contaminants not covered by regulations. However, inadequate funding and new threats (such as harmful algal blooms, increasing nitrate in source water, unregulated contaminants, and a new recognition that no level of lead exposure is safe) jeopardize the viability of this approach and the safety of our drinking water.

Past investments in protecting Minnesota's public water supplies largely prevented disruptions to safe, reliable water. However "invisible" these systems have become, they are not invincible. The MDH approach provides in-depth understanding of individual systems, so MDH is able to give systems tools to prevent the crises that make national news in other states. While MDH provides these services to all public water supplies, this robust technical assistance is especially valuable for smaller systems in Greater Minnesota with limited resources and technical capability. Without this additional assistance, small systems have lower compliance with standards. More than just maintaining a consistently high level of compliance with the SWDA, Minnesota's proactive strategy protects our drinking water, our health, and provides a reliable water supply for economic development.

MDH's work is funded primarily by the safe drinking water fee. The current fee of \$6.36 per connection per year was set in 2005. During the 14 years since the last fee increase, inflation has eroded the effectiveness of these funds by 28 percent. While MDH has worked to become more efficient through continuous improvement and strategic staff alignments, efficiency alone is no longer enough to compensate for the combined impact of inflation and a lack of additional resources. In addition, we have tapped the Drinking Water Revolving Fund (DWRF) to the extent allowable, to help cover the gap between available resources and expected service delivery. These efforts cannot continue to cover the current service costs. The use of the DWRF for these administrative purposes has reduced funds available to address over \$7.4 billion of local water system infrastructure needs. Reducing MDH program dependence on DWRF will restore \$80 million in 20 years for local infrastructure needs.

The growing gap in funding to support current program work may lead to increases in violations, a shift in costs to public water suppliers, and unmanaged risks to public health, especially in Greater Minnesota. A further potential loss of federal funds threatens MDH's ability to provide services and technical assistance. Without additional funding, MDH's monitoring and technical assistance efforts will be scaled back. We will no longer have the resources to collect samples, analyze them at our lab, and review the results before sending them back to the systems with advice. Instead, systems will need to take the samples, send them to a separate lab, and eventually get the results to us; this process will result in unnecessary delays and increased time for us to find and resolve problems. MDH staff time will be spent pursuing sampling results and following up on monitoring violations with less time to proactively anticipate, prevent, or address contamination.

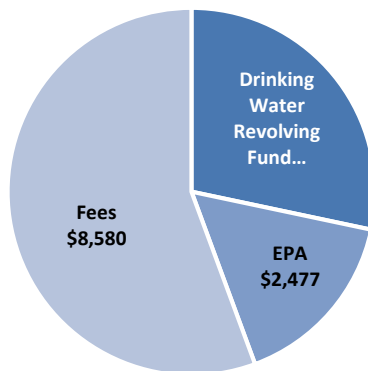
Community water systems provide water to people in their homes. Looking at all community water systems as a group, Minnesota has an excellent record of compliance with the SDWA. By taking a closer look at where the violations do occur reveals that there are significant differences by size of the population a system serves. Systems that serve large cities have a larger customer base, greater access to resources, and staff with technical expertise so they are able to anticipate and prevent contaminant levels from exceeding the standards for safe drinking water. Medium and small systems often lack these resources and so most of the violations in Minnesota occur in these systems. MDH's specialized engineering assistance is essential for preventing violations in these smaller systems.

Headline events in nearby states underscore the urgency for adept management of public health risks from known and newly recognized threats: lead in Flint, Michigan; nitrate in Des Moines, Iowa; unregulated contaminants in Charleston, West Virginia; and toxins from algal blooms in Toledo, Ohio. Recent developments in Minnesota warrant increased vigilance; for example, in 2016, a surface water system had a nitrate violation for the first time in Minnesota history. The number of systems that are treated to remove nitrate has increased from six systems serving 15,000 people in 2005 to eight systems serving 50,000 people today.

The graphs below reflect annual MDH funding without an increase in the fee.

Funding by Source

(\$ in thousands)



Spending by Area of Work

Area of Work	% of Total
Public Drinking Water <i>Monitoring, assistance & enforcing the Safe Drinking Water Act</i>	67%
Public Drinking Water Infrastructure <i>Providing plan review, project inspection, and oversight</i>	8%
Drinking Water Source Protection <i>Providing assistance with plans and funding</i>	23%
Special Studies and Projects <i>Organizing research projects and Think Tank (new)</i>	2%

Proposal:

This proposal will increase the safe drinking water fee to \$9.72 per customer service connection per year to restore support for MDH's drinking water protection activities for 7,000 public water supplies that serve water to people where they live, work, gather, and recreate.

This increase, which amounts to a \$3.36 increase per Minnesota household per year (less than a penny a day per household), would start on January 1, 2020, and raise \$4.234 million per year (\$2.117 million in fiscal year 2020). The increase in appropriation supports 25 scientific and program experts at MDH to monitor and assist public water supply systems. These funds will maintain service levels in the face of rising costs and increased monitoring of contaminants not regulated by the SDWA. Increasing the fee will also reduce MDH's reliance on unpredictable federal funding, restore funding for infrastructure, and prevent monitoring costs from shifting to public water suppliers, many of whom are small business (resorts, restaurants, daycares, etc.) owners.

The increased fee affects roughly 1.26 million households, institutions, and businesses connected to municipal water systems. This proposal protects the health of all citizens and visitors to Minnesota, since most Minnesotans drink water from a public supply daily or occasionally. Interested parties include the public water suppliers, MN Rural Water Association, American Water Works Association – MN Chapter, Water Utility Council, and League of MN Cities.

Additional funding supports MDH's ability to track contaminants and intervene before people's health is harmed. Without additional funding, MDH will have to reduce services, leaving local public water systems with a greater burden of testing and reduced technical assistance. There will likely be an increase in violations of federal drinking water standards among community public water supplies and delays in treating contaminants as MDH will have to rely on a protracted regulatory process. Smaller, rural systems with smaller customer bases will have fewer resources for testing, investigations, and infrastructure improvements.

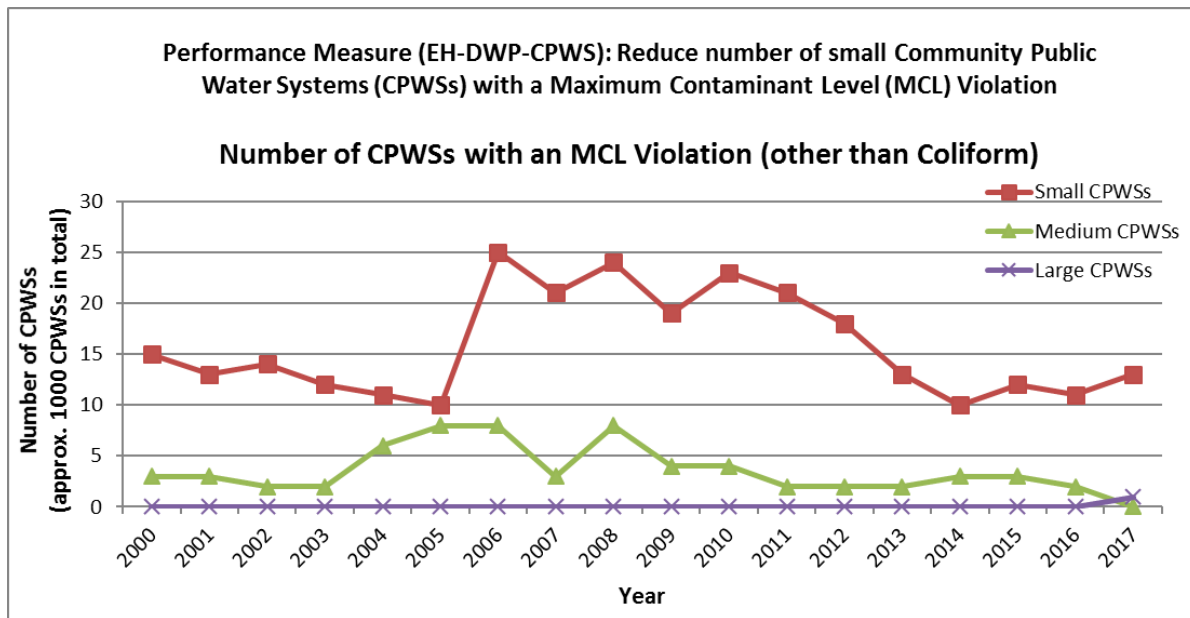
Equity and Inclusion:

Smaller public water supply systems in greater Minnesota face challenges due to their smaller customer base and lack of technical resources. Monthly rates for water tend to be higher and also a larger portion of household income in greater Minnesota. In other states that do not have a proactive technical assistance model, these smaller systems are left to linger with inconsistent monitoring or a series of violations while contamination

problems await resolution. Smaller systems and the people they serve benefit from consistent and accurate water quality monitoring and expert technical assistance as they consult with MDH staff to prevent problems. Timely technical assistance, grants, and loans keep manufactured home parks in business and provide affordable housing in very limited, rural markets.

Results:

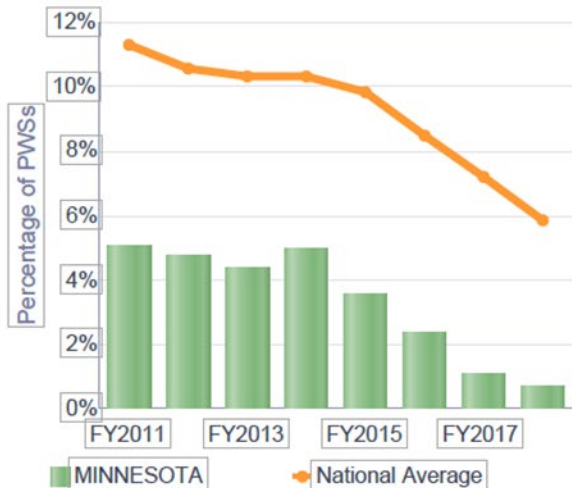
More than 99 percent of Minnesotans served by community water systems have drinking water that meets or exceeds safe standards, a performance indicator included on the Minnesota Dashboard (<https://mn.gov/mmb/mn-dashboard/health/safe-drinking-water/>). Overall, and in comparison to national averages, Minnesota has an outstanding record of compliance with the Safe Drinking Water Act. Our robust system of monitoring and specialized engineering support is largely invisible, but not invincible.



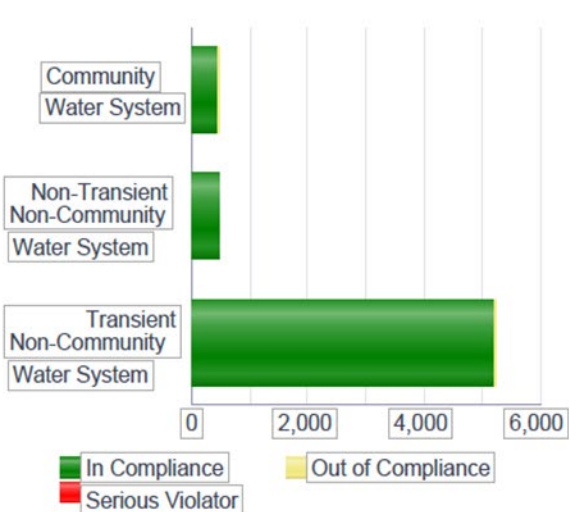
Small community water systems have as many as five times the violations as medium or large systems.

Comparisons of Minnesota Results with National Averages

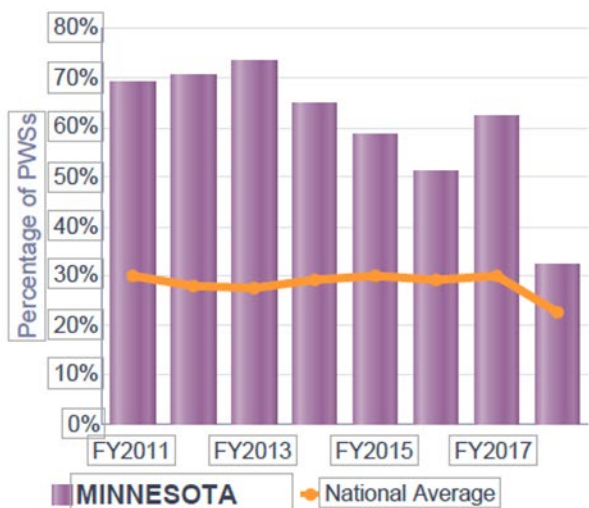
Public Water Systems with Health-based Violations



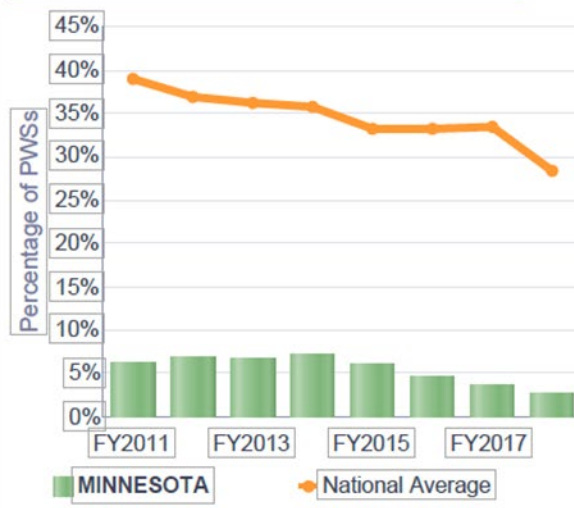
Public Water Systems Compliance by Type



Public Water Systems Returned to Compliance



Public Water Systems with Any Violation



Statutory Change(s):

Minnesota Statutes, Section 144.3831

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment (Revised)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,222	1,639	1,639	1,639
Revenues	0	0	0	0
State Government Special Revenue				
Expenditures	798	1,480	1,480	1,480
Revenues	0	0	0	0
Health Care Access Fund				
Expenditures	202	349	349	349
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,222	3,468	3,468	3,468
FTEs	16	28	28	28

Recommendation:

The Governor recommends additional funding of \$2,222,000 in FY 2020 and \$3,468,000 each year thereafter from the General Fund, State Government Special Revenue Fund, and the Health Care Access Fund to maintain the current level of service delivery at the Minnesota Department of Health (MDH).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, pension contributions, FICA, and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent, IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources, however, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For MDH, an erosion of services could result in some or all of the following:

- Delays in forwarding reports of elevated blood lead levels in children to the appropriate local agencies for follow up; timely follow up is important so local agencies can identify the source of the lead and ensure the children receive appropriate follow up medical care.
- Decreased ability to ensure trauma care in rural hospitals meets minimum standards for rapid treatment of life-threatening injuries. Elimination of education and training for trauma hospital staff in rural areas.
- Less capacity to establish health risk limits used to determine when contaminants in groundwater pose a risk to human health; with 84,000 chemicals in use and 700 new chemicals introduced every year, updating risk limits regularly is important to keep pace with changes in the contaminants present in our environment.
- Delays in laboratory testing to determine if a person has been exposed to rabies; time is of the essence with rabies testing because giving rabies shots to people who don't need them puts people at risk for side effects and puts extra burden on the health care system since it is cheaper to do a rabies test than to administer the shots.

- Inability to properly maintain laboratory equipment used to test for infectious diseases like measles, mumps, influenza, and Zika, which could cause delays in testing if equipment doesn't function properly. MDH performs over 12,000 tests for these diseases each year. Rapid testing for these diseases is critical so that public health interventions can stop the spread of diseases. Also, since laboratory testing is less expensive than public health interventions that are ultimately unnecessary, maintaining rapid response capability in the laboratory ensures cost-effective use of public health resources.
- Less capacity to test for radiation in the environment near nuclear power plants, to ensure people living near power plants are not exposed to the harmful effects of radiation.
- Inability to meet state match requirements for federal funds used to increase access to oral health care for underserved populations in Minnesota.
- Less capacity to administer the Safe Harbor for Youth program which connects victims of sexual exploitation with supportive services, shelter, and housing. MDH staff coordinate a system of regional navigators who connect youth to services and train educators, law enforcement professionals, social service providers, and other community members on how to best serve youth who have been sexually exploited.
- Less flexibility to respond to state-level priorities and emergencies. More than half of MDH funding comes from federal grants with specific requirements, so general fund budgets are the primary funding to address state-specific priorities. As state budgets become more stretched, we are unable to respond as quickly or as effectively to local priorities as Minnesotans have come to expect.
- Decreased ability to ensure effective and appropriate use of grant dollars. More than half of MDH funding goes out the door in grants. With fewer grants management staff, MDH cannot monitor grantees' use of funds in accordance with state law and federal guidelines. With fewer staff, MDH cannot provide meaningful technical assistance to grantees and to evaluate how grant dollars improve public health.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Minnesota Department of Health, this funding will cover anticipated cost growth in employee compensation, including employer-paid insurance; technology services provided by MN.IT; and leased space maintained by the Department of Administration.

In the FY20-21 biennium, MDH will transition from a local to an enterprise service delivery model for workstation management (laptop/desktop computer support and refresh) and service/help desk support. Regular replacement of workstations will be included as part of the service rate, in order to ensure the security and supportability of state agency computers. MDH will also transition to the enterprise service/help desk, which provides 24/7 support to agency staff.

In addition, for the FY20-21 biennium, MDH's portion of MN.IT administrative overhead expenses is projected to increase. MN.IT overhead expenses include HR, finance, procurement, enterprise project management, and security activities. These expenses are allocated to agencies based on their total IT spend and total number of dedicated MN.IT staff as of fiscal year 2017.

Results:

This proposal is intended to allow MDH to continue to provide current levels of service and information to the public.

Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Community Solutions for Healthy Child Development Grant

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,000	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	0	0	0
FTEs	1.5	0	0	0

Recommendation:

The Governor recommends \$2 million in FY 2020, available to be spent over the next four years, to support and promote health and racial equity for young children and their families. The Minnesota Department of Health (MDH), in collaboration with community partners, will reduce racial disparities in children's health and development, from prenatal to 3rd grade, and promote racial and geographic equity.

Rationale/Background:

Minnesota is home to roughly 423,100 children under the age of six of which about 30 percent are children of color or American Indian children. Of the 30 percent, 69 percent live in the moderate to high and high composite risk counties. This further describes economic, health, and family stability risk factors that are at play throughout Minnesota.¹ Cumulative risk can cause toxic stress and have a compounding effect throughout life – negatively affecting children's brain development, learning ability, and lifelong health and well-being. While no single risk factor determines a child's developmental trajectory, cumulative risk is the most predictive of adverse outcomes in childhood and across the lifespan. Communities of color and Tribal communities report strength in culture and community and the support of these strengths may mitigate the effects of cumulative risk. Supporting economic stability and safe, stable, and nurturing relationships and environments (as defined by communities) at home, at school, and in community systems are top priorities to promote healthy development and well-being for pregnant and parenting families with young children.

Supporting cultural and community strengths builds capacity for action and requires the commitment to developing authentic partnerships that lift up community voice and co-creates solutions. Developing authentic partnerships drives sustainable change to equitably support healthy development and well-being for pregnant and parenting families with young children. An intentional focus on families and communities experiencing racial, geographic, and economic inequity assures that their strengths will be part of solutions.

Proposal:

The Governor recommends that MDH, in collaboration with community partners, reduce the disproportionate rates of children of color, American Indian children, and rural children living in poverty experiencing the effects of cumulative risk in Minnesota. Grants will be available to Tribal and community partnerships to identify and implement strategies that promote optimal health and wellbeing for pregnant and parenting families with young

¹ Wilder (2018) Risk, Reach, and Resilience Report. Retrieved from <https://www.wilder.org/wilder-research/research-library/minnesota-early-childhood-risk-and-reach#page=95>

children. Grants will build on the capacity of communities to promote child and family well-being and address social determinants of healthy child development. Grants will focus on increasing racial equity and healthy child development and reducing health disparities experienced by children of color and American Indian children from prenatal to 3rd grade.

A Community Solutions Advisory Council will be appointed by the Commissioner to advise on the implementation of this proposal, development of the request for proposals, reviewing community responses to the proposals received, and advise the Commissioner on outcomes the grantees should achieve. The Council will be comprised of 12 members and be reflective of the communities experiencing the effects of cumulative risk.

A community of practice approach will be applied so that grantees and the state will have the opportunity to learn from and grow with each other. This approach also allows for determining which prevention, mitigation, and accessibility strategies are scalable beyond individual grantees.

Key MDH Activities:

- Work with the Advisory Council to:
 - Develop RFP, award, and accountability criteria related to healthy child development grants
 - Review proposals and determine awards
 - Provide disaggregated data to communities
- Provide outreach, technical assistance, and program development support to increase capacity to new and existing service providers/community partners/potential grantees
- Lead community of practice

Key Grantee Activities:

- Use data to inform decision making
- Identify practices and programs contributing to disparate outcomes related to child-wellbeing within early-learning, health and development, and economic security
- Choose or develop culturally and linguistically appropriate strategies based on community circumstances that promote program, policy, system, and environmental change to reduce community based risk and promote positive outcomes in early learning; health and development; and economic security;
- Execute strategies developed by community
- Support and participate in program evaluation

This proposal includes 1.5 FTEs over the project period to support the Advisory Committee, develop the RFP, review and award grants, provide accountability protocols, monitor grantee activities, provide oversight of funding, provide technical assistance to potential applicants and grantees, and provide analysis of data and report on findings. This proposal is expected to award approximately four grants.

Equity and Inclusion:

This proposal partners with communities experiencing the greatest amounts of risk to ensure that pregnant and parenting families with young children living with the most inequities are able to experience culturally and linguistically appropriate programs and services that work for them.

Supporting community strengths and community-sourced solutions are key strategies in achieving health and racial equity. In order to reduce and eliminate disparities in economic stability, health, and education, the inequities that exist within communities need to be addressed. Data indicates that children of color and American Indian children are living within geographic communities experiencing economic, health, and family stability risk factors at higher rates than white children. In many cases these risk factors may be caused by structural (or systemic) inequities. This proposal will work with communities to review data, clearly identify the inequities in the community, and implement community sourced solutions to mitigate and eliminate the identified inequities,

reduce risk, and promote positive outcomes for young children, their families, and the communities in which they live.

IT Related Proposals:

N/A

Results:

Results include identifying inequities and developing and implementing strategies to combat those inequities in order to promote positive outcomes in health and development. Over time, results may also include measurable reductions in community-based risk factors (economic, health, family stability) for families with young children as measured by Pregnancy Risk Assessment Monitoring System (PRAMS) and the MN Risk, Reach, and Resilience Report. For example, 51% of all children under age six live in communities within 41 counties experiencing moderate to high and high composite risk.² Using that as a baseline, we would be able to gauge reduction in composite risk at the county level, but also improvements in population level child and family outcomes such as, but not limited to, healthy and well-timed births, numbers of children entering the child welfare system, and the Kindergarten Entrance Profile results. Focusing our efforts explicitly on young children and families experiencing racial and economic inequities helps us to reduce risk for all people living within these geographic areas. These types of results would not be seen within the first year of the grant cycle, rather these are the types of results we would expect to see over an extended time period.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of counties designated moderate-to-high or high-composite risk	34	41	2015 2018
Quality	Culturally and linguistically appropriate strategies identified to promote health and well-being for at-risk pregnant and parenting families with young children	TBD	TBD	2020 2023
Quality	Number of implemented strategies	TBD	TBD	2020 2023

Statutory Change(s):

N/A

² Wilder (2018)

Change Item Title: Family Planning Special Projects

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,500	2,500	2,500	2,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,500	2,500	2,500	2,500
FTEs	2	2	2	2

Recommendation:

The Governor recommends an increase in funding for the Family Planning Special Projects (FPSP) program, which offer services and information that improve pregnancy outcomes. These funds will support continued statewide access to culturally appropriate family planning counseling and education, contraception services, preconception care, and sexually transmitted infection (STI) screening and treatment. Family planning is the voluntary planning and action taken by individuals to prevent, delay, or achieve a pregnancy.

Rationale/Background:

Nearly 23 percent of all pregnancies in Minnesota are unintended, with significantly higher rates among African American/Black (43 percent) and American Indian women (33.2 percent). Unintended pregnancy is a critical public health problem with consequences for infants, families, and society. Family planning services provide information and resources to families before a pregnancy to promote optimum health of the women and healthy pregnancy outcomes for the baby. Family planning services offer opportunities for parents to prepare physically and financially, take advantage of pre-pregnancy risk identification and implement appropriate management, and initiate needed changes in diet, exercise, smoking and drinking that can help ensure a healthy pregnancy outcome. Unintended pregnancies are associated with economic hardship, poor child health and development, and child abuse and neglect. In 2018, family planning grantees reached 96,000 individuals through activities such as classes and health fairs and provided reproductive health counseling to over 40,000 individuals. These providers, positioned throughout the state, assure access to services and to culturally appropriate care and translation services to populations with the most significant disparities.

Sexually transmitted infections rates continue to rise in Minnesota. In 2017, the number of new chlamydia, gonorrhea, and syphilis cases combined increased by 8 percent in 2017 compared to 2016. Persons of color continue to be disproportionately affected by STIs. Chlamydia rates are almost ten times higher for African Americans and five times higher for American Indians in Minnesota than they are for whites. Asian and Pacific Islanders experience chlamydia rates twice as high and Hispanics three times higher as that in the white population. STIs can have serious consequences for the family. Family planning visits include prevention, testing, and treatment for STIs.

The Family Planning Special Projects program has provided low-income, high-risk individuals with pre-pregnancy family planning services since 1979. Cities, counties, tribal governments, and nonprofit organizations are eligible applicants and provide family planning services, including STI screening, in communities located throughout the state. Funding is competitive within regions and distributed on a population-based formula to eight regions of the state to assure statewide access. In FY 2018, over 40,000 individuals received family planning counseling with

almost 30,000 individuals receiving family planning methods and over 27,000 individuals receiving chlamydia screening. For the FY 2019 grant year, \$6.353 million in family planning special project funds were awarded to 24 grantees providing statewide access to reproductive health services.

Proposal:

This proposal increases funding to the Family Planning Special Project program by \$2.5 million per year to address disparities in access to reproductive health information and services, improve pregnancy outcomes, and reduce the number of unintended pregnancies. Since the grant applications for the last funding cycle exceeded current funding, the additional appropriation will allow MDH to meet more of the demonstrated need for family planning services and to reach those populations disproportionately impacted by poor pregnancy outcomes. Of the total requested, \$2,240,000 is to expand grants to communities. This proposal also provides \$260,000 a year for MDH to manage and oversee funding, coordinate reproductive health efforts with Title X and Medicaid, and to promote best practices such as STI screening and treatment. We anticipate an additional 14,000 individuals will receive family planning information and services ultimately leading to better birth outcomes and healthier children.

Equity and Inclusion:

People of color and American Indians are disproportionately impacted by unintended pregnancies, infant and fetal deaths, and STIs. Efforts to assure access and to offer culturally and ethnically appropriate reproductive health services are strategies to improve these disparities.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of individuals receiving family planning counseling services	35,882	40,267	FY 2013 FY 2018
Quality	Reduce the percentage of unintended pregnancies (PRAMS)	36.7%	23.0%	2008/ 2012-2015
Results	Reduce the percent of unintended pregnancies for African American women (PRAMS)	58.6%	43.0%	2008/2012- 2015

Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Reduce Positive Alternatives Grants

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(850)	(850)	(850)	(850)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(850)	(850)	(850)	(850)
FTEs	0	0	0	0

Recommendation:

The Governor recommends a general fund reduction for Positive Alternatives grants by \$850,000 per year beginning in FY 2020. The current annual base appropriation for this activity is \$3,357,000. Recommended grant base funding will be \$2,507,000 per year beginning FY 2020.

Rationale/Background:

The legislature established the Positive Alternatives program in 2005 to support and assist women in carrying their pregnancies to term and caring for their babies after birth (Minnesota Statute 145.4235). Local community nonprofit organizations provide services such as prenatal care, nutritional education, parenting classes, safe sleep information and cribs for families in need, and referral to and assistance in securing necessary services to promote having a successful pregnancy and caring for their babies after birth. The Positive Alternatives program's grant annual appropriation of \$2,357,000 was recently increased by \$1,000,000 a year beginning in state fiscal year 2016 (Laws of 2015, Ch. 71, Ar. 14, Sec. 3, Subd. 2). The recommended reduction maintains a portion of the 2015 increase to continue to provide additional services to pregnant and parenting women.

Since the Positive Alternatives program was established, funding for statewide home visiting programs has increased. Home visiting programs offer some of the same services. The impact of this reduction to services and supports to pregnant and parenting women could be offset by the recent expansion of statewide home visiting programs.

Proposal:

This proposal reduces base funding for the Positive Alternatives grant program to \$2,507,000.

Results:

Type of Measure	Name of Measure	Current	Future	Dates
Quantity	Number of community organizations receiving a grant	35	26	FY19 FY20

Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Understanding and Reducing Community Health Risks from TCE

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Environmental Fund				
Expenditures (MPCA)	272	272	0	0
Expenditures (MDH)	121	121	0	0
Net Fiscal Impact = (Expenditures – Revenues)	393	393	0	0
FTEs	3	3	0	0

Recommendation:

The Governor recommends an appropriation of \$272,000 in FY 2020 and \$272,000 in FY 2021 from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Industrial Division and an appropriation of \$121,000 in FY 2020 and \$121,000 in FY 2021 from the Environmental Fund to the Minnesota Department of Health's (MDH) Environmental Health Division to develop a statewide program to further evaluate the use of Trichloroethylene (TCE) and related industrial chemicals in industrial applications as well as address concerns about the potential health impacts of TCE air emissions on communities.

Rationale/Background:

Trichloroethylene (TCE) is a solvent most commonly used to degrease metal parts during various manufacturing processes. Industries that may use TCE include platers, machine shops and manufacturing facilities. Breathing TCE, especially at high levels or over long periods, can cause negative health effects.

Based on environmental and health concerns from the recent release of TCE from a manufacturing facility in White Bear Township, the MPCA and MDH propose initiating a statewide program to further evaluate the use of TCE (and related industrial chemicals) in industrial applications as well as address concerns about potential health impacts of TCE air emissions on communities.

Proposal:

The Governor recommends development of a program to address the risks associated with use of chemicals that are harmful to the environment and human health during industrial processes. The recommendation includes \$363,000/year for two new staff at MPCA and one new staff at MDH (\$121,000/FTE x 3 FTE = \$363,000), and \$30,000/year for sampling costs.

MPCA/MDH staff will complete a statewide evaluation of facilities with air permits that use and emit TCE. This evaluation will include:

- Reviewing MPCA data to determine facilities with TCE, or potential TCE, emissions
- Assessing potential health risks based on location, quantity of TCE emissions, environmental factors, type of pollution control equipment and permit conditions
- Prioritizing facilities based on the determined risks

MPCA/MDH will work with the regulated facilities and other partners to reduce/eliminate TCE from processes and, if appropriate, increase regulatory oversight at the regulated facilities, including:

- Conducting environmental audits and inspections at the regulated facilities
- Working with existing pollution prevention organizations such as Minnesota Technical Assistance Program (MNTAP) to assist with the phase out of TCE (or related industrial chemicals) at the regulated facilities.
- Updating and reissuing air permits, if appropriate

- Issuing compliance agreements or enforcement documents, as necessary
- Requiring additional facility monitoring and site assessments, as necessary

In communities where it is determined that there are significant potential impacts, the MPCA/MDH will work with local units of government and community members to develop outreach and communication plans and to implement health screening tools, including:

- Creating health registries where community members (current or past) can register their names to receive communications on regulated facility information, emissions data, and health information
- Using existing screening tools such as the MDH's Birth Defect Registry and the Cancer Surveillance System to determine if there are existing community health conditions.
- Conduct additional community health assessments, as appropriate, including drinking water supply assessments and private well testing

The Governor's recommended goal is to reduce or eliminate the use of TCE at regulated facilities in the state. In those communities where we have determined that there might be potential significant health risks from TCE emissions, the state will take action to evaluate impacts and share information with community members.

Equity and Inclusion:

Several metro and Greater Minnesota communities in the State that are characterized by a legacy of industrial use will see additional investigations and cleanups occur to address environmental and public health risks. As many industries and businesses were located at time of construction either in densely populated areas or in rural areas where there is a higher economic disparity, those communities will receive greater risk identification, education, partnership and regulatory attention efforts.

Results:

- Number of completed statewide evaluation of facilities with air permits that use and emit TCE
- Number of environmental audits, inspections, updated permits and enforcement actions at regulated facilities
- Number of developed outreach and communication plans and to implement health screening tools,
- Number of developed community health registries
- Number of community health assessments completed

Statutory Change(s):

Not applicable

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Groundwater Restoration and Protection Strategies (Clean Water Fund)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	650	650	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	650	650	0	0
FTEs	1	1	0	0

Recommendation:

The Governor recommends additional funding from the Clean Water Fund in FY 2020-21 for groundwater protection activities. This proposal supports the development of Groundwater Restoration and Protection Strategies (GRAPS) for watersheds that are engaged in developing a local comprehensive water plan, referred to as a “One Watershed, One Plan.”

Rationale/Background:

Approximately 75% of Minnesotans get their drinking water from groundwater sources. Formal needs assessment studies conducted by the Freshwater Society, the University of Minnesota, the Minnesota Department of Natural Resources (DNR) and the Minnesota Department of Health (MDH) have shown that local water resource managers and technical staff in Minnesota feel ill equipped to tackle groundwater management. At the same time, changes in the local water management framework in Minnesota are creating strong reasons for comprehensive approaches (i.e. surface water, groundwater, land use management, etc.). It is neither practical nor efficient to expect local units of government to build capacity and expertise relative to groundwater at a scale equivalent to what exists at the state level. Rather, the aim of this initiative is to leverage state resources to achieve beneficial outcomes relative to groundwater protection at the local level.

Groundwater Restoration and Protection Strategies (GRAPS) is an MDH-led, multiple agency effort to distill state and local data, information, and expertise on groundwater to help local implementers set management priorities, target resources to areas where they are most needed and predict measurable outcomes. The scope of this proposal is statewide. GRAPS projects will primarily coordinate with local comprehensive watershed-scale water planning (“One Watershed, One Plan”) being organized by the Board of Water and Soil Resources (BWSR). BWSR is currently staging the watershed planning efforts at a rate of 6 to 8 per year. GRAPS is one of the very few organized approaches to consider the needs of private well owners within the framework of groundwater management and thus, advances health equity. Without this initiative, groundwater management to benefit all drinking water users will be uneven across the state. The amount appropriated for this activity in the FY 2018-19 biennium was \$400,000.

Proposal:

This effort will build on existing efforts supported by the Clean Water Fund to develop GRAPS for every watershed in Minnesota. The GRAPS process and associated deliverables will provide clear and concise information and strategies to local water managers (i.e., counties, soil and water conservation districts, and watershed districts). A key objective of this work is to provide the information and appropriate, actionable strategies for groundwater protection to local partners. These strategies will align with state and local priorities to justify their incorporation

into local comprehensive watershed plans. In FY 2020 and 2021, proposed funding will continue to support facilitation of interagency collaboration on GRAPS, provide grants to local partners to help pilot state/local collaboration on GRAPS and develop technological tools to provide information electronically statewide. The intent is to provide a GRAPS for each of the One Watershed, One Plans developed through BWSR. This is estimated to be 7-9 per year.

Results:

Much of this initiative is driven by gaps identified in the qualitative needs assessments described earlier. Performance will be measured, in part, by comparison of future such assessments with the existing assessments. In addition, progress can be measured by the number of completed GRAPS projects.

Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Virus Study (Clean Water Fund)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	250	250	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	250	0	0
FTEs	2	2	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund in FY 2020-21 to continue a virus study. The Clean Water Fund Virus Study conducted in FY 2014-16 found higher than expected detections of viruses, bacteria, and protozoa (microbes) in groundwater-sourced drinking water at selected public water supply wells. Ninety six percent of the public water supply wells monitored had a microbial detection at least once during the study. Some of these microbes can make people sick (pathogens) and some are indicators of contamination. More in-depth analyses are needed to understand the risks and to develop strategies and tools to increase public health protection.

Rationale/Background:

A majority of the population in Minnesota drinks groundwater that has not undergone disinfection. This includes those drinking water from 35% of community public water supplies, the majority of the non-community public water systems, and the 1.1 million Minnesotans who get water from their own private wells. These populations could be subject to increased risk of illness. Consumption of contaminated groundwater is still a significant source of drinking water outbreaks in the United States. While we have few outbreaks in Minnesota, outbreaks represent only the tip of the iceberg and it is likely that additional illnesses due to groundwater contamination go unreported or unrecognized.

The Safe Drinking Water Act relies on source water protection, filtration, and disinfection to reduce and address microbial contamination health risks. The FY 2014-16 study results are concerning since monitoring for pathogens is prohibitive due to costs and technological limitations. Existing state and federal regulations and policies to protect groundwater-sourced drinking water may not be sufficient in protecting public health from microbial contamination and waterborne illness.

Proposal:

The goal of the proposed FY 2020-21 project is to incorporate protozoa data into the epidemiological study analyses, to verify the transport pathways of viruses and other pathogens into groundwater drinking water sources and to develop strategies to protect groundwater supplies. We will partner with Department of Natural Resources (DNR) and University of Minnesota experts and public water supply owners and operators. Funding will retain 1 hydrologist FTE and 1 senior epidemiologist FTE for two years.

Microbial contamination was intermittent but more widespread than expected. It is not clear how these microbes are reaching public water supply wells, given there are safeguards in place. We need to determine where breaches in these safeguards exist or are inadequate. Strategies must be developed to address microbial

contamination through improving safeguards and through treatment of the drinking water. An increase in funding over FY 2018-19 levels will cover both epidemiological and drinking water protection work.

Objectives:

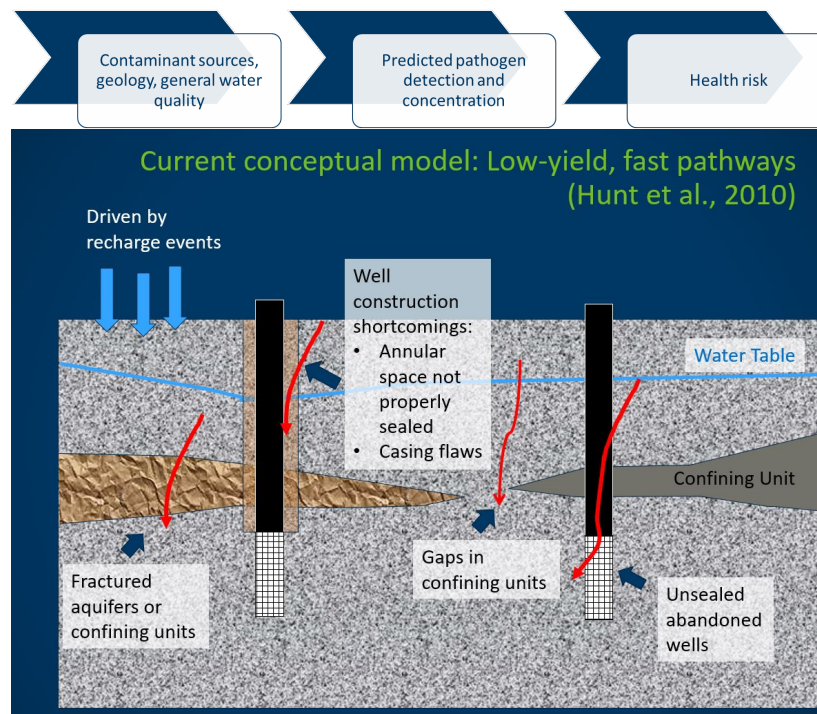
- Evaluate the risk of *Cryptosporidium* detections in public water supply wells using available illness data in Minnesota
- Verify pathogen transport pathways from contaminant sources such as buried sewers, leaky septic systems, surface water bodies or animal feedlots to well intakes
- Develop new wellhead protection measures or well code requirements based on the study results
- Define conditions when microbial risk will need to be addressed with disinfection

Equity and Inclusion:

The systems that do not provide disinfection are typically small systems and private wells and these systems will be most impacted by microbial contamination. If filtration or a new well is required, costs may be out of reach for systems without financial capacity. It is therefore important to develop targeted control strategies to ensure safe drinking water for all Minnesotans while using resources wisely.

Results:

Recommendations for wellhead protection measures, well code requirements, or treatment will better protect Minnesota's groundwater drinking water sources and reduce public exposures to waterborne illnesses due to microbial contamination. The study focuses on public water supply wells but future implications may impact the 1.1 million Minnesotans who get water from their own private wells.



Statutory Change(s):

N/A

Change Item Title: Private Well Protection (Clean Water Fund)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	850	850	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	850	850	0	0
FTEs	3.75	3.75	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund in FY 2020-21 to reduce health risks from drinking water for private well owners. This proposal increases understanding of the magnitude and occurrence of contaminants in private wells and increases testing and treatment of private well water through education and outreach. As a result of this proposal, a lower percentage of new private wells will have arsenic or nitrate levels above the drinking water standard and a higher percentage of Minnesota private well owners will regularly test their well water and treat it appropriately when necessary.

Rationale/Background:

Approximately 1.2 million Minnesotans rely on a private well for their drinking water supply. In contrast to highly monitored water public water supplies, water from a private residential well is not required to meet Safe Drinking Water Act standards and any actions to sample or treat depend on the owner's initiative and vigilance. Minnesota Rules require that water samples from newly constructed private wells be collected and analyzed for nitrate, arsenic, and coliform bacteria (wells cannot be put into service until the well tests negative for coliform bacteria).

- About 40% of newly-constructed wells have detectable levels of arsenic and about 10% of new wells have arsenic levels above 10 micrograms per liter—the Safe Drinking Water Act standard.
- About 1% of newly constructed wells have a nitrate level above 10 milligrams per liter—the Safe Drinking Water Act standard. However, the Minnesota Department of Agriculture Township Testing Program found a much higher percentage of wells in the central and southeastern regions of the state have elevated levels of nitrate.

MDH provides brochures about arsenic and nitrate to well owners who have an elevated level of arsenic or nitrate in their new well. However, it is the well owner's responsibility to decide whether they will continue testing their well water or take protective action to reduce their household's exposure to a contaminant.

In 2016, MDH used Clean Water Fund dollars to conduct a survey with 798 households on private wells with elevated levels of arsenic to learn whether the households took action to reduce their exposure to arsenic and what hinders or encourages them to test their well water. MDH is using the results of this survey to conduct evidence-based outreach. The survey found about 34% of the respondents did not take action to reduce their exposure to arsenic and that less than 20% of the respondents had tested their well water within the last two years. This initiative will continue work started during the previous biennia to increase private well owners' knowledge about well water contaminants, make private well testing and treatment more feasible, and to develop information and guidance to reduce risk to private well owners. The amount appropriated for this activity in the FY 2018-19 biennium was \$800,000.

Proposal:

This proposal will further the groundwater quality goal set forth in the Clean Water Fund Roadmap: 50% decrease in the number of new wells that exceed the Safe Drinking Water Act standard for arsenic and a 20% decrease in nitrate levels in groundwater by 2034. This proposal provides the resources to work toward this goal.

This proposal also supports the investigation of additional contaminants (such as radium) in Minnesota's groundwater. Developing a better understanding of the magnitude and occurrence of these contaminants will help find ways to better protect private well owners' health.

Finally, this proposal provides resources to increase the rate of testing and treatment among private well owners. Funds will be used to improve and expand existing educational resources for private well owners and local partners and will include small-scale grants to local agencies to provide subsidized water-testing services in their communities. This proposal supports and equips hydrological and planner staff positions at MDH. Partners in this effort include Minnesota Department of Agriculture, Minnesota Pollution Control Agency, United States Geological Survey, local governmental agencies, and private well owners. The proposal includes grants in FY 2020-21 to local governments for education and outreach efforts.

Equity and Inclusion:

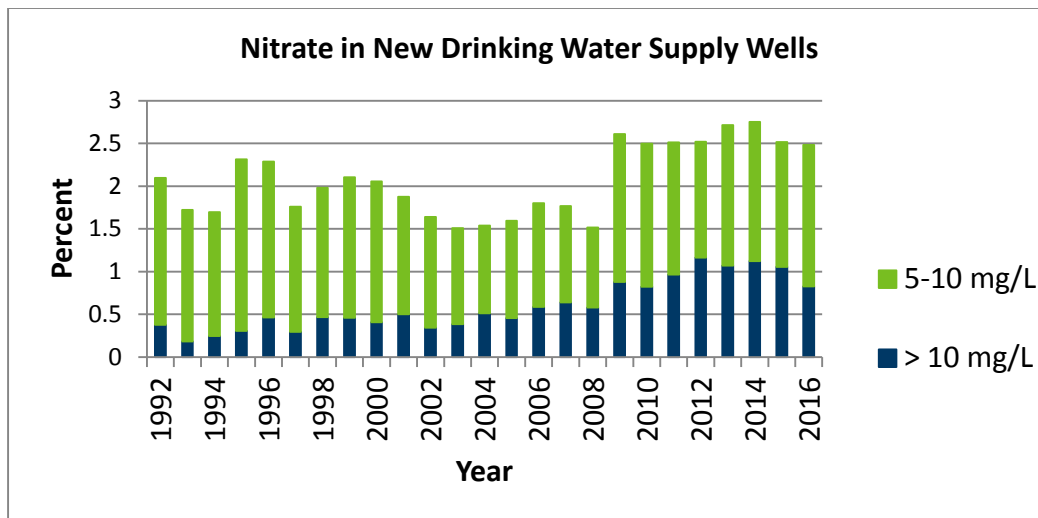
This proposal focuses on health equity for people who get their drinking water from a private well. Private well owners are not afforded the same water quality safeguards as people who get their water from public water systems. While public water systems make sure water is safe for the consumers, private well owners are responsible for making sure their water is safe for everyone in the household to drink. This proposal will also facilitate translating educational materials into appropriate languages to ensure all Minnesotans on private wells have access to information about how they can protect their private well water.

Results:

To date, this effort has conducted studies to better understand the occurrence of arsenic in Minnesota groundwater and the most effective sampling methods to get an accurate result of the long-term arsenic level in well water. A survey with 798 private well owners in Minnesota provided evidence on how to most effectively reach out to private well owners, persuade them to test their well water, and treat when necessary. An interdisciplinary team works on implementing outreach strategies informed by the survey results.

Going forward, this effort is intended to:

- Increase understanding of the occurrence and distribution of arsenic and other contaminants in Minnesota groundwater.
- Help reduce the percentage of new private wells that have arsenic levels above the Safe Drinking Water Act standard by 50% by 2034.
- Help reduce the levels of nitrate in groundwater by 20% by 2034. Since 2014, there has been a slight decrease. It is not clear if there is a relationship between this trend and actual nitrate levels in groundwater since new well construction is not uniformly distributed across the state and the number of new wells is not consistent from year to year.



- Increase the percentage of private well owners who regularly test their well water (baseline is the 2016 Private Well Household Survey that found less than 20 percent of respondents had tested their well water within the past two years).
- Increase the percentage of private well owners who take protective action when notified of an unsafe level of arsenic in their drinking water (baseline is the 2016 Private Well Household Survey that found 64% took protective action after learning their well water had an elevated level of arsenic.)

Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Drinking Water Protection (Clean Water Fund)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	350	350	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	350	350	0	0
FTEs	1	1	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund in FY 20-21 in drinking water protection planning. This proposal supports a two phased approach to individual actions that protect Minnesota's drinking water as well as the development of a statewide, multi-agency Drinking Water Protection plan.

Rationale/Background:

Drinking water should be safe for everyone, everywhere in Minnesota. People who drink from private wells do not have the same protections as those who drink from public water supplies. Yet even for public water systems, new threats that are not addressed by the federal Safe Drinking Water Act (SDWA) have increased in recent years. This initiative engages local and national experts to develop an action plan and policies that go beyond current regulatory requirements to address emerging threats and ensure long-term safe drinking water in Minnesota.

The amount appropriated to this initiative in the FY 2018-19 biennium was \$300,000. FY18-19 activities that were conducted in collaboration with the University of Minnesota's Water Resource Center and the Humphrey School of Public Affairs, include:

1. Conducting an analysis to determine the scope of the lead problem in Minnesota's drinking water and estimate costs to eliminate lead exposure in drinking water
2. Developing public health policies and an implementable action plan to address emerging threats and ensure long-term safe drinking water in Minnesota.
3. Identifying the regulatory, technological, and behavioral barriers that need to be overcome to implement cost-effective public health policies and actions to address emerging threats.

Proposal:

We propose the continued development of public health policies and actions to address individual emerging threats and ensure long-term safe drinking water in Minnesota. Ensuring safe and sufficient drinking water to protect public health and meet citizen expectations for safe and reliable drinking water will require a series of strategic safeguards from our drinking water sources to the taps in our homes, and state policies that go beyond the minimum requirements of the federal Safe Drinking Water Act. Prevention of threats to the safety of our drinking water requires new partnerships, expertise from national and local experts, and academic institutions to help identify the regulatory, technological, and behavioral barriers that need to be overcome to develop public health policies and actions that are the most cost-effective to address emerging threats.

Lead is a component of many drinking water service lines and plumbing systems, particularly in older homes and buildings. As there is no safe level of lead exposure, it is critical to better understand the level of lead in drinking water to determine appropriate actions. Based on the scope of the lead problem in Minnesota's drinking water and expected costs as outlined in the MDH 2018 reducing exposure to lead in drinking water report, we need to develop a prioritized, cost-effective implementation plan that reduces lead exposure to the lowest level practical.

At this time, there is no comprehensive, statewide plan for protecting Minnesota's drinking water within the context of broader water resource efforts. Minnesota's transition to the watershed approach and limited local capacity for groundwater protection signal the need for increased integration of drinking water concerns into Clean Water Act implementation and local planning processes. We propose to use the recommendations of the expert and stakeholder panels to create a statewide drinking water protection strategic plan that includes both public and private drinking water and fully integrates drinking water protection into the watershed management framework used by the Executive Branch water agencies.

Equity and Inclusion:

Inequities exist for smaller, rural systems that lack large customer bases to share the costs of new infrastructure. Private well owners are responsible for testing and treating for contaminants in their home wells, but often lack technical understanding or the resources for testing and treatment. Both public water systems and private well owners bear the cost of treating for contamination from sources outside of their control.

Results:

The Future of Minnesota's Drinking Water workgroup at the University of Minnesota is responsible for establishing an expert panel, a broad stakeholder group, and a series of deliverables. These deliverables include:

- Review of the lead report (complete)
- Analysis of other jurisdictions' policies regarding drinking water and contaminants
- Recommendations for public engagement related to drinking water risk management
- Recommendations for a risk management framework for Minnesota

Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Source Water Protection (Clean Water Fund)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	2,747	2,747	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,747	2,747	0	0
FTEs	15.09	15.09	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund in FY 20-21 to address source water protection planning and implementation. Source water protection planning is a science-based process to manage and protect sources of drinking water used by public water systems. Protection and management of drinking water sources is one of a series of solutions promoted by the Minnesota Department of Health (MDH) to help public water systems manage their water system and deliver safe drinking water at a low cost. Implementation of the plans is supported by a grants program. This proposal continues MDH's work to accelerate source water protection planning and implementation for all public water systems in the state.

Rationale/Background:

The 2008 Clean Water Land and Legacy amendment to the Minnesota constitution has provided the impetus for change in many aspects of land and water resource management in the state. A key objective of the amendment is to protect drinking water sources. Source water protection connects water resource work with public health protection and is a critical complement to other Safe Drinking Water Act programs. It focuses on safeguarding the sources of supply for the 80% of Minnesotans who receive their drinking water from a public water supply. Prior appropriations from the Clean Water Fund allowed MDH to increase the rate at which source water protection plans have been developed and implemented for public water systems. However, most public water systems have yet to complete planning efforts aimed at protecting their drinking water sources. The performance measure we use for source water protection is the number (and associated population) of community public water systems in Minnesota with MDH-approved source water protection plans. That measure has been increasing in recent years in large part because of Clean Water Fund support.

In addition, Clean Water Fund support has also stimulated the evolution and development of a host of other activities in the water resource management arena. The rapid change that is taking place within the context of water resources has exposed some limitations and shortcomings of the Source Water Protection program. We therefore seek 1) to continue our existing plan development and implementation work and 2) to expand it for surface water systems and to dovetail cleanly with the planning and implementation efforts of our local partners. The amount appropriated for this activity in the FY 2018-19 biennium was \$5.494 million; this proposal requests the same level of funding.

Proposal:

While Source Water Protection planning for groundwater-based public water systems is required under Minnesota Rules (4720.5500 – 4720. 5590), lack of resources available to conduct this work has hampered the pace of progress for the 960 community public water supplies in Minnesota. Additionally, there is neither the

authority to mandate that surface water based public water systems engage in source water protection planning and implementation, nor the resources to induce them to do so voluntarily. Lastly, an integral part of effective implementation of source water protection activities requires that MDH strategically engage local officials. The framework for doing this is rapidly developing because of recent legislative directives and availability of Clean Water funds.

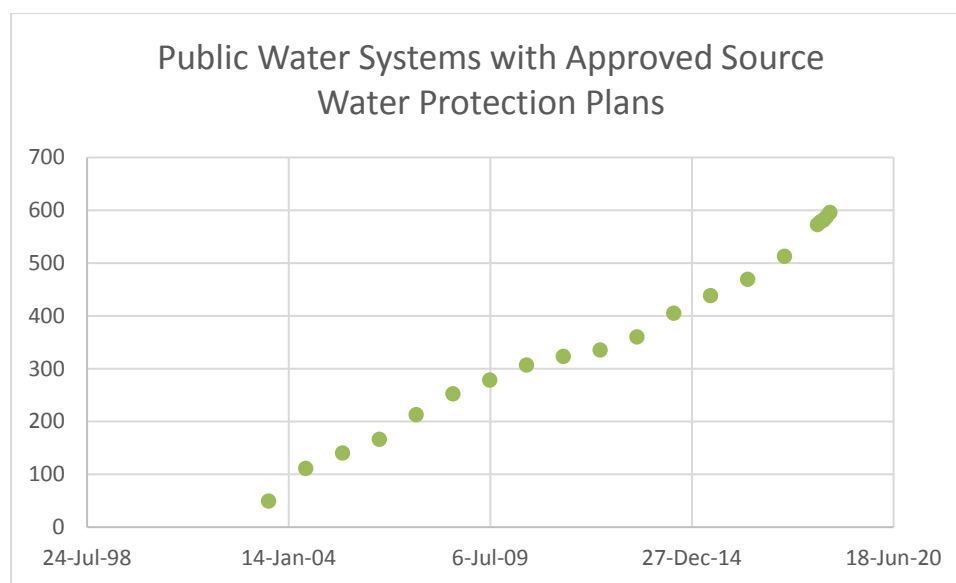
Clean Water funds will be used to continue providing assistance for Source Water Protection planning and implementation work which has focused on communities with vulnerable water supplies and small public water systems that are challenged by health equity issues. Additional work will address gaps in source water protection planning and implementation for surface water systems. There will also be an effort to increase coordination and integration with the state's comprehensive watershed planning efforts. Three FTEs were added in FY 2018-19 to address these deficiencies and their efforts will be supported moving forward. In addition, grant funds will be made available to assist surface water based systems with their source water protection efforts

Equity and Inclusion:

The work of the Source Water Protection program affects all Minnesotans because they depend on clean, safe drinking water sources. Health equity considerations are used in determining priorities, making grants, and communications.

Results:

The graph below shows the number of source water protection plans approved by the MDH.



The Source Water Protection grants program exists to facilitate the implementation of source water protection efforts. Since inception of the SWP Grants program in 2010, the program has executed 709 grant agreements and distributed over \$5.08 million to public water systems across the state. In addition, these grants leveraged an additional \$5 million in cost share to support local implementation of source water protection efforts. In FY18, 107 grants were issued, totaling \$803,000.

Statutory Change(s):

N/A

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Contaminants of Emerging Concern (Clean Water Fund)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,376	1,376	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,376	1,376	0	0
FTEs	7	7	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund in FY 20-21 to address contaminants of emerging concern (CECs). CECs are often chemicals that the scientific community knows little about, especially their potential impact on people's health. This proposal continues the Minnesota Department of Health's (MDH) work to address the health risks of CECs in water.

Rationale/Background:

Studies are finding unexpected chemicals in lakes, rivers, and groundwater and health officials need to understand if people's exposures to these chemicals could pose a health risk. There are over 84,000 chemicals in commercial use with 700 new chemicals being introduced every year. The Drinking Water Contaminants of Emerging Concern initiative investigates and communicates the exposure potential and health risk of CECs in groundwater and drinking water. The program develops human health-based water guidance values (i.e., how much of a substance is safe to drink). These guidance values are developed using available toxicity and exposure information. MDH scientists calculate guidance values that will protect people who drink from a water source for different time periods, whether briefly, occasionally, or daily for a lifetime. The work is facilitated by collaborative relationships with the public; various local, state, and federal government agencies; academic organizations; nonprofit groups; industry groups; and drinking water and wastewater professional organizations. Guidance values are primarily used by MDH and partner agencies (Minnesota Pollution Control Agency and the Minnesota Department of Agriculture) to evaluate groundwater, surface water, or drinking water quality to determine if response actions are needed under their specific authorities. In the first 10 years of funding towards these special projects, 17 total special projects were conducted with these organizations.

Results from new monitoring efforts can help inform the selection process for contaminants relative to the development of health-based guidance values. The amount appropriated for this activity in the FY 2018-19 biennium was \$2.2 million; the increased request is to support CEC monitoring efforts at selected public water systems statewide.

Proposal:

This proposal maintains the scientific capacity of the CEC initiative to investigate and communicate the exposure potential and health risks of CECs in drinking water. MDH will collect new data and develop new models and methods in risk assessment for emerging concerns in water. MDH will also continue the work of the public health laboratory to test for CECs in water supplies. Additional effort will be put into developing rapid assessment values for groups of chemicals where appropriate, allowing for a greater program output that better meets customer needs. The agency will provide up to \$130,000 in grants each year to local or tribal governments, non-profits,

academic institutions, or water resource organizations to reduce the health impacts associated with exposure to CECs in drinking water. This level of funding could support anywhere from four to twenty individual grants.

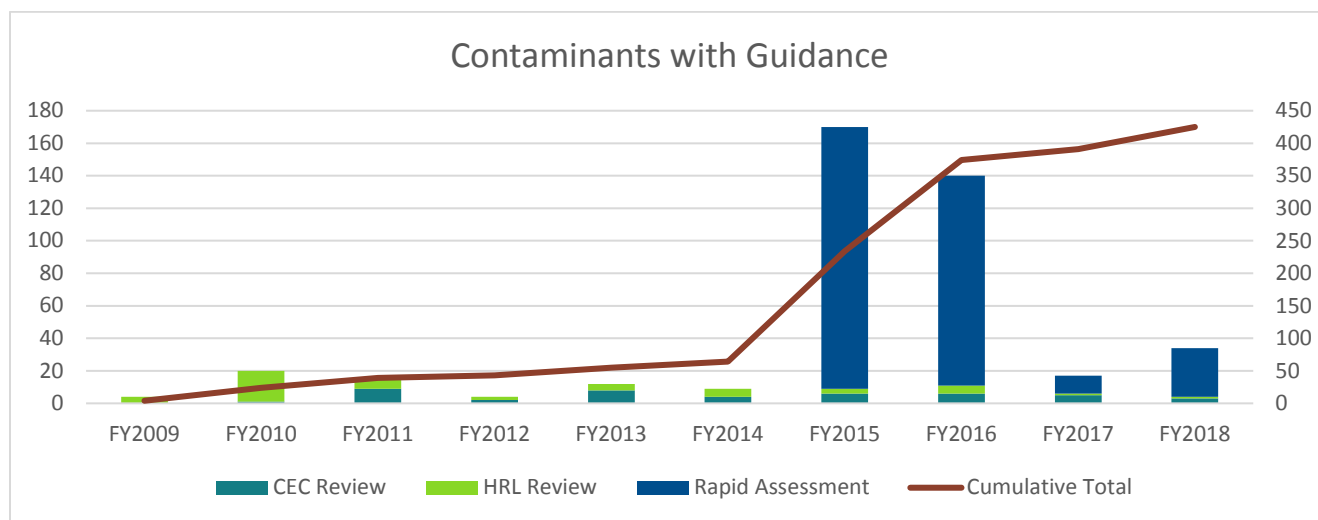
Equity and Inclusion:

The work of the CEC program affects all Minnesotans because they depend on clean, safe drinking water sources. Where possible, health equity considerations are used in determining priorities, making grants, and communications.

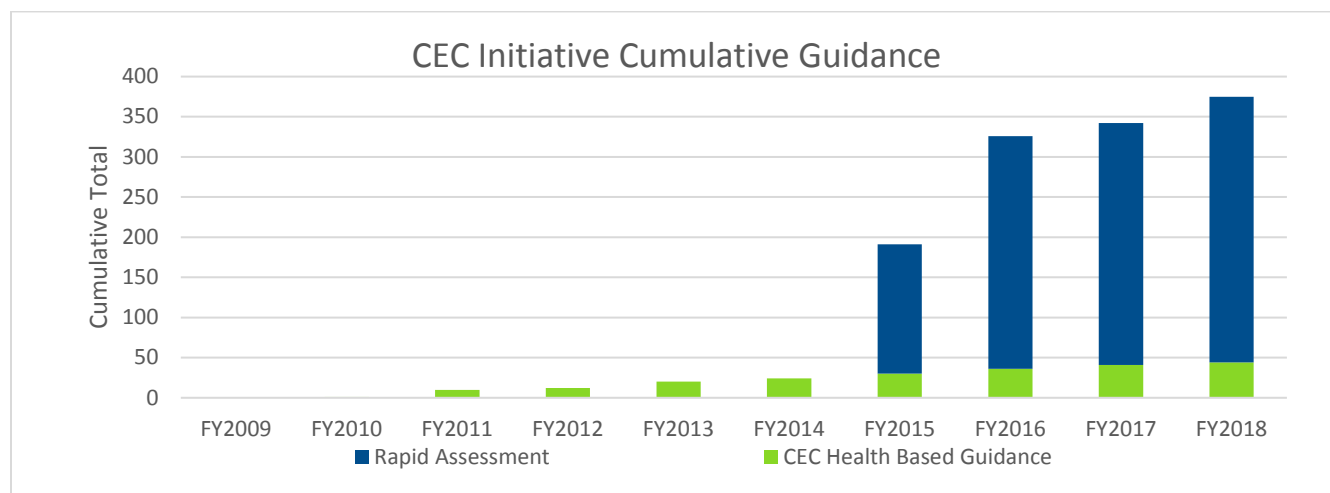
Results:

The CEC initiative is within the Health Risk Assessment (HRA) unit, which protects human health by providing health-based guidance to the public, risk assessors and risk managers so that drinking water exposures are managed, pollutants remediated, and water contamination prevented. The chemicals selected and the type of value developed are intended to meet the needs of state programs and public interests.

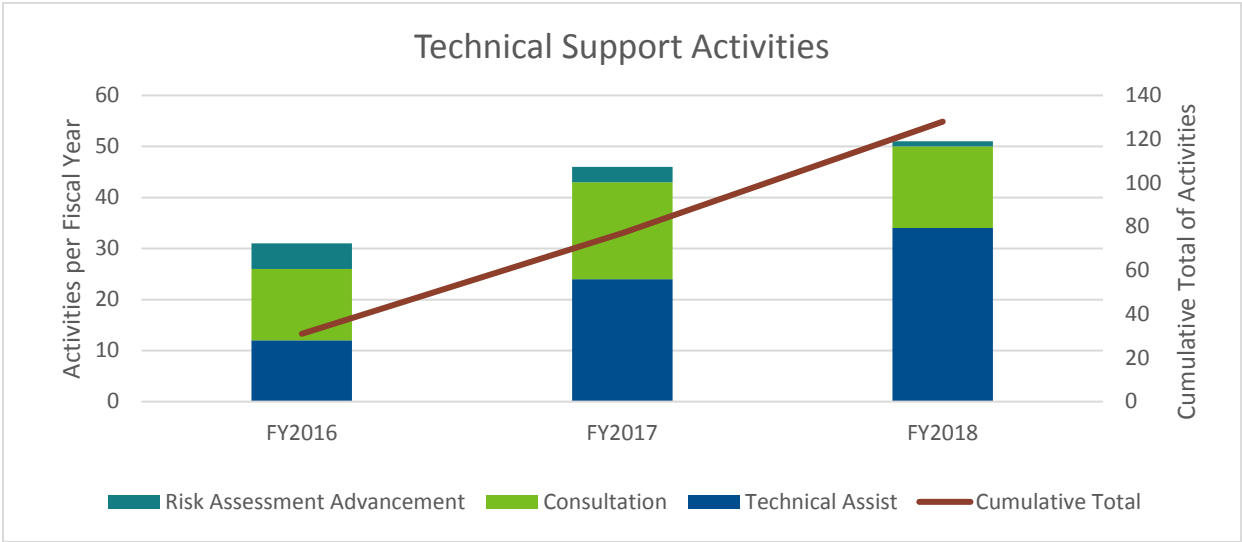
The graph below shows the number of chemical-specific health-based guidance and rapid assessments developed per fiscal year by both the CEC initiative as well as existing Health Risk Limits program in the HRA unit, and the cumulative total contaminants with guidance available.



The graph below shows the cumulative guidance completed specifically in the CEC initiative, including health-based guidance derived and rapid assessments.



The HRA unit is also called upon to offer technical assistance to other governmental programs and citizens. This assistance can range from providing general risk advice (Technical Assist) to review, interpretation, and quantification of risk (Consultation). Staff from the HRA unit are also actively involved in improving the science of risk assessment through participation in national workgroups (Risk Assessment Advancement). Tracking of these activities began in FY 2016. The chart below shows the number of activities completed per year as well as cumulative totals.



Statutory Change(s):

None

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Water Reuse (Clean Water Fund)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	275	275	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	.2	.2	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund in FY 2020-21 to proceed with water reuse recommendations. This funding supports planning and implementation of the eight Minnesota-specific water reuse recommendations outlined in the interagency report, *“Advancing Safe and Sustainable Water Reuse,”* released in March 2018. Interagency partners include the Departments of Health (MDH), Natural Resources (DNR), Labor and Industry (DLI), Minnesota Pollution Control Agency (MPCA), Board of Water and Soil Resources (BWSR), Metropolitan Council, University of Minnesota, and a citizen stakeholder group.

Rationale/Background:

There is an increasing demand by agencies, organizations, and cities in Minnesota to implement water reuse strategies including harvested rainwater, storm water reuse, and reuse of graywater and reclaimed municipal wastewater. Water reuse has the potential to reduce demand on water resources, improving long term sustainability and may help reduce the release of contaminants and sediment to surface waters. Reusing water also poses potential risks to public health and the environment. There are a variety of regulatory and non-regulatory approaches for reuse applications across the country. Currently, there is no comprehensive statewide approach for development of a regulatory or non-regulatory framework and guidance for municipalities, industries, and other parties interested in implementing water reuse. The March 2018 interagency report describes eight recommendations for clarifying regulatory requirements for reuse and providing ongoing support for this water management practice. This proposal increases funding above FY 2016-17 levels of \$350,000; the water reuse project was not funded in FY 2018-19.

Proposal:

This proposal builds on the interagency initiative that prepared recommendations to help increase water reuse in Minnesota. The first recommendation is to create an expanded workgroup to include a broader range of practitioners, advisors, and stakeholders. The workgroup’s role is to prioritize the recommendations, develop work plans, and continue development of standards and programs. The second recommendation is to address questions about water reuse by prioritizing research needs and integrating ongoing research. This proposal would fund the facilitator needed to create and manage the expanded workgroup and begin the highest priority research related to storm water reuse.

The overall goal is to move forward with the recommendations; increase water reuse by municipalities, businesses, and citizens; and reduce demand on ground and surface water resources including drinking water supplies.

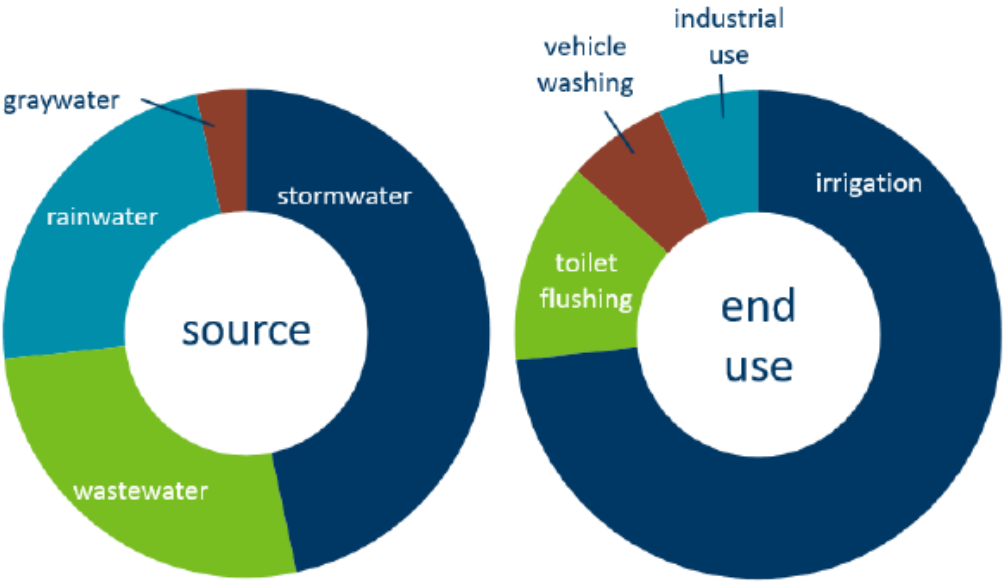
Equity and Inclusion:

Water resources are managed for the benefit of all Minnesotans. Due to the low cost of both groundwater and municipal drinking water, water reuse is often more expensive than more traditional sources of water. Water reuse as a practice may be more accessible to some Minnesotans at this time. The goal is to make water reuse standards, practices, expectations, and implementation clear, consistent, and accessible to all.

Results:

The results of this proposal will be a roadmap to address the interagency report’s recommendations, leading to increased safe and sustainable water reuse. Increasing water reuse may help reduce release of contaminants and sediment to surface waters and reduce demand on water resources, improving water resource sustainability.

Common types of water reuse projects in Minnesota by source and end use (estimations)



Statutory Change(s):

None

Health

FY 2020-21 Biennial Budget Change Item

Change Item Title: Well Sealing (Clean Water Fund)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	250	250	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	250	0	0
FTEs	0.1	0.1	0	0

Recommendation:

The Governor recommends funding from the Clean Water Fund in FY 2020-21 for well sealing. This proposal uses funds for cost sharing to help Minnesotans seal unused wells and borings, increasing the number sealed by 200 per year. Well sealing eliminates the pathway for contaminants to reach groundwater aquifers that serve as the primary drinking water source for 75% of Minnesotans.

Rationale/Background:

Unused, unsealed wells, can pose a threat to groundwater quality and public health by providing a direct conduit from the surface to groundwater—allowing contaminants to travel deep into the ground, bypassing the natural protection usually provided by layers of clay, silt, and other geologic materials. Approximately 75% of Minnesotans use groundwater as their primary source of drinking water. Although Minnesota leads the nation in sealing unused wells (the Minnesota Department of Health was awarded the Groundwater Protection Award in 2006 by the National Ground Water Association) and has sealed 300,000 wells in the past 25 years, an estimated 500,000 unused wells remain unsealed.

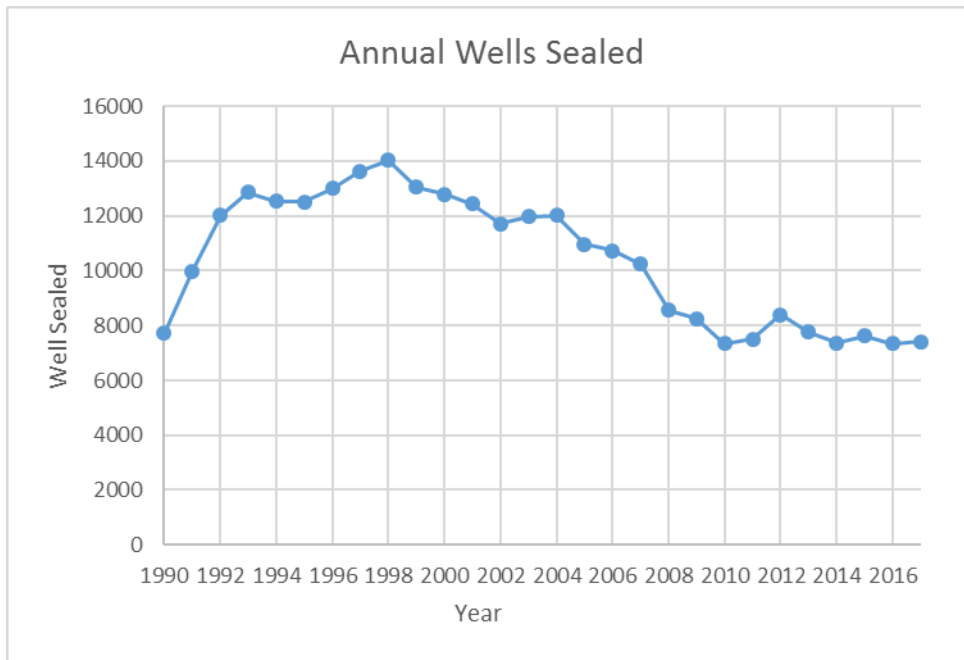
The amount appropriated for this activity in the FY 2018-19 biennium was \$500,000.

Proposal:

This proposal will increase the number of unused wells sealed by 200 per year, removing potential pathways for contaminants to reach groundwater. The funds from this proposal provide incentive for well owners to seal wells through a cost share approach; they might not otherwise seal the well if they had to bear the entire cost. It also provides resources for unused public water supply wells that are often deep and large in diameter. These wells can be very costly to seal, pose a significant risk to deep aquifers and can be a physical hazard. Well owners will need to apply for cost share funding and have their wells sealed by a licensed well contractor.

Results:

Wells no longer in use are required to be sealed by a licensed well contractor. Over the past 23 years approximately 6,000 to 14,000 wells have been sealed annually. While there are limited or no records of unsealed wells, an estimated 250,000 wells in the state remain to be sealed. The recent downward trend in sealing is likely related to several factors including a reduction in property transfers and early effort to get problem wells sealed. While the financial assistance provided through this initiative is not sufficient to significantly reverse the recent trend, it will increase the rate at which wells are sealed and provide incentive to seal wells that might not otherwise be sealed. The sealing of these wells will eliminate the pathway for contaminants to reach groundwater aquifers which serve as the primary drinking water source for 75% of Minnesotans.



Statutory Change(s):

N/A

Program: Health Improvement**AT A GLANCE****Activities**

- Community and Family Health
- Health Promotion and Chronic Disease
- Health Partnerships and Equity
- Statewide Health Improvement
- Health Policy
- Medical Cannabis

PURPOSE & CONTEXT

Activities in the Health Improvement budget program are responsible for maintaining and improving the health of all Minnesotans. The purpose, services, results, and authorizing statutes of each activity is described in the following pages. The fiscal page for Health Improvement reflects a summation of activities under this budget program area.

Health Improvement

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	67,174	69,619	76,034	80,917	87,576	87,626	96,731	96,096
1100 - Medical Education & Research	79,942	78,841	79,006	79,450	78,991	78,991	78,991	78,991
1200 - State Government Special Rev	5,371	5,442	6,261	6,414	6,331	6,331	7,232	7,162
2000 - Restrict Misc Special Revenue	4,916	5,002	4,084	7,894	2,111	2,009	2,111	2,009
2001 - Other Misc Special Revenue	1,884	1,870	1,840	2,086	2,028	2,028	2,028	2,028
2360 - Health Care Access	33,432	37,147	35,640	41,113	36,790	36,190	37,442	36,539
2365 - Opioid Stewardship							6,000	9,251
2403 - Gift	21	1	24	28	6	6	6	6
2800 - Environmental	443	544	457	567	512	512	512	512
3000 - Federal	191,679	188,137	191,186	199,906	200,546	197,515	200,546	197,515
3001 - Federal TANF	8,867	13,829	11,282	11,713	11,713	11,713	11,713	11,713
Total	393,729	400,432	405,814	430,088	426,604	422,921	443,312	441,822
Biennial Change				41,740		13,623		49,232
Biennial % Change				5		2		6
Governor's Change from Base								35,609
Governor's % Change from Base								4

Expenditures by Activity

Community & Family Health	169,359	170,193	176,294	184,742	194,113	191,824	197,831	193,604
Health Promo & Chronic Disease	24,987	27,868	30,958	37,495	36,829	36,081	46,633	49,204
Health Partnerships & Equity	45,961	46,305	46,194	49,290	50,695	50,686	50,720	50,735
Statewide Health Improvement	28,259	27,746	26,874	29,238	24,190	24,190	25,847	27,042
Health Policy	123,568	126,935	123,756	127,232	118,853	118,216	119,516	118,593
Medical Cannabis	1,595	1,385	1,738	2,091	1,924	1,924	2,765	2,644
Total	393,729	400,432	405,814	430,088	426,604	422,921	443,312	441,822

Expenditures by Category

Compensation	42,703	45,973	46,863	50,629	49,264	48,318	51,658	51,024
Operating Expenses	29,875	30,409	33,393	48,247	45,360	42,959	48,829	46,714
Grants, Aids and Subsidies	316,477	318,290	318,727	325,115	325,923	325,887	336,768	338,327
Capital Outlay-Real Property		262	1	30				
Other Financial Transaction	4,675	5,498	6,829	6,067	6,057	5,757	6,057	5,757

Health Improvement

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total	393,729	400,432	405,814	430,088	426,604	422,921	443,312	441,822

Total Agency Expenditures	393,729	400,432	405,814	430,088	426,604	422,921	443,312	441,822
Internal Billing Expenditures	9,327	8,919	11,299	13,120	11,912	11,575	11,912	11,575
Expenditures Less Internal Billing	384,402	391,513	394,515	416,968	414,692	411,346	431,400	430,247

<u>Full-Time Equivalents</u>	455.58	486.61	482.35	533.55	504.85	501.98	531.52	531.99
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Health Improvement

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	509	2,367	7	2,837				
Direct Appropriation	68,749	69,137	81,438	78,100	87,576	87,626	96,731	96,096
Transfers In	485	321	251	251	200	200	200	200
Transfers Out	167	1,011	2,777	271	200	200	200	200
Cancellations	213	1,186	48					
Balance Forward Out	2,190	7	2,837					
Expenditures	67,174	69,619	76,034	80,917	87,576	87,626	96,731	96,096
Biennial Change in Expenditures			20,157		18,251		35,876	
Biennial % Change in Expenditures			15		12		23	
Governor's Change from Base							17,625	
Governor's % Change from Base							10	
Full-Time Equivalents	85.14	82.51	76.76	91.20	88.62	89.16	102.20	102.86

1100 - Medical Education & Research

Balance Forward In	1,282	188	651	635	176	176	176	176
Receipts	75,054	75,054	78,991	78,991	78,991	78,991	78,991	78,991
Transfers In	3,788	4,248	157	150	150	150	150	150
Transfers Out			157	150	150	150	150	150
Balance Forward Out	181	649	635	176	176	176	176	176
Expenditures	79,942	78,841	79,006	79,450	78,991	78,991	78,991	78,991
Biennial Change in Expenditures				(327)		(474)		(474)
Biennial % Change in Expenditures				(0)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			1.35	2.15	0.75	0.88	0.75	0.88

1200 - State Government Special Rev

Balance Forward In	8	1,042	28	100				
Direct Appropriation	6,264	6,182	6,215	6,196	6,331	6,331	7,232	7,162
Transfers In	119	118	442	118				
Transfers Out			324					
Cancellations		1,873						
Balance Forward Out	1,019	27	100					

Health Improvement

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	5,371	5,442	6,261	6,414	6,331	6,331	7,232	7,162
Biennial Change in Expenditures				1,862		(13)		1,719
Biennial % Change in Expenditures				17		(0)		14
Governor's Change from Base								1,732
Governor's % Change from Base								14
Full-Time Equivalents	40.39	46.17	50.11	46.59	47.40	47.04	50.48	51.90

2000 - Restrict Misc Special Revenue

Balance Forward In	7,750	6,209	7,091	5,755	329	251	329	251
Direct Appropriation	3,937	3,937						
Receipts	3,442	2,721	1,351	1,290	869	870	869	870
Transfers In	1,624	1,721	1,440	1,178	1,164	1,164	1,164	1,164
Transfers Out	3,788	4,315						
Net Loan Activity	(1,995)	237	(44)					
Balance Forward Out	6,055	5,509	5,753	329	251	276	251	276
Expenditures	4,916	5,002	4,084	7,894	2,111	2,009	2,111	2,009
Biennial Change in Expenditures				2,060		(7,858)		(7,858)
Biennial % Change in Expenditures				21		(66)		(66)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.61	13.12	10.18	11.66	4.57	3.90	4.57	3.90

2001 - Other Misc Special Revenue

Balance Forward In	2,139	2,055	2,274	2,026	1,594	1,242	1,594	1,242
Receipts	773	1,373	928	989	976	975	976	975
Transfers In	960	687	666	665	700	700	700	700
Balance Forward Out	1,988	2,245	2,028	1,594	1,242	889	1,242	889
Expenditures	1,884	1,870	1,840	2,086	2,028	2,028	2,028	2,028
Biennial Change in Expenditures				172		130		130
Biennial % Change in Expenditures				5		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	13.30	13.08	9.90	10.20	10.20	9.37	10.20	9.37

Health Improvement

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2360 - Health Care Access

Balance Forward In	8,005	8,347	3,904	4,923				
Direct Appropriation	33,987	35,456	36,643	36,258	36,858	36,258	37,510	36,607
Open Appropriation			98					
Transfers In	2,800	2,800						
Transfers Out	3,365	3,465	67	68	68	68	68	68
Cancellations	2,209	2,197	15					
Balance Forward Out	5,786	3,794	4,923					
Expenditures	33,432	37,147	35,640	41,113	36,790	36,190	37,442	36,539
Biennial Change in Expenditures				6,174		(3,773)		(2,772)
Biennial % Change in Expenditures				9		(5)		(4)
Governor's Change from Base								1,001
Governor's % Change from Base								1
Full-Time Equivalents	62.02	66.88	65.68	75.68	75.77	75.77	77.78	79.22

2365 - Opioid Stewardship

Direct Appropriation							6,000	9,251
Expenditures							6,000	9,251
Biennial Change in Expenditures				0		0		15,251
Biennial % Change in Expenditures								
Governor's Change from Base								15,251
Governor's % Change from Base								
Full-Time Equivalents							8.00	8.00

2403 - Gift

Balance Forward In	91	76	79	57	31	27	31	27
Receipts	2	4	2	2	2	2	2	2
Transfers In	1	9						
Transfers Out		9						
Balance Forward Out	73	79	57	31	27	23	27	23
Expenditures	21	1	24	28	6	6	6	6
Biennial Change in Expenditures				29		(40)		(40)
Biennial % Change in Expenditures				131		(77)		(77)
Governor's Change from Base								0

Health Improvement

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0

2800 - Environmental

Balance Forward In		75		55				
Transfers In	469	469	512	512	512	512	512	512
Cancellations		0						
Balance Forward Out	26		55					
Expenditures	443	544	457	567	512	512	512	512
Biennial Change in Expenditures				37		0		0
Biennial % Change in Expenditures				4		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.71	3.20	2.50	2.25	2.25	2.25	2.25	2.25

3000 - Federal

Balance Forward In	73	162	182	188				
Receipts	191,695	188,153	191,190	199,718	200,546	197,515	200,546	197,515
Transfers In	3	89						
Transfers Out		89						
Balance Forward Out	92	174	187					
Expenditures	191,679	188,137	191,186	199,906	200,546	197,515	200,546	197,515
Biennial Change in Expenditures				11,276		6,969		6,969
Biennial % Change in Expenditures				3		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	234.16	257.44	263.76	291.71	273.18	271.50	273.18	271.50

3001 - Federal TANF

Receipts	8,867	13,829	11,282	11,713	11,713	11,713	11,713	11,713
Expenditures	8,867	13,829	11,282	11,713	11,713	11,713	11,713	11,713
Biennial Change in Expenditures				299		431		431
Biennial % Change in Expenditures				1		2		2
Governor's Change from Base								0

Health Improvement

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	2.25	4.21	2.11	2.11	2.11	2.11	2.11	2.11

6000 - Miscellaneous Agency

Receipts	60	67	67	67	67	67	67	67
Transfers Out	60	67	67	67	67	67	67	67

Program: Health Improvement

Activity: Community and Family Health

health.state.mn.us/divs/cfh/program/cfhe

AT A GLANCE

2017 data indicate:

- Healthy food and nutrition services provided to over 181,000 pregnant women, infants, and young children
- Breastfeeding peer counseling services provided to 8,648 women
- Prenatal, parenting, child safety, and other support services provided to more than 15,500 pregnant or parenting women
- Family planning counseling services provided to more than 41,000 low-income or high-risk individuals
- Home visiting services provided to more than 12,200 at-risk families
- Almost 35,000 children with special health needs and their families connected to supports and services
- Teen pregnancy prevention efforts reached more than 29,500 teens
- Commodity foods provided to almost 15,000 low-income seniors every month

PURPOSE & CONTEXT

Individuals' health outcomes are greatly influenced by factors of their early-life experiences. The Community and Family Health Division improves long-term health outcomes by supporting Minnesota's children and families. Services focus on populations experiencing disparities in health outcomes including: families living in poverty, families of color, American Indian families, and children and adolescents with special health care needs. The division seeks to improve those factors that predict a child's success such as being born healthy; growing up in a safe, stable and nurturing environment; receiving adequate nutrition; early identification of health, developmental or social emotional problems with appropriate intervention; avoiding teen pregnancy and substance use; and graduating from high school.

SERVICES PROVIDED

- **Improve outcomes for children by giving them the healthy food they need for a strong body and brain.** The Women Infant Children (WIC) Supplemental Nutrition program improves the health and nutritional status of pregnant and postpartum women, infants, and young children, by providing breastfeeding resources and support, connecting families to community services, and providing nutrition consultation and nutritious food.
- **Increase the proportion of planned pregnancies, so families are better prepared to raise a child.** The Maternal and Child Health program provides pre-pregnancy family planning funds to ensure that family planning services are available to low-income and high-risk individuals across the state.
- **Support adolescents and their families so adolescents are better prepared to do well in school and to graduate.** The Maternal and Child Health program offers teen and parent education, training on supporting healthy behaviors and works with communities to support families in their development of strong, caring relationships with youth.
- **Identify children with special needs early so that they can receive services and support to help them perform better in school.** The Children and Youth with Special Health Needs program provides trainings and grants to local public health agencies so that infants and children can access early and ongoing screening, intervention, and follow-up services. The Family Home Visiting program routinely screens and refers children to appropriate services for families who are participating in their programs. The Maternal

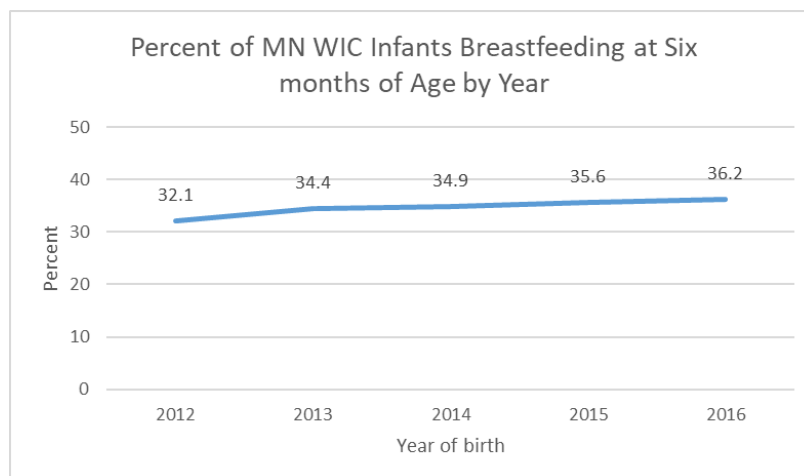
and Child Health program develops and trains health care providers on screening protocols. With early identification and intervention, children with health, developmental, or social emotional challenges are better able to catch up with their peers. Research has also shown that early intervention can have long lasting and substantial gains in outcomes such as school performance, high school graduation rates, employment, and ultimately decreased reliance on public programs.

- **Support families at risk for child abuse and neglect, poor health, and poor school performance.** The Family Home Visiting program provides consultation, training, and grants management to our grantees across the state. Family Home Visiting provides social, emotional, health-related and parenting support and information to families, while also linking them to appropriate resources. Evidenced-based home visiting programs reduce child abuse and neglect, improve maternal and child health, improve a child's readiness for school, and improve family economic stability.
- **Help children and youth with special health care needs reach their full potential.** The Children and Youth with Special Health Needs program supports infants and young children with special needs, including serious birth defects, deaf or hard of hearing, or inherited conditions to ensure they are connected to public health, primary and specialty care, and community resources. Children and families connected early to appropriate services do better than if they receive services later in life.
- **Help young children develop the skills they need to be ready for kindergarten.** The Children and Youth with Special Health Needs, Family Home Visiting and Maternal and Child Health programs provide consultation and grant funding, establish screening and referral policies, and train local public health agencies, health care clinics and providers to promote screening of all children for developmental and social-emotional delays, and screen new mothers for depression.
- **Improve the health of women so that babies are born healthy.** The Maternal and Child Health program encourages early access to prenatal care, provides necessary support services to high-risk pregnant women, and encourages preventive care and increased knowledge of healthy behaviors prior to and during pregnancy.

RESULTS

Breastfeeding

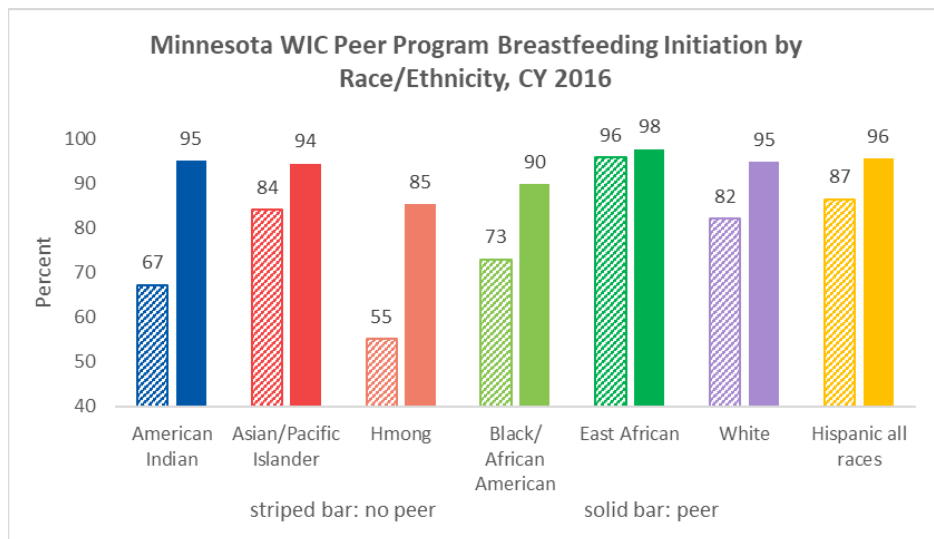
The WIC program serves approximately 40 percent of infants born in Minnesota and works to create an environment supportive of breastfeeding. Breastfed babies are less likely to suffer from serious illnesses, such as asthma and ear infections. The percentage of WIC participating infants that are still breastfeed at six months of age is increasing over time. Infants who are breastfed for six months or longer have significantly better health outcomes, than infants breastfed for less than six months related to gastrointestinal disease, otitis media, respiratory illnesses, and atopic disease.



Source: Minnesota Women, Infant, and Children (WIC)

WIC Peer Breastfeeding Support Services

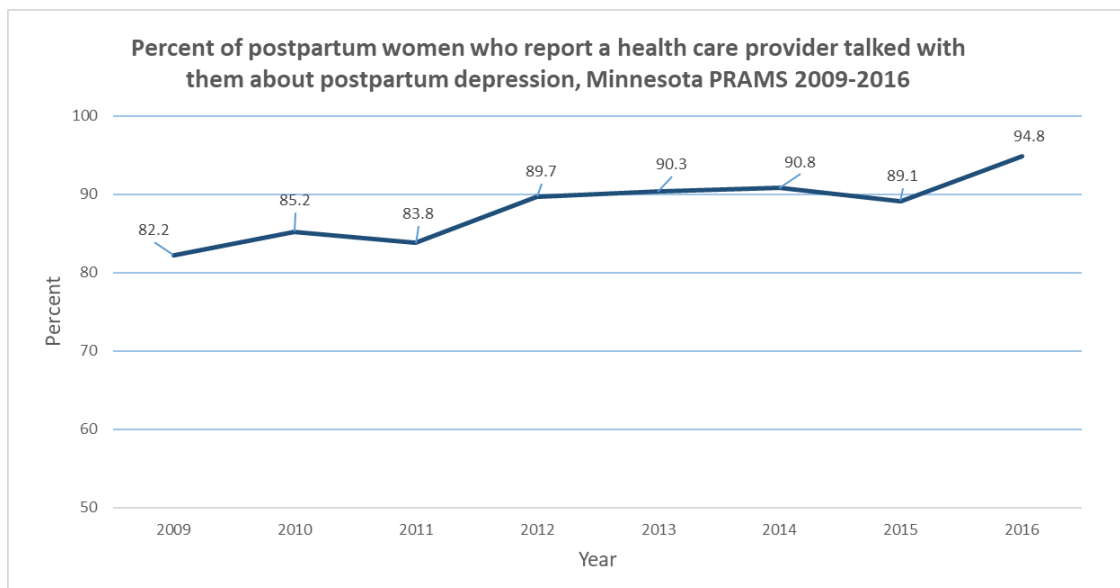
Breastfeeding rates vary greatly by race and ethnicity. The WIC Peer Breastfeeding Support Program seeks to increase the breastfeeding rate among all groups. Among WIC mothers without a peer, only East African and Hispanic mothers exceeded the Healthy People 2020 objective of 81.9 percent breastfeeding initiation. However, among WIC mothers who received peer services, all groups of mothers exceeded the objective.



Source: Minnesota Women, Infant, and Children (WIC)

Maternal Depression

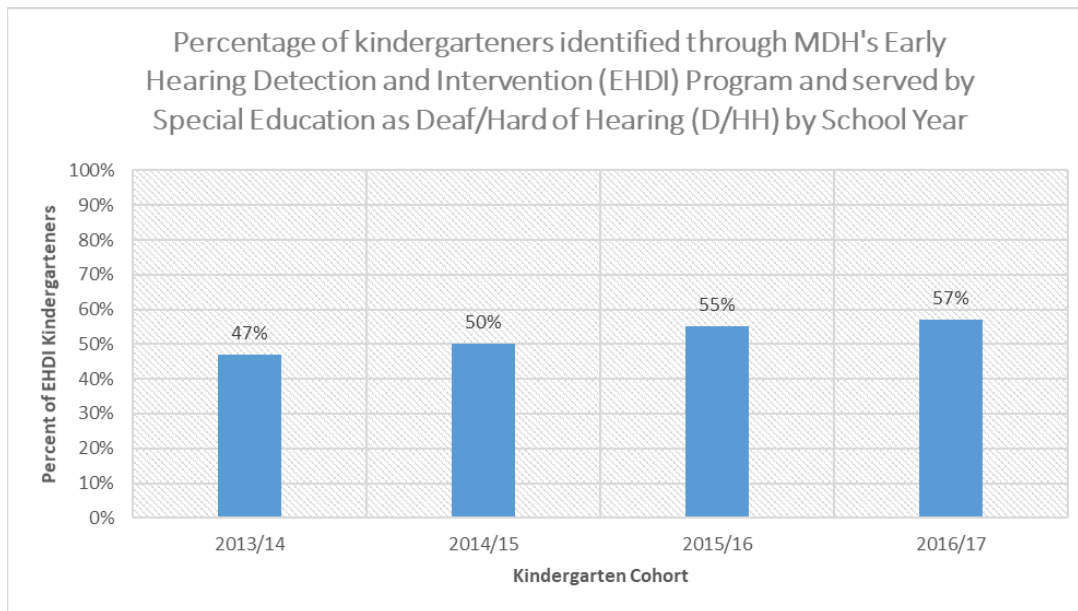
A mother with maternal depression or postpartum depression (PPD) has an increased risk for other health problems. Because PPD can reduce the mother's interaction with her child, PPD is also a risk factor for the child's health including delayed social, emotional, and cognitive development. PPD usually develops within the first few weeks after giving birth, but may begin earlier – during pregnancy – or later – up to a year after giving birth. MDH informs pregnant and parenting families of PPD, screens new mothers through family home visits, and trains providers and assists clinics in implementing maternal depression screening. Postpartum women are increasingly reporting that a health care provider has talked with them about postpartum depression.



Source: Minnesota Pregnancy Risk Assessment Monitoring System (PRAMS)

Early Hearing Detection and Intervention

Each year in Minnesota, approximately 250 infants and children are identified as deaf or hard of hearing. The MDH Early Hearing Detection and Intervention program works to identify all children who are deaf and hard of hearing and build a system of care to ensure that they receive appropriate and timely services. Without early identification and intervention, children with hearing loss often experience delayed development in language and learning. The percentage of kindergarteners with a hearing loss identified through MDH's program is increasing over time.



Source: Minnesota Early Childhood Longitudinal Data System (ECLDS)

Statutes

- 144.2215 Minnesota Birth Defects Information System ([144.2215 Minnesota Birth Defects Information System \(https://www.revisor.mn.gov/statutes/?id=144.2215\)](https://www.revisor.mn.gov/statutes/?id=144.2215))
- 144.574 Dangers of Shaking Infants and Young Children ([144.574 Dangers of Shaking Infants and Young Children \(https://www.revisor.mn.gov/statutes/?id=144.574\)](https://www.revisor.mn.gov/statutes/?id=144.574))
- 144.966 Early Hearing Detection and Intervention Program ([144.966 Early Hearing Detection and Intervention Program \(https://www.revisor.mn.gov/statutes/?id=144.966\)](https://www.revisor.mn.gov/statutes/?id=144.966))
- 145.4235 Positive Abortion Alternatives Program ([145.4235 Positive Abortion Alternatives Program \(https://www.revisor.leg.state.mn.us/statutes/?id=145.4235\)](https://www.revisor.leg.state.mn.us/statutes/?id=145.4235))
- 145.4243 Woman's Right to Know Printed Information ([145.4243 Woman's Right to Know Printed Information \(https://www.revisor.mn.gov/statutes/?id=145.4243\)](https://www.revisor.mn.gov/statutes/?id=145.4243))
- 145.88 Maternal and Child Health ([145.88 Maternal and Child Health \(https://www.revisor.mn.gov/statutes/?id=145.88\)](https://www.revisor.mn.gov/statutes/?id=145.88))
- 145.891 Maternal and Child Health Nutrition Act of 1975 ([145.891 Maternal and Child Health Nutrition Act of 1975 \(https://www.revisor.mn.gov/statutes/?id=145.891\)](https://www.revisor.mn.gov/statutes/?id=145.891))
- 145.898 Sudden Infant Death ([145.898 Sudden Infant Death \(https://www.revisor.mn.gov/statutes/?id=145.898\)](https://www.revisor.mn.gov/statutes/?id=145.898))
- 145.899 WIC Vouchers for Organics ([145.899 WIC Vouchers for Organics \(https://www.revisor.mn.gov/statutes/?id=145.899\)](https://www.revisor.mn.gov/statutes/?id=145.899))
- 145.901 Maternal Death Studies ([145.901 Maternal Death Studies \(https://www.revisor.mn.gov/statutes/?id=145.901\)](https://www.revisor.mn.gov/statutes/?id=145.901))

145.905 Location for Breast-Feeding ([145.905 Location for Breast-Feeding \(https://www.revisor.mn.gov/statutes/?id=145.905\)](https://www.revisor.mn.gov/statutes/?id=145.905))

145.906 Postpartum Depression Education and Information ([145.906 Postpartum Depression Education and Information \(https://www.revisor.mn.gov/statutes/?id=145.906\)](https://www.revisor.mn.gov/statutes/?id=145.906))

145.925 Family Planning Grants ([145.925 Family Planning Grants \(https://www.revisor.mn.gov/statutes/?id=145.925\)](https://www.revisor.mn.gov/statutes/?id=145.925))

145.9255 Minnesota Education Now and Babies Later ([145.9255 Minnesota Education Now and Babies Later \(https://www.revisor.mn.gov/statutes/?id=145.9255\)](https://www.revisor.mn.gov/statutes/?id=145.9255))

145.9261 Abstinence Education Grant Program ([145.9261 Abstinence Education Grant Program \(https://www.revisor.mn.gov/statutes/?id=145.9261\)](https://www.revisor.mn.gov/statutes/?id=145.9261))

145.9265 Fetal Alcohol Syndrome Effects; Drug Exposed Infant ([145.9265 Fetal Alcohol Syndrome Effects; Drug Exposed Infant \(https://www.revisor.mn.gov/statutes/?id=145.9265\)](https://www.revisor.mn.gov/statutes/?id=145.9265))

145A.17 Family Home Visiting Program ([145A.17 Family Home Visiting Program \(https://www.revisor.mn.gov/statutes/?id=145A.17\)](https://www.revisor.mn.gov/statutes/?id=145A.17))

Community & Family Health

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	16,425	17,032	22,157	23,990	33,545	33,545	37,249	35,299
1200 - State Government Special Rev	1,148	1,067	1,145	1,159	1,159	1,159	1,173	1,185
2000 - Restrict Misc Special Revenue	412	307	29	8	2	2	2	2
2001 - Other Misc Special Revenue	13	22	23	23	25	25	25	25
2403 - Gift	3		2					
3000 - Federal	144,000	140,209	143,657	149,849	149,669	147,380	149,669	147,380
3001 - Federal TANF	7,357	11,556	9,282	9,713	9,713	9,713	9,713	9,713
Total	169,359	170,193	176,294	184,742	194,113	191,824	197,831	193,604
Biennial Change				21,484		24,901		30,399
Biennial % Change				6		7		8
Governor's Change from Base								5,498
Governor's % Change from Base								1
<u>Expenditures by Category</u>								
Compensation	10,339	10,812	10,818	12,013	11,940	11,516	12,339	11,837
Operating Expenses	9,498	8,457	10,077	18,511	17,753	15,811	18,152	15,880
Grants, Aids and Subsidies	147,308	148,141	152,727	152,073	162,285	162,362	165,205	163,752
Other Financial Transaction	2,214	2,784	2,672	2,145	2,135	2,135	2,135	2,135
Total	169,359	170,193	176,294	184,742	194,113	191,824	197,831	193,604
Total Agency Expenditures	169,359	170,193	176,294	184,742	194,113	191,824	197,831	193,604
Internal Billing Expenditures	2,646	2,540	3,030	3,505	3,514	3,452	3,514	3,452
Expenditures Less Internal Billing	166,712	167,653	173,264	181,237	190,599	188,372	194,317	190,152
<u>Full-Time Equivalents</u>	107.21	112.46	108.09	125.62	127.21	127.89	131.58	131.39

Community & Family Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		343		880				
Direct Appropriation	16,724	18,093	23,030	23,096	33,545	33,545	37,249	35,299
Transfers In	43		51	51				
Transfers Out	7	512	37	37				
Cancellations	116	892	8					
Balance Forward Out	219		880					
Expenditures	16,425	17,032	22,157	23,990	33,545	33,545	37,249	35,299
Biennial Change in Expenditures				12,689		20,943		26,401
Biennial % Change in Expenditures				38		45		57
Governor's Change from Base								5,458
Governor's % Change from Base								8
Full-Time Equivalents	25.21	23.88	23.18	30.05	32.01	32.33	36.22	35.55

1200 - State Government Special Rev

Balance Forward In		10		6				
Direct Appropriation	1,033	1,033	1,033	1,035	1,159	1,159	1,173	1,185
Transfers In	119	118	118	118				
Cancellations		94						
Balance Forward Out	4		6					
Expenditures	1,148	1,067	1,145	1,159	1,159	1,159	1,173	1,185
Biennial Change in Expenditures				89		14		54
Biennial % Change in Expenditures				4		1		2
Governor's Change from Base								40
Governor's % Change from Base								2
Full-Time Equivalents	8.09	6.80	6.52	7.51	7.48	7.39	7.64	7.67

2000 - Restrict Misc Special Revenue

Balance Forward In	160	93	29	6				
Receipts	346	235	6	2	2	2	2	2
Balance Forward Out	93	21	6					
Expenditures	412	307	29	8	2	2	2	2
Biennial Change in Expenditures				(683)		(33)		(33)
Biennial % Change in Expenditures				(95)		(89)		(89)

Community & Family Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.69	0.67						

2001 - Other Misc Special Revenue

Balance Forward In	0	9	20	26	28	28	28	28
Receipts	22	33	28	25	25	25	25	25
Balance Forward Out	9	20	26	28	28	28	28	28
Expenditures	13	22	23	23	25	25	25	25
Biennial Change in Expenditures				10		4		4
Biennial % Change in Expenditures				28		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.02	0.02	0.02		0.02	

2403 - Gift

Balance Forward In	6	3	3	1	1	1	1	1
Balance Forward Out	3	3	1	1	1	1	1	1
Expenditures	3		2					
Biennial Change in Expenditures				(1)		(2)		(2)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In		0						
Receipts	144,000	140,212	143,657	149,849	149,669	147,380	149,669	147,380
Balance Forward Out		1	0					
Expenditures	144,000	140,209	143,657	149,849	149,669	147,380	149,669	147,380
Biennial Change in Expenditures				9,297		3,543		3,543
Biennial % Change in Expenditures				3		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Community & Family Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Full-Time Equivalents	69.97	76.90	76.26	85.93	85.59	86.06	85.59	86.06

3001 - Federal TANF

Receipts	7,357	11,556	9,282	9,713	9,713	9,713	9,713	9,713
Expenditures	7,357	11,556	9,282	9,713	9,713	9,713	9,713	9,713
Biennial Change in Expenditures				82		431		431
Biennial % Change in Expenditures				0		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.25	4.21	2.11	2.11	2.11	2.11	2.11	2.11

Program: Health Improvement

Activity: Health Promotion and Chronic Disease

health.state.mn.us/divs/hpcd/index.html

AT A GLANCE

- We screened 11,692 low-income women for breast and/or cervical cancer in 2017 and detected 116 new cases of cancer
- Our statewide registry of newly-diagnosed cancer cases registered 29,847 cases in 2015
- 25,162 Minnesotans with a traumatic brain or spinal cord injury received services in 2017 through MDH grant funded programs
- We trained 101 individuals statewide to provide diabetes prevention classes to people at risk of developing diabetes
- Provides funding to the Minnesota Poison Control System who responded to 46,715 calls in 2017 regarding patients who either were poisoned or were exposed to potentially harmful substances

PURPOSE & CONTEXT

The Health Promotion and Chronic Disease Division provides leadership in the prevention and management of chronic diseases and injury and reduces health disparities in chronic disease and injury. Chronic diseases are ongoing, generally incurable illness or conditions, such as heart disease, cancer, and diabetes. These diseases are often preventable and frequently manageable through early detection, improved diet, exercise, and treatment therapy. Chronic diseases and injuries exact a substantial toll on the health of the population by contributing to long-term disability and often diminishing the quality of life.

Our Role:

- Monitor chronic diseases and injuries to report on their incidence, costs, and risk factors
- Improve clinical services to prevent and manage chronic diseases and injury
- Ensure that patients are referred to services that improve the management of chronic conditions

SERVICES PROVIDED

We help health systems implement changes to deliver high-quality care for all patients, especially those most likely to become disabled or die from chronic diseases and injuries.

- Promote collaboration among providers to improve the delivery of cancer screening and other preventive services.
- Develop and promote services designed to heal the trauma experienced by sexually exploited youth.
- Support guidelines and quality measures for early identification and management of chronic disease risk factors.
- Provide funding for health care improvement programs, such as dental sealants, cancer screening, and poison control.
- Pay health care providers through grants and reimbursements to offer free breast, cervical, and colorectal cancer screening, along with follow-up services and counseling, to low-income, uninsured, and underinsured Minnesotans.

We facilitate community-medical relationships that improve the management of chronic conditions.

- Disseminate self-care and management education programs statewide
- Develop curriculum to train Community Health Workers to better work with underserved and at-risk populations to prevent and manage chronic diseases.
- Support our community and medical partners in implementing statewide plans for chronic disease injury and violence prevention.
- Provide grant funds for Minnesotans with a traumatic brain or spinal cord injury to receive medical follow-up, employment, education, and family counseling sessions.

We develop, collect, and disseminate data to inform chronic disease and injury prevention and management initiatives.

- Operate a statewide registry of all newly-diagnosed cancer cases.
- Analyze and report on the prevalence, disparities, and trends in deaths and disabilities from specific chronic diseases (such as heart disease, stroke, cancer, asthma, arthritis, diabetes, oral diseases, injuries, violence, and poisoning).
- Collect, analyze, and report on rates and trends of workplace hazards, illnesses, and injuries.
- Use data to identify possible linkages between chronic diseases and environmental exposures.

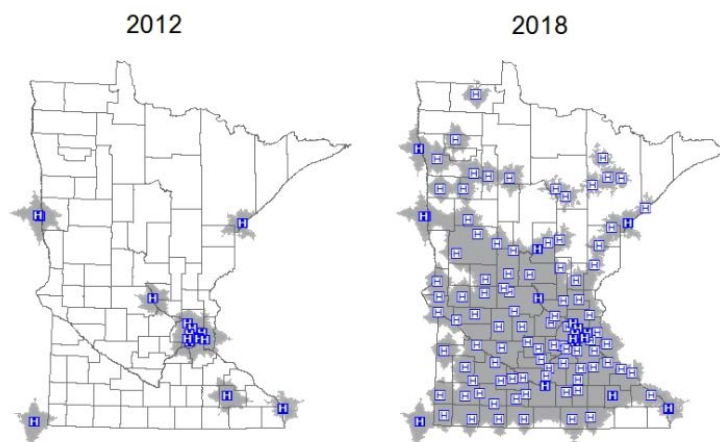
RESULTS

Expanding Access to Designated Stroke Centers

Timely access to stroke care is a critical factor influencing health outcomes for acute stroke patients. In 2012, only 60% of Minnesota's population lived within 30 minutes of designated stroke centers. MDH worked throughout the state to increase the number of hospitals designated for stroke care, ultimately providing a higher standard of care through more timely and better treatment. Currently, 93% of Minnesotans live within 30 minutes of a designated stroke center.

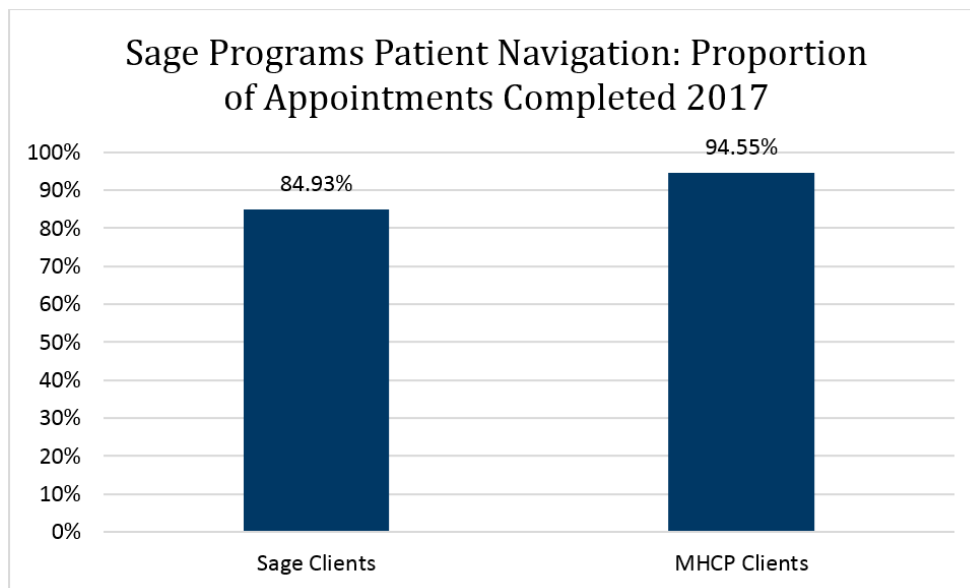
While this increase is remarkable, persistent disparities remain for some populations in the state. MDH is working to increase access to acute stroke ready centers for American Indian communities and older populations. For five percent of Minnesotans, the hospital nearest to them is not yet designated as acute-stroke ready.

30 Minute Drive Times to Designated Hospitals



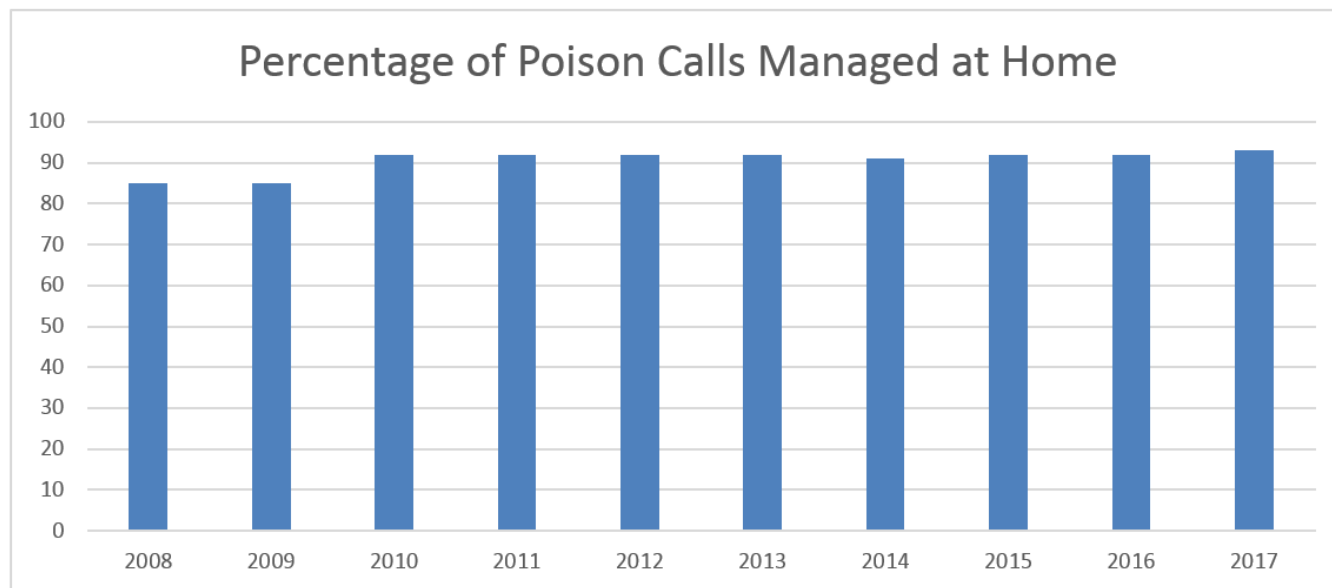
Improving Cancer Screening Rates for Low Income Women

The MDH Sage Screening Program works to connect Minnesota women to breast and cervical cancer screening services and pays for screening for uninsured and underinsured women. Sage maintains a patient navigation call center to answer questions and aid appointment making, which is an evidence-based strategy to increase screening. In 2017, of call center guided appointments, 84.9% of Sage clients and 94.5% Minnesota Health Care Programs (MHCP) clients completed appointments.



Increasing Effectiveness in Handling Poisoning Calls

Each year Minnesota has approximately 46,000 poisoning incident calls, many involving young children. Some of these incidents require travel to a clinic or emergency room, but most can be safely managed at home. MDH provides funding to the MN Poison Control Center to provide assistance to parents, families, and others regarding poisoning incidents. Over the last decade the percent of poison calls managed at home has increased substantially, with over 90% managed at home in 2017 instead of necessitating a visit to a medical clinic or emergency room.



Statutes:

144.05 subd. 5 Firearms Data (<https://www.revisor.mn.gov/statutes/?id=144.05>)
144.492 Stroke Centers and Stroke Hospitals (<https://www.revisor.mn.gov/statutes/?id=144.492>)
144.497 ST Elevation Myocardial Infarction (<https://www.revisor.mn.gov/statutes/?id=144.497>)
144.6586 Notice of Rights to Sexual Assault Victim (<https://www.revisor.mn.gov/statutes/?id=144.6586>)
144.661 - 144.665 Traumatic Brain and Spinal Cord Injuries (<https://www.revisor.mn.gov/statutes/?id=144.661>)
144.671 - 144.69 Cancer Surveillance System (<https://www.revisor.mn.gov/statutes/?id=144.671>)
144.995 - 144.998 Environmental Health Tracking and Biomonitoring
(<https://www.revisor.mn.gov/statutes/?id=144.995>)
145.4711 - 145.4713 Sexual Assault Victims (<https://www.revisor.mn.gov/statutes/?id=145.4711>)
145.4715 Reporting Prevalence of Sexual Violence (<https://www.revisor.mn.gov/statutes/?id=145.4715>)
145.4716 - 145.4718 Safe Harbor for Sexually Exploited Youth
(<https://www.revisor.mn.gov/statutes/?id=145.4716>)
145.56 Suicide Prevention (<https://www.revisor.mn.gov/statutes/?id=145.56>)
145.867 Persons Requiring Special Diets (<https://www.revisor.mn.gov/statutes/?id=145.867>)
145.93 Poison Control System (<https://www.revisor.mn.gov/statutes/?id=145.93>)
145.958 Youth Violence Prevention (<https://www.revisor.mn.gov/statutes/?id=145.958>)
256B.057 subd. 10 Certain Persons Needed Treatment for Breast or Cervical Cancer
(<https://www.revisor.mn.gov/statutes/?id=256B.057>)

Health Promo & Chronic Disease

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	8,241	9,789	11,110	11,330	10,408	10,458	14,212	14,330
2000 - Restrict Misc Special Revenue	1,977	1,673	1,626	2,070	1,608	1,532	1,608	1,532
2001 - Other Misc Special Revenue	26	51	24	24	24	24	24	24
2365 - Opioid Stewardship							6,000	9,251
2403 - Gift	(1)	1	21	27	5	5	5	5
2800 - Environmental	443	544	457	567	512	512	512	512
3000 - Federal	14,301	15,810	17,718	23,477	24,272	23,550	24,272	23,550
Total	24,987	27,868	30,958	37,495	36,829	36,081	46,633	49,204
Biennial Change				15,598		4,457		27,384
Biennial % Change				30		7		40
Governor's Change from Base								22,927
Governor's % Change from Base								31

Expenditures by Category

Compensation	10,846	11,881	12,488	14,013	13,010	12,643	14,195	13,894
Operating Expenses	4,872	5,428	5,965	9,259	11,295	11,263	11,989	12,085
Grants, Aids and Subsidies	9,168	10,204	12,180	13,786	12,087	12,038	20,012	23,088
Capital Outlay-Real Property		262	1					
Other Financial Transaction	101	93	324	437	437	137	437	137
Total	24,987	27,868	30,958	37,495	36,829	36,081	46,633	49,204

Total Agency Expenditures	24,987	27,868	30,958	37,495	36,829	36,081	46,633	49,204
Internal Billing Expenditures	2,054	2,065	2,560	3,551	3,031	2,811	3,031	2,811
Expenditures Less Internal Billing	22,934	25,803	28,398	33,944	33,798	33,270	43,602	46,393

Full-Time Equivalents

115.38	127.59	130.78	149.12	127.22	125.07	140.96	139.49
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Health Promo & Chronic Disease

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		898	0	583				
Direct Appropriation	9,263	9,134	11,751	10,779	10,408	10,458	14,212	14,330
Transfers In	3		200	200	200	200	200	200
Transfers Out	100	79	238	232	200	200	200	200
Cancellations	59	164	20					
Balance Forward Out	866		582					
Expenditures	8,241	9,789	11,110	11,330	10,408	10,458	14,212	14,330
Biennial Change in Expenditures				4,410		(1,574)		6,102
Biennial % Change in Expenditures				24		(7)		27
Governor's Change from Base								7,676
Governor's % Change from Base								37
Full-Time Equivalents	31.34	34.72	34.08	34.60	30.70	30.70	36.44	37.12

2000 - Restrict Misc Special Revenue

Balance Forward In	601	730	809	618	195	143	195	143
Receipts	954	567	370	469	392	393	392	393
Transfers In	1,124	1,154	1,065	1,178	1,164	1,164	1,164	1,164
Balance Forward Out	702	779	618	195	143	168	143	168
Expenditures	1,977	1,673	1,626	2,070	1,608	1,532	1,608	1,532
Biennial Change in Expenditures				46		(556)		(556)
Biennial % Change in Expenditures				1		(15)		(15)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.04	5.91	2.59	4.02	2.55	1.88	2.55	1.88

2001 - Other Misc Special Revenue

Balance Forward In	26	26	35	33	29	27	29	27
Receipts	25	67	23	20	22	21	22	21
Balance Forward Out	26	42	33	29	27	24	27	24
Expenditures	26	51	24	24	24	24	24	24
Biennial Change in Expenditures				(28)		0		0
Biennial % Change in Expenditures				(37)		(1)		(1)
Governor's Change from Base								0

Health Promo & Chronic Disease

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0

2365 - Opioid Stewardship

Direct Appropriation							6,000	9,251
Expenditures							6,000	9,251
Biennial Change in Expenditures				0		0		15,251
Biennial % Change in Expenditures								
Governor's Change from Base								15,251
Governor's % Change from Base								
Full-Time Equivalents							8.00	8.00

2403 - Gift

Balance Forward In	48	54	57	37	12	9	12	9
Receipts	2	4	2	2	2	2	2	2
Balance Forward Out	50	57	37	12	9	6	9	6
Expenditures	(1)	1	21	27	5	5	5	5
Biennial Change in Expenditures				48		(38)		(38)
Biennial % Change in Expenditures				(627,028)		(79)		(79)
Governor's Change from Base								0
Governor's % Change from Base								0

2800 - Environmental

Balance Forward In		75		55				
Transfers In	469	469	512	512	512	512	512	512
Cancellations		0						
Balance Forward Out	26		55					
Expenditures	443	544	457	567	512	512	512	512
Biennial Change in Expenditures				37		0		0
Biennial % Change in Expenditures				4		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.71	3.20	2.50	2.25	2.25	2.25	2.25	2.25

3000 - Federal

Balance Forward In		43	30	11				
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Health Promo & Chronic Disease

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	14,301	15,778	17,699	23,466	24,272	23,550	24,272	23,550
Balance Forward Out	2	11	11					
Expenditures	14,301	15,810	17,718	23,477	24,272	23,550	24,272	23,550
Biennial Change in Expenditures				11,085		6,627		6,627
Biennial % Change in Expenditures				37		16		16
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	74.29	83.76	91.61	108.25	91.72	90.24	91.72	90.24

Program: Health Improvement

Activity: Health Partnerships and Equity

health.state.mn.us/divs/hpart/

AT A GLANCE

- Support Minnesota's 51 community health boards (local public health).
- Coordinate the emergency preparedness and response activities between the state (MDH), community health boards, and eight regional health care preparedness coalitions.
- Distribute \$81 million per biennium in grant funds to local governments, hospitals, and community-based organizations to support local public health activities, emergency preparedness activities, and to eliminate health disparities.
- Provide support and guidance on reducing health disparities to more than 150 community-based organizations from populations of color and American Indian communities.
- Collect, analyze, and communicate health-related data.
- Work as a team to provide planning, facilitation, and coaching to other MDH programs on skills like quality improvement, community engagement, working with tribal governments, and incident management.

PURPOSE & CONTEXT

Our 51 community health boards rely on MDH for guidance, direction, and assistance in meeting the many challenges of delivering effective public health services at the local level. Challenges such as:

- Ensuring their capacity to respond to public health emergencies such as flooding or disease outbreaks;
- Meeting the needs of their communities despite widespread turnover of local public health leadership;
- Improving their ability to use data; and
- Addressing the disparities in health caused by significant social, economic and environmental barriers.

Health Partnerships and Equity works across MDH and with community partners to face these challenges and contribute to MDH's vision of "all communities thriving" by:

- Supporting Minnesota's local public health system;
- Ensuring that all communities are ready to respond to public health emergencies;
- Serving as a source of health statistics;
- Working to advance health equity; and
- Supporting community-based grantees.

SERVICES PROVIDED

Emergency Preparedness and Response

- Provide subject-matter expertise and training to assist organizations in preparing for, responding to, and recovering from incidents affecting the public's health.
- Administer an alert network for rapidly notifying thousands of health care, public health, and community partners about emerging disease threats or other health hazards such as contaminated medications or food.
- Prepare for the need to rapidly receive, stage, store, and distribute vaccines and medication to protect people and communities during an emergency.
- Conduct risk assessments, detailed planning, and testing of emergency response plans.

Health Equity & American Indian Health

- Monitor and analyze health disparities and how they relate to health equity.
- Identify and invest in best practices for providing culturally responsive services and advancing health equity.
- Collaborate with Minnesota communities experiencing health inequities to improve outcomes.
- Provide consultation and liaison services between Minnesota's Tribal Nations and MDH staff.
- Provide training on working with Minnesota's Tribal Nations and coordinate efforts within MDH on issues related to American Indian health.

Health Statistics

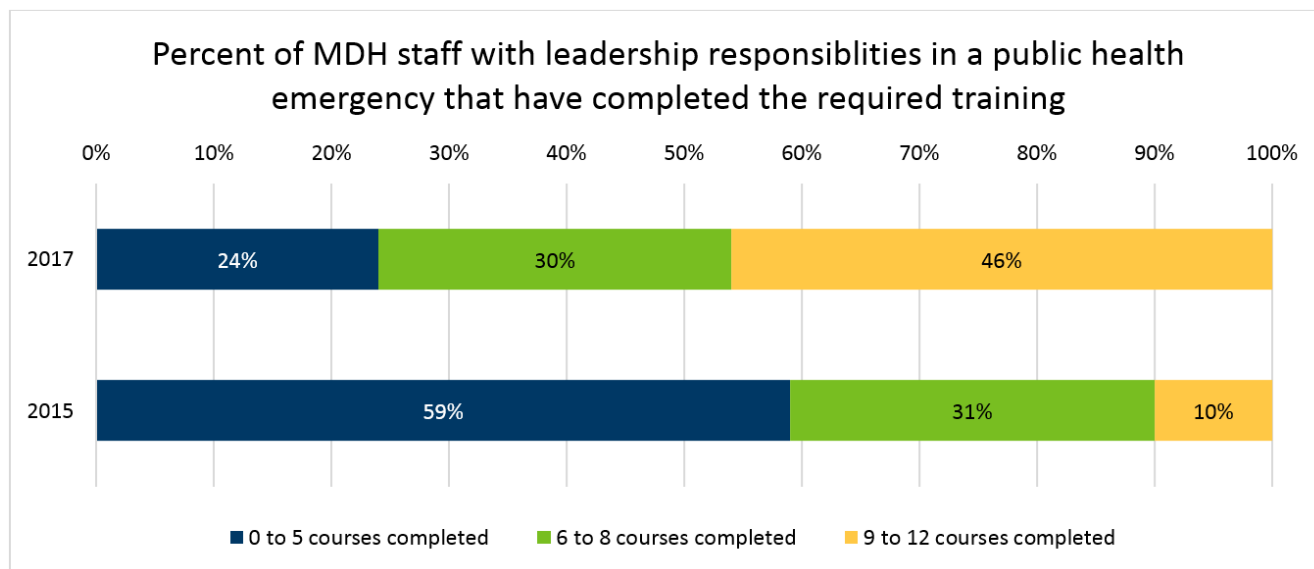
- Conduct surveys to measure the health status of Minnesotans and analyze health trends in Minnesota, such as: the Minnesota Student Survey (every 3 years) the Behavioral Risk Factor Surveillance System (annually); Youth Tobacco Survey (every 3 years), School Health Profiles (every 2 years).
- Provide staffing and direction to the MDH's Institutional Review Board.

Public Health Practice

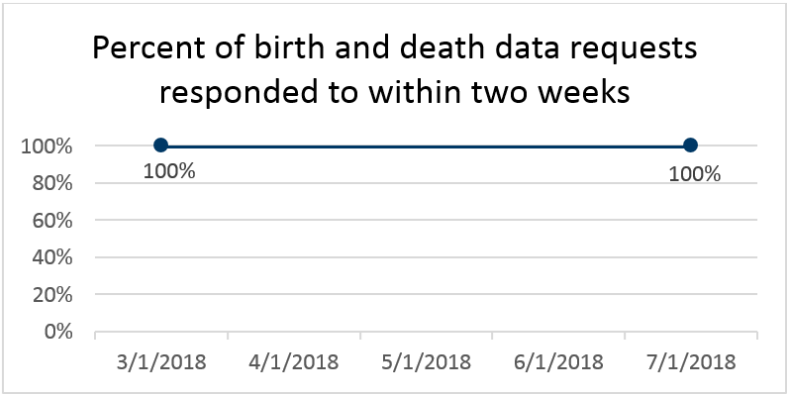
- Develop policies, practices, and guidance to ensure the best delivery of public health services at the local level.
- Provide facilitation and coaching of performance management, quality improvement, and community engagement for MDH divisions and local health departments.
- Provide funding, guidance, tools, and training to assist local public health departments in effectively meeting their missions.
- Collect, analyze, and disseminate data about public health financing, staffing and performance.
- Help MDH and local and tribal health department seek and maintain public health accreditation to ensure that Minnesota's public health system meets and exceeds national Public Health Accreditation Board standards.

RESULTS

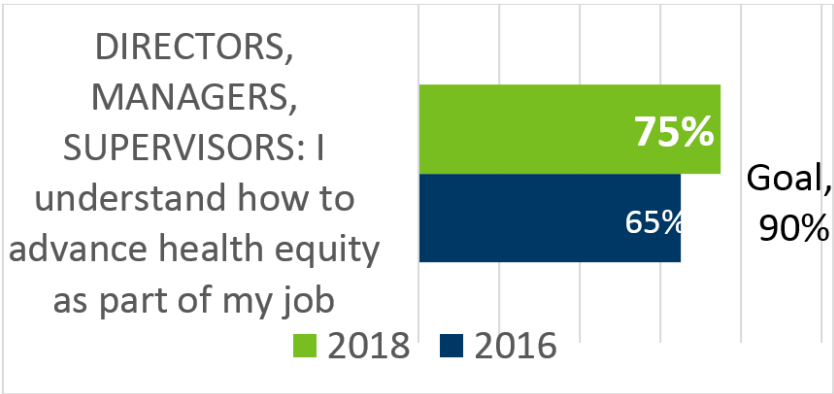
MDH staff who would have leadership responsibilities in the event of a public health emergency should prepare for their roles by completing twelve trainings. The Center for Emergency Preparedness and Response is responsible for assuring that staff participate in the required trainings. Between 2015 and 2017 the percentage of employees who had completed between nine to twelve courses rose from 10% to 46%.



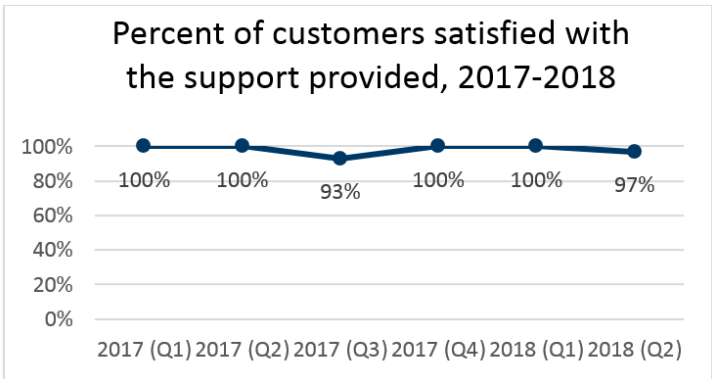
The Center for Health Statistics seeks to provide data on births and deaths in Minnesota in a timely manner. Between March and July 2018, the Center responded to all data requests within two weeks.



MDH has an important role in addressing health inequities. In order to fulfill that role, MDH leadership must understand and be able to explain to staff how to fully incorporate health equity into their ongoing work. The Center for Health Equity is responsible for providing support across the department and as a result of the Center’s work, 10% more directors, managers, and supervisors between 2016 and 2018 reported that they understood how to advance health equity as a part of their job.

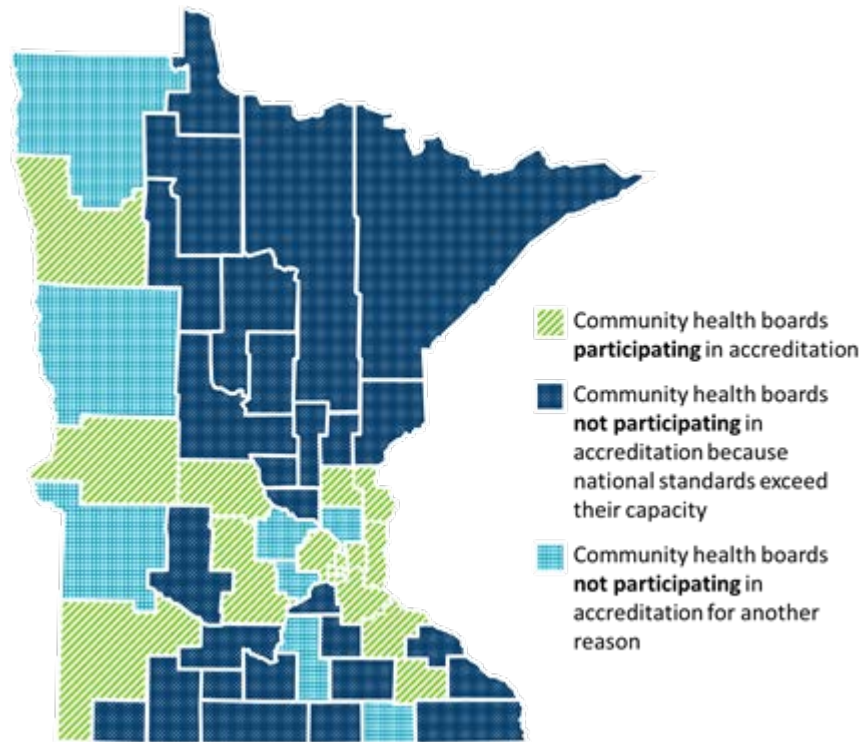


The Center for Public Health Practice provides consultation and technical assistance to community health boards, local public health, other MDH divisions, and Tribal Nations. Throughout 2017 and the first half of 2018, our customers have overwhelmingly reported satisfaction with the support we provided. Approximately 60% of our customers responding to the survey were local public health and 40% were staff from other MDH divisions. Both groups report similar levels of satisfaction.



The Public Health Accreditation Board sets national standards for public health departments. In 2010, the State Community Health Services Committee recommended adoption of those standards for Minnesota. Currently, MDH and 10 of the 51 community health boards are accredited. While another seven have applied or reported that they plan to do so, the remainder of the health boards are not participating in national accreditation because the standards exceed their capacity or for another reason.

Community health boards lacking the capacity to meet national public health performance standards, 2017



Statutes

145A Community Health Boards (<https://www.revisor.mn.gov/statutes/?id=145A>)

145.928 Eliminating Health Disparities (<https://www.revisor.mn.gov/statutes/?id=145.928>)

12A.08 Natural Disaster; State Assistance (<https://www.revisor.mn.gov/statutes/?id=12A.08>)

144.4197 Emergency Vaccine Administration; Legend Drug (<https://www.revisor.mn.gov/statutes/?id=144.4197>)

151.37 Legend Drugs, Who May Prescribe, Possess (<https://www.revisor.mn.gov/statutes/?id=151.37>)

Health Partnerships & Equity

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	27,215	27,504	27,157	28,923	28,051	28,051	28,076	28,100
2000 - Restrict Misc Special Revenue	292	123	289	118	44	44	44	44
2001 - Other Misc Special Revenue	697	703	694	750	724	724	724	724
2403 - Gift	4	0	0	1	1	1	1	1
3000 - Federal	16,243	15,703	16,054	17,498	19,875	19,866	19,875	19,866
3001 - Federal TANF	1,510	2,273	2,000	2,000	2,000	2,000	2,000	2,000
Total	45,961	46,305	46,194	49,290	50,695	50,686	50,720	50,735
Biennial Change				3,217		5,897		5,971
Biennial % Change				3		6		6
Governor's Change from Base								74
Governor's % Change from Base								0

Expenditures by Category

Compensation	6,532	6,981	7,156	7,270	8,427	8,442	8,452	8,490
Operating Expenses	2,703	2,547	2,754	4,311	4,614	4,612	4,614	4,613
Grants, Aids and Subsidies	36,460	36,411	34,670	36,400	36,345	36,323	36,345	36,323
Other Financial Transaction	267	366	1,614	1,309	1,309	1,309	1,309	1,309
Total	45,961	46,305	46,194	49,290	50,695	50,686	50,720	50,735

Total Agency Expenditures	45,961	46,305	46,194	49,290	50,695	50,686	50,720	50,735
Internal Billing Expenditures	977	833	1,347	1,269	1,705	1,703	1,705	1,703
Expenditures Less Internal Billing	44,984	45,473	44,847	48,021	48,990	48,983	49,015	49,032

Full-Time Equivalents

	63.58	68.71	68.86	79.10	87.51	87.83	87.85	88.41
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Health Partnerships & Equity

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	454	894	7	872				
Direct Appropriation	27,262	26,476	28,022	28,051	28,051	28,051	28,076	28,100
Transfers In	424	316						
Transfers Out	30	80						
Cancellations	11	94	0					
Balance Forward Out	885	7	872					
Expenditures	27,215	27,504	27,157	28,923	28,051	28,051	28,076	28,100
Biennial Change in Expenditures			1,362		22		96	
Biennial % Change in Expenditures			2		0		0	
Governor's Change from Base							74	
Governor's % Change from Base							0	
Full-Time Equivalents	12.43	13.56	11.41	13.75	14.49	14.71	14.83	15.29

2000 - Restrict Misc Special Revenue

Balance Forward In	80	73	75	60	58	58	58	58
Receipts	284	125	274	116	44	44	44	44
Transfers In		67						
Transfers Out		67						
Balance Forward Out	72	75	60	58	58	58	58	58
Expenditures	292	123	289	118	44	44	44	44
Biennial Change in Expenditures				(8)		(319)		(319)
Biennial % Change in Expenditures				(2)		(78)		(78)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.08	1.10	0.89	0.74	0.23	0.23	0.23	0.23

2001 - Other Misc Special Revenue

Balance Forward In	60	84	93	90	28	27	28	27
Receipts	11	25	25	23	23	23	23	23
Transfers In	710	687	666	665	700	700	700	700
Balance Forward Out	84	93	90	28	27	26	27	26
Expenditures	697	703	694	750	724	724	724	724
Biennial Change in Expenditures				44		4		4

Health Partnerships & Equity

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				3		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.35	5.90	5.44	6.44	6.44	6.44	6.44	6.44

2403 - Gift

Balance Forward In	14	11	10	10	9	8	9	8
Receipts			0					
Transfers In	1	9						
Transfers Out		9						
Balance Forward Out	11	10	10	9	8	7	8	7
Expenditures	4	0	0	1	1	1	1	1
Biennial Change in Expenditures				(3)		1		1
Biennial % Change in Expenditures				(71)		52		52
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In		1	46	86				
Receipts	16,241	15,751	16,094	17,412	19,875	19,866	19,875	19,866
Transfers In	3							
Balance Forward Out		46	86					
Expenditures	16,243	15,703	16,054	17,498	19,875	19,866	19,875	19,866
Biennial Change in Expenditures				1,606		6,189		6,189
Biennial % Change in Expenditures				5		18		18
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	44.72	48.15	51.12	58.17	66.35	66.45	66.35	66.45

3001 - Federal TANF

Receipts	1,510	2,273	2,000	2,000	2,000	2,000	2,000	2,000
Expenditures	1,510	2,273	2,000	2,000	2,000	2,000	2,000	2,000
Biennial Change in Expenditures				217		0		0

Health Partnerships & Equity

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				6		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Health Improvement

Activity: Statewide Health Improvement

health.state.mn.us/divs/oshii/

AT A GLANCE

- The Office of Statewide Health Improvement Initiatives (OSHII) works in partnership with local public health agencies, tribal governments, and community-based organizations to ensure all Minnesotans have the opportunity to lead healthier lives by preventing chronic disease well before it starts.
- Statewide Health Improvement Partnership (SHIP) grants provide \$17.5 million per year in funding and support to all of Minnesota's 87 counties and 10 tribal nations across the state to improve policies and create environments that support healthy eating, physical activity, and decrease commercial tobacco use and exposure to secondhand smoke.
- Tobacco-Free Communities grants provide \$3.2 million per year to reduce tobacco use among youth in Minnesota and promote tobacco prevention activities.

PURPOSE & CONTEXT

Obesity and tobacco use are two major drivers of chronic illnesses in our state. Three of five Minnesota adults are overweight or obese – conditions caused, in part, by unhealthy eating and insufficient physical activity – leading to increased risk of heart disease, diabetes, and other chronic illnesses. More than one in seven Minnesotans still smokes, leading to heart disease, stroke, and increased cancer risk. The conditions where we live, work, learn, and play determine our options for making healthy decisions and influence our behavior. Further, environmental factors and institutional policies, practices, and procedures contribute to the development of health disparities between populations related to race and ethnicity, economic status, and geographic location. Statewide, the economic cost associated with obesity and tobacco use in Minnesota is significant. Minnesotans with diagnosed chronic conditions accounted for 83 percent of all medical spending in the state in 2012.

The Office of Statewide Health Improvement Initiatives (OSHII) supports all Minnesotans in leading healthier lives and building healthier communities by preventing chronic diseases before they start. OSHII works in partnership with local public health and tribal nations, community leadership teams and other stakeholders to create community-level policy and environmental changes that promote and support individual choices that lead to increased healthy eating and active living and reduced commercial tobacco use.

We achieve success by:

- Leveraging local and state partnerships;
- Strengthening communities' capacity to create their own healthy futures;
- Offering the best evidence-based strategies in policies, systems, and environmental changes; and
- Evaluating the effectiveness of those strategies.

SERVICES PROVIDED

We provide funding through grants to all 87 of Minnesota's counties, 10 tribal nations, and 10 community-based organizations to implement locally driven community solutions that expand opportunities for residents to be healthier.

We build community capacity to implement evidence-based and practice-informed strategies.

- Link grantees with nutritional, physical activity, and tobacco prevention content experts who provide coaching on effective ways to adopt and implement policy changes.

- Provide comprehensive technical assistance to grantees through telephone calls, in-person meetings, webinars, communities of practice, and monthly content-specific consultation calls.
- Use state-of-the-art online technology to facilitate grantee peer sharing through webinars, video calls, and forums.

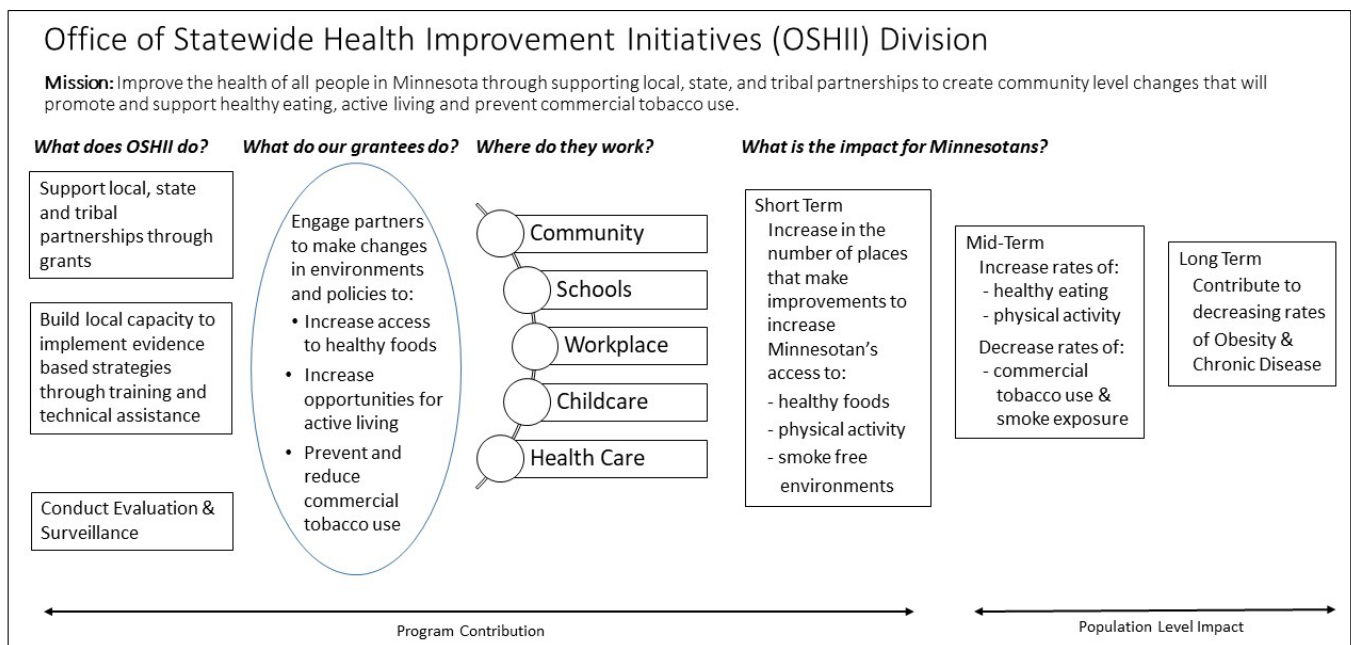
We conduct rigorous evaluations to monitor implementation and assess impact of our strategies.

- Actively monitor grantee work and collect data to assess progress and impact.
- Assess the impact of evidence-based activities by measuring impact of environmental and policy change.
- Support communities to evaluate local activities and identify lessons learned.

We collect, analyze, and disseminate data and research to inform program initiatives.

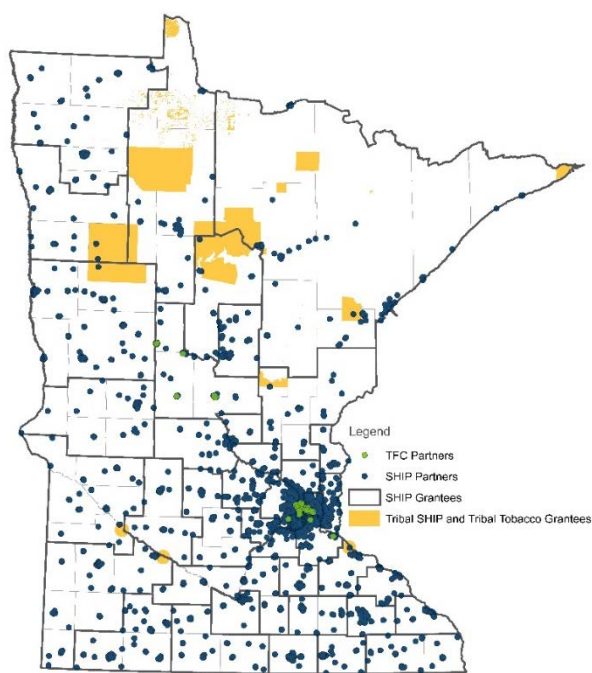
- Support implementation of statewide surveillance surveys to measure trends in obesity, fruit and vegetable consumption, levels of physical activity, and commercial tobacco use and secondhand smoke exposure, which helps inform program planning and implementation.

RESULTS



OSHII has a statewide impact. OSHII-funded programs engage 4,000 community partners in all 87 counties and 10 tribal nations to implement evidence-based strategies aimed at increasing access to healthy eating, opportunities for physical activity, and reducing access and exposure to commercial tobacco. The map to the right shows the geographical location of OSHII's community partners.

Figure 1. Statewide Health Improvement Partnership (SHIP) Community Partner Sites and Tobacco Free Communities Grant

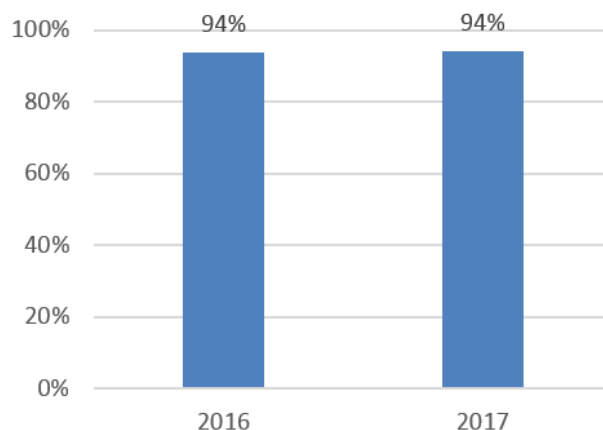


OSHII grantees report that technical assistance and training were helpful. OSHII provides high quality training and technical assistance that support communities making sustainable changes. Four out of five Tobacco-Free Communities (TFC) grantees report that the technical assistance they receive from OSHII helps them to address community-specific needs. Likewise, in both 2016 and 2017, 94% of SHIP grantees reported that the regional trainings provided by OSHII met or exceeded their needs.

4 in 5 grantees report tobacco TA helps them address community-specific needs.

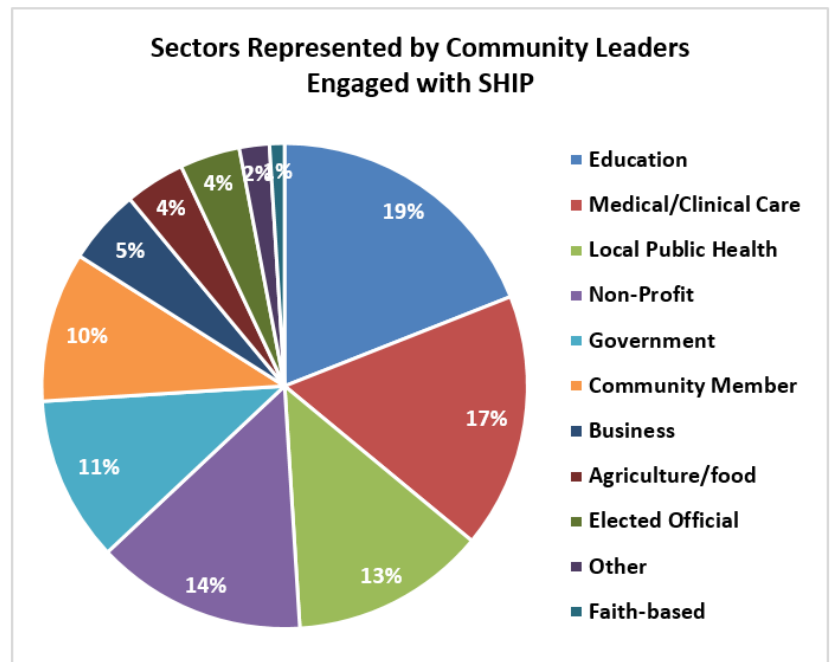


Percentage of SHIP Grantees Reporting Regional Training Met or Exceeded Needs

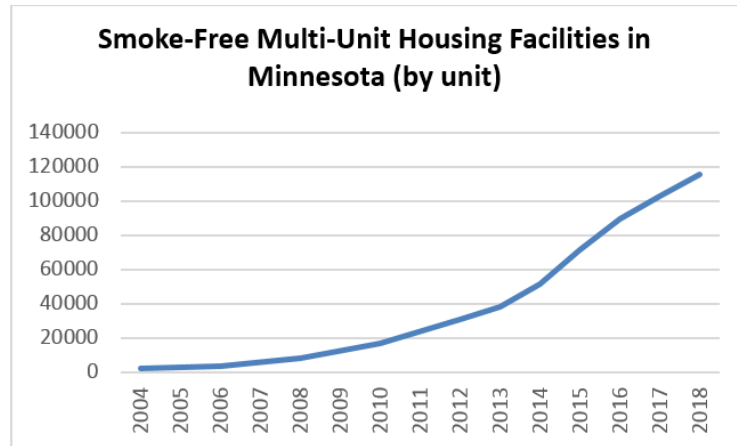


SHIP crosses many sectors. In 2016-17 SHIP grantees engaged with more than 800 community leaders who represent a broad spectrum of interests and backgrounds including healthcare, business, education and nonprofit sectors. The community leaders worked to set SHIP priorities, implemented environmental and policy changes and coordinated resources between organizations to improve community health outcomes.

In a survey of Community Leadership Team members 8 in 10 community leaders reported their participation had a moderate or major effect on the health of their community.



SHIP and Tobacco Free Communities have had a large impact on smoke-free housing. Multi-unit housing facilities, such as apartments, are common sources of secondhand smoke exposure, especially among youth and seniors. Smoke-free housing efforts are aimed at supporting the implementation of voluntary smoke-free housing policies. SHIP and TFC grantees have played a substantial role in supporting smoke-free housing in Minnesota. In conjunction with statewide partners, the number of smoke-free units in Minnesota grew from under 8,000 in 2008 (a year before SHIP's inception) to over 115,000 units 10 years later.



Statutes

145.986 Minnesota Statewide Health Improvement Initiatives

(<https://www.revisor.mn.gov/statutes/?id=145.986>)

144.396 Tobacco-Free Communities in Minnesota (<https://www.revisor.mn.gov/statutes/?id=144.396>)

Statewide Health Improvement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,334	3,335	3,362	3,365	3,365	3,365	4,965	6,117
2000 - Restrict Misc Special Revenue	107	39	58	79	12	12	12	12
2001 - Other Misc Special Revenue				1	1	1	1	1
2360 - Health Care Access	20,515	18,198	17,337	20,996	17,579	17,579	17,636	17,679
3000 - Federal	4,302	6,174	6,117	4,797	3,233	3,233	3,233	3,233
Total	28,259	27,746	26,874	29,238	24,190	24,190	25,847	27,042
Biennial Change				107		(7,732)		(3,223)
Biennial % Change				0		(14)		(6)
Governor's Change from Base								4,509
Governor's % Change from Base								9

Expenditures by Category

Compensation	3,622	4,273	4,268	5,173	4,973	4,981	5,368	5,421
Operating Expenses	1,690	1,931	1,802	3,480	1,084	1,076	2,346	3,488
Grants, Aids and Subsidies	20,960	19,334	18,801	18,583	16,131	16,131	16,131	16,131
Other Financial Transaction	1,987	2,208	2,003	2,002	2,002	2,002	2,002	2,002
Total	28,259	27,746	26,874	29,238	24,190	24,190	25,847	27,042

Total Agency Expenditures	28,259	27,746	26,874	29,238	24,190	24,190	25,847	27,042
Internal Billing Expenditures	572	677	698	1,287	538	528	538	528
Expenditures Less Internal Billing	27,687	27,069	26,175	27,951	23,652	23,662	25,309	26,514

<u>Full-Time Equivalents</u>	40.02	46.27	45.96	54.00	50.43	50.43	54.07	54.52
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Statewide Health Improvement

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		5						
Direct Appropriation	3,350	3,354	3,362	3,365	3,365	3,365	4,965	6,117
Transfers Out		24						
Cancellations	11		0					
Balance Forward Out	5							
Expenditures	3,334	3,335	3,362	3,365	3,365	3,365	4,965	6,117
Biennial Change in Expenditures				58		3		4,355
Biennial % Change in Expenditures				1		0		65
Governor's Change from Base								4,352
Governor's % Change from Base								65
Full-Time Equivalents	1.01	0.79	0.79	1.48	1.48	1.48	4.51	4.52

2000 - Restrict Misc Special Revenue

Balance Forward In	114	72	73	67				
Receipts	65	40	53	12	12	12	12	12
Balance Forward Out	72	73	68					
Expenditures	107	39	58	79	12	12	12	12
Biennial Change in Expenditures				(9)		(113)		(113)
Biennial % Change in Expenditures				(6)		(82)		(82)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.50	0.17	0.60	0.07				

2001 - Other Misc Special Revenue

Balance Forward In	0	0	0	3	4	4	4	4
Receipts			3	2	1	1	1	1
Balance Forward Out	0	0	3	4	4	4	4	4
Expenditures				1	1	1	1	1
Biennial Change in Expenditures				1		1		1
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

Statewide Health Improvement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2360 - Health Care Access

Balance Forward In	7,194	3,999	3,234	3,417				
Direct Appropriation	17,261	17,434	17,529	17,579	17,579	17,579	17,636	17,679
Transfers In	2,800	2,800						
Transfers Out	2,800	2,800						
Cancellations	91	2	9					
Balance Forward Out	3,849	3,234	3,417					
Expenditures	20,515	18,198	17,337	20,996	17,579	17,579	17,636	17,679
Biennial Change in Expenditures				(380)		(3,175)		(3,018)
Biennial % Change in Expenditures				(1)		(8)		(8)
Governor's Change from Base								157
Governor's % Change from Base								0
Full-Time Equivalents	17.09	21.63	19.66	26.14	26.14	26.14	26.75	27.19

2403 - Gift

Balance Forward In	0	0	0					
Balance Forward Out	0	0	0					

3000 - Federal

Balance Forward In			0	63				
Receipts	4,302	6,186	6,180	4,734	3,233	3,233	3,233	3,233
Balance Forward Out		12	63					
Expenditures	4,302	6,174	6,117	4,797	3,233	3,233	3,233	3,233
Biennial Change in Expenditures				438		(4,448)		(4,448)
Biennial % Change in Expenditures				4		(41)		(41)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.42	23.68	24.91	26.31	22.81	22.81	22.81	22.81

Program: Health Improvement

Activity: Health Policy

health.state.mn.us/divs/hpsc/index.html

AT A GLANCE

- The Statewide Quality Reporting and Measurement System (SQRMS) collects data submitted by Minnesota clinics on ten measures of quality health care to drive quality improvement.
- Minnesota Health Access Surveys measure the changing percentage of uninsured Minnesotans each year, demonstrating the impact certain health care policies can have on health insurance coverage.
- The Minnesota All Payer Claims Database supports evidence-based research on health policy impacts.
- The Office of Vital Records issues more than 600,000 birth and death certificates annually and facilitates the certification of over 99% of death records online, making them available to families more quickly.
- 389 certified health care homes provide high quality, coordinated care to 3.9 million people and, according to an independent evaluation from the University of Minnesota, have saved more than \$1 billion in Medicaid and Medicare healthcare spending costs over five years.
- Nearly \$20 million dollars in grants and loan forgiveness awards are distributed statewide, supporting recruitment of health professionals in rural and underserved communities and a stronger health care infrastructure.

PURPOSE & CONTEXT

The Health Policy Division provides policymakers and other stakeholders with policy research, analysis, and design and implementation of programs and reforms to improve health care value, quality, and accessibility. It also manages the statewide vital records system for birth and death records.

Our role:

- Promote access to high quality, affordable health care across Minnesota, including for vulnerable, underserved, and rural populations.
- Streamline and reduce health care administrative burden and costs.
- Promote the secure exchange of health information among health care providers.
- Train and certify clinics to be health care homes that provide high quality, patient-centered, coordinated care to complex patients.
- Provide financial and consulting assistance to health care providers and systems in underserved areas.
- Issue timely birth and death certificates and provide accurate birth or death data for public health research.
- Support medical education to build a strong health workforce.
- Measure and report on the health care marketplace, access and quality of care, patient safety, and health workforce capacity to help target state resources and funding to their best use.

SERVICES PROVIDED

- **Collect data and perform research** to inform policymakers. Monitor and understand: health care access and quality, market conditions and trends, health care spending, health status and disparities, health behaviors and conditions, and the impact of state/federal reform initiatives.
- **Monitor clinical quality and safety** in Minnesota health care facilities, through implementing the Statewide Quality Reporting and Measurement System and the Adverse Health Events system.

- **Certify primary care clinics as Health Care Homes** to ensure patient-centered, coordinated care for Minnesotans.
- Certify Minnesota's **Health Information Exchange** providers to ensure that all health providers have the health information they need to ensure coordinated, safe, quality care.
- **Administer the statewide hospital trauma system** by collecting and analyzing trauma data, promoting interagency coordination, and providing technical expertise to hospitals caring for trauma patients.
- Award up to \$60 million in Medical Education and Research Costs grants each year to support **clinical training placements** for health care providers.
- Provide financial support and data regarding **Minnesota's rural and underserved urban health care delivery system** to address current needs and plan for future needs.
- **Increase efficiencies and reduce costs in the health care system** by collaborating with providers, payers, consumers, and other stakeholders to develop standards and best practices for the exchange of business and administrative data. National studies have shown that increasing automation of business and administrative data would save the healthcare industry billions annually.
- **Administer a secure, real-time, web-based vital records system.**

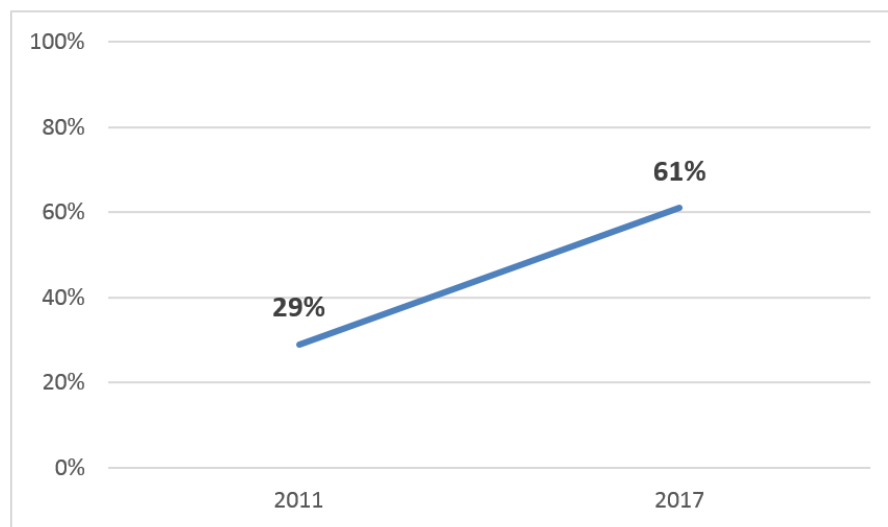
RESULTS

Much of our work focuses on providing high-quality, reliable research, policy and data analysis, and standards development for legislators, policymakers, providers, payers, and consumers to aid in their work in the improvement of healthcare quality and safety, the reduction of healthcare costs, and the improvement of population health.

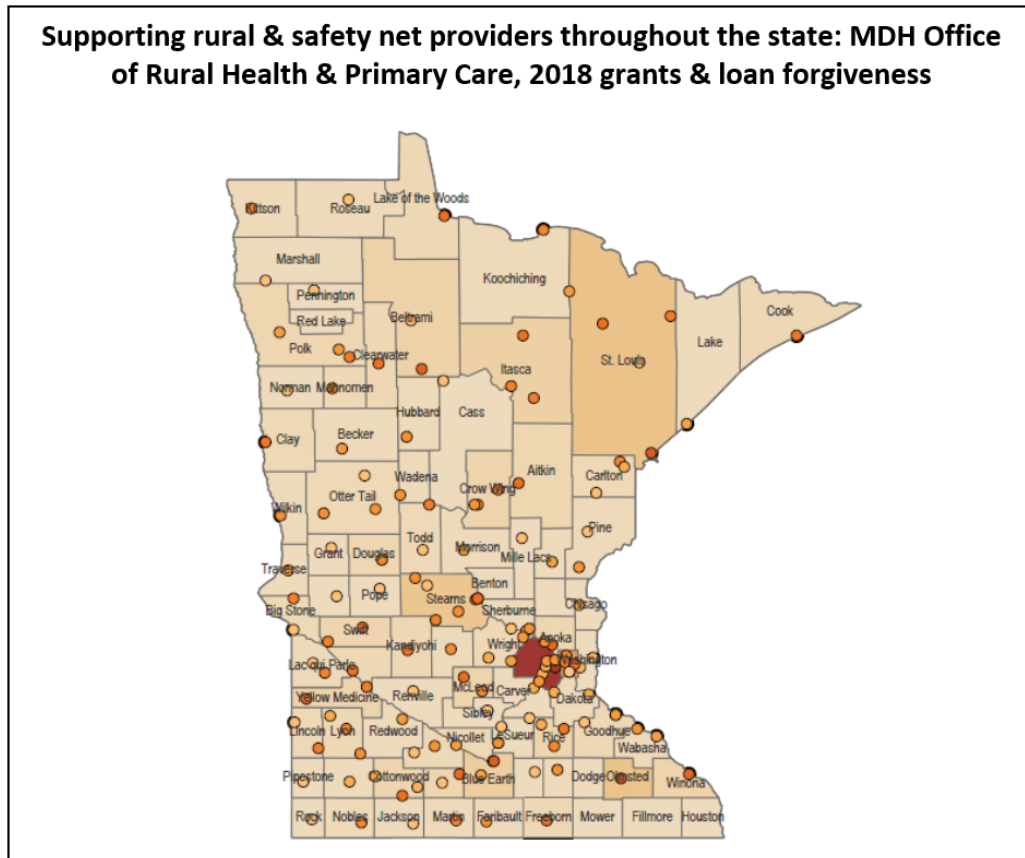
In large part, as a result of work led by our programs, Minnesota has made strides in the following ways:

Numerous national and state studies have shown the increased use of electronic health records and health information exchange has helped to reduce duplication of services, provide coordinated patient care, and improve health outcomes of individuals and communities.^{iiiiiiiivv}

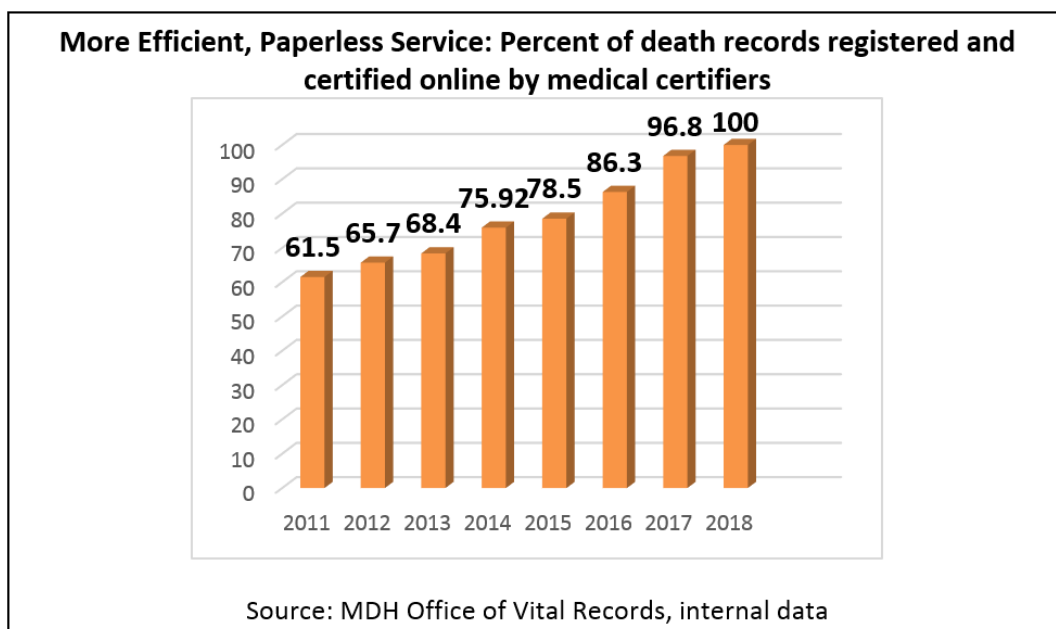
Exchanging Data for Care Coordination: Percent of MN acute care hospitals exchanging clinical data with outside health care providers to support care coordination.



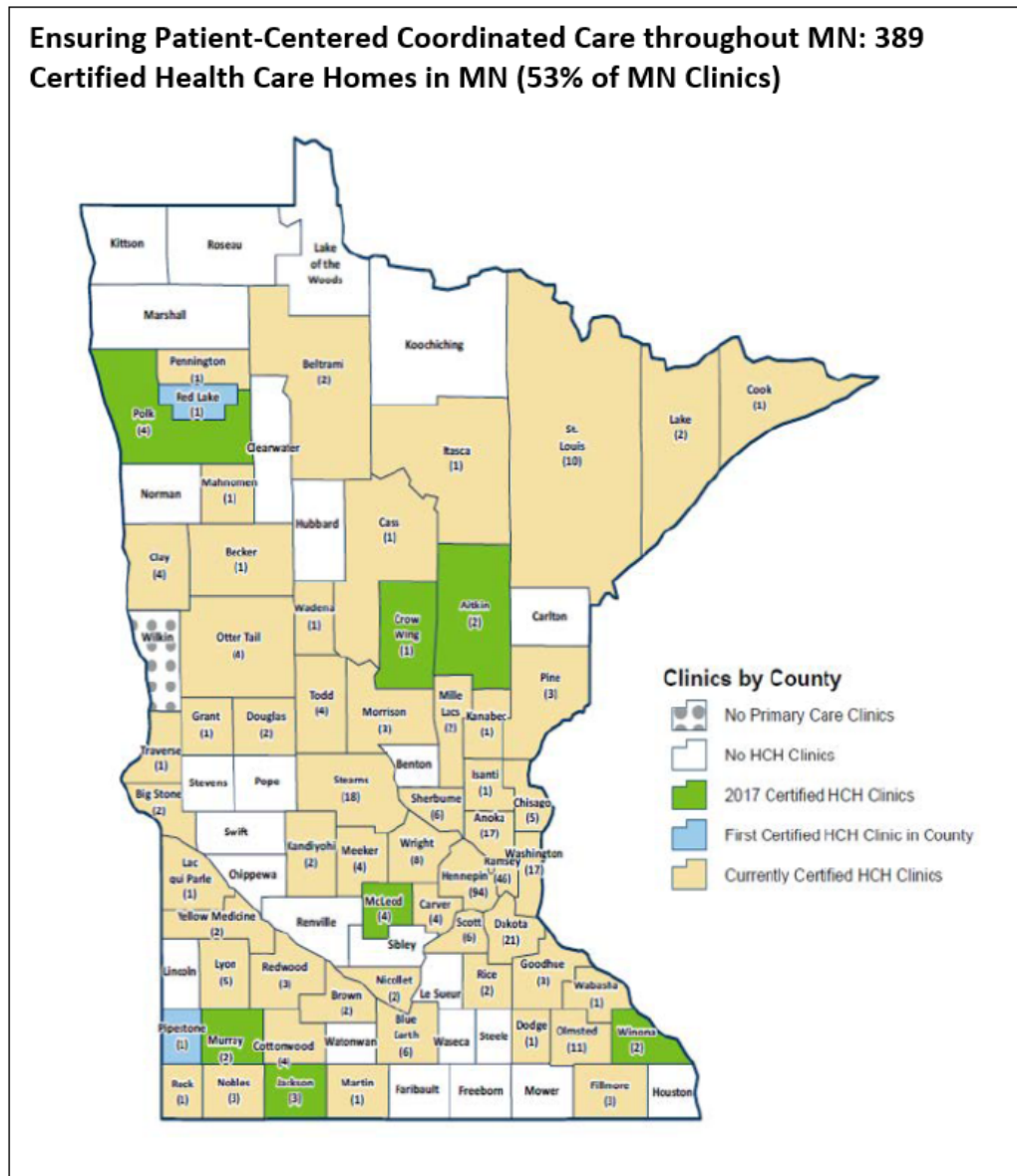
Clinics, hospitals, and other health care providers in rural and underserved urban areas across Minnesota received more than \$19M in grants and loan forgiveness in 2018.



A secure, web-based system of registering birth, death, and fetal death records has produced more accurate, complete, real-time data, and faster services for individuals and families.



Health care home certification has been shown to improve quality outcomes for asthma, vascular care, diabetes, depression, and colorectal measures, while saving money and improving patient satisfaction. More than half of all Minnesota primary care clinics have now been certified by MDH.



Statutes:

144.7067 Adverse Health Reporting System (MS 144.7063, 144.7065, 144.7067, 144.7069)

(<https://www.revisor.mn.gov/statutes/?id=144.7067>)

256B.0751 Health Care Homes (MS 256B.0751 – 256B.0753)

(<https://www.revisor.mn.gov/statutes/?id=256B.0751>)

62J.63 Center for Health Care Purchasing Improvement (<https://www.revisor.mn.gov/statutes/?id=62J.63>)

62J.495 Electronic Health Record Technology (MS 62J.495 -62J.497)

(<https://www.revisor.mn.gov/statutes/?id=62J.495>)

144.211 Vital Statistics Act (MS 144.211 – 144.227) (<https://www.revisor.mn.gov/statutes/?id=144.211>)

144.291 Minnesota Health Records Act (<https://www.revisor.mn.gov/statutes/?id=144.291>)
144.1501 Office of Rural Health and Primary Care, Health Professional Education Loan Forgiveness Act (<https://www.revisor.mn.gov/statutes/?id=144.1501>)
62J.321 Health Economics Program (<https://www.revisor.mn.gov/statutes/cite/62J.321>)
62J.38 Cost Containment from Group Purchasers (Health Plan Financial and Statistical Reporting) (<https://www.revisor.mn.gov/statutes/cite/62J.38>)
62U.04 Health Care Cost, Quality Outcomes and Payment Reform (<https://www.revisor.mn.gov/statutes/cite/62U.04>)
62U.02 Payment Restructuring; Quality Incentive Payments (<https://www.revisor.mn.gov/statutes/cite/62U.02>)
144.695 -144.703 Minnesota Health Care Cost Information Act (<https://www.revisor.mn.gov/statutes/cite/144.695>)
62J.17 Capital Expenditure Reporting (<https://www.revisor.mn.gov/statutes/cite/144.695>)

Endnotes

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- ⁱ CAQH, Increasing Automation of Claims-Related Business Transactions Would Save Healthcare \$11.1 Billion Annually (<https://www.caqh.org/about/press-release/increasing-automation-claims-related-business-transactions-would-save-healthcare>)
- ⁱⁱ Health Information Exchange Reduces Repeated Diagnostic Imaging for Back Pain ([https://www.annemergmed.com/article/S0196-0644\(13\)00007-3/pdf?code=yem-site](https://www.annemergmed.com/article/S0196-0644(13)00007-3/pdf?code=yem-site))
- ⁱⁱⁱ The Impact of Health Information Sharing on Duplicate Testing (<https://aisel.aisnet.org/misq/vol41/iss4/6/>)
- ^{iv} Allina Health finds even small use of HIE can prevent care duplication, drug seeking (<https://www.healthexec.com/image-category/health-it/allina-health-finds-even-small-use-hie-can-prevent-care-duplication-drug>)
- ^v How Effective HIE Use Saves Money, Improves Health Outcomes (<https://ehrintelligence.com/news/how-effective-hie-use-saves-money-improves-health-outcomes>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	11,198	11,283	11,667	12,378	11,445	11,445	11,458	11,471
1100 - Medical Education & Research	79,942	78,841	79,006	79,450	78,991	78,991	78,991	78,991
1200 - State Government Special Rev	3,389	3,666	3,959	4,095	4,010	4,010	4,065	4,112
2000 - Restrict Misc Special Revenue	2,128	2,861	2,082	5,619	445	419	445	419
2001 - Other Misc Special Revenue	1,147	1,094	1,099	1,288	1,254	1,254	1,254	1,254
2360 - Health Care Access	12,917	18,949	18,303	20,117	19,211	18,611	19,806	18,860
2403 - Gift	15							
3000 - Federal	12,832	10,242	7,639	4,285	3,497	3,486	3,497	3,486
Total	123,568	126,935	123,756	127,232	118,853	118,216	119,516	118,593
Biennial Change				485		(13,919)		(12,879)
Biennial % Change				0		(6)		(5)
Governor's Change from Base								1,040
Governor's % Change from Base								0

Expenditures by Category

Compensation	10,312	11,037	11,089	10,891	9,649	9,449	9,848	9,806
Operating Expenses	10,599	11,651	12,100	11,913	10,014	9,577	10,478	9,597
Grants, Aids and Subsidies	102,552	104,201	100,350	104,224	99,016	99,016	99,016	99,016
Capital Outlay-Real Property				30				
Other Financial Transaction	105	46	217	174	174	174	174	174
Total	123,568	126,935	123,756	127,232	118,853	118,216	119,516	118,593

Total Agency Expenditures	123,568	126,935	123,756	127,232	118,853	118,216	119,516	118,593
Internal Billing Expenditures	2,935	2,687	3,446	3,322	2,988	2,962	2,988	2,962
Expenditures Less Internal Billing	120,634	124,247	120,310	123,910	115,865	115,254	116,528	115,631

<u>Full-Time Equivalents</u>	115.81	119.67	117.57	112.64	99.46	97.51	101.73	101.40
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Health Policy

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	55	226		333				
Direct Appropriation	11,390	11,373	14,523	12,047	11,445	11,445	11,458	11,471
Transfers In	15	5						
Transfers Out	31	317	2,502	2				
Cancellations	17	3	20					
Balance Forward Out	214		334					
Expenditures	11,198	11,283	11,667	12,378	11,445	11,445	11,458	11,471
Biennial Change in Expenditures			1,564		(1,155)		(1,116)	
Biennial % Change in Expenditures			7		(5)		(5)	
Governor's Change from Base							39	
Governor's % Change from Base							0	
Full-Time Equivalents	5.66	5.59	5.59	8.29	7.49	7.44	7.67	7.75

1100 - Medical Education & Research

Balance Forward In	1,282	188	651	635	176	176	176	176
Receipts	75,054	75,054	78,991	78,991	78,991	78,991	78,991	78,991
Transfers In	3,788	4,248	157	150	150	150	150	150
Transfers Out			157	150	150	150	150	150
Balance Forward Out	181	649	635	176	176	176	176	176
Expenditures	79,942	78,841	79,006	79,450	78,991	78,991	78,991	78,991
Biennial Change in Expenditures				(327)		(474)		(474)
Biennial % Change in Expenditures				(0)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			1.35	2.15	0.75	0.88	0.75	0.88

1200 - State Government Special Rev

Balance Forward In	8	1,031	28	94				
Direct Appropriation	4,397	4,420	4,349	4,001	4,010	4,010	4,065	4,112
Transfers Out			324					
Cancellations		1,758						
Balance Forward Out	1,015	27	94					
Expenditures	3,389	3,666	3,959	4,095	4,010	4,010	4,065	4,112

Health Policy

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				999		(34)		123
Biennial % Change in Expenditures				14		(0)		2
Governor's Change from Base								157
Governor's % Change from Base								2
Full-Time Equivalents	28.21	31.43	34.21	29.04	29.35	28.90	30.04	30.08

2000 - Restrict Misc Special Revenue

Balance Forward In	6,795	5,241	6,106	5,004	76	50	76	50
Direct Appropriation	3,937	3,937						
Receipts	1,793	1,755	649	691	419	419	419	419
Transfers In	500	500	375					
Transfers Out	3,788	4,248						
Net Loan Activity	(1,995)	237	(44)					
Balance Forward Out	5,115	4,561	5,003	76	50	50	50	50
Expenditures	2,128	2,861	2,082	5,619	445	419	445	419
Biennial Change in Expenditures				2,713		(6,837)		(6,837)
Biennial % Change in Expenditures				54		(89)		(89)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.30	5.27	6.10	6.83	1.79	1.79	1.79	1.79

2001 - Other Misc Special Revenue

Balance Forward In	2,052	1,936	2,125	1,874	1,505	1,156	1,505	1,156
Receipts	715	1,247	849	919	905	905	905	905
Transfers In	250							
Balance Forward Out	1,869	2,089	1,875	1,505	1,156	807	1,156	807
Expenditures	1,147	1,094	1,099	1,288	1,254	1,254	1,254	1,254
Biennial Change in Expenditures				146		121		121
Biennial % Change in Expenditures				7		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.95	7.18	4.44	3.74	3.74	2.93	3.74	2.93

Health Policy

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2360 - Health Care Access								
Balance Forward In	810	4,348	670	1,506				
Direct Appropriation	16,726	18,022	19,114	18,679	19,279	18,679	19,874	18,928
Open Appropriation			98					
Transfers Out	565	665	67	68	68	68	68	68
Cancellations	2,118	2,196	6					
Balance Forward Out	1,936	560	1,506					
Expenditures	12,917	18,949	18,303	20,117	19,211	18,611	19,806	18,860
Biennial Change in Expenditures				6,555		(598)		246
Biennial % Change in Expenditures				21		(2)		1
Governor's Change from Base								844
Governor's % Change from Base								2
Full-Time Equivalents	44.93	45.25	46.02	49.54	49.63	49.63	51.03	52.03

2403 - Gift

Balance Forward In	24	9	9	9	9	9	9	9
Balance Forward Out	9	9	9	9	9	9	9	9
Expenditures	15							
Biennial Change in Expenditures				(15)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	73	119	107	28				
Receipts	12,850	10,226	7,560	4,257	3,497	3,486	3,497	3,486
Transfers In		89						
Transfers Out		89						
Balance Forward Out	91	104	28					
Expenditures	12,832	10,242	7,639	4,285	3,497	3,486	3,497	3,486
Biennial Change in Expenditures				(11,149)		(4,941)		(4,941)
Biennial % Change in Expenditures				(48)		(41)		(41)
Governor's Change from Base								0
Governor's % Change from Base								0

Health Policy

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Full-Time Equivalents	23.76	24.95	19.86	13.05	6.71	5.94	6.71	5.94

6000 - Miscellaneous Agency

Receipts	60	67	67	67	67	67	67	67
Transfers Out	60	67	67	67	67	67	67	67

Program: Health Improvement

Activity: Medical Cannabis

health.state.mn.us/topics/cannabis/

AT A GLANCE

- Began distributing medical cannabis to registered patients on July 1, 2015.
- Approved the enrollment of 15,794 patients and authorized 1,250 healthcare practitioners to certify patients as of mid-2018.
- Oversee 2 manufacturers and 8 cannabis patient centers in Minnesota.
- Added Post-traumatic stress disorder as a qualifying medical condition on December 1, 2016 and Obstructive Sleep Apnea and Autism Spectrum disorder on December 1, 2017.

PURPOSE & CONTEXT

The Office of Medical Cannabis connects Minnesota residents with qualifying medical conditions to a registered manufacturer to obtain medical cannabis. Registered health care practitioners must first certify that a patient has a qualifying medical condition. Then patients must sign up for the MDH registry, and if approved, they may obtain medical cannabis in pill, liquid, or topical form from any of the eight distribution sites, which are supplied by two state-registered medical cannabis manufacturers.

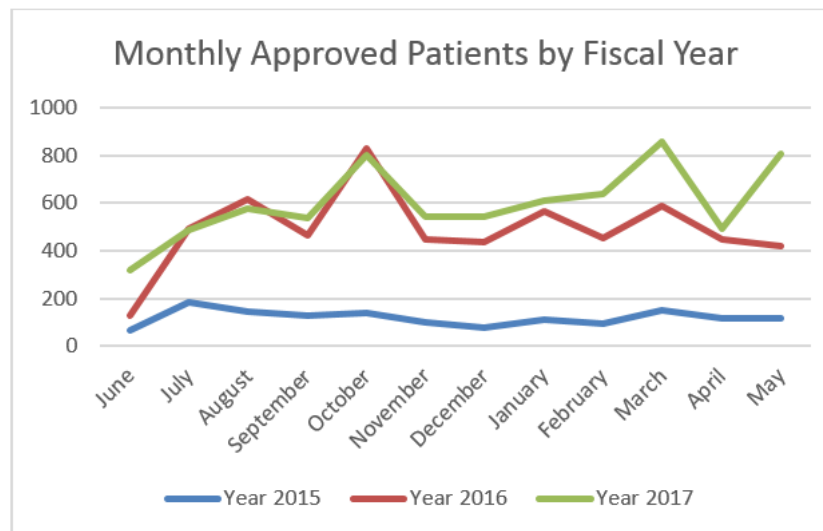
State law requires Minnesota residents with one or more of the qualifying medical conditions who would like to access medical cannabis for therapeutic or palliative purposes to join the state's patient registry. An updated list of qualifying medical conditions is available on the Office of Medical Cannabis' website.

SERVICES PROVIDED

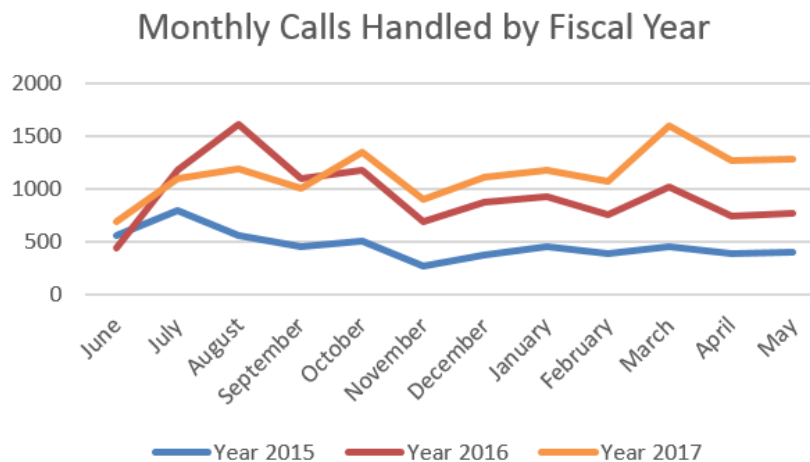
- Administer the statutorily required, secure, online patient registry through which qualified Minnesota residents can acquire medical cannabis to treat certain serious health conditions.
- Register and oversee the two medical cannabis manufacturers that are responsible for the production and distribution of medical cannabis. The two manufacturers each operates four cannabis patient centers in the state for a total of eight patient centers.
- Inspect the cultivation, production, and distribution facilities operated by the two medical cannabis manufacturers.
- Conduct program evaluation based on patient and healthcare practitioner self-reported data submitted into the registry through surveys.
- Operate a call/support center to quickly and accurately respond to citizens needing information and assistance with the medical cannabis program and the patient registry.
- Administer public petition process for citizens to propose additional qualifying medical conditions or delivery methods.

RESULTS

The number of patients OMC enrolls in the patient registry each month has growth substantially, tripling and at times quadrupling the 2015 rates.



As Minnesota adds more qualifying conditions, we have experienced an increase in the number of calls our call center handles.



Adding Qualifying Medical Conditions or Delivery Methods

Minnesota Statutes authorize the Commissioner of Health to add approved delivery methods (e.g. liquid, pill, topical, or vaporized) and qualifying medical conditions. In 2016, the Office of Medical Cannabis established a process in Minnesota Rules through which members of the public may petition the commissioner to consider approving a new medical condition or delivery method. A seven-member volunteer review panel assists the commissioner's review of the medical conditions (the panel does not weigh in on delivery methods). The Office of Medical Cannabis prepares research briefs for each of the petitioned medical conditions describing current scientific studies of cannabis products as therapy. The volunteer review panel met four times in fall 2016 to review nine conditions and it met three times in 2017 to review eight medical conditions. Final determinations to

add a qualifying medical condition or delivery method are listed in the table below. Medical conditions petitioned in 2018 are: Alzheimer's disease, Hepatitis C, Juvenile Rheumatoid Arthritis, Opioid Use Disorder, Panic Disorder, Psoriasis, and Traumatic Brain Injury. No delivery methods or forms are under consideration in 2018.

Qualifying Medical Conditions and Delivery Methods Added by the Commissioner of Health		
Qualifying Medical Conditions:	<i>date approved</i>	<i>effective date</i>
Intractable Pain*	December 1, 2015	August 1, 2016
Post-Traumatic Stress Syndrome (PTSD)	December 1, 2016	August 1, 2017
Autism Spectrum Disorder	December 1, 2017	August 1, 2018
Obstructive Sleep Apnea	December 1, 2017	August 1, 2018
<i>* Added under the authority of Laws 2014, chapter 311, section 20.</i>		
Delivery Methods:	<i>date approved</i>	<i>effective date</i>
Topical Applications	December 1, 2016	August 1, 2017

Note: Nine qualifying medical conditions were authorized in the original legislation in 2014 creating the medical cannabis program including cancer or its treatment, accompanied by severe/chronic pain, nausea or severe vomiting, or cachexia or severe wasting; glaucoma; HIV/AIDS; Tourette's Syndrome; Amyotrophic Lateral Sclerosis (ALS); seizures, including those characteristic of epilepsy; severe and persistent muscle spasms, including those characteristic of multiple sclerosis; Inflammatory Bowel Disease including Crohn's Disease; and terminal illness, with a life expectancy of less than one year, if the illness or treatment produces severe/chronic pain, nausea or severe vomiting, cachexia or severe wasting.

Statutes

152.22-152.37 Medical Cannabis Patient Registry Program (<https://www.revisor.mn.gov/statutes/?id=152.22>)

Office of Medical Cannabis' website (<http://www.health.state.mn.us/topics/cannabis/patients/conditions.html>)

Medical Cannabis

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	761	676	581	931	762	762	771	779
1200 - State Government Special Rev	834	709	1,157	1,160	1,162	1,162	1,994	1,865
Total	1,595	1,385	1,738	2,091	1,924	1,924	2,765	2,644
Biennial Change				849		19		1,580
Biennial % Change				28		1		41
Governor's Change from Base								1,561
Governor's % Change from Base								41

Expenditures by Category

Compensation	1,052	990	1,043	1,269	1,265	1,287	1,456	1,576
Operating Expenses	513	395	695	773	600	620	1,250	1,051
Grants, Aids and Subsidies	30			49	59	17	59	17
Other Financial Transaction	0							
Total	1,595	1,385	1,738	2,091	1,924	1,924	2,765	2,644

Total Agency Expenditures	1,595	1,385	1,738	2,091	1,924	1,924	2,765	2,644
Internal Billing Expenditures	143	117	217	186	136	119	136	119
Expenditures Less Internal Billing	1,452	1,269	1,521	1,905	1,788	1,805	2,629	2,525

Full-Time Equivalents

13.58	11.91	11.09	13.07	13.02	13.25	15.33	16.78
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Medical Cannabis

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In		1		169				
Direct Appropriation	761	708	750	762	762	762	771	779
Cancellations		33						
Balance Forward Out	0		169					
Expenditures	761	676	581	931	762	762	771	779
Biennial Change in Expenditures				75		12		38
Biennial % Change in Expenditures				5		1		3
Governor's Change from Base								26
Governor's % Change from Base								2
Full-Time Equivalents	9.49	3.97	1.71	3.03	2.45	2.50	2.53	2.63
1200 - State Government Special Rev								
Balance Forward In		1						
Direct Appropriation	834	729	833	1,160	1,162	1,162	1,994	1,865
Transfers In			324					
Cancellations		21						
Expenditures	834	709	1,157	1,160	1,162	1,162	1,994	1,865
Biennial Change in Expenditures				774		7		1,542
Biennial % Change in Expenditures				50		0		67
Governor's Change from Base								1,535
Governor's % Change from Base								66
Full-Time Equivalents	4.09	7.94	9.38	10.04	10.57	10.75	12.80	14.15

Program: Health Protection**AT A GLANCE**

- Environmental Health
- Infectious Disease
- Public Health Laboratory
- Health Regulation

PURPOSE & CONTEXT

Activities in the Health Protection budget program are responsible for protecting the health of all Minnesotans. The purpose, services, results, and authorizing statutes of each activity is described in the following pages. The fiscal page for Health Protection reflects a summation of activities under this budget program area.

Health Protection

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	10,792	15,058	14,059	19,098	17,797	18,801	28,904	32,421
1200 - State Government Special Rev	43,982	43,868	47,291	47,948	47,898	48,235	51,798	54,752
2000 - Restrict Misc Special Revenue	2,025	1,868	1,219	1,405	1,094	1,094	3,355	1,094
2001 - Other Misc Special Revenue	13,639	15,035	11,048	16,717	14,719	15,125	14,719	15,125
2050 - Environment & Natural Resources				1,000				
2302 - Clean Water	5,460	4,716	4,653	6,353			6,748	6,748
2360 - Health Care Access	64	66	67	68	68	68	68	68
2403 - Gift	1	2	5	2	2	2	2	2
2800 - Environmental	197	331	187	276	234	234	355	355
2801 - Remediation	213	298	240	272	257	257	257	257
3000 - Federal	46,457	52,712	56,661	68,174	65,832	65,440	65,832	65,440
8201 - Drinking Water Revolving	636	595	477	796	678	678	678	678
Total	123,466	134,549	135,907	162,109	148,579	149,934	172,716	176,940
Biennial Change				40,001		497		51,640
Biennial % Change				16		0		17
Governor's Change from Base								51,143
Governor's % Change from Base								17

Expenditures by Activity

Environmental Health	41,630	41,229	42,905	47,963	40,083	40,021	49,317	51,797
Infectious Disease	26,873	30,646	31,070	39,689	36,461	36,406	36,636	36,503
Public Health Laboratory	22,036	25,001	26,301	31,687	30,265	29,982	31,199	30,815
Health Regulation	32,925	37,673	35,632	42,770	41,770	43,525	55,564	57,825
Total	123,466	134,549	135,907	162,109	148,579	149,934	172,716	176,940

Expenditures by Category

Compensation	72,424	77,859	82,396	87,126	83,553	83,268	93,880	99,616
Operating Expenses	43,559	46,752	45,483	62,389	54,103	55,851	65,898	64,494
Grants, Aids and Subsidies	5,710	7,375	7,106	10,488	9,247	9,240	11,262	11,255
Capital Outlay-Real Property	1,688	2,521	727	2,096	1,668	1,567	1,668	1,567
Other Financial Transaction	84	43	195	10	8	8	8	8
Total	123,466	134,549	135,907	162,109	148,579	149,934	172,716	176,940

Health Protection

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total Agency Expenditures	123,466	134,549	135,907	162,109	148,579	149,934	172,716	176,940
Internal Billing Expenditures	17,491	17,545	22,024	23,788	21,553	21,290	21,603	21,320
Expenditures Less Internal Billing	105,975	117,004	113,883	138,321	127,026	128,644	151,113	155,620

<u>Full-Time Equivalents</u>	808.12	852.20	875.58	896.61	851.05	845.78	955.89	1,015.30
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Health Protection

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	327	2,214		1,806				
Direct Appropriation	12,513	14,053	20,928	17,339	17,797	18,801	28,904	32,421
Transfers In	362	793	1,166	2,034	2,401	3,405	2,401	3,405
Transfers Out	301	1,957	6,213	2,081	2,401	3,405	2,401	3,405
Cancellations	0	44	17					
Balance Forward Out	2,109		1,806					
Expenditures	10,792	15,058	14,059	19,098	17,797	18,801	28,904	32,421
Biennial Change in Expenditures			7,307		3,441		28,168	
Biennial % Change in Expenditures			28		10		85	
Governor's Change from Base							24,727	
Governor's % Change from Base							68	
Full-Time Equivalents	57.45	57.47	54.03	55.82	51.84	51.84	95.09	140.69

1200 - State Government Special Rev

Balance Forward In		4,758	0	154				
Direct Appropriation	47,656	46,412	47,392	47,989	47,975	48,312	52,430	54,752
Open Appropriation			249					
Transfers In	492	492	150					
Transfers Out	688	687	345	195	77	77	632	0
Cancellations		7,107						
Balance Forward Out	3,478		154					
Expenditures	43,982	43,868	47,291	47,948	47,898	48,235	51,798	54,752
Biennial Change in Expenditures				7,389		894		11,311
Biennial % Change in Expenditures				8		1		12
Governor's Change from Base								10,417
Governor's % Change from Base								11
Full-Time Equivalents	250.58	253.23	253.76	251.57	251.74	251.03	282.19	300.56

2000 - Restrict Misc Special Revenue

Balance Forward In	143	146	141	108	2	2	2	2
Receipts	2,023	1,854	1,187	1,299	1,094	1,094	2,723	1,094
Transfers In							632	
Balance Forward Out	141	132	109	2	2	2	2	2

Health Protection

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	2,025	1,868	1,219	1,405	1,094	1,094	3,355	1,094
Biennial Change in Expenditures				(1,268)		(436)		1,825
Biennial % Change in Expenditures				(33)		(17)		70
Governor's Change from Base								2,261
Governor's % Change from Base								103
Full-Time Equivalents	12.30	9.52	4.95	8.67	8.34	8.31	8.34	8.31

2001 - Other Misc Special Revenue

Balance Forward In	3,803	4,851	3,443	7,578	7,035	6,734	7,035	6,734
Receipts	13,623	13,474	10,184	16,174	14,418	14,825	14,418	14,825
Transfers In	56		5,000					
Transfers Out	56	0						
Balance Forward Out	3,786	3,289	7,578	7,035	6,734	6,434	6,734	6,434
Expenditures	13,639	15,035	11,048	16,717	14,719	15,125	14,719	15,125
Biennial Change in Expenditures				(909)		2,079		2,079
Biennial % Change in Expenditures				(3)		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	198.89	207.07	218.03	227.40	226.63	226.63	226.63	226.63

2050 - Environment & Natural Resources

Direct Appropriation			1,000		0	0	0	0
Expenditures			1,000					
Biennial Change in Expenditures			1,000			(1,000)		(1,000)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	3,209	1,770	1,110	1,246				
Direct Appropriation	3,913	3,812	4,787	5,107	0	0	6,748	6,748
Transfers In	150	150	150	150				
Transfers Out	150	150	150	150				

Health Protection

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Cancellations	107	8						
Balance Forward Out	1,555	857	1,244					
Expenditures	5,460	4,716	4,653	6,353			6,748	6,748
Biennial Change in Expenditures				830		(11,006)		2,490
Biennial % Change in Expenditures				8		(100)		23
Governor's Change from Base								13,496
Governor's % Change from Base								
Full-Time Equivalents	28.83	26.83	26.18	31.24			30.14	30.14

2360 - Health Care Access

Balance Forward In		1						
Transfers In	65	65	67	68	68	68	68	68
Cancellations		0						
Balance Forward Out	1							
Expenditures	64	66	67	68	68	68	68	68
Biennial Change in Expenditures				5		1		1
Biennial % Change in Expenditures				4		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.96	0.89	0.96	0.57	0.57	0.57	0.57	0.57

2403 - Gift

Balance Forward In	41	42	45	41	40	39	40	39
Receipts	2	4	1	1	1	1	1	1
Balance Forward Out	42	45	41	40	39	38	39	38
Expenditures	1	2	5	2	2	2	2	2
Biennial Change in Expenditures				5		(3)		(3)
Biennial % Change in Expenditures				253		(46)		(46)
Governor's Change from Base								0
Governor's % Change from Base								0

2800 - Environmental

Balance Forward In		69		42				
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Health Protection

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Direct Appropriation							121	121
Transfers In	265	265	741	746	746	746	746	746
Transfers Out			512	512	512	512	512	512
Cancellations		2						
Balance Forward Out	68		42					
Expenditures	197	331	187	276	234	234	355	355
Biennial Change in Expenditures				(65)		5		247
Biennial % Change in Expenditures				(12)		1		53
Governor's Change from Base								242
Governor's % Change from Base								52
Full-Time Equivalents	2.23	2.41	1.65	1.47	1.47	1.47	2.47	2.47

2801 - Remediation

Balance Forward In		47		15				
Transfers In	252	252	255	257	257	257	257	257
Cancellations		1						
Balance Forward Out	39		15					
Expenditures	213	298	240	272	257	257	257	257
Biennial Change in Expenditures				1		2		2
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.33	2.23	1.96	1.96	1.96	1.96	1.96	1.96

3000 - Federal

Balance Forward In		685	560	458				
Receipts	46,465	52,641	56,560	67,716	65,832	65,440	65,832	65,440
Transfers In		0						
Balance Forward Out	6	612	459					
Expenditures	46,457	52,712	56,661	68,174	65,832	65,440	65,832	65,440
Biennial Change in Expenditures				25,665		6,437		6,437
Biennial % Change in Expenditures				26		5		5
Governor's Change from Base								0

Health Protection

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	249.72	288.52	311.16	313.65	304.24	299.71	304.24	299.71

8201 - Drinking Water Revolving

Balance Forward In	87			118				
Receipts	632							
Transfers In		595	595	678	678	678	678	678
Balance Forward Out	84		118					
Expenditures	636	595	477	796	678	678	678	678
Biennial Change in Expenditures				42		83		83
Biennial % Change in Expenditures				3		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.83	4.03	2.90	4.26	4.26	4.26	4.26	4.26

Program: Health Protection

Activity: Environmental Health

health.state.mn.us/divs/eh/

AT A GLANCE

- Test drinking water at more than 7,000 public water systems.
- Ensure safe food, drinking water, lodging, and swimming pools in 23,000 establishments statewide.
- Annually certify 12,000 food managers and support 35,300 active food managers.
- Annually regulate the installation of 6,000 new wells and the sealing of 7,000 wells no longer in use.
- Promote healthy indoor environments and the reduction of unnecessary radiation exposure for over 11,000 facilities and individual contractors.

PURPOSE & CONTEXT

Whether it is clean air to breathe, clean water to drink, or wholesome food to eat, having a healthy environment is a key determinant for individual and community health. The Environmental Health Division strives to protect, promote, and improve public health in Minnesota by monitoring and managing environmental health risks and hazards around the state. We do this by:

- Ensuring that food served in Minnesota restaurants and other food establishments is safe,
- Keeping drinking water safe,
- Evaluating potential health risks from exposures to toxic environmental hazards, and
- Keeping our indoor environments healthy.

SERVICES PROVIDED

The Drinking Water Protection Program

- Ensures compliance with safe drinking water standards through inspection, contaminant monitoring, technical assistance, and education.
- Promotes prevention-based protective measures of Minnesota's ground and surface waters.
- Works collaboratively with other state agencies to protect water resources.

Food, Pools and Lodging Services

- Ensures compliance with state health standards to ensure sanitary conditions in the state's public swimming pools, hotels, schools, resorts, restaurants, manufactured home parks, recreational camping areas and children's camps.
- Provide public information, education, training, and assistance about safe food handling and hand-washing to the general public, business owners, and local government partners to reduce the risk of foodborne illness.

Environmental Surveillance and Assessment

- Evaluate potential health risks to the general public from exposures to toxic environmental hazards such as contaminated sport fish, waste disposal sites, operation of power plants, and agricultural and industrial activities. Recommend actions to minimize exposures and manage risks.
- Develop risk analysis data that is used by government agencies and others to protect the general public, ground water, and source water from environmental risks.
- Design and test public health interventions intended to reduce the level of mercury and other contaminants in women of childbearing age and newborns, especially in the Lake Superior basin.

- Test and reduce lead levels in children’s blood and promote healthy home environments.

Indoor Environments and Radiation Programs

- Inspect and provide compliance assistance in the areas of asbestos and lead abatement.
- Enforce the Minnesota Clean Indoor Air Act, which prohibits smoking in most indoor public areas and workplaces.
- Provide public information about the potential health effects of asbestos, lead, radon, mold, and other indoor air contaminants.
- Register, inspect, and provide technical assistance to all x-ray facilities and license the use of radioactive materials.
- Monitor radiation near Minnesota’s two nuclear power plants.
- Help local and state governmental agencies prepare for and respond to radiological emergencies and incidents.
- Help schools address indoor air quality concerns and other environmental health hazards.

Well Management Program

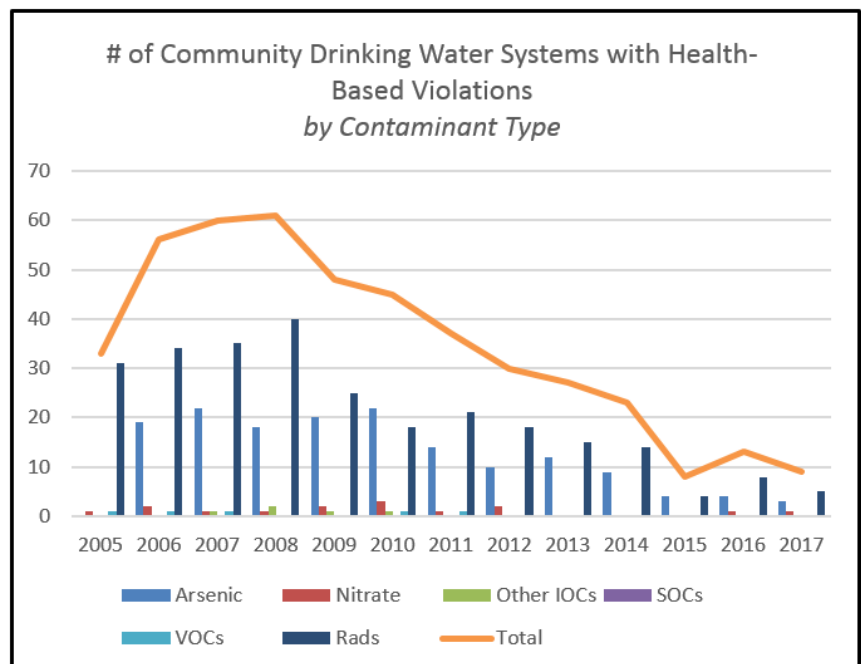
- Protect public health and groundwater resources by ensuring the proper construction, maintenance, and sealing of wells and borings.
- Contribute to interagency activities to protect water resources and public health through the Clean Water Fund by well sealing and improving protection of those served by private wells.

RESULTS

Drinking Water Compliance with Standards

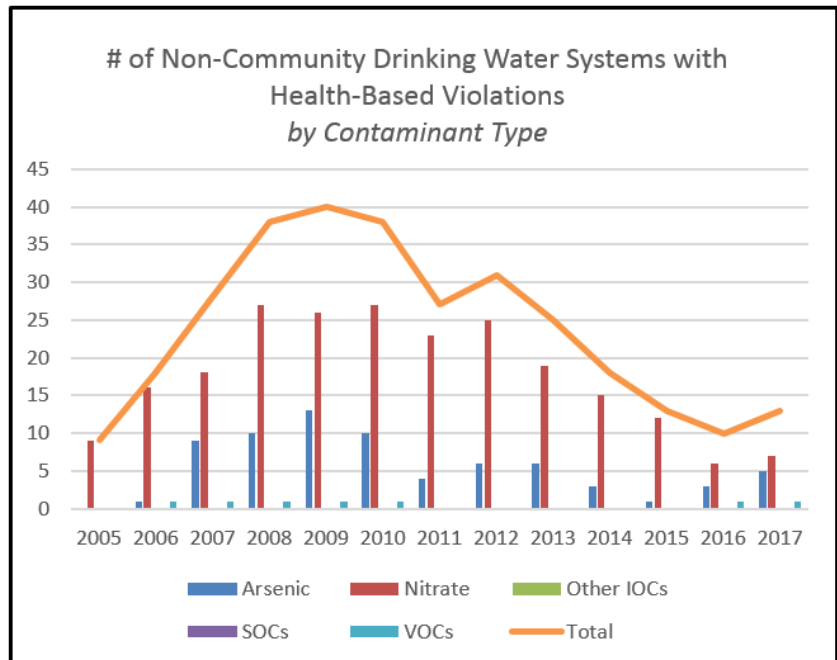
Overall, Minnesota has an excellent record of compliance with the federal Safe Drinking Water Act. Currently better than 99% of our public water systems (numbering more than 7,000 total systems) meet all the requirements. MDH’s ongoing work to protect source water, inspect, monitor, collaborate, certify operators, and provide source water protection grants has allowed Minnesota to maintain a high rate of compliance and address violations when they arise.

As part of continuous improvement efforts, knowing where the violations are occurring and whether the trend is improving over time is important. The graphs to the right show the number and contaminants for which the violation



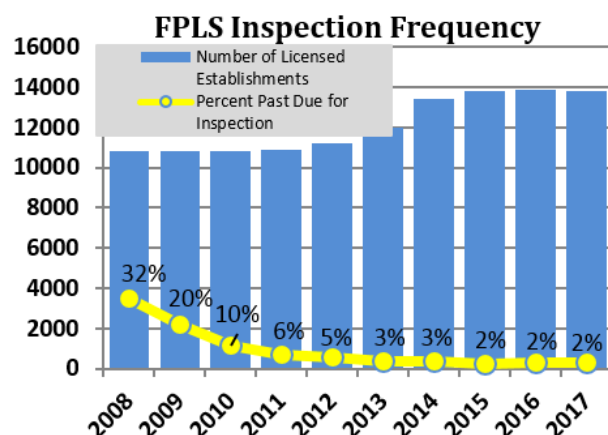
occurred from 2005 to 2017. They show that MDH and public water systems have been successful in reducing the number of violations. Non-community water systems are places where people do not live or are not part of a larger community public water system. These locations can include businesses, schools, resorts, and restaurants.

The graphs clearly show the impact of a new, lower standard for arsenic in the early years and the subsequent decline as MDH staff and public water supplies collaborated to address those violations. The graphs do not show why the curve is improving, but the number of compliance visits, staffing levels, grants and loans awarded, operator training, and changes in technology all play a role.



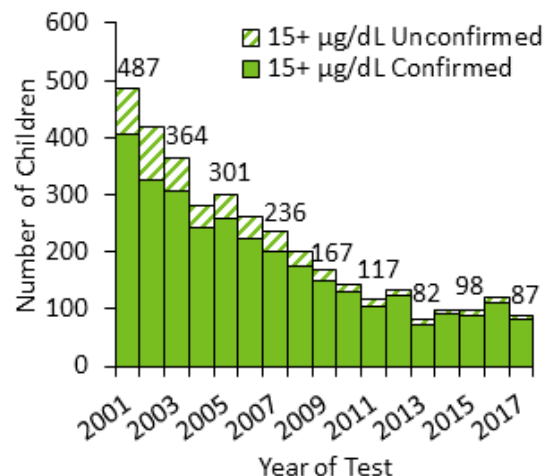
Food, Pools and Lodging Services Inspection Frequency

Assurance that food service, pools and lodging services are provided in a safe manner to the public is important for public health. The frequency at which inspections of these establishments are conducted helps assure the safety of those operations. The graph to the right shows that the percentage of past due inspections is decreasing despite the number of licensed establishments needing to be inspected rising.



Children with Elevated Blood Lead Levels

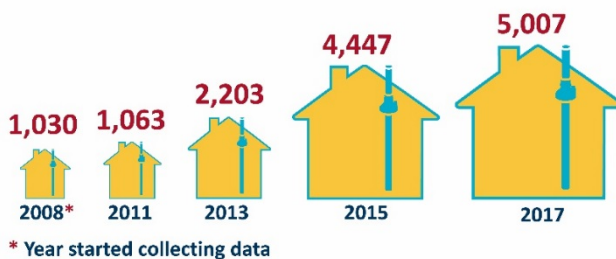
Children with elevated blood lead levels are at significant risk of health and development problems. Prevention and early intervention are critical aspects to reducing blood lead levels in children. Children with confirmed blood lead levels above 15 µg/dL are required to receive an in-home inspection for lead. The number of Minnesota children with blood lead levels above this amount has decreased significantly since 2001.



Homes with Reduced Radon

Exposure to high indoor radon presents a significant lung cancer risk in Minnesota. Installing radon mitigation systems reduces the risk. The number of mitigation systems installed in Minnesota homes has increased from 1,030 in 2008 to 5,007 in 2017. This can be attributed to several factors: 1) a new disclosure law in home sales; 2) the Indoor Air Unit's statewide radon awareness campaigns, radon home test kit distribution, partnerships with over 100 organizations, and MDH staff research and policy work; and 3) a stronger economy over the past 10 years. Data are from the radon reporting system.

How Reporting Radon Mitigations to IAU Has Increased



Statutes:

144.12, 144.122, 144.383, 446.081 Drinking Water Protection (<https://www.revisor.mn.gov/statutes/?id=144>)
157, M.S. 327, 144.1222 Food, Pools & Lodging Services (<https://www.revisor.mn.gov/statutes/?id=157>)
144.9502, M.R. 4717.8000 Environmental Surveillance and Assessment
(<https://www.revisor.mn.gov/statutes/?id=144.9502>)
326.70, M.R. 4620, M.S. 144.9512, 144.1202, 144.412 Environmental Surveillance and Assessment
(<https://www.revisor.mn.gov/statutes/?id=326.70>)
103I.005 Well Management. (<https://www.revisor.mn.gov/statutes/?id=103I.005>)

Environmental Health

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,006	3,390	2,876	3,979	3,458	3,458	3,502	3,543
1200 - State Government Special Rev	22,917	23,233	24,526	25,346	25,428	25,421	27,999	30,493
2000 - Restrict Misc Special Revenue	183	238	274	370	266	266	266	266
2001 - Other Misc Special Revenue	4	1	5	4	5	4	5	4
2050 - Environment & Natural Resources				1,000				
2302 - Clean Water	4,987	4,366	4,347	6,006			6,498	6,498
2403 - Gift		0	2					
2800 - Environmental	197	331	187	276	234	234	355	355
2801 - Remediation	213	298	240	272	257	257	257	257
3000 - Federal	9,487	8,776	9,971	9,914	9,757	9,703	9,757	9,703
8201 - Drinking Water Revolving	636	595	477	796	678	678	678	678
Total	41,630	41,229	42,905	47,963	40,083	40,021	49,317	51,797
Biennial Change				8,008		(10,764)		10,246
Biennial % Change				10		(12)		11
Governor's Change from Base								21,010
Governor's % Change from Base								26

Expenditures by Category

Compensation	25,483	26,404	27,109	28,033	25,484	25,437	30,381	32,187
Operating Expenses	13,351	12,070	12,868	17,630	13,420	13,413	15,742	16,424
Grants, Aids and Subsidies	2,738	2,722	2,891	2,298	1,177	1,169	3,192	3,184
Capital Outlay-Real Property	56	31	5	1	1	1	1	1
Other Financial Transaction	3	1	31	1	1	1	1	1
Total	41,630	41,229	42,905	47,963	40,083	40,021	49,317	51,797

Total Agency Expenditures	41,630	41,229	42,905	47,963	40,083	40,021	49,317	51,797
Internal Billing Expenditures	5,681	5,691	6,910	7,080	6,248	6,230	6,271	6,253
Expenditures Less Internal Billing	35,950	35,538	35,995	40,883	33,835	33,791	43,046	45,544

<u>Full-Time Equivalents</u>	285.05	283.27	282.92	289.92	263.22	263.44	312.24	330.70
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Environmental Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		327		521				
Direct Appropriation	3,249	3,273	3,397	3,458	3,458	3,458	3,502	3,543
Transfers In	75	75						
Transfers Out		275						
Cancellations		10						
Balance Forward Out	318		521					
Expenditures	3,006	3,390	2,876	3,979	3,458	3,458	3,502	3,543
Biennial Change in Expenditures				459		61		190
Biennial % Change in Expenditures				7		1		3
Governor's Change from Base								129
Governor's % Change from Base								2
Full-Time Equivalents	20.79	21.85	19.35	19.35	19.35	19.35	19.92	20.34

1200 - State Government Special Rev

Balance Forward In		1,851	0					
Direct Appropriation	23,772	23,985	24,676	25,346	25,428	25,421	27,999	30,493
Transfers In	492	492						
Transfers Out			150					
Cancellations		3,095						
Balance Forward Out	1,347							
Expenditures	22,917	23,233	24,526	25,346	25,428	25,421	27,999	30,493
Biennial Change in Expenditures				3,722		977		8,620
Biennial % Change in Expenditures				8		2		17
Governor's Change from Base								7,643
Governor's % Change from Base								15
Full-Time Equivalents	165.93	170.11	168.56	166.15	166.15	166.15	185.46	203.28

2000 - Restrict Misc Special Revenue

Balance Forward In	143	139	129	106	2	2	2	2
Receipts	173	220	252	266	266	266	266	266
Balance Forward Out	134	120	107	2	2	2	2	2
Expenditures	183	238	274	370	266	266	266	266
Biennial Change in Expenditures				223		(112)		(112)

Environmental Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				53		(17)		(17)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.85	1.35	1.66	2.21	2.21	2.21	2.21	2.21

2001 - Other Misc Special Revenue

Balance Forward In	6	5	5	4	3	2	3	2
Receipts	4	1	4	3	4	4	4	4
Transfers Out	0							
Balance Forward Out	5	5	4	3	2	2	2	2
Expenditures	4	1	5	4	5	4	5	4
Biennial Change in Expenditures				4		0		0
Biennial % Change in Expenditures				71		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0

2050 - Environment & Natural Resources

Direct Appropriation			1,000		0	0	0	0
Expenditures			1,000					
Biennial Change in Expenditures			1,000			(1,000)		(1,000)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	2,659	1,531	958	1,149				
Direct Appropriation	3,899	3,741	4,687	5,007	0	0	6,498	6,498
Transfers Out	150	150	150	150				
Cancellations	73							
Balance Forward Out	1,349	756	1,148					
Expenditures	4,987	4,366	4,347	6,006			6,498	6,498
Biennial Change in Expenditures				999		(10,353)		2,643
Biennial % Change in Expenditures				11		(100)		26

Environmental Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								12,996
Governor's % Change from Base								
Full-Time Equivalents	24.76	24.04	24.09	30.23			28.14	28.14

2403 - Gift

Balance Forward In	2	3	2					
Receipts	1							
Balance Forward Out	3	2	0					
Expenditures		0	2					
Biennial Change in Expenditures				2		(2)		(2)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2800 - Environmental

Balance Forward In		69		42				
Direct Appropriation							121	121
Transfers In	265	265	741	746	746	746	746	746
Transfers Out			512	512	512	512	512	512
Cancellations		2						
Balance Forward Out	68		42					
Expenditures	197	331	187	276	234	234	355	355
Biennial Change in Expenditures				(65)		5		247
Biennial % Change in Expenditures				(12)		1		53
Governor's Change from Base								242
Governor's % Change from Base								52
Full-Time Equivalents	2.23	2.41	1.65	1.47	1.47	1.47	2.47	2.47

2801 - Remediation

Balance Forward In		47		15				
Transfers In	252	252	255	257	257	257	257	257
Cancellations		1						
Balance Forward Out	39		15					

Environmental Health

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	213	298	240	272	257	257	257	257
Biennial Change in Expenditures				1		2		2
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.33	2.23	1.96	1.96	1.96	1.96	1.96	1.96

3000 - Federal

Balance Forward In		42						
Receipts	9,494	8,838	9,971	9,914	9,757	9,703	9,757	9,703
Balance Forward Out	6	103						
Expenditures	9,487	8,776	9,971	9,914	9,757	9,703	9,757	9,703
Biennial Change in Expenditures				1,621		(425)		(425)
Biennial % Change in Expenditures				9		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	63.33	57.25	62.75	64.29	67.82	68.04	67.82	68.04

8201 - Drinking Water Revolving

Balance Forward In	87			118				
Receipts	632							
Transfers In		595	595	678	678	678	678	678
Balance Forward Out	84		118					
Expenditures	636	595	477	796	678	678	678	678
Biennial Change in Expenditures				42		83		83
Biennial % Change in Expenditures				3		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.83	4.03	2.90	4.26	4.26	4.26	4.26	4.26

Program: Health Protection

Activity: Infectious Disease

<http://www.health.state.mn.us/divs/idepc/>

AT A GLANCE

- Investigated 1,408 cases of Lyme disease, 638 cases of anaplasmosis, and 59 cases of babesiosis in 2017. Worked with partners to identify several new tick-borne disease causing agents.
- Investigated 601 cases of syphilis in 2017; confirmed treatment for 585 of the cases; interviewed 426, and identified 696 sex partners for testing and treatment.
- Coordinated programs to immunize the 70,000 infants born each year.
- Provided free vaccines to one in every three children in Minnesota.
- Coordinated with many partners to respond to the 2017 measles outbreak. Due to massive public health efforts, only 75 measles cases resulted from almost 9,000 known exposures in health care, schools, and child care settings.
- Managed treatment for 168 new tuberculosis cases and evaluated 1,954 individuals exposed to the case in 2016. Investigated largest multi-drug resistant TB outbreak in the U.S., within Ramsey County.
- Tracked incidence of hepatitis B and C and the increase in C associated with injection opioid use.
- Developed a toolbox that provides the components all hospitals should have in place to identify, isolate, and inform authorities regarding a patient with a high consequence infectious disease.

PURPOSE & CONTEXT

The Infectious Disease Epidemiology, Prevention and Control Division provides statewide leadership to ensure Minnesotans are safe from infectious diseases.

Our role:

- Maintain systems to detect, investigate, and mitigate infectious disease outbreaks and threats.
- Recommend policy for detecting, preventing, or controlling infectious diseases.
- Coordinate with the health care and public health systems to prevent further transmission of diseases.
- Provide access to vaccines and medications to prevent and treat infectious diseases.
- Provide advice to health care providers on diagnosis and management of emerging infectious diseases (e.g., Ebola and Zika).
- Evaluate the effectiveness of our infectious disease activities.

SERVICES PROVIDED

Prevent, identify, investigate and mitigate infectious disease threats.

- Maintain a 24/7 system to detect, investigate and control cases of infectious disease including emerging diseases (e.g., pandemic influenza, Ebola, Zika).
- Analyze disease reports to identify unusual patterns of infectious disease, detect outbreaks, identify the cause, and implement control measures.
- Alert health care providers and the public about outbreaks and how to prevent them from spreading.
- Maintain a foodborne illness hotline to receive complaints from the public and identify possible foodborne outbreaks quickly.
- Manage tuberculosis treatment and provide medications for patients to prevent disease spread.

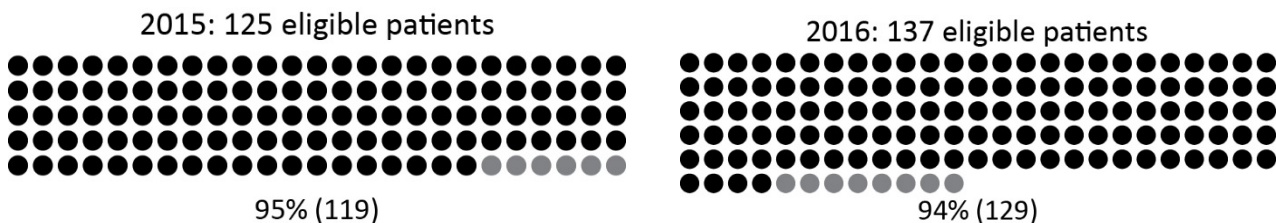
- Investigate health care-associated infections or infection prevention breaches, work collaboratively with health care facilities to prevent the spread of infection, and conduct follow-up on those who were exposed to infectious disease.
- Coordinate refugee medical screenings to identify and treat health problems.
- Distribute publicly purchased vaccines for children whose families cannot afford them.
- Provide leadership for the statewide immunization information system.
- Conduct studies on infectious diseases of concern to the public and the medical community.
- Educate the public, especially high-risk populations, on disease testing, treatment, and prevention.
- Provide funding to local public health agencies and nonprofit organizations for infectious disease prevention activities.
- Enhance infection prevention and antibiotic stewardship by providing assessment and technical assistance to health care facilities.
- Involve high-risk communities, health care providers, and concerned citizens in responding to infectious disease challenges.
- Prevent the spread of infectious disease (such as hepatitis C and HIV) by encouraging pharmacies to provide clean syringes without a prescription to injection drug users.
- Alert the public where and when the risk of infectious disease is the greatest.
- Evaluate the effectiveness of infectious disease public health programs by monitoring disease trends and outcomes.

RESULTS

Percentage of eligible* tuberculosis patients who complete therapy in 12 months.

Source: MDH TB Program Data

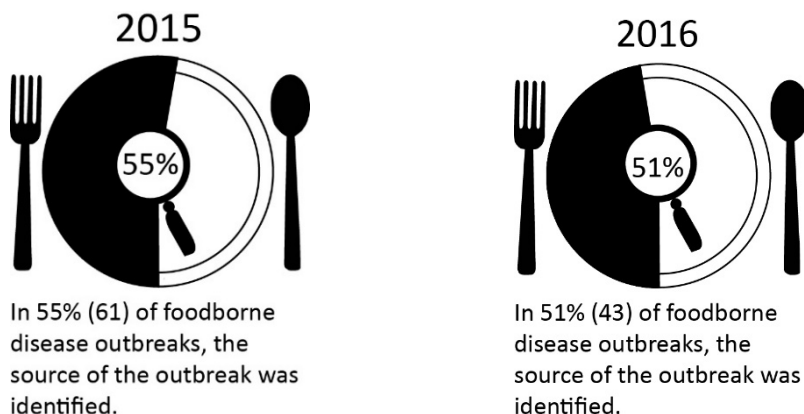
*Only includes patients for whom 12 months of treatment or less is recommended.



Percentage of foodborne disease outbreaks in which the source of the outbreak was identified.

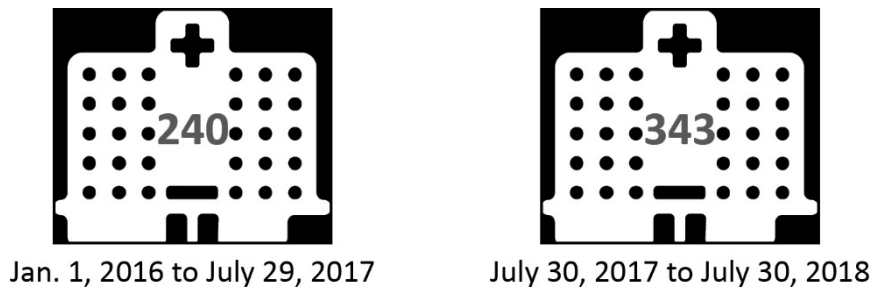
Source: MDH Foodborne Outbreak Data

In 2016, MDH identified the sources of outbreak in 51% of the foodborne disease outbreaks. This exceeds the national level of 39% in the same year as reported by the National Outbreak Reporting System.



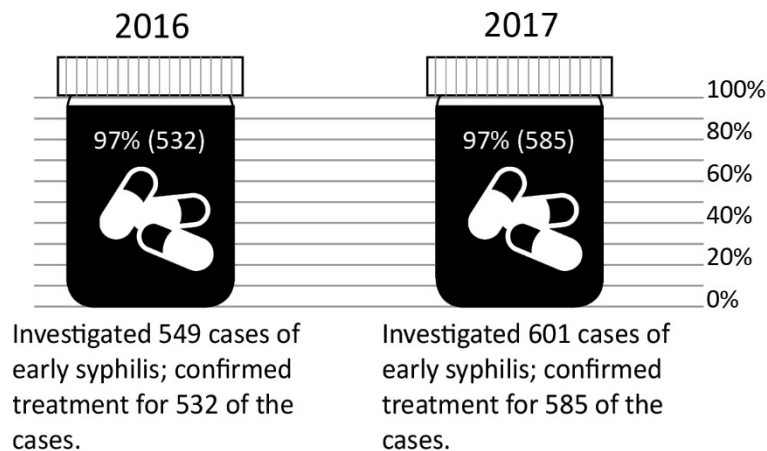
Number of on-site infection control assessment, training, and technical assistance visits to acute care hospitals, long-term care facilities, dialysis centers, and outpatient facilities throughout Minnesota.

Source: ICAR data



Percentage of early syphilis cases investigated for whom treatment was confirmed.

Source: Partner Services Data



Statutes:

M.S. 13.3805 (<https://www.revisor.mn.gov/statutes/?id=13.3805>)
M.S. 121A.15 (<https://www.revisor.mn.gov/statutes/?id=121A.15>)
M.S. 214.17 – 214.25 (<https://www.revisor.mn.gov/statutes/cite/214.17>)
M.S. 144.05 (<https://www.revisor.mn.gov/statutes/?id=144.05>)
M.S. 144.12 (<https://www.revisor.mn.gov/statutes/?id=144.12>)
M.S. 144.3351 (<https://www.revisor.mn.gov/statutes/?id=144.3351>)
M.S. 144.3441 (<https://www.revisor.mn.gov/statutes/cite/144.3441>)
M.S. 144.4171 - 144.4185 (<https://www.revisor.mn.gov/statutes/cite/144.4171>)
M.S. 144.4801 – 144.491 (<https://www.revisor.mn.gov/statutes/cite/144.4801>)
Minnesota Rules, Chapter 4604 and 4605. (<https://www.revisor.mn.gov/rules/?id=4604>)
(<https://www.revisor.mn.gov/rules/4605/>)

Infectious Disease

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,280	4,975	3,497	4,667	4,113	4,113	4,145	4,174
1200 - State Government Special Rev	181	182	177	251	214	214	107	0
2000 - Restrict Misc Special Revenue	931	835	522	598	397	397	397	397
2001 - Other Misc Special Revenue	854	1,313	2,202	2,505	2,503	2,503	2,503	2,503
2302 - Clean Water	357	228	96	188			250	250
2403 - Gift	1	1	3	2	2	2	2	2
3000 - Federal	21,270	23,112	24,572	31,478	29,232	29,177	29,232	29,177
Total	26,873	30,646	31,070	39,689	36,461	36,406	36,636	36,503
Biennial Change				13,239		2,108		2,380
Biennial % Change				23		3		3
Governor's Change from Base								272
Governor's % Change from Base								0

Expenditures by Category

Compensation	14,688	16,729	17,654	19,359	18,096	18,084	18,261	18,207
Operating Expenses	9,194	9,258	9,050	12,407	10,562	10,518	10,572	10,492
Grants, Aids and Subsidies	2,937	4,653	4,215	7,923	7,803	7,804	7,803	7,804
Other Financial Transaction	54	7	150					
Total	26,873	30,646	31,070	39,689	36,461	36,406	36,636	36,503

Total Agency Expenditures	26,873	30,646	31,070	39,689	36,461	36,406	36,636	36,503
Internal Billing Expenditures	3,465	3,606	4,254	5,195	4,768	4,722	4,795	4,729
Expenditures Less Internal Billing	23,408	27,041	26,816	34,494	31,693	31,684	31,841	31,774

Full-Time Equivalents

	174.57	197.61	203.48	200.68	187.03	186.66	188.43	187.35
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Infectious Disease

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	274	1,050		554				
Direct Appropriation	4,015	3,969	9,067	4,113	4,113	4,113	4,145	4,174
Transfers In	287	718						
Transfers Out	296	732	5,000					
Cancellations	0	29	17					
Balance Forward Out	1,000		554					
Expenditures	3,280	4,975	3,497	4,667	4,113	4,113	4,145	4,174
Biennial Change in Expenditures				(91)		62		155
Biennial % Change in Expenditures				(1)		1		2
Governor's Change from Base								93
Governor's % Change from Base								1
Full-Time Equivalents	18.59	17.67	16.48	16.48	16.48	16.48	16.88	17.17

1200 - State Government Special Rev

Balance Forward In		41		37				
Direct Appropriation	214	214	214	214	214	214	107	0
Cancellations		73						
Balance Forward Out	33		37					
Expenditures	181	182	177	251	214	214	107	0
Biennial Change in Expenditures				65		0		(321)
Biennial % Change in Expenditures				18		0		(75)
Governor's Change from Base								(321)
Governor's % Change from Base								(75)
Full-Time Equivalents	1.33	1.35	1.20	1.20	1.20	1.20	0.20	-0.80

2000 - Restrict Misc Special Revenue

Balance Forward In		7	12	2				
Receipts	938	841	512	596	397	397	397	397
Balance Forward Out	7	12	2					
Expenditures	931	835	522	598	397	397	397	397
Biennial Change in Expenditures				(646)		(326)		(326)
Biennial % Change in Expenditures				(37)		(29)		(29)
Governor's Change from Base								0

Infectious Disease

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents	7.02	3.95	2.34	3.28	2.88	2.88	2.88	2.88

2001 - Other Misc Special Revenue

Balance Forward In	2,469	2,114	1,799	6,093	5,791	5,491	5,791	5,491
Receipts	337	996	1,496	2,203	2,203	2,203	2,203	2,203
Transfers In			5,000					
Balance Forward Out	1,952	1,797	6,093	5,791	5,491	5,191	5,491	5,191
Expenditures	854	1,313	2,202	2,505	2,503	2,503	2,503	2,503
Biennial Change in Expenditures				2,540		299		299
Biennial % Change in Expenditures				117		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.00	4.78	11.47	7.41	7.41	7.41	7.41	7.41

2302 - Clean Water

Balance Forward In	550	238	84	88				
Direct Appropriation	14	71	100	100	0	0	250	250
Cancellations	0	8						
Balance Forward Out	207	73	88					
Expenditures	357	228	96	188			250	250
Biennial Change in Expenditures				(300)		(284)		216
Biennial % Change in Expenditures				(51)		(100)		76
Governor's Change from Base								500
Governor's % Change from Base								
Full-Time Equivalents	3.09	1.94	0.91				2.00	2.00

2403 - Gift

Balance Forward In	39	39	43	41	40	39	40	39
Receipts	1	4	1	1	1	1	1	1
Balance Forward Out	39	42	41	40	39	38	39	38
Expenditures	1	1	3	2	2	2	2	2
Biennial Change in Expenditures				4		(1)		(1)

Infectious Disease

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures				212		(25)		(25)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In		102	108	15				
Receipts	21,271	23,075	24,479	31,463	29,232	29,177	29,232	29,177
Balance Forward Out		65	15					
Expenditures	21,270	23,112	24,572	31,478	29,232	29,177	29,232	29,177
Biennial Change in Expenditures				11,668		2,359		2,359
Biennial % Change in Expenditures				26		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	142.54	167.92	171.08	172.31	159.06	158.69	159.06	158.69

Program: Health Protection

Activity: Public Health Laboratory

health.state.mn.us/divs/phl/index.html

AT A GLANCE

- Provide testing for contaminants in the environment and to evaluate exposures to contaminants in people. In FY 2018, the lab received 40,507 samples and performed 116,304 analyses.
- Provide testing for viruses and other microbes that make people sick, as well as look for outbreaks related to food and water. In FY 2018, the lab performed 84,091 tests on 44,907 samples.
- Screen for rare disorders in newborn babies, including hearing loss and critical congenital heart disease. In FY2018 the lab screened 67,127 newborns for 61 rare treatable disorders.

PURPOSE & CONTEXT

The Public Health Laboratory provides many services that help keep Minnesotans safe, including:

- Detecting infectious disease outbreaks and other public health threats;
- Screening newborns for rare conditions which greatly improves their outcomes;
- Identifying chemical, radiological, and biological hazards;
- Preparing and responding to emergencies; and
- Producing high-quality laboratory data used to inform public health decisions.

We do this by collaborating with local, state, and federal officials; public and private hospitals; laboratories; and other entities throughout the state.

SERVICES PROVIDED

We test environmental samples for chemical, bacterial and radiological contaminants.

- Test drinking and non-drinking water for various compounds that can be hazardous to human health and our environment. We analyze an average of about 4,300 drinking water samples for Coliform/*E. coli* bacteria per year with several hundred positive results.
- Develop methods to test potentially harmful chemicals in human samples to help make the connection between an environmental hazard and human exposure.
- Develop new methods for analyzing environmental samples for chemicals or materials with a perceived, potential, or real threat to human health or those that lack published health standards.

We test samples for rare and common infectious diseases.

- Test to identify microbes that impact public health including bacteria, viruses, parasites, and other organisms that make people sick. Many of the tests performed are for rare and/or emerging threats such as rabies, Ebola virus, and Zika virus.
- Perform DNA fingerprinting of bacteria to identify outbreaks caused by exposure to contaminated food and water.
- Conduct specialized tests to determine if a microbe is resistant to antibiotics and figure out how it has become resistant, to estimate how well vaccines work, or to determine why some germs cause more severe disease.
- Report results to public health and health care professionals, who then offer treatment and stop the spread of disease-causing microbes.
- Ensure quick discovery and control of outbreaks to minimize the spread of illness.

We screen newborns for treatable conditions.

- Screen all Minnesota newborns for 61 treatable, hidden, rare disorders including hearing loss and critical congenital heart disease.
- Ensure that treatable disorders are detected and babies receive follow-up testing and care, resulting in improved long-term health outcomes and quality of life for these babies and their parents.
- Educate Minnesota's new and expectant parents and medical providers about newborn screening.

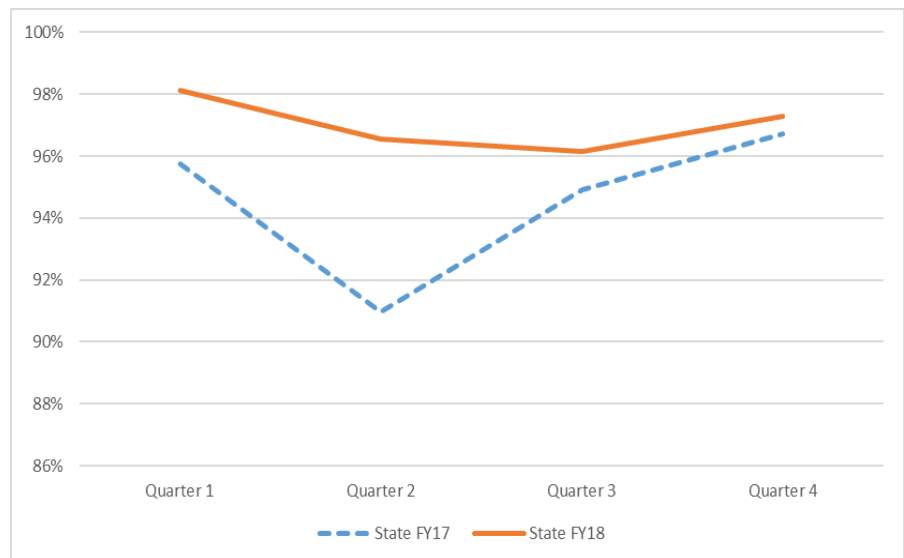
Emergency Preparedness and Response

- Detect and respond to many kinds of hazards, including harmful chemicals, radioactive materials, and biological organisms that can make people sick.
- Serve as a member of Minnesota's Radiological Emergency Preparedness program, which would respond in the event of a release of radioactive chemicals at Minnesota's nuclear power plants.
- Detect harmful germs in air samples through an air-monitoring program.
- Train public and private laboratories to be able to recognize and report possible agents of chemical, disease, and other public health threats.
- Prepare to offer services in response to a mass casualty event involving harmful chemicals anywhere in the country.
- Conduct rapid testing on clinical or environmental samples of concern (e.g., unknown white powders).
- Develop and maintain new testing methods to identify potentially harmful agents.

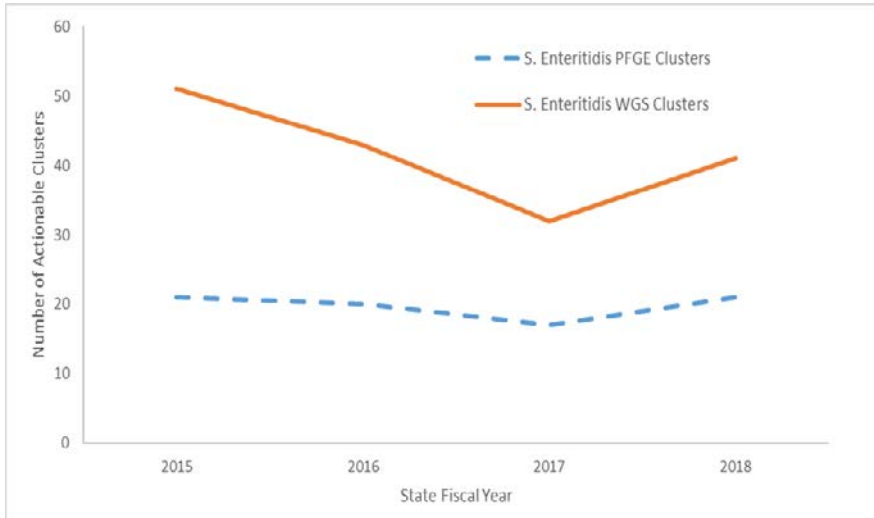
RESULTS

Percent of Environmental Samples Tested and Reported to Program Partners within Specified Timeframe

Meeting turnaround times, i.e. the time it takes to test a sample and report the results, ensures that our program partners receive timely information to make decisions about what actions they need to take to protect public health. This graph shows the laboratory's ability to meet partner expectations by providing results of water testing within the agreed upon timeframe. Reliable and timely reporting of testing helps state programs assure the quality and safety of water that Minnesotans use for drinking, swimming, and fishing.



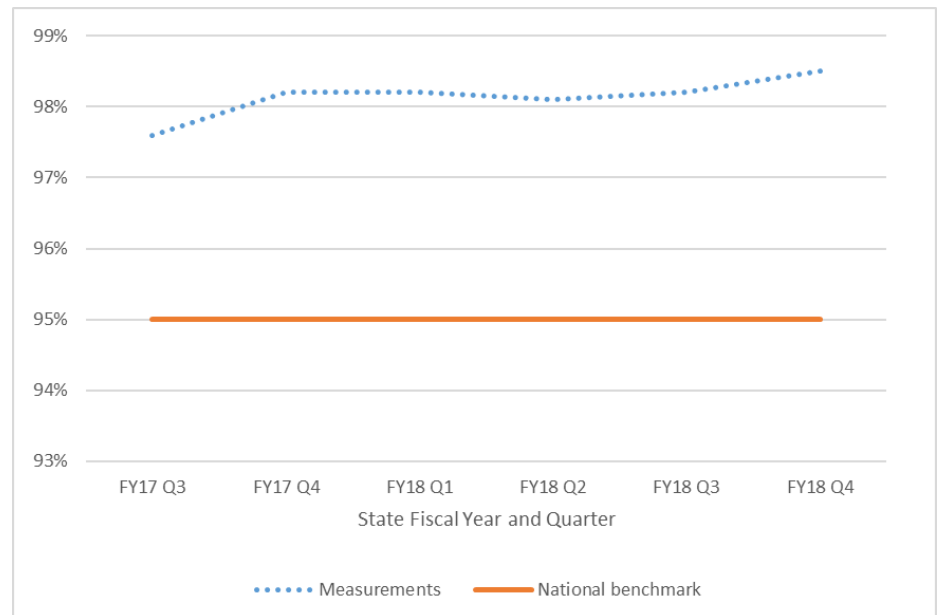
Number of Actionable Clusters of Salmonella Enteritidis Found with Whole Genome Sequencing vs. Pulse-Field Gel Electrophoresis



The laboratory recently evaluated a new technology called whole genome sequencing (WGS) to identify *Salmonella* Enteritidis, a bacterium that causes foodborne illness. This graph shows that we are able to find more actionable clusters that indicate an outbreak using WGS than with the old method, pulsed-gel electrophoresis (PFGE). Using this new technology enables our laboratory to identify more outbreaks, allowing us to find the source and prevent more people from becoming sick.

Percent of Newborn Screening Samples Collected within 48 Hours of Birth

Collecting newborn screening samples within 48 hours of birth helps reduce the time needed to identify infants at risk for newborn screening disorders. The sooner identification occurs, the sooner medical actions can happen for infants identified with disorders on the screening panel. Early actions result in better health outcomes. Minnesota has exceeded the national benchmark for all quarters reported.



Statutes:

M.S. 144.05 General Duties of the Commissioner (<https://www.revisor.mn.gov/statutes/?id=144.05>)

M.S. 144.123 Fees for diagnostic laboratory services (<https://www.revisor.mn.gov/statutes/?id=144.123>)

M.S. 144.125 Tests of Infants for Heritable & Congenital Disorders
(<https://www.revisor.mn.gov/statutes/?id=144.125>)

M.S. 144.1251 Newborn Screening for Critical Congenital Heart Disease (CCHD)
(<https://www.revisor.mn.gov/statutes/?id=144.1251>)

M.S. 144.1255 Newborn Screening Advisor Committee (<https://www.revisor.mn.gov/statutes/cite/144.1255>)

M.S. 144.128 Commissioner's Duties (Newborn Screening) (<https://www.revisor.mn.gov/statutes/?id=144.128>)
M.S. 144.192 Treatment of Biological Specimens and Health Data
(<https://www.revisor.mn.gov/statutes/?id=144.192>)
M.S. 144.193 Inventory of Biological and Health Data (<https://www.revisor.mn.gov/statutes/?id=144.193>)
M.S. 144.966 Early Hearing Detection (<https://www.revisor.mn.gov/statutes/?id=144.966>)
M.S. 144.99 Enforcement (<https://www.revisor.mn.gov/statutes/?id=144.99>)
M.S. 13.386 Treatment of Genetic Information Held by Government Entities & Other Persons
(<https://www.revisor.mn.gov/statutes/?id=13.386>)
M.S. 13.3805 Public Health Data (<https://www.revisor.mn.gov/statutes/?id=13.3805>)
Minnesota Rules Chapter 4605 Communicable Diseases (<https://www.revisor.mn.gov/rules/?id=4605>)
Minnesota Rules 4615.0400 Definitions (<https://www.revisor.mn.gov/rules/?id=4615.0400>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,704	2,145	1,747	3,255	2,524	2,524	3,396	3,241
1200 - State Government Special Rev	8,394	8,220	8,850	9,094	8,984	8,984	9,046	9,100
2000 - Restrict Misc Special Revenue	598	503	141	147	141	141	141	141
2001 - Other Misc Special Revenue	4,236	3,737	4,069	4,523	4,076	4,076	4,076	4,076
2302 - Clean Water	115	122	209	159				
3000 - Federal	6,989	10,275	11,285	14,509	14,540	14,257	14,540	14,257
Total	22,036	25,001	26,301	31,687	30,265	29,982	31,199	30,815
Biennial Change				10,951		2,259		4,026
Biennial % Change				23		4		7
Governor's Change from Base								1,767
Governor's % Change from Base								3
<u>Expenditures by Category</u>								
Compensation	10,607	11,608	12,515	13,575	13,249	12,783	13,342	12,960
Operating Expenses	9,740	10,884	13,052	15,750	15,082	15,366	15,923	16,022
Grants, Aids and Subsidies	36			267	267	267	267	267
Capital Outlay-Real Property	1,632	2,490	722	2,095	1,667	1,566	1,667	1,566
Other Financial Transaction	22	18	12					
Total	22,036	25,001	26,301	31,687	30,265	29,982	31,199	30,815
Total Agency Expenditures	22,036	25,001	26,301	31,687	30,265	29,982	31,199	30,815
Internal Billing Expenditures	3,174	2,967	4,404	5,021	4,542	4,343	4,542	4,343
Expenditures Less Internal Billing	18,862	22,033	21,897	26,666	25,723	25,639	26,657	26,472
<u>Full-Time Equivalents</u>	130.72	139.36	144.35	138.59	133.49	128.37	134.68	130.43

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	53	717		731				
Direct Appropriation	2,323	2,383	2,478	2,524	2,524	2,524	3,396	3,241
Transfers Out		950						
Cancellations		5						
Balance Forward Out	672		731					
Expenditures	1,704	2,145	1,747	3,255	2,524	2,524	3,396	3,241
Biennial Change in Expenditures				1,153		46		1,635
Biennial % Change in Expenditures				30		1		33
Governor's Change from Base								1,589
Governor's % Change from Base								31
Full-Time Equivalents	17.31	17.27	16.35	18.44	14.46	14.46	14.88	15.19

1200 - State Government Special Rev

Balance Forward In		1,077		117				
Direct Appropriation	9,570	9,577	9,085	9,095	8,984	8,984	9,046	9,100
Transfers Out	611	610	118	118				
Cancellations		1,824						
Balance Forward Out	565		117					
Expenditures	8,394	8,220	8,850	9,094	8,984	8,984	9,046	9,100
Biennial Change in Expenditures				1,330		24		202
Biennial % Change in Expenditures				8		0		1
Governor's Change from Base								178
Governor's % Change from Base								1
Full-Time Equivalents	36.43	35.66	35.22	35.22	36.39	35.68	37.16	37.01

2000 - Restrict Misc Special Revenue

Balance Forward In		0						
Receipts	598	502	141	147	141	141	141	141
Expenditures	598	503	141	147	141	141	141	141
Biennial Change in Expenditures				(813)		(6)		(6)
Biennial % Change in Expenditures				(74)		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Full-Time Equivalents	2.85	3.03	0.95	0.87	0.84	0.81	0.84	0.81

2001 - Other Misc Special Revenue

Balance Forward In	1,219	1,275	1,580	1,481	1,241	1,241	1,241	1,241
Receipts	4,245	3,841	3,971	4,283	4,076	4,076	4,076	4,076
Balance Forward Out	1,228	1,379	1,481	1,241	1,241	1,241	1,241	1,241
Expenditures	4,236	3,737	4,069	4,523	4,076	4,076	4,076	4,076
Biennial Change in Expenditures				619		(440)		(440)
Biennial % Change in Expenditures				8		(5)		(5)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	34.05	31.90	29.99	23.23	21.72	21.72	21.72	21.72

2302 - Clean Water

Balance Forward In			68	9				
Transfers In	150	150	150	150				
Cancellations	35							
Balance Forward Out		28	9					
Expenditures	115	122	209	159				
Biennial Change in Expenditures				131		(368)		(368)
Biennial % Change in Expenditures				55		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.98	0.85	1.18	1.01				

3000 - Federal

Balance Forward In		540	451	443				
Receipts	6,990	10,178	11,277	14,066	14,540	14,257	14,540	14,257
Balance Forward Out		443	443					
Expenditures	6,989	10,275	11,285	14,509	14,540	14,257	14,540	14,257
Biennial Change in Expenditures				8,530		3,003		3,003
Biennial % Change in Expenditures				49		12		12
Governor's Change from Base								0

Public Health Laboratory

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	39.10	50.65	60.66	59.82	60.08	55.70	60.08	55.70

Program: Health Protection

Activity: Health Regulation

health.state.mn.us/divs/fpc/index.html

AT A GLANCE

The Health Regulation Division (HRD) in MDH consists of 250 staff statewide for the following regulatory activities: state licenses and federal certifications; completing inspections, investigations, reviews, or audits; administering registries; taking enforcement actions when necessary; and providing information to consumers and providers. HRD regulates 40 different types of providers and organizations including healthcare facilities, health professions, health plans, and body artists and piercers. HRD's regulatory activities protect Minnesotans from before birth to after death (douglas and birth centers to morticians and funeral establishments). There is a strong relationship with the Centers for Medicare and Medicaid Services (CMS) in our regulation of the many health facilities that are federally-certified.

- Monitor 4,200 health care facilities and providers for safety and quality
- Review qualifications and regulate more than 6,700 health professionals
- Monitor nine health maintenance organizations and three county-based purchasing organizations that provide health care to 1.1 million Minnesotans
- Enforce interagency agreement with DHS who conducts 130,000 criminal background checks for healthcare workers at facilities the Health Regulation Division (HRD) regulates
- Maintain a registry of more than 60,000 nursing assistants
- Inspect 560 funeral establishments and license 1,300 morticians
- Process more than 1 million and audit more than 8,000 federal nursing home resident health assessments to ensure accurate submission, completion and billing for services
- Register more than 3,400 spoken language health interpreters

PURPOSE & CONTEXT

HRD protects the health and safety of Minnesota's nursing home residents, home care clients, hospital patients, clients with developmental disabilities, enrollees of health maintenance organizations (HMOs) and county-based purchasing plans, families obtaining services at funeral establishments, birth center clients, body art establishment clients, and other clients of healthcare.

A great deal of HRD's work focuses on protecting older Minnesotans and vulnerable adults. As Minnesota's population ages over the next 20 years, older residents will require an increasing amount of health services and the need for health protection will become even more important.

SERVICES PROVIDED

Licensing & Certification

- Evaluate license, registration, or federal certification submissions from applicants for the minimum requirements so that all providers meet the same minimum qualifications and are qualified to practice
- Ensure that fire and safety inspections are conducted and that health facilities meet the physical plant requirements that protect the health and safety of patients and residents
- Review funeral service providers to ensure that pre-need funds paid by families are protected and available to pay for services when needed
- Regulate body art establishments and technicians to prevent blood borne infections

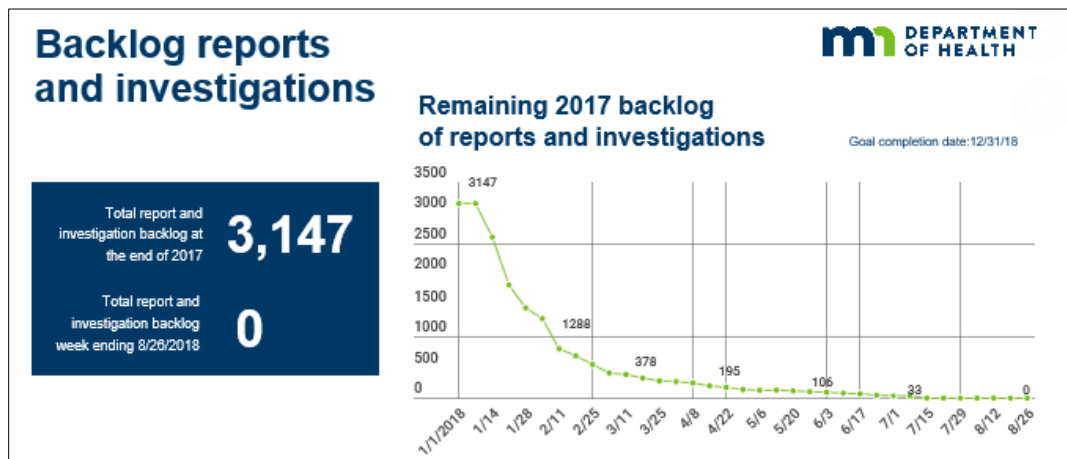
- Regulate HMOs and County Based Purchasing entities to ensure compliance with statutes and rules governing financial solvency, quality assurance, network adequacy and consumer protection
- Conduct audits of federally certified nursing homes to ensure they are accurately completing the resident health assessment and billing Medicaid appropriately for services provided

Complaints, Investigations & Enforcement

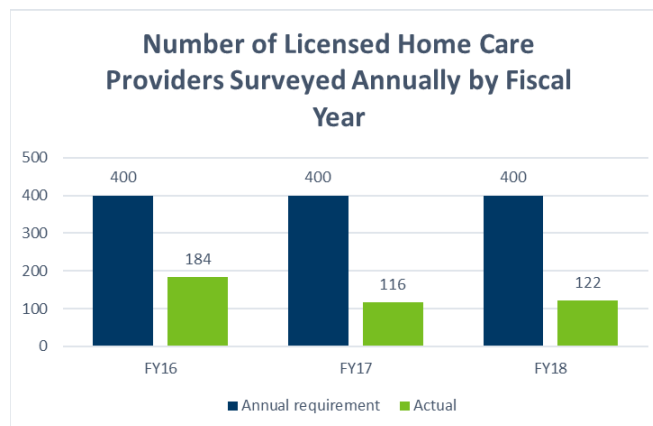
- Respond to thousands of citizen calls each year, investigate complaints, and initiate enforcement actions when appropriate against health facilities and providers found to be violating state or federal laws
- Enforce the laws protecting persons from maltreatment under the Vulnerable Adults Act and Maltreatment of Minors Acts.
- Verify that health facilities have properly taken steps to protect residents in the event of emergencies, such as fire, tornadoes, floods, and health provider strikes.

RESULTS

At the end of 2017, we had a report and investigation backlog of 3,147. Our goal was to address the backlog and reduce it to 0 by 12/31/18. We achieved our goal early on 8/26/18.



Minnesota has approximately 1,200 licensed home care providers that MDH needs to inspect at least every three years. In order to accomplish this, we need to inspect an estimated 400 providers each year. We have not met this statutory requirement during the past three years.



<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Federal standard: inspect each nursing home at least every 15.9 months	100%	100%	FFY14 FFY15
Quality	Total onsite Vulnerable Adults Act investigations completed within 60 days	40%	31%	SFY13 SFY14
Quantity	Inspect each temporary home care license within the first twelve months	100%	100%	SFY17 SFY18
Quantity	Inspect each licensed home care provider at least once every three years	29%	30%	SFY17 SFY18
Quality	Enforcement Actions (licenses denied or issued with conditions)	3	26	SFY17 SFY18

Statutes

148.511 Speech language pathologists and audiologists licensing (148.511 – 148.5198)

(<https://www.revisor.mn.gov/statutes/?id=148.511>)

146B Body Art (<https://www.revisor.mn.gov/statutes/?id=146B>)

148.995 Doula registry (<https://www.revisor.mn.gov/statutes/?id=148.995>)

153A Hearing instrument dispensing (<https://www.revisor.mn.gov/statutes/?id=153A>)

148.6401 Occupational therapists and assistants (<https://www.revisor.mn.gov/statutes/?id=148.6401>)

144A.52 Office health facility complaints (<https://www.revisor.mn.gov/statutes/?id=144A.52>)

149A Mortuary science; disposition of dead bodies (Chapter 306, 307)

(<https://www.revisor.mn.gov/statutes/?id=149A>)

146A Complementary and alternative health care practices (<https://www.revisor.mn.gov/statutes/?id=146A>)

144.058 Spoken language health care interpreters (<https://www.revisor.mn.gov/statutes/?id=144.058>)

144A.43 Home care (144A.43-144A.44; 144A.471-144A.4798; 144A.481; 626.556-626.5572)

(<https://www.revisor.mn.gov/statutes/?id=144A.43>)

62D Health maintenance organizations (<https://www.revisor.mn.gov/statutes/?id=62D>)

144.0724 Case mix (256B.438) (<https://www.revisor.mn.gov/statutes/?id=144.0724>)

Health Regulation

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	2,802	4,548	5,939	7,197	7,702	8,706	17,861	21,463
1200 - State Government Special Rev	12,490	12,234	13,739	13,257	13,272	13,616	14,646	15,159
2000 - Restrict Misc Special Revenue	313	291	282	290	290	290	2,551	290
2001 - Other Misc Special Revenue	8,544	9,984	4,771	9,685	8,135	8,542	8,135	8,542
2360 - Health Care Access	64	66	67	68	68	68	68	68
3000 - Federal	8,711	10,550	10,833	12,273	12,303	12,303	12,303	12,303
Total	32,925	37,673	35,632	42,770	41,770	43,525	55,564	57,825
Biennial Change				7,803		6,893		34,987
Biennial % Change				11		9		45
Governor's Change from Base								28,094
Governor's % Change from Base								33

Expenditures by Category

Compensation	21,647	23,118	25,118	26,159	26,724	26,964	31,896	36,262
Operating Expenses	11,274	14,539	10,513	16,602	15,039	16,554	23,661	21,556
Other Financial Transaction	5	16	1	9	7	7	7	7
Total	32,925	37,673	35,632	42,770	41,770	43,525	55,564	57,825

Total Agency Expenditures	32,925	37,673	35,632	42,770	41,770	43,525	55,564	57,825
Internal Billing Expenditures	5,171	5,281	6,456	6,492	5,995	5,995	5,995	5,995
Expenditures Less Internal Billing	27,755	32,392	29,175	36,278	35,775	37,530	49,569	51,830

<u>Full-Time Equivalents</u>	217.78	231.96	244.83	267.42	267.31	267.31	320.54	366.82
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Health Regulation

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		120						
Direct Appropriation	2,926	4,428	5,986	7,244	7,702	8,706	17,861	21,463
Transfers In			1,166	2,034	2,401	3,405	2,401	3,405
Transfers Out	5	0	1,213	2,081	2,401	3,405	2,401	3,405
Cancellations		0						
Balance Forward Out	120							
Expenditures	2,802	4,548	5,939	7,197	7,702	8,706	17,861	21,463
Biennial Change in Expenditures				5,786		3,272		26,188
Biennial % Change in Expenditures				79		25		199
Governor's Change from Base								22,916
Governor's % Change from Base								140
Full-Time Equivalents	0.76	0.68	1.85	1.55	1.55	1.55	43.41	87.99

1200 - State Government Special Rev

Balance Forward In		1,790						
Direct Appropriation	14,100	12,636	13,417	13,334	13,349	13,693	15,278	15,159
Open Appropriation			249					
Transfers In			150					
Transfers Out	77	77	77	77	77	77	632	0
Cancellations		2,115						
Balance Forward Out	1,533							
Expenditures	12,490	12,234	13,739	13,257	13,272	13,616	14,646	15,159
Biennial Change in Expenditures				2,272		(108)		2,809
Biennial % Change in Expenditures				9		(0)		10
Governor's Change from Base								2,917
Governor's % Change from Base								11
Full-Time Equivalents	46.89	46.11	48.78	49.00	48.00	48.00	59.37	61.07

2000 - Restrict Misc Special Revenue

Receipts	314	291	282	290	290	290	1,919	290
Transfers In							632	
Expenditures	313	291	282	290	290	290	2,551	290
Biennial Change in Expenditures				(32)		8		2,269

Health Regulation

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				(5)		1		396
Governor's Change from Base								2,261
Governor's % Change from Base								390
Full-Time Equivalents	1.58	1.19		2.31	2.41	2.41	2.41	2.41

2001 - Other Misc Special Revenue

Balance Forward In	108	1,457	58					
Receipts	9,037	8,636	4,713	9,685	8,135	8,542	8,135	8,542
Transfers In	56							
Transfers Out	56	0						
Balance Forward Out	601	108	0					
Expenditures	8,544	9,984	4,771	9,685	8,135	8,542	8,135	8,542
Biennial Change in Expenditures				(4,072)		2,221		2,221
Biennial % Change in Expenditures				(22)		15		15
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	162.84	170.39	176.57	196.76	197.50	197.50	197.50	197.50

2360 - Health Care Access

Balance Forward In		1						
Transfers In	65	65	67	68	68	68	68	68
Cancellations		0						
Balance Forward Out	1							
Expenditures	64	66	67	68	68	68	68	68
Biennial Change in Expenditures				5		1		1
Biennial % Change in Expenditures				4		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.96	0.89	0.96	0.57	0.57	0.57	0.57	0.57

3000 - Federal

Receipts	8,710	10,550	10,833	12,273	12,303	12,303	12,303	12,303
Transfers In		0						

Health Regulation

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	8,711	10,550	10,833	12,273	12,303	12,303	12,303	12,303
Biennial Change in Expenditures				3,846		1,500		1,500
Biennial % Change in Expenditures				20		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.75	12.70	16.67	17.23	17.28	17.28	17.28	17.28

Program: Health Operations**AT A GLANCE**

- Health Operations

PURPOSE & CONTEXT

Health Operations provides leadership and support to all program and activity areas at MDH. The purpose, services, results and authorizing statutes of each activity is described in the following pages. The fiscal page for Health Operations reflects a summation of activities under this budget program area.

Program: Health Operations

Activity: Health Operations

AT A GLANCE

- Provide human resource services to over 1,500 MDH employees in ten locations across the state
- Provide information technology services support for 250 software applications, 256 servers, and 2,070 personal computers
- Oversee and guide nearly \$325 million in outgoing grants to 500 unique grantees
- Process over 25,500 payment transactions and execute 1,700 contracts and grant agreements for MDH programs each year
- Review and release 45 separate legislatively-mandated reports

PURPOSE & CONTEXT

Health Operations provides overall vision and strategic leadership to achieve our mission and create effective public health policy and practice in Minnesota. We provide operational support for employees and programs within the agency to ensure strong stewardship of human, financial, and technical resources at MDH. We provide planning, policy development, legislative relations, internal and external communications, and legal services for the department.

We strive to achieve efficient and accountable government services by promoting strong internal controls, evaluating process improvement opportunities, and using project management tools. We carry out our mission in partnership with a wide range of external organizations that help to promote and protect the health of all Minnesotans.

SERVICES PROVIDED

Our **Agency Project Planning** office provides project management services for business process improvements and agency-wide technology projects. In addition, this office supports a number of IT applications that are central to how we do our work.

The **Communications** team works closely with the news media to issue nearly 60 news releases and advisories and respond to over 900 media inquiries per year. We work with divisions to ensure that accurate, timely, and clear information on a wide range of public health topics is shared with the public, with a special focus on coordinating public awareness and outreach related to emerging public health concerns.

Facilities Management provides space planning, physical security, lease management, fleet services, and operations support at MDH district offices.

Financial Management provides stewardship of MDH financial resources through centralized accounting and procurement service, and oversight of cash management and financial reporting for federal grants. Our Grants Management office coordinates the work of nearly 175 MDH grant managers to ensure consistent procedures are followed across the department and to improve consistency and effectiveness of outgoing grants. Our Budget office coordinates budget planning and fiscal analysis for the Governor and the Legislature.

Human Resource Management provides strategic personnel management and workforce development. We manage staffing and labor relations; administer compensation, benefits and payroll services, and provide training

programs to strengthen employee capacity and management skills. We consult with employees, managers, and supervisors on complex employment issues.

The **Office of Diversity and Inclusion** promotes an inclusive workplace with equal opportunity and affirmative action programs.

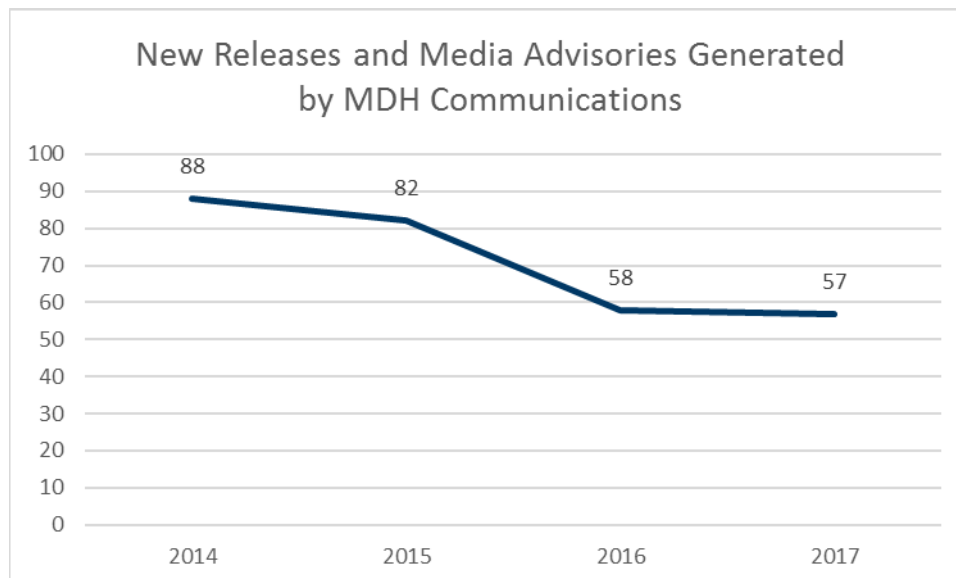
Our **Internal Audit** program provides independent, objective assurance to MDH management over a variety of financial and compliance matters and provides investigative and consulting services as needed. Through this work, we improve agency policies and procedures to strengthen internal control structures.

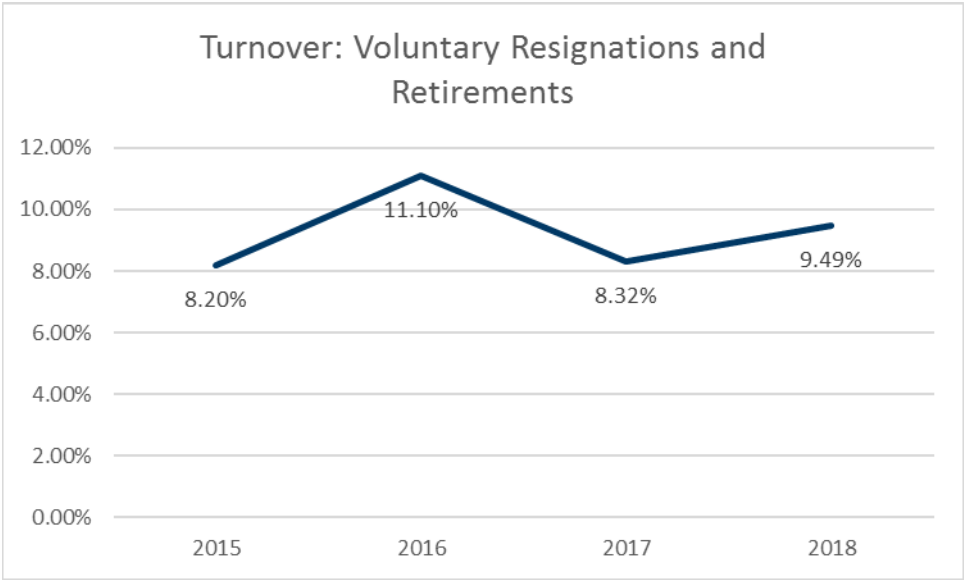
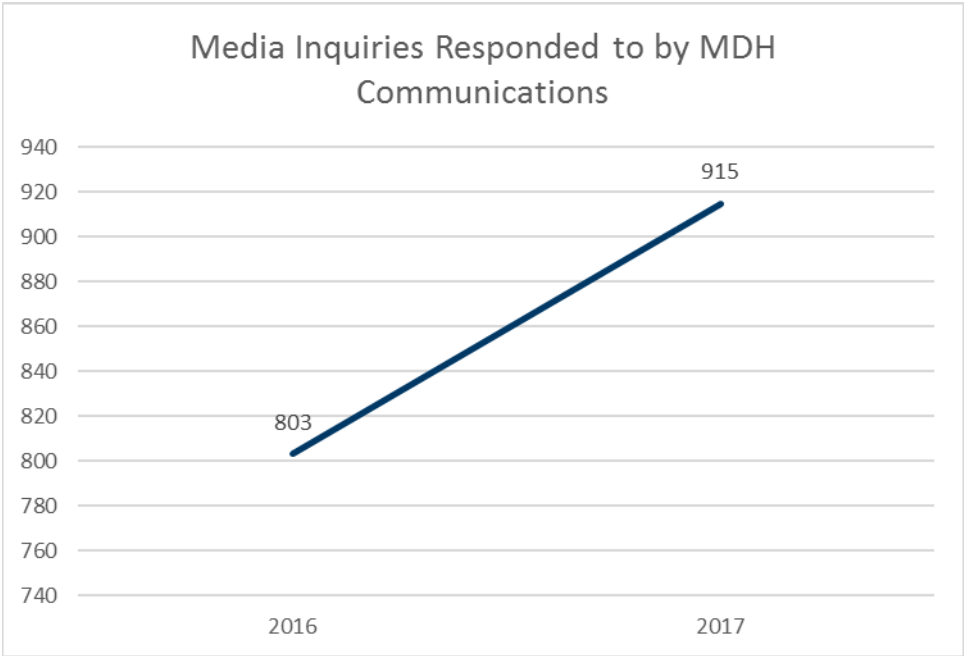
Our **Legal Services** unit serves the commissioner in a general in-house counsel capacity, while providing overall direction to and oversight of legal services provided to MDH. The Legal Unit responds to all legal need of the department in areas such as emergency preparedness and response, rulemaking, data practices and privacy, contracts, records management, delegations of authority, infectious disease control, medical cannabis, health facility complaints, managed care, and statutory and regulatory compliance. The Legal Unit also serves as the primary liaison with the Office of the Minnesota Attorney General in complicated legal issues and ongoing civil litigation matters where MDH is a party.

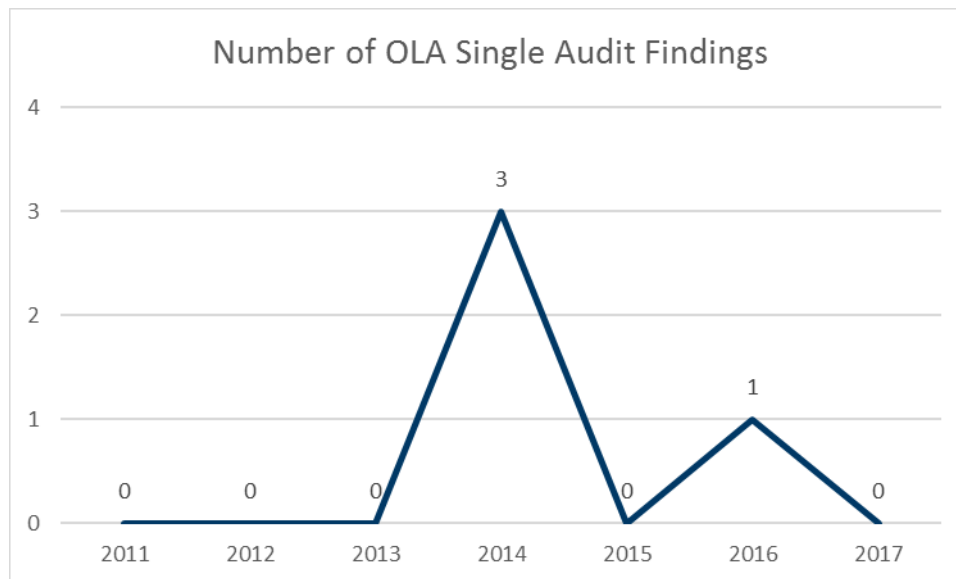
Legislative Relations staff lead and coordinate state legislative activities and monitor federal legislative activities to advance the department's priorities and mission. We work closely with the Governor's Office, department divisions, legislators, legislative staff, and other state agencies on the department's strategies and priorities. We also serve as a contact for the public, other departments, legislators and legislative staff throughout the legislative session and during the interim.

MDH works in **partnership with MN.IT** to manage our IT resources and ensure that technology meets our business needs. MN.IT @ MDH provides expertise, planning and development of our technology systems, high-level security for all departmental data, systems and communications; manages our communication and IT infrastructure; and provides desktop support, training, and problem solving for employees.

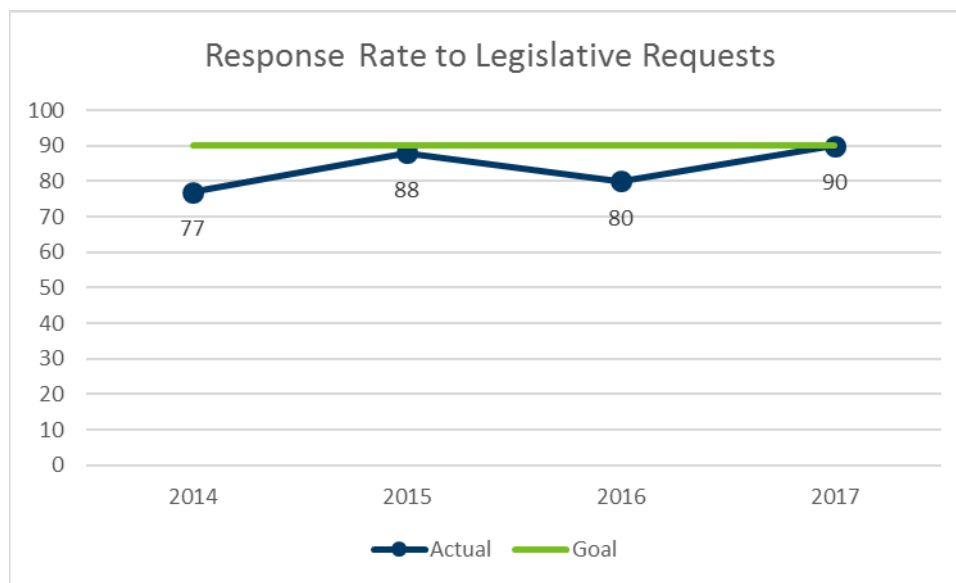
RESULTS







The Office of Legislative Relations' goal is to respond to 90% of legislative requests within seven days, recognizing that some requests are complicated or have a wide scope and cannot be completed in such a short time frame. The legislative relations team came close to meeting its goal in 2014-2016 and met the goal in 2017.



Statutes

Health Operations supports the work of all areas of MDH. Statutes governing MDH's work can be found primarily in Chapters:

M.S. 144, (<https://www.revisor.leg.state.mn.us/statutes/?id=144>)

M.S. 145, (<https://www.revisor.leg.state.mn.us/statutes/?id=145>)

M.S. 145A (<https://www.revisor.leg.state.mn.us/statutes/?id=145A>)

M.S. 62J (<https://www.revisor.leg.state.mn.us/statutes/?id=62J>)

Health Operations

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	7,077	9,731	9,181	9,905	9,786	9,786	10,665	10,765
2000 - Restrict Misc Special Revenue	8	11	6	4	4	4	4	4
2001 - Other Misc Special Revenue	30,972	29,106	30,707	34,400	34,688	35,745	34,688	35,745
2403 - Gift	5	10	13	25				
3000 - Federal	467	802	460	1,684	1,461	1,454	1,461	1,454
Total	38,529	39,660	40,368	46,018	45,939	46,989	46,818	47,968
Biennial Change				8,196		6,542		8,400
Biennial % Change				10		8		10
Governor's Change from Base								1,858
Governor's % Change from Base								2

Expenditures by Category

Compensation	11,977	13,189	13,019	12,302	13,366	13,285	13,375	13,302
Operating Expenses	26,269	26,469	27,347	33,714	32,571	33,702	33,441	34,664
Grants, Aids and Subsidies			0					
Capital Outlay-Real Property	162							
Other Financial Transaction	121	2	1	2	2	2	2	2
Total	38,529	39,660	40,368	46,018	45,939	46,989	46,818	47,968

Total Agency Expenditures	38,529	39,660	40,368	46,018	45,939	46,989	46,818	47,968
Internal Billing Expenditures	403	772	424	446	563	406	563	406
Expenditures Less Internal Billing	38,126	38,888	39,944	45,572	45,376	46,583	46,255	47,562

Full-Time Equivalents

	127.77	134.80	126.88	127.00	94.88	94.02	95.00	94.22
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Health Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		827		97				
Direct Appropriation	8,210	8,224	9,357	9,888	9,933	9,933	10,812	10,912
Transfers In	401	1,099	73	67				
Transfers Out	705	420	152	147	147	147	147	147
Balance Forward Out	828		97					
Expenditures	7,077	9,731	9,181	9,905	9,786	9,786	10,665	10,765
Biennial Change in Expenditures			2,278		486		2,344	
Biennial % Change in Expenditures			14		3		12	
Governor's Change from Base							1,858	
Governor's % Change from Base							9	
Full-Time Equivalents	1.04	2.10	2.47	6.31	6.31	6.31	6.43	6.51

2000 - Restrict Misc Special Revenue

Balance Forward In	22	20	25	29	30	31	30	31
Receipts	6	16	9	5	5	5	5	5
Balance Forward Out	20	25	29	30	31	32	31	32
Expenditures	8	11	6	4	4	4	4	4
Biennial Change in Expenditures				(10)		(2)		(2)
Biennial % Change in Expenditures				(51)		(16)		(16)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	9,259	4,874	2,063	704				
Receipts	25,589	26,019	30,013	34,361	35,388	36,445	35,388	36,445
Internal Billing Receipts	24,812	25,410	29,463	34,231	35,258	36,315	35,258	36,315
Transfers In	3,527	4,222	4,438	4,899				
Transfers Out	4,307	4,909	5,104	5,564	700	700	700	700
Balance Forward Out	3,096	1,100	703					
Expenditures	30,972	29,106	30,707	34,400	34,688	35,745	34,688	35,745
Biennial Change in Expenditures				5,030		5,326		5,326
Biennial % Change in Expenditures				8		8		8
Governor's Change from Base								0

Health Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents	125.15	132.21	123.90	119.18	87.22	87.22	87.22	87.22

2403 - Gift

Balance Forward In	19	17	20	25				
Receipts	5	13	19					
Transfers Out	1							
Balance Forward Out	17	19	25					
Expenditures	5	10	13	25				
Biennial Change in Expenditures				23		(38)		(38)
Biennial % Change in Expenditures				152		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	3	194	194	194				
Receipts	467	802	460	1,490	1,461	1,454	1,461	1,454
Transfers Out	3							
Balance Forward Out		194	194					
Expenditures	467	802	460	1,684	1,461	1,454	1,461	1,454
Biennial Change in Expenditures				875		771		771
Biennial % Change in Expenditures				69		36		36
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.58	0.49	0.51	1.51	1.35	0.49	1.35	0.49

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
ACF (93.092)	Personal Responsibility Education Program (PREP) - Supports efforts to decrease teen pregnancy/STIs in high-risk adolescent populations.	N	766	775	893	893		1.8
ACF (93.235)	Abstinence Education Program - Reduce the teen pregnancy and sexually transmitted infections rates.	N	914	770	660	660	Match	0.3
CDC (93.073)	Microcephaly Surveillance and Services - Supports surveillance of birth defects in Minnesota, specifically for microcephaly	N	127	0	0	0		0.0
CDC (93.073)	Birth Defects Information System - Supports surveillance of birth defects in Minnesota.	N	174	197	175	175		1.5
CDC (93.314)	Early Hearing Detection and Intervention (EHDI) - Supports a centralized newborn hearing screening tracking and surveillance system.	N	74	77	77	77		0.5
CDC (93.758)	Preventive Health and Health Services (PHHS) Block Grant - Primary source of cross-cutting funding to address national Healthy People 2020 objectives. The PHHS block grant is used to prevent and control chronic diseases, respond quickly to disease outbreaks, build public health capacity and address emerging needs.	N	137	170	170	170	MOE	1.7
CDC (93.946)	Pregnancy Risk Assessment Monitoring System (PRAMS) - Monitors maternal experiences and behaviors just before, during and after pregnancy.	N	123	158	161	161		0.8
CDC (93.946)	Minnesota Perinatal Quality Collaborative (MNPQC) - Improves clinical maternal and infant health outcomes through improvements in data quality, use, reporting and follow up.	N	9	200	200	200		0.4
CMS (93.778)	Child & Teen Check Up - Supports provider training for early and periodic screening, diagnosis and treatment.	N	360	489	494	494		3.1
DHHS (93.500)	Expectant Teens and Families - Supports pregnant and parenting women and men (under age 26) to accomplish their higher education/post-secondary education goals.	N	0	970	970	970		1.9

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
DHHS (93.088)	Prevention of Opioid Misuse in Women - Prevent illegal or unnecessary opioid use among young women aged 10-17.	N	0	200	100	100		0.6
DHHS (93.297)	Teenage Pregnancy Prevention Program - Tier 1 Abstinence Funding.	N	0	416	500	83		0.1
DHHS (93.500)	Expectant Teens and Families - Supports pregnant and parenting women and men (under age 26) to accomplish their higher education/post-secondary education goals.	N	1,393	0	0	0		0.0
DOE (84.027)	Individuals with Disabilities Education Act (IDEA) Part B - Technical assistance to local public health for identifying and serving infants and toddlers with disabilities.	N	56	60	60	60		0.4
DOE (84.181)	Individuals with Disabilities Education Act (IDEA) Part C - Support to local public health agencies for early identification of infants and toddlers with developmental and social delays.	N	199	200	200	200		0.0
HRSA (93.110)	Children and Youth with Autism Spectrum Disorder - Early detection and intervention activities	N	36	0	0	0		0.0
HRSA (93.110)	Integrated Community Systems - Supports efforts to increase the proportion of CYSHCN who receive integrated care through a patient/family-centered, health care home approach.	N	74	0	0	0		0.0
HRSA (93.110)	Minnesota State System Development Initiative (SSDI) - Supports data review and analysis of maternal and child health issues.	N	101	100	100	100		0.8
HRSA (93.110)	Maternal and Child Health Program - Screening and treatment for maternal depression	N	0	487	0	0		0.0
HRSA (93.110)	Newborn Screening Implementation - Determine follow-up protocols and processes, system gaps and opportunities for Pompe Disease, MPS1, and X-ALD.	N	11	0	0	0		0.0
HRSA (93.110)	Adolescent and Young Adult Health, Collaborative Improvement and Innovation Network (AYAH-ColIN) - Improve access to and quality of preventive services for adolescents and young adults.	N	7	8	0	0		0.0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
HRSA (93.110)	Newborn Screening Implementation - Determine follow-up protocols and processes, system gaps and opportunities for Pompe Disease, MPS1, and X-ALD.	N	89	36	0	0		0.0
HRSA (93.251)	Universal Newborn Screening and Hearing Program - Supports efforts to detect hearing impairments in infants and reduce any negative impacts through early intervention.	N	206	338	250	250		0.9
HRSA (93.505)	Maternal, Infant and Early Childhood Home Visiting (MIECHV) - Supports efforts to improve the health and developmental outcomes for at-risk children through evidenced-based home visiting programs.	N	9,401	9,199	9,200	9,200	MOE	12.3
HRSA (93.994)	Maternal and Child Health Block Grant - Supports public health services to low-income, high-risk mothers and children, including children with special health needs.	N	10,185	9,104	9,104	9,104	Match/MOE	21.4
HRSA (93.994)	Children and Youth with Autism Spectrum Disorders (ASD) and Other Developmental Disabilities (DD) - Improve access to coordinated and integrated care for children with, or at risk for, ASD/DD and their families in medically underserved areas.	Y	0	0	373	373		0.8
USDA (10.557)	Women, Infants and Children (WIC) - Eligible food purchases.	N	56,089	62,000	62,000	62,000		0.0
USDA (10.557)	Women, Infants and Children (WIC) - Formula rebate contract.	N	28,145	28,145	28,145	28,145		0.0
USDA (10.557)	Women, Infants and Children (WIC) - Nutrition services and administration.	N	31,217	31,265	31,265	31,265		34.4
USDA (10.557)	Women, Infants and Children (WIC) - Peer breastfeeding.	N	1,091	1,000	1,000	1,000		1.1
USDA (10.565)	Commodity Supplemental Food Program (CSFP) - Provides nutritious food to low-income elderly individuals.	N	1,151	1,500	1,500	1,500		0.7
USDA (10.578)	Women, Infants and Children (WIC) - Electronic benefits transfer (EBT) implementation.	N	1,432	1,860	1,972	100		0.0
USDA (10.578)	Women, Infants and Children (WIC) - Infrastructure improvements.	N	89	125	100	100		0.0
	Community and Family Health:		143,657	149,849	149,669	147,380		85
ACL (93.433)	National Institute on Disability, Independent Living, and Rehabilitation Research.	N	27	78	0	0		0.0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
CDC (93.070)	Environmental Public Health Tracking - Supports a tracking system to integrate data about environmental hazards with data about diseases that are possibly linked to the environment, and provide public access via a data portal.	N	797	875	875	875		5.9
CDC (93.068)	Alcohol Epidemiology Grant - Promoting Population Health through Increased Capacity in Alcohol	N	145	292	150	150		0.4
CDC (93.070)	Environmental Public Health Tracking - Supports a tracking system to integrate data about environmental hazards with data about diseases that are possibly linked to the environment, and provide public access via a data portal.	N	83	0	0	0		0.0
CDC (93.070)	MN Comprehensive Asthma Control - Supports statewide activities to train health professionals, educate individuals with asthma and their families, and explain asthma to the public.	N	636	750	750	750		4.1
CDC (93.074)	Minnesota Drug Overdose and Substance Abuse Pilot Project - Testing of an emergency department-based drug overdose surveillance system.	N	70	0	0	0		0.0
CDC (93.136)	Rape Prevention and Education - Supports statewide prevention and education programs that address sexual violence.	N	731	566	882	882		3.1
CDC (93.136)	National Violent Death Reporting System (NVDRS) - Provide communities with a clearer understanding of violent deaths.	N	237	475	280	280		1.3
CDC (93.136)	Core Injury and Violence Prevention - Supports comprehensive injury prevention and control activities, with a focus on traumatic brain injury.	N	287	248	248	248		1.8
CDC (93.136)	Prescription Drug Overdose Prevention - Improve the use of the state's prescription monitoring program, strengthen data collection and analysis, and implement prevention programs that change practices.	N	446	675	4,100	4,100		2.2
CDC (93.136)	State Opioid Surveillance - Improve state tracking and reporting on opioid-involved morbidity and mortality and its associated risk factors.	N	93	528	0	0		0.8
CDC (93.136)	Prevent Fatal and Nonfatal Overdose from Prescription	Y	0	0	770	770	N	2.0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	and/or Illicit Opioids - Evaluate state and local strategies and state-funded community pilot projects.							
CDC (93.184)	Disabilities Prevention - Develop, implement, and measure the effectiveness of interventions that promote the health and wellness of people with disabilities and prevent secondary conditions across the lifespan.	N	15	35	0	0		0.0
CDC (93.184)	Improving Health of People with Mobility Disabilities - Develop, implement, and measure the effectiveness of interventions that promote the health and wellness of people with disabilities and prevent secondary conditions across the lifespan.	N	181	150	150	150		0.5
CDC (93.262)	Occupational Health and Safety Surveillance - Determines rates, trends, and causes of work-related injury and illness.	N	134	130	130	130		0.7
CDC (93.283)	Cancer Prevention and Control - Study on innovative approaches to utilization of breast and cervical cancer screening services.	N	285	0	0	0		0.0
CDC (93.283)	Oral Disease Prevention - Supports the development of state-level infrastructure to improve oral health in the state.	N	236	190	0	0		0.0
CDC (93.283)	Cancer in MN Children - Supports enhancements to the cancer surveillance system to increase the rapidity of reporting for pediatric cancer cases.	N	167	182	182	182		1.0
CDC (93.366)	MN Actions to Improve Oral Health Work Force - Decrease dental caries, oral health disparities and other co-morbid chronic diseases associated with poor oral health.	N	0	310	370	370		2.2
CDC (93.426)	Innovative State and Local Public Health Strategies - Prevention of diabetes, heart disease and stroke and improved management of conditions	N	0	1,000	1,600	1,600		8.9
CDC (93.435)	Innovative State and Local Public Health Strategies - Prevention of diabetes, heart disease and stroke and improved management of conditions	N	0	2,000	2,000	2,000		6.4
CDC (93.436)	Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewoman) - Evidence-	N	0	690	920	920	Match	3.9

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	based strategies to help reduce risk, complications and barriers to prevention and control of heart disease and stroke among eligible women, including provision of screening services. Also includes Implementation and evaluation of innovative strategies for prevention.							
CDC (93.757)	State and Local Public Health Actions - Supplement - Ensure continuation of critical activities and strategies focused specifically on cardiovascular health, diabetes management, and type 2 diabetes prevention.	N	1,185	622	0	0		0.0
CDC (93.757)	State and Local Public Health Actions - Prevent and control diabetes, heart disease, obesity, and associated risk factors, and promote school health.	N	1,050	643	0	0		0.0
CDC (93.758)	Preventive Health and Health Services (PHHS) Block Grant - Primary source of cross-cutting funding to address national Healthy People 2020 objectives. The PHHS block grant is used to prevent and control chronic diseases, respond quickly to disease outbreaks, build public health capacity and address emerging needs.	N	898	617	617	617	MOE	5.5
CDC (93.800)	Colorectal Cancer - Increase colorectal cancer screening through use of evidence-based interventions and other strategies in partnership with health systems. Provide screen and follow-up services for a limited number of eligible people.	N	1,581	1,600	1,600	1,600		7.5
CDC (93.810)	MN Stroke Registry Program - Supports a hospital-based stroke registry that is used to improve care for stroke patients.	N	713	767	750	750		4.8
CDC (93.875)	Models of Collaboration - Public health program that utilizes the oral health infrastructure to impact chronic disease performance measures.	N	152	78	0	0		0.0
CDC (93.898)	Cancer Prevention and Control - Prevent and minimize the impact of cancer through policies, systems and environmental change. Support the MN Cancer Reporting System.	N	1,210	1,290	1,490	1,490	Match/MOE	8.7
CDC (93.898)	Cancer Prevention and Control - Improve access to timely breast and cervical cancer screening and	N	4,003	3,961	4,041	4,041	Match/MOE	13.6

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	diagnostic services for underserved women.							
CDC (93.945)	State Public Health Actions - Prevent and control diabetes, heart disease, obesity, and associated risk factors, and promote school health.	N	296	0	0	0		0.0
CDC (93.945)	MN Public Health Approaches Addressing Arthritis - Implement state-based approaches to improve arthritis management and quality of life for adults with arthritis.	N	0	290	290	290		1.4
CDC (93.946)	Safe Motherhood and Infant Health Initiative - Sudden Unexpected Infant Death (SUID) and Sudden Death in the Young (SDIY) case registry.	N	83	188	130	130		1.0
CDC (94.354)	Public Health Crisis Response - Supplemental funds to address opioid overdose.	N	0	1,230	246	0		0.7
CMS (93.881)	The Health Insurance Enforcement and Consumer Protections grant program -	N	0	80	0	0		0.0
HRSA (93.059)	Public Health Dentistry - Evaluation, curriculum, communications and administration.	N	23	56	45	0		0.2
HRSA (93.236)	Oral Health Work Force - Impact oral health disparities and increase access to quality oral health care by fostering innovation in existing systems, develop and pilot new programs that positively impact Minnesota's underserved populations.	N	333	450	90	0	Match	0.5
SAMHSA (93.243)	Youth Suicide Prevention and Early Intervention - Build local capacity and strengthen the coordination, implementation and evaluation of statewide (including tribal communities) youth suicide prevention and early intervention strategies to decrease suicide by 10% in five years, 20% in 10 years towards zero deaths.	N	920	1,077	730	725		2.6
SAMHSA (93.788)	State Targeted Response to the Opioid Crisis - Naloxone distribution	N	109	191	0	0		0.0
SAMHSA (93.958)	Community Mental Health Services Block Grant - Improve state and community services for children and adults with substance abuse and mental health disorders.	N	51	0	0	0		0.0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
USDOJ (16.320)	Services for Trafficking Victims - Improve outcomes for child and youth victims of sex and labor trafficking.	N	543	1,163	836	500	Match	1.1
	Health Promotion & Chronic Disease		17,718	23,477	24,272	23,550		93
CDC (93.354)	Public Health Crisis Response - State-level emergency response to public health incidents actions as determined by CDC. Award allows for quick action, including activation of emergency operations centers, surge staffing, risk communication and crisis-specific resources needed for the response.	Y	0	0	2,500	2,500	N	10.0
CDC (93.069)	Public Health Emergency Preparedness (PHEP) - Zika supplement - Supports state, local and tribal public health preparedness and response to emergencies that affect the public's health, with specific focus on Zika.	N	82	0	0	0		0.0
CDC (93.069)	Public Health Emergency Preparedness (PHEP) - Supports state, local and tribal public health preparedness and response to emergencies that affect the public's health.	N	8,328	7,644	7,644	7,644		26.4
CDC (93.079)	Promote Adolescent Health - School-based programs for HIV/STD Prevention	N	0	30	30	30		0.0
CDC (93.336)	Behavioral Risk Factor Surveillance (BRFSS) - Enhancement of the quality of health data collected through the BRFSS survey.	N	364	390	390	390		0.0
CDC (93.758)	Preventive Health and Health Services (PHHS) Block Grant - Primary source of cross-cutting funding to address national Healthy People 2020 objectives. The PHHS block grant is used to prevent and control chronic diseases, respond quickly to disease outbreaks, build public health capacity and address emerging needs.	N	2,353	1,865	1,787	1,787	MOE	19.9
CDC (94.354)	Public Health Crisis Response - Supplemental funds to address opioid overdose.	N	0	47	9	0		0.1
DHHS (93.008)	National Association of County and City Health Officials -	N	6	7	0	0		0.0
DHHS (93.296)	African American Infant Mortality - Improve data collection and analysis of race/ethnicity data, support activities to prevent infant mortality, and strengthen	N	179	206	206	206		1.2

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	community connections to eliminate health disparities.							
DHHS (93.817)	Hospital Preparedness Program (HPP) - Ebola Preparedness and Responses - Prepares the state's health care system to save lives during emergencies and disasters.	N	1,425	3,729	3,729	3,729		1.1
DHHS (93.889)	Hospital Preparedness Program (HPP) - Prepares the state's health care system to save lives during emergencies and disasters.	N	3,316	3,555	3,555	3,555		7.7
HRSA (93.516)	Public Health Training Centers Program - Advise regional training initiatives focused on health outcomes and social determinants of health.	Y	0	25	25	25	N	0.2
	Health Partnerships & Equity:		16,054	17,498	19,875	19,866		67
CDC (93.184)	Disabilities Prevention - Develop, implement, and measure the effectiveness of interventions that promote the health and wellness of people with disabilities and prevent secondary conditions across the lifespan.	N	139	150	150	150		0.5
CDC (93.305)	National Tobacco Control - Funding continues programmatic Efforts to reduce morbidity and its related risk factors and to reduce premature death associated with tobacco use. It also continues surveillance efforts to measure the public health impact of these programs.	N	991	991	1,030	1,030		8.3
CDC (93.735)	Ensuring Quitline Capacity - Enhances stop smoking opportunities for Minnesotans through health systems change.	N	278	285	285	285		1.1
CDC (93.757)	State and Local Public Health Actions - Prevent and control diabetes, heart disease, obesity, and associated risk factors, and promote school health.	N	3,219	1,540	0	0		0.0
CDC (93.758)	Preventive Health and Health Services (PHHS) Block Grant - Primary source of cross-cutting funding to address national Healthy People 2020 objectives. The PHHS block grant is used to prevent and control chronic diseases, respond quickly to disease outbreaks, build public health capacity and address emerging needs.	N	838	908	845	845	MOE	8.1
CDC (93.945)	State Physical Activity and Nutrition Program - Work with	N	651	923	923	923		4.8

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	state and local partners that support communities to improve nutrition and increase physical activity.							
	Statewide Health Improvement:		6,117	4,797	3,233	3,233		23
ACF (93.563)	Child Support Contract via MN DHS - Filing voluntary parentage acknowledgements and replacing the associated birth record.	N	172	151	123	123		1.0
CMS (93.624)	Minnesota State Innovation Model (SIM) - The Minnesota Accountable Health Model sought to expand patient-centered, team-based care through service delivery and payment models that support integration of medical care, behavioral health, long-term care and community prevention services.	N	3,337	0	0	0		0.0
CMS (93.778)	Health Information Technology - Electronic public health data reporting and exchange. DHS pass-through funding.	N	302	398	700	700	Match	0.8
DHHS (93.511)	Development of a MN Data Center - Enhance analytic and research capacity for use of Minnesota Health Claims Data Center	N	1,439	644	0	0		0.0
DHHS (93.511)	Health Insurance Rate Review - Enhance analytic and research capacity for use of Minnesota Health Claims Data Center	N	243	335	0	0		0.0
DHHS (93.889)	Hospital Preparedness Program (HPP) - Prepares the state's health care system to save lives during emergencies and disasters.	N	52	0	0	0		0.0
DOE (84.372)	Statewide Longitudinal Education Data System (SLEDs) - Using data from cross-sectional programs to design and improve strategies to help students.	N	94	94	11	0		0.0
HRSA (93.130)	Primary Care - Support primary care service delivery and workforce to serve medically-underserved populations through community-based providers; site development for participating in National Health Service Corps programs.	N	241	191	191	191		1.4
HRSA (93.165)	National Health Service Corps (NCHS) Loan Repayment - To encourage more medical professionals to practice in underserved areas	N	100	100	100	100	Match	0.0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
HRSA (93.241)	Rural Hospital Flexibility Program - Supports critical access hospitals in quality improvement, patient safety, performance improvement, and provision of rural emergency medical services.	N	695	1,161	1,161	1,161		2.0
HRSA (93.301)	Small Rural Hospital Improvement - Strengthen Critical Access Hospitals and rural health systems; improve quality, safety and access.	N	754	1,032	1,032	1,032		0.2
HRSA (93.913)	State Office of Rural Health - Provides information and assistance to rural health care provider so that health services are available where needed, and to recruit and retain health professionals.	N	181	179	179	179	Match	1.5
HRSA (93.994)	Maternal and Child Health Block Grant - Supports public health services to low-income, high-risk mothers and children, including children with special health needs.	N	30	0	0	0		0.0
	Health Policy:		7,639	4,285	3,497	3,486		7
	Program Total : Health Improvement		191,186	199,906	200,546	197,515		274
ATSDR (93.240)	Agency for Toxic Substance and Disease Registry (ATSDR) Cooperative Agreement - Prevent or reduce exposures to hazardous sites and toxic substances through assessment, investigation and education.	N	535	470	470	470		4.6
CDC (93.069)	Public Health Emergency Preparedness (PHEP) - Supports state, local and tribal public health preparedness and response to emergencies that affect the public's health.	N	211	259	259	259		1.8
CDC (93.070)	Health Impact Assessment - Helps the state and communities integrate health considerations into transportation and community planning decisions.	N	54	0	0	0		0.0
CDC (93.070)	Environmental Health Specialist (EHS) Network - Identify and prevent environmental factors contributing to foodborne and waterborne illness outbreaks.	N	106	142	142	142		1.0
CDC (93.070)	Climate Resilience and Adaptation - Protect, maintain and improve public health through preparation and adaptation to climate change.	N	286	285	285	285		2.0
CDC (93.197)	Lead Poisoning Prevention - Supports state lead poisoning prevention efforts that develop	N	375	749	599	599		2.9

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	policies, educate the public and track blood-lead levels.							
CDC (93.262)	Occupational Health and Safety Surveillance - Determines rates, trends, and causes of work-related injury and illness.	N	10	10	10	10		0.1
CDC (93.323)	Epidemiology and Laboratory Capacity (ELC) - Supports public health infectious disease infrastructure for surveillance, laboratory capacity and IT capacity.	N	7	0	0	0		0.0
EPA (66.032)	State Indoor Radon Program - Implement a statewide radon mitigation program to reduce the burden of lung cancer.	N	456	391	385	385	Match	1.5
EPA (66.419)	Water Pollution Control Program - Surface water monitoring activities in streams, wetlands and lakes.	N	80	53	52	52	Match	0.0
EPA (66.432)	State Public Water System Supervision (PWSS) - Implement supervisions and enforcement activities of the public water system.	N	2,406	2,700	2,700	2,700	Match	20.6
EPA (66.468)	Drinking Water Revolving Fund - Management of set-aside activities.	N	4,500	3,700	3,700	3,700		27.9
EPA (66.469)	Great Lakes Consortium Fish - Work with eight states on evaluating fish consumption advisories and improve the delivery of information to the public.	N	395	378	378	378		0.9
EPA (66.608)	Drinking Water e-Portal - Compliance Monitoring Data Portal Implementation and Drinking Water e-Portal.	N	85	54	54	0		0.0
EPA (66.608)	Environmental Information Exchange Network (EN) - Web-based system to securely share environmental and public health information.	N	0	300	300	300		1.6
EPA (66.707)	Lead in Residences - Provides education and compliance assistance to the public and businesses that impact lead in residences.	N	395	353	353	353		2.5
FDA (93.103)	Food Inspection Standardization - Establish a centralized reporting protocol and strengthen uniformity among statewide inspection reports.	N	70	70	70	70		0.6
	Environmental Health:		9,971	9,914	9,757	9,703		68
ACF (93.576)	Refugee Health Promotion - Supports state operations and	N	142	125	125	125		0.9

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	grants to CHBs to ensure refugees receive a medical screening and healthy start as they resettle.							
CDC (93.069)	Public Health Emergency Preparedness (PHEP) - Supports state, local and tribal public health preparedness and response to emergencies that affect the public's health.	N	722	677	677	677		4.9
CDC (93.070)	Environmental Health Specialist (EHS) Network - Identify and prevent environmental factors contributing to foodborne and waterborne illness outbreaks.	N	49	51	51	51		0.5
CDC (93.084)	Infectious Disease Prevention - Conduct annual immunization recall reminder notifications to MA-eligible not up to date children and adolescents.	N	0	13	13	13		0.1
CDC (93.084)	Vector borne Center of Excellence - Funding from the University of Madison to establish a center of excellence for managing vector borne diseases	N	150	137	137	137		1.2
CDC (93.116)	Tuberculosis Elimination - Supports TB prevention and control activities including state operations and grants to CHBs.	N	1,085	1,110	1,110	1,110		7.6
CDC (93.185)	Disparity in Adolescent Vaccination in Rural Areas - Administer surveys to both rural and urban areas to understand disparities, analyze data	N	0	157	157	157		1.3
CDC (93.262)	Upper Midwest Agricultural Safety and Health - Conduct outreach and surveillance for zoonotic diseases in agricultural workers.	N	124	134	134	134		1.1
CDC (93.268)	Council of State and Territorial Epidemiologists - Collaboration with health care providers for reporting of Influenza-like illness and enhance surveillance.	N	29	0	0	0		0.0
CDC (93.268)	Immunization Information System (IIS) Sentinel Site - Advance the use of IIS data and the current knowledge of the benefits and strengths of the IIS.	N	561	500	250	250		1.7
CDC (93.268)	Immunization Information Systems - Supports use of the Assessment, Feedback, Incentives, exchange (AFIX) process to improve immunization service delivery and raise vaccination coverage levels.	N	288	143	33	0		0.3
CDC (93.268)	MN Immunization PPHF - Supports promotion of	N	2,884	3,104	3,104	3,104		14.2

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	immunizations across the lifespan thru state operations, vaccine-preventable disease surveillance, immunization information systems, implementation of the federal Vaccines for Children program, and grants to Community Health Boards (CHBs).							
CDC (93.268)	MN Statewide Immunization and Vaccine - Supports promotion of immunizations across the lifespan thru state operations, vaccine-preventable disease surveillance, immunization information systems, implementation of the federal Vaccines for Children program, and grants to Community Health Boards (CHBs).	N	1,834	5,358	5,358	5,358		15.2
CDC (93.270)	Adult Viral Hepatitis Prevention and Control - Improving the state response to Hepatitis B and C	N	117	177	177	177		1.0
CDC (93.283)	Malaria - University of Minnesota - Reduce the number of malaria cases among U.S. travelers to west Africa	N	110	170	170	170		0.9
CDC (93.317)	Emerging Infections Program (EIP) - Minnesota is one of 10 states serving as a sentinel site for emerging infectious disease surveillance. Supports state operations for specialized studies of emerging infections.	N	1,524	2,096	2,087	2,087		16.2
CDC (93.317)	Emerging Infections Program (EIP) Prevention and Public Health Fund - Minnesota is one of 10 states serving as a sentinel site for emerging infectious disease surveillance. Supports state operations for specialized studies of emerging infections.	N	2,010	2,154	2,154	2,154		18.6
CDC (93.323)	Epidemiology and Laboratory Capacity (ELC) - Supports public health infectious disease infrastructure for surveillance, laboratory capacity and IT capacity.	N	6,273	6,080	4,369	4,369		32.7
CDC (93.323)	Epidemiology and Laboratory Capacity (ELC) - Zika Supplemental - Supports public health infectious disease infrastructure for surveillance, laboratory capacity and IT capacity.	N	140	70	0	0		0.0
CDC (93.354)	Public Health Crisis Response - Supplemental funds to address opioid overdose.	N	0	112	22	0		0.2

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
CDC (93.733)	Vaccine Tracking System (VTrckS) PPHF - Order and manage publicly-funded vaccines more efficiently.	N	57	0	0	0		0.0
CDC (93.755)	Surveillance for Diseases Among Immigrants and Refugees - Minnesota Center Of Excellence Network training and epidemiology In Refugee Health.	N	648	741	741	741		3.0
CDC (93.758)	Preventive Health and Health Services (PHHS) Block Grant - Primary source of cross-cutting funding to address national Healthy People 2020 objectives. The PHHS block grant is used to prevent and control chronic diseases, respond quickly to disease outbreaks, build public health capacity and address emerging needs.	N	424	435	429	429	MOE	3.3
CDC (93.898)	Strengthen Public Health Immunization Infrastructure and Performance - Minnesota Immunization Registry (MIIC) Infrastructure Enhancement.	N	118	0	0	0		0.0
CDC (93.940)	Comprehensive HIV Prevention - Supports AIDS/HIV prevention activities including state operations and grants to community-based organizations (CBOs). This grant also supports linking individuals living with HIV into care to reduce risk of transmission and susceptibility to other infections.	N	1,406	0	0	0		0.0
CDC (93.940)	Integrated HIV Surveillance and Prevention Programs - Support an integrated HIV prevention and surveillance program to prevent new HIV infections and achieve viral suppression among persons living with HIV and supports healthy outcomes.	N	1,280	2,986	2,986	2,986		15.5
CDC (93.944)	HIV/AIDS Surveillance - Supports HIV surveillance activities.	N	211	0	0	0		0.0
CDC (93.977)	Prevention of Sexually Transmitted Diseases - Enhances STD surveillance data to improve understanding of the population at risk for STDs.	N	320	300	300	300		2.4
CDC (93.977)	Strengthening STD Prevention and Control for Health Departments - Increase the capacity of MDH to prevent and control STD's through surveillance and outreach to focus on those populations bearing the greatest burden of disease.	N	1,167	1,243	1,243	1,243		8.1

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
CMS (93.778)	Immunization outreach to Medicaid eligible population - Grants to Local Public Health and community health boards to conduct annual immunization recall reminder notifications for not up to date children and adolescents	N	316	350	350	350		0.0
EPA (66.472)	Beach Monitoring Lake Superior - Supports water testing for e. coli at beaches along the Lake Superior Coast.	N	215	202	202	202		1.2
FDA (93.876)	National Antimicrobial Resistance Monitoring System (NARMS) - Enhance and strengthen antibiotic resistance surveillance in retail food specimens	N	135	153	153	153		0.4
HRSA (93.917)	Ryan White HIV - Improve HIV prevention, care, treatment and support.	N	235	2,700	2,700	2,700		6.9
	Infectious Disease:		24,573	31,478	29,232	29,177		161
CDC (93.069)	Public Health Emergency Preparedness (PHEP) - Supports state, local and tribal public health preparedness and response to emergencies that affect the public's health.	N	2,023	2,693	2,693	2,693		12.3
CDC (93.116)	Tuberculosis Elimination - Supports TB prevention and control activities including state operations and grants to CHBs.	N	115	119	119	119		1.1
CDC (93.136)	Injury Prevention and Control - Opioid laboratory surveillance	N	31	117	83	83		0.4
CDC (93.262)	Occupational Health and Safety Surveillance - Determines rates, trends, and causes of work-related injury and illness.	N	2	6	6	6		0.0
CDC (93.314)	Early Hearing Detection and Intervention (EHDI) - Supports a centralized newborn hearing screening tracking and surveillance system capable of accurately identifying, matching, collecting, and reporting data.	N	100	173	173	173		0.2
CDC (93.317)	Emerging Infections Program (EIP) - Minnesota is one of 10 states serving as a sentinel site for emerging infectious disease surveillance. Supports state operations for specialized studies of emerging infections.	N	910	1,850	1,850	1,850		11.8
CDC (93.317)	Emerging Infections Program (EIP) Prevention and Public Health Fund - Minnesota is one of 10 states serving as a sentinel site for emerging infectious disease surveillance. Supports state	N	784	777	334	334		2.5

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	operations for specialized studies of emerging infections.							
CDC (93.323)	Epidemiology and Laboratory Capacity (ELC) - Zika Supplemental - Supports public health infectious disease infrastructure for surveillance, laboratory capacity and IT capacity.	N	110	100	0	0		0.0
CDC (93.354)	Public Health Crisis Response - Supplemental funds to address opioid overdose.	N	0	670	133	0		0.2
CDC (93.521)	Epidemiology and Laboratory Capacity (ELC) - Supports public health infectious disease infrastructure for surveillance, laboratory capacity and IT capacity.	N	4,931	4,280	4,165	4,165		19.3
CDC (93.815)	Epidemiology and Laboratory Capacity (ELC) - Ebola supplement - Supports public health infectious disease infrastructure for surveillance, laboratory capacity and IT capacity.	N	301	3	0	0		0.0
CMS (93.778)	Health Information Technology - Public Health Laboratory Component - Electronic public health data reporting and exchange. DHS pass-through funding.	N	99	564	663	663	Match	0.9
DHS (97.091)	Homeland Security Biowatch Program - Provides early detection for early warning of a bioterrorism event.	N	47	27	0	0		0.0
FDA (93.103)	Whole Genome Sequencing - Track foodborne pathogens to improve outbreak response and effective monitoring of preventative controls.	N	165	165	165	165		0.8
HRSA (93.110)	Maternal and Child Health and Newborn Screening - Improve timeliness of newborn screening programs.	N	19	45	0	0		0.0
NIH (93.310)	Children's Health Exposure Analysis Resource (CHEAR) - Understanding about how the environment impacts children's health	N	76	326	150	0		1.0
USDHS (97.091)	Biowatch - Maintains the Biowatch Program's early warning system through an ambient air monitoring network in the Minneapolis-St. Paul Metropolitan area.	N	910	914	914	914		4.2
CMS (93.778)	Health Information Technology - Infectious Disease Component - Electronic public health data	N	662	1,680	2,342	2,342	Match	1.6

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	reporting and exchange. DHS pass-through funding.							
CDC (93.070)	State-Based Public Health Laboratory Biomonitoring Programs	Y			750	750		4.0
	Public Health Laboratory:		11,285	14,509	14,540	14,257		55
CMS (93.777)	Clinical Laboratory Improvement Amendments (CLIA) - Provides inspections of clinical laboratories to ensure they are meeting federal standards.	N	195	255	255	255		2.0
CMS (93.777)	Impact Hospice - Certify health care facilities and perform surveys and investigations of those facilities.	N	115	287	317	317	Match	1.6
CMS (93.777)	Medicare Title 18 - Certify health care facilities and perform surveys and investigations of those facilities.	N	9,112	9,343	9,343	9,343	Match	0.0
CMS (93.777)	Case Mix - Certify health care facilities and perform surveys and investigations of those facilities.	N	1,410	2,388	2,388	2,388	Match	13.8
	Health Regulation:		10,833	12,273	12,303	12,303		17
	Program Total: Health Protection		56,661	68,174	65,832	65,440		300
CDC (93.069)	Public Health Emergency Preparedness (PHEP) - Supports state, local and tribal public health preparedness and response to emergencies that affect the public's health.	N	53	252	58	58		0.5
CDC (93.354)	Public Health Crisis Response - Supplemental funds to address opioid overdose.	N	0	36	7	0		
CDC (93.758)	Preventive Health and Health Services (PHHS) Block Grant - Primary source of cross-cutting funding to address national Healthy People 2020 objectives. The PHHS block grant is used to prevent and control chronic diseases, respond quickly to disease outbreaks, build public health capacity and address emerging needs.	N	408	396	396	396	MOE	
CMS (93.778)	Health Information Technology - Electronic public health data reporting and exchange. DHS pass-through funding.	N	0	1,000	1,000	1,000	Match	0.1
	Health Operations:		461	1,684	1,461	1,454		1
	Program Total: Health Operations		461	1,684	1,461	1,454		1
	Federal Fund – Agency Total		248,307	269,764	267,839	264,409		576

Narrative

The Department of Health relies on substantial federal investments in order to protect, maintain and improve the health of all Minnesotans. In FY 2018, federal funding accounted for \$248 million—almost half—of all department expenditures. The largest source of federal funding was from the U.S. Department of Agriculture’s Women, Infants and Children program at \$118 million or 48%. Other large federal contributors included the Centers for Disease Control and Prevention (\$68 million or 27%), the Health Resources and Services Administration (\$23 million or 9%), Centers for Medicare and Medicaid Services (\$16 million or 6%) and Environmental Protection Agency (\$8.5 million or 3%). The department uses federal funding to plan for and respond to public health emergencies, supply and equip a modern laboratory, track the spread of deadly diseases and debilitating conditions, promote health, maintain a highly skilled workforce and support communities with expertise and grant funding. The forecast for federal funding in FY 2020-21 is based on projected awards, but actual amounts are subject to annual congressional appropriations and agency determination.

Acronyms:

- ACF – Administration for Children and Families
- ACL – Administration for Community Living
- ATSDR – Agency for Toxic Substances and Disease Registry
- CDC – Centers for Disease Control and Prevention
- CFDA – Catalogue of Federal Domestic Assistance
- CMS – Centers for Medicare and Medicaid Services
- DHHS – U.S. Department of Health and Human Services
- DOE – U.S. Department of Education
- EPA – Environmental Protection Agency
- FDA – Food and Drug Administration
- HRSA – Health Resources and Services Administration
- MOE – Maintenance of Effort
- NIH – National Institutes of Health
- SAMHSA - Substance Abuse and Mental Health Services Administration
- USDA – U.S. Department of Agriculture
- USDHS – U.S. Department of Homeland Security
- USDOJ – U.S. Department of Justice

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Community and Family Health:				
Abstinence Education Both (145.9261 and 145.9255)	Promote healthy youth development through education, community activities and parent support.	RFP – Competitive Nonprofit Organizations; Community Health Boards; Tribal Governments	694	626
Birth Defects Information System Both (144.2215)	Provide support and linkages to community resources for infants born with a birth defect and their families.	Non-Competitive – Formula Community Health Boards	279	323
Breastfeeding Peer Counseling Federal (144.0742)	Promote and support breastfeeding of WIC participants.	RFP –Competitive WIC grantees	1,010	850
Children and Youth with Special Health Needs Grant State (CYSHN) State (144.0742)	Improve care coordination for CYSHN	RFP- Competitive Clinics	160	160
Commodity Supplemental Food Program (CSFP) Federal (144.0742)	Provide nutrition information and supplemental foods to low-income individuals at least 60 years old.	RFP-Competitive Nonprofit Organizations	1,025	900
Evidence-based home visiting State (144.0742)	Supports evidence-based home visiting programs to at risk families.	RFP- Competitive Nonprofit Organizations; Community Health Boards, Tribal Governments	5,580	5,580
Families with Deaf and Hard of Hearing Children State (144.0742)	Parent to parent support for families with young children who are deaf or are hard of hearing.	RFP-Competitive Nonprofit Organizations	590	590
Family Home Visiting Program Federal (145A.17)	Promote family health and self- sufficiency.	Formula Community Health Boards; Tribal Governments	7,827	7,827
Family Planning Federal/State (145.925)	Provides pre-pregnancy family planning services to high-risk, low- income individuals.	RFP – Competitive Nonprofit Organizations; Community Health Boards; Tribal Governments	6,343	6,343
Fetal Alcohol Syndrome (FAS) State (145.9265)	Supports FAS prevention and intervention activities.	Single Sole Source Nonprofit Organization	2,000	2,000
Follow Along Program Federal (144.0742)	Supports anticipatory guidance and developmental screening for young children.	Formula Community Health Boards	157	157
Hearing Aid Loan Bank State (144.0742)	Support for a statewide hearing aid loaner program for young children newly diagnosed with a hearing loss.	Single Sole Source Nonprofit Organization	69	69

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Federal (144.0742)	Supports evidenced based home visiting to pregnant or parenting families of young children.	RFP-Competitive Community Health Boards; Tribal Governments	5,649	6,056
Minnesota Student Parent Support Initiative Federal (144.0742)	Supports pregnant and parenting young women and men to accomplish their educational goals.	RFP – Competitive Nonprofit Organizations; Community Health Boards; Tribal Governments	769	670
Nurse Family Partnership State (144.0742)	Supports Nurse Family Partnership home visiting programs serving first time mothers.	RFP – Competitive Community Health Boards; Tribal Governments	2,000	2,000
Personal Responsibility Education Program Federal (144.0472)	Promote personal responsibility and educate high risk adolescents regarding pregnancy and STI prevention utilizing evidence based curricula.	RFP – Competitive Nonprofit Organizations; Community Health Boards; Tribal Governments	496	468
Positive Alternatives State (145.4236)	Provide support and assistance to pregnant women and on the birth of their child.	RFP – Competitive Nonprofit Organizations	3,357	3,357
Preconception Grants State (144.2215)	Prevent birth defects through preconception education efforts.	RFP – Competitive Nonprofit Organizations; Community Health Boards; Tribal Nations; Clinics	240	240
Support Services for Deaf and Hard on Hearing State (144.966)	Provides deaf and/or hard of hearing adult mentor support to parents of children who are deaf or hard of hearing, including American Sign Language.	RFP – Competitive Nonprofit Organizations	156	156
Title V Maternal and Child Health Block Grant Federal (145.882)	Provides public health services to high risk, low income mothers and children, including children and youth with special health care needs.	Formula Community Health Boards	6,070	6,036
Women, Infants and Children (WIC) Federal (144.0742)	Provides nutritional education and healthy foods to low-income pregnant women and young children.	RFP – Competitive Community Health Boards; Tribal Governments; Nonprofit Organizations	23,399	22,500
WIC Infrastructure	Provide assistance to WIC grantees for special projects above the scope of normal EIC operations.	RFP – Competitive WIC Grantees	67	63
Vendor Integration Grants Federal 144.0742	Provide support to retail stores in updating their Point of Sale system for integrated eWIC transactions.	Application Process WIC Authorized Stores	70	1,300
Health Promotion and Chronic Disease:				
Sage Health Systems Change grants Both (MS 144.0742 & 144.05)	Increase access to breast and cervical cancer screening services for low income uninsured and underinsured women through recruitment, patient navigation and case management.	Non-Profit Organizations Sole Source	181	65

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Advance Care Planning, State Laws of Minnesota 2017, 1st Spec. Sess., chapter 6, article 18, section 3, Subd. 2(n)	Develop, implement and evaluate a statewide advance care planning initiative using public health approaches through coordination of community-based strategies to encourage individuals, families, caregivers and health care providers to begin and sustain conversations regarding advance care planning.	Non-Profit Organization RFP - Competitive	241	32241
Cancer Legal Line Federal (MS 144.0742 & 144.05)	Prevent or reduce the financial and legal burdens on cancer patients through screening, education, and navigation within accredited cancer centers.	Non-Profit Organization Sole Source	25	13
American Indian Cancer Foundation Both (MS 144.0742 & 144.05)	Build capacity for stronger, more effective colon cancer education, outreach, screening and navigation in tribal health systems and communities.	Non-Profit Organization Sole Source	74	33
Sage Scopes Clinic Quality and System Improvement Grant Both (MS 144.0742 & 144.05)	Support quality improvement and increase colorectal cancer screening rates within Federally Qualified Health Centers.	Non-Profit Organizations; Tribal sites Sole Source	140	45
Safe Harbor Grants, Both federal and state funding Program and Technical Assistance 145.4716 - 145.4718	Funds shall be used for grants to increase the number of regional navigators; to train professionals who engage with exploited or at-risk youth; implement statewide protocols and best practices for effectively identifying, interacting with, and referring sexually exploited youth to appropriate resources; and program operating costs.	RFP - Competitive Local public health and social service agencies, nonprofit organizations, tribal governments, units of government, schools and/or school districts, health care organizations	2,650	2,650
Sex Trafficking Report State 145.4715	Development of a comprehensive statewide strategic plan and report to address the needs of sex trafficking victims statewide.	This was awarded via competitive RFP to a triumvirate of applicants including higher education and community organizations.	67	0
Safe Harbor Program and Technical Assistance State 145.4716	The Safe Harbor Program also includes training and technical assistance to individuals and organizations that provide Safe Harbor services and receive funds.	These funds are awarded via competitive RFP. Local public health and social service agencies, nonprofit organizations, tribal governments, units of government, schools and/or school districts, health care organizations	744	744

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Opioid Abuse Prevent Grants - State 15.061	This one-time funding appropriation supports a technical contract to advise the MDH and state of MN in best practice opioid overdose prevention (\$300,000). The appropriation also supports eight community opioid overdose prevention projects (\$700,000).	RFP - Competitive Tribal governments, local units of government, health care providers, health plan companies and other entities	1,000	0
Brain Injury/Trauma Registry State 144.661 - Stat 144.665	Repository of all hospitalized cases of traumatic brain and spinal cord injury in Minnesota. Data supports determination of appropriate community-specific intervention strategies and to identify service needs and gaps.	This funding is distributed via sole source to the Minnesota Brain Injury Alliance.	949	986
Suicide Prevention Grants State 145.56	Community-based suicide prevention in Minnesota, which will serve the needs of Minnesotans at risk of suicide.	RFP - Competitive Local public health and social service agencies, nonprofit organizations, tribal governments, units of government, schools and/or school districts, health care organizations, faith communities, emergency response organizations	248	248
Early Dental Prevention Initiative - Federal 144.0742	Statewide initiative to increase awareness of the importance of early preventive dental intervention for infants and toddlers.	Sole source Local public health and social service agencies, nonprofit organizations, units of government, schools and/or school districts, health care organizations, and faith communities	128	128
Poison Center Grants State 145.93	The poison control system reduces emergency room and physician office treatment for minor poison cases and produces corresponding increases in home management of poisoning.	Funds are awarded via competitive RFP Non-Profit Organizations, For-Profit Organizations and Units of government are all eligible to compete provided they meet the criteria.	2,379	2,379
Rape Prevention & Education Federal (144.0742)	Supports statewide prevention and education programs that address sexual violence.	Funds are awarded based upon a mix of competitive RFP and sole source Local public health, social service agencies, nonprofit organizations, tribal governments, units of government, schools and/or school districts, health care organizations	182	293

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Prevention & Control Diabetes & Cardiovascular Health Federal; MN State Public Health Actions Federal (144.0742)	Prevent obesity, diabetes, heart disease, and stroke.	Sole source Local public health and social service agencies, nonprofit organizations, tribal governments, units of government, schools and/or school districts, health care organizations, and faith communities	337	1208
Oral Disease Prevention Federal and Oral Health Workforce Act; MN Actions to Improve Oral Health Federal (144.0742)	Supports the development of state-level infrastructure to improve oral health in the state. Reduce oral health disparities and increase access to quality oral health care by fostering innovation in existing systems, develop and pilot new programs that positively impact Minnesota's underserved populations.	Sole source Local public health, social service agencies, nonprofit organizations, tribal governments, units of government, schools and/or school districts, health care organizations	119	107
MN Comprehensive Asthma Control Federal (144.0742)	Supports statewide activities to train health professionals, educate individuals with asthma and their families, and explain asthma to the public.	Sole source Local public health and social service agencies, nonprofit organizations, tribal governments, units of government, schools and/or school districts, health care organizations	23	50
MN Stroke Program MS 144.492 MN Stroke Registry Program Federal (144.0742)	Supports a hospital-based stroke registry that is used to improve care for stroke patients.	RFP - Competitive Health care organizations	3	28
Improving the Health of People with Mobility Disabilities Federal (144.0742)	Develop, implement, and measure the effectiveness of interventions that promote the health and wellness of people with disabilities and prevent secondary conditions across the lifespan	Sole source Local public health and social service agencies, nonprofit organizations, tribal governments, units of government, schools and/or school districts, health care organizations	101	76
Core Injury & Violence Prevention Federal (144.0742)	Supports comprehensive injury prevention and control activities, with a focus on traumatic brain injury.	Funds are awarded based upon a mix of competitive RFP and sole source grants; also an interagency agreement with MnDOT to support the Towards Zero Death Initiative.	0	23
Minnesota Safe Harbor Expansion Federal (144.0742)	This Office for Victims of Crime's (OVC) grant, Improving Outcomes for Child and Youth Victims of Human Trafficking, is focused on direct services to promote safety and security of victims.	RFP - Competitive Local public health, social service agencies, nonprofit organizations, tribal governments, units of government, schools and/or school districts, health care organizations	298	797

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Youth Suicide Prevention in MN Federal (144.0742)	Build local capacity and strengthen the coordination, implementation and evaluation of statewide (including tribal communities) youth suicide prevention and early intervention strategies to decrease suicide by 10% in five years, 20% in 10 years towards zero deaths	Funds are awarded via sole source. Local public health, social service agencies, nonprofit organizations, tribal governments, units of government, schools and/or school districts, health care organizations	269	405
MN Enhanced Opioid Surveillance Federal 144.0742	Improve state tracking and reporting on opioid-involved morbidity and mortality and its associated risk factors.	Funds are awarded based upon sole source (Minnesota Hospital Association)		151
Minnesota Addressing Arthritis Federal (144.0742)	Implement state-based approaches to improve arthritis management and quality of life for adults with arthritis.	Sole Source Local public health and social service agencies, nonprofit organizations, units of government, schools and/or school districts, health care organizations		61
Public Health Opioid Crisis Response Federal (144.0742)	Advance the understanding of the opioid epidemic and scale up prevention activities.	Funds are awarded based upon sole source capacity to provide the requirements of the federal funding.		587
DHS EMS Naloxone Federal (144.0742)	This one-time grant funding flows through DHS to the MDH for EMS regional programs and is for the express purpose of purchasing and distributing Naloxone, training first responders, and purchasing supplies needed for training and dispensing of Naloxone.	These grant dollars are only awarded to the EMS Regions in Minnesota - Sole Source Emergency response organizations	103	177
MN Drug OD & Substance Abuse Pilot Federal (144.0742)	This award allows for the testing of an emergency department-based drug overdose surveillance system	Funds are awarded via sole source to participating hospitals and the Minnesota Hospital Association	57	0
Surge Funding Components 1-4; National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention (NCHHSTP), and the NCIPC. Federal (144.0742)	These one-time funds will support staff in the collection and analysis and evaluation. Staff will increase the number of pharmacies participating in the MDH naloxone protocol, continue to provide training to / for pharmacists and pharmacy staff, and improve how we collect data on naloxone administration. A contract with the Minnesota Hospital Association will support work across many hospitals to test strategies for improving timeliness of reporting of overdose data to the MDH.	Sole source Minnesota Hospital Association Board of Pharmacy		2,790
MN Occupational Health and Safety Surveillance Federal (144.0742)	Occupational surveillance and related prevention activities.	No grants are awarded with these funds.	134	130

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Prescription Drug Overdose – data driven prevention initiative Federal (144.0742)	These funds support the translation of data into information that can be used at the state and local levels to guide program, policy and practice.	No current Grants are supported with these funds	0	258
Health Partnerships & Equity:				
Local Public Health Grant (145A.131)	For CHBs to address the areas of public health responsibility and local priorities developed through the community health assessment and community health improvement planning process.	Community Health Boards	21,665	21,665
Eliminating Health Disparities Initiative State (145.928)	Improves the health of the four minority racial/ethnic groups in MN (American Indians, Asian Americans, African Americans, and Latinos/Hispanics). Grants focus on 7 health priorities.	RFP - Competitive Community Health Boards; Local Government; Nonprofits	3,142	3,142
Local Public Health to Tribal Governments State (145A.14 Subd. 2a)	Develops and maintains an integrated system of American Indian tribal health services under tribal administration and within a system of state guidelines and standards.	Formula Tribal Governments	1,166	1,166
Racial Disparities Federal TANF (145.928)	Support closing the gap in the health status of populations of color and American Indians.	RFP - Competitive Community Health Boards; Local Government; NGOs	2,000	2,000
Public Health Emergency Preparedness (PHEP) Federal (MS 144.0742)	Increasing and maintaining operational readiness to respond to a public health disaster or emergency.	Formula – Community Health Boards, Tribal Health Departments	4,742	4,659
Hospital Preparedness Program (HPP) Federal (MS 144.0742)	Improve surge capacity and enhance health care coalition and hospital preparedness within Minnesota.	Formula Non-profit hospitals and EMS Associations	2,646	2,646
Hospital Preparedness Program Ebola Preparedness and Response Activities Grant Federal (MS 144.0742)	Improved capacity to safely and successfully identify, isolate, assess, transport, and treat patients with Ebola or patients under investigation for Ebola	Formula Non-profit hospitals and EMS Associations	950	950
Hospital Preparedness Program Ebola Preparedness and Response Activities Grant Regional Treatment Facility Federal (MS 144.0742)	Development of a regional Ebola and other special pathogen treatment center with significantly enhanced Ebola and other infections disease capabilities.	Sole source Non-profit hospital	570	570

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Public Health Crisis Response Grant (CDC Opioids) Federal (MS 144.0742)	Advance the understanding of the opioid epidemic and scale up prevention activities.	Sole source Non-profits, MN State Agencies	0	697
Statewide Health Improvement:				
Statewide Health Improvement Program (State) 145.986	Increase healthy behaviors and prevent the leading causes of illness and death. Tobacco & obesity. Improve the health of Minnesotans by reducing the burden of chronic disease through evidence based policy, systems, and environmental change strategies.	Community Health Boards and Tribes. Competitive.	14,634	14,634
Tobacco Use Prevention (State) 144.396	Grant program to reduce youth tobacco use and secondhand smoke exposure by creating tobacco-free environments.	Tribes, Community Health Boards (CHB), Nonprofit Organizations, health care organizations and local units of government. Competitive	3,221	3,221
State Physical Activity and Nutrition Program (Federal) 144.0742	CDC's State Physical Activity and Nutrition Program (SPAN) funds state recipients to implement evidence-based strategies at state and local levels to improve nutrition and physical activity.	Tribes, Community Health Boards (CHB), Nonprofit Organizations, health care organizations and local units of government. Application process.	0	923
Health Policy:				
Health Information Exchange State (62J.495)	Support provider and hospital organizations in more easily sharing data for two priority types of information exchange – care summary exchange and alerting notifications for admission, discharge, and transfer to/from hospitals.	Health care organizations, including but not limited to hospitals, clinics, local health departments. Competitive RFP Connectivity through a State- Certified Health Information Organization	0	500
Health Care Homes State (MS 144.0742)	Promote community partnerships between primary care and local public health to improve community health.	Primary care providers partnered with local public health.	50	
Health Care Homes State (MS 144.0742)	Promote health information exchange between primary care, local public health and behavioral health.	Primary care partnered with local public health and behavioral health.		83
Clinical Dental Education Innovations Grants State (621.692)	To promote innovative clinical training for dental professionals and programs that increase access to dental care for underserved populations.	RFP - Competitive Clinics; Institutions of Higher Education	1,122	1,122
Community Clinic Grants State (145.9268)	Assist clinics to serve low- income populations, reduce uncompensated care burdens or improve care delivery infrastructure.	RFP - Competitive Clinics	561	561

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Dental Safety Net Grants - State (145.929)	Support for dental clinics that serve uninsured children	RFP - Competitive Clinics	113	113
Family Medicine Residency State (144.1912)	Assist rural family medicine residency programs	Formula Clinics; Hospitals	1,000	1,000
Federally Qualified Health Centers (FQHC) subsidy State (145.9269)	Support Minnesota FQHCs to continue, expand and improve services to populations with low incomes.	Formula Clinics	3,639	3,639
Home and Community Based Services (HCBS) Scholarship grant State (144.1503)	Funding to support HCBS employee scholarship programs	RFP - Competitive HCBS providers	950	950
Hospital Safety Net Grants State (145.929)	Support for hospitals that serve high-cost Emergency Medical Assistance (EMA) patients	RFP - Competitive Hospitals	1,315	1,315
Indian Health State (145A.14)	Provides health service assistance to Native Americans who reside off reservations -- RFP offered every two years.	RFP - Competitive Clinics	348	
Loan Forgiveness Program State (144.1501)	Health education loan forgiveness for providers serving underserved areas or populations.	RFP - Competitive Individuals	3,240	3,240
Medical Education Research Costs (MERC) Federal; State (621.692)	The MERC trust fund was established to address the increasing financial difficulties of Minnesota's medical education organizations.	Formula Higher Education Inst.; Clinics; Hospitals	59,127	59,127
Mental Health Safety Net Grants State (145.929)	Support for mental health centers and clinics that serve uninsured children	RFP - Competitive Clinics	394	394
Primary Care Residency Expansion Grant Program State (144.1506)	Trains medical residents in the specialties of family medicine, general internal medicine, general pediatrics, psychiatry, geriatrics or general surgery.	RFP - Competitive Clinics; Hospitals	1,500	1,500
Regional Trauma Advisory Councils Federal (144.0742)	Support activities of the regional trauma advisory council.	Single/Sole Source Nonprofits; Hospitals	30	30
Rural Hospital Capital Improvement State (144.148)	Update, remodel, or replace aging hospital facilities and equipment necessary to maintain the operations of small rural hospitals.	RFP - Competitive Hospitals	1,755	1,755
Rural Hospital Plan and Transition Grant State (144.147)	Assist with strategic planning; transition projects.	RFP - Competitive Hospitals	300	300

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Small Hospital Improvement Federal (144.0742)	Supports small hospital Health Insurance Portability and Accountability Act (HIPAA) compliance, patient safety, quality improvement, and Prospective Payment System (PPS) costs.	Formula Hospitals	726	726
State Loan Repayment Program (SLRP) Federal; State (144.0742)	Health education loan forgiveness for physicians in rural and urban underserved areas.	RFP - Competitive Individuals	100	100
Summer Health Care Internship State (144.1464)	Funding for student internships in health care settings	RFP - Non Competitive Clinics; Hospitals, Nursing Homes	300	300
Health Professions Clinical Training Expansion Grant State (144.1505)	Funds expansion of clinical training opportunities for Nurse Practitioner, Physician Assistant, Pharmacy, Dental Therapy students	RFP – Competitive Health Professions training programs	500	500
International Medical Graduates Residency grant State (144.1911)	Funds residency preparation and program placement for International Medical Graduates	RFP – Competitive	500	500
Healthy Homes State 144.0742	Promote Healthy Homes and addressing housing-based health threats.	Nonprofit Organizations; Community Health Boards RFP –Non Competitive	240	240
Lead Abatement State 144.0742	To train workers to provide lead screening, education, outreach and swab team services for residential properties across the state.	Nonprofit Organizations; Community Health Boards; RFP Competitive	479	479
Environmental Health:				
Fish Consumption Program Federal 144.0742	To increase the reach of messages about safe fish consumption among women of childbearing age and their children through further dissemination of materials currently being distributed to women receiving medical care from HealthPartners.	Non-Government Sole Source	242	76
Clean Water Fund-State 144.0742	To enhance the public's understanding and knowledge of contaminants of emerging concern in water that may be used for drinking.	Nonprofit Organizations; Community Health Boards; Tribal Governments RFP -Competitive	38	10
Lead Federal 144.0742	To increase the number of small contractors that can competitively bid on lead hazard control primary prevention projects completed by neighborhood housing agencies	Community Health Board Master Contract Sole Source	60	0

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Well Sealing-State 144.0742	Funding to public water suppliers to seal their unused Wells.	Cities, Counties and Towns Sole Source	181	0
Private Well Protection-State 144.0742	Analyze water samples for coliform bacteria, nitrate and arsenic.	Counties Sole Source	0	6
Safe Drinking Water -Act- WM State 144.381 to 144.387	Data entry for Well Construction Records	Recipient: Nonprofits, Governments, Higher Education. Eligibility: Competitive, Single Source	26	0
Safe Drinking Water Act- State 144.381 to 144.387	On-site technical assistance for small public water supply operators.	Recipient: Nonprofits, Governments, Higher Education. Eligibility: Competitive, Single Source	3	0
Safe Drinking Water Act- State 144.381 to 144.387	To insure safe drinking water in all public water supplies.	Recipient: Nonprofits, Governments, Higher Education. Eligibility: Competitive, Single Source	5	11
Clean Water Fund -State 144.072, 114D.50	To protect drinking water sources.	Recipient: Local Governments, Public Water Supply Systems. Eligibility: Competitive	122	56
Drinking Water Revolving Fund-Federal	The Drinking Water Revolving Fund helps communities build drinking water storage, treatment and distribution systems that comply with standards in the Safe Drinking Water Act.	Recipient: Nonprofit Eligibility: Single Source	394	308
Infectious Disease:				
HIV Prevention – Both 144.074	Develop, plan, implement, monitor, and evaluate a Human Immunodeficiency Virus (HIV) program	Community Health Board, tribal governments, higher education, non-profit Competitive	1,811	1,811
EIS Program - Federal 144.0742 and 144.05	Providing HIV outreach and early intervention services to targeted populations across the state	Community Health Board, non-profit, tribal governments Non-competitive	1,506	1,506
PrEP Program – Federal 144.0742	Develop, plan, implement, monitor, and evaluate a Pre-Exposure Prophylaxis	Community Health Board, non-profit Competitive	400	400
Prevention with Positives – Federal – 144.0742	Develop and provide a peer support program for people living with HIV/AIDS	Community Health Board, non-profit Competitive	222	222
FIMR – Fetal and Infant Mortality Review – – Federal 144.0742 and 144.05	Implement the CDC’s Fetal and Infant Mortality Review/Human Immunodeficiency Virus program	Hospital – Sole source	25	25
EGISP – Federal – 144.0742	Expand capacity to conduct N.gonorrhoeae surveillance	Community Health Board – Non competitive	25	0

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
GISP – Federal – 144.0742	Conduct N.gonorrhoeae surveillance	Community Health Board – Sole source	2	2
Partner Services – Federal	Ensure individuals exposed to STD's and HIV are properly treated to prevent spread of the disease	Community Health Board, other non-profit – Sole Source	212	212
SSuN – Federal - 144.074	Get more complete picture of total burden of STD's	Community Health Board – Sole source	30	30
Syphilis – Federal - 144.074	Receive community input to address STD's in sexually exploited individuals	Community Health Board – Sole source	149	159
Perinatal HIV Education – Federal 144.074 and 144.05	Provide HIV education and outreach to obstetric and gynecologic specialists and infectious disease providers	Hospital – sole source	50	50
TB Outreach – 144.074 and 144.05 - Both	To help TB patients overcome barriers to receiving treatment	Community Health Board – Non competitive	146	146
TB Medication – Both 144.075 and 144.05	Dispense and distribute approved TB medication to patients	Community Health Board – Non competitive	270	270
MIIC Registry – Federal 144.0742 and 144.05	Conduct reminder/recall activities in various regions to ensure age appropriate immunizations are administered	Community Health Board, non-profit Competitive	769	769
Perinatal HepB – Federal 144.0742 and 144.05	Provide consultation to HVB positive mothers to ensure they receive treatment	Community Health Board – Non competitive	310	194
Tri-County Project – Federal 144.0742 and 144.05	Conduct immunization site visits to all sites	Community Health Board – Non competitive	20	20
Foodborne Illness – Federal 144.0742	Strengthen foodborne illness surveillance and outbreak investigations	Higher education – Non-Competitive	147	65
Immunization - Federal 144.0742	Vaccine outreach	Non-profit – Non-competitive	21	29
Minnesota Vaccines for Children Program (MnVFC) Federal 144.0742 and 144.05	Provide vaccines to un-insured MN children, conduct site visits to all sites every two years	Community Health Board – Non competitive	50	50
Infection Control – Federal – 144.0742 and 144.05	Association of Prevention Infection and Control – provide education and training to partners about infection control	Non-profit – non-competitive	20	10
TB –State 144.0745 and 144.05	Provide refugees support with accessing care and receiving TB treatment	Community Health Board – Non competitive	150	150
MN FGC – State 144.0742	Provide education and outreach to communities that practice female genital cutting (FGC)	Non-profit - competitive	20	100
Public Health Laboratory:				

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Emerging Infections Program / Congenital Cytomegalovirus Clinical Sensitivity Study Federal 144.0745	Consented study evaluating congenital cytomegalovirus clinical testing for possible population based screening	Non – Competitive Higher Education	262	262

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Higher Education Facilities Authority

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AT A GLANCE

- The Minnesota Higher Education Facilities Authority (MHEFA) assists nonprofit institutions of higher education in financing capital projects through the issuance of tax-exempt debt
- MHEFA is authorized to have a maximum total of \$1.3 billion outstanding bond principal
- In FY 2018 MHEFA issued bonds for 4 new projects and refinanced 6 previously financed projects with a total of \$271,673,000 in bonds issued
- Total bond principal outstanding at 6/30/2018 was approximately \$929 million
- 21 nonprofit, post-secondary institutions in Minnesota have utilized MHEFA's program and realized interest savings on financing capital improvements.

PURPOSE

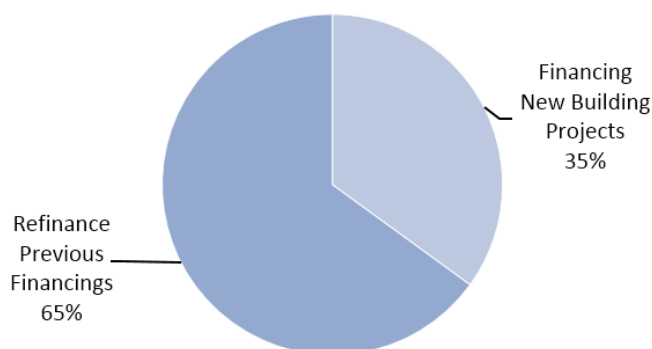
The Higher Education Facilities Authority (MHEFA) was created by the state legislature (136A.25- 136A.42) in 1971 to assist nonprofit institutions of higher education throughout Minnesota with financing or refinancing capital construction projects by issuing tax exempt revenue bonds. MHEFA receives no general fund tax dollars or any legislative appropriations. The operating funds come from fees charged to the institutions that benefit from the financings. MHEFA operates with the advice and leadership of a board of ten people. Eight are appointed by the Governor, one member is a representative from the MN Office of Higher Education and one member is the President of the MN Private College Council. The staff consists of two full-time employees.

MHEFA work contributes to the following statewide outcome:

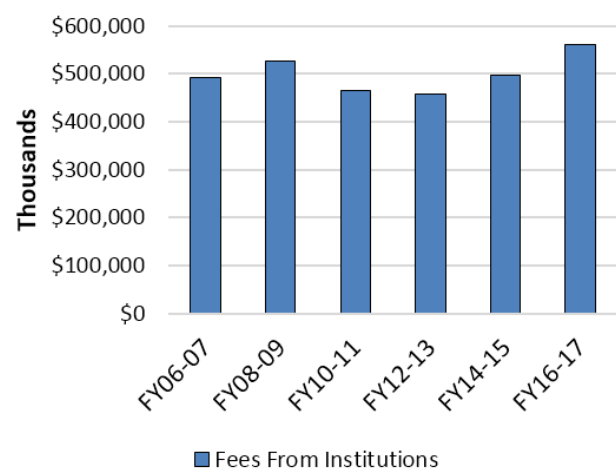
- Minnesotans have the education and skills needed to achieve their goals

BUDGET

**\$480,081,000 Bonds Issued
FY 2017-2018**



Source: FY2017 Annual Report/FY2018 MHEFA Financials

Historical Spending

Source: Budget Planning & Analysis System (BPAS)

STRATEGIES

MHEFA is authorized to issue tax-exempt bonds for private post-secondary institutions in Minnesota. In 1988, the legislature gave MHEFA additional authority to issue bonds for very limited projects at public higher education

institutions. MHEFA is authorized to have up to \$1.3 billion of outstanding bonds. The outstanding principal as of June 30, 2018 is approximately \$929 million. MHEFA issues tax exempt revenue obligations and enters into agreements with higher education institutions to be responsible for the use of the loan proceeds and to repay the bondholders. The State of Minnesota or MHEFA have no liability to repay bondholders.

MHEFA also provides education for its constituents on the process of issuing tax exempt bonds and provides support on secondary market disclosure and post issuance compliance requirements.

RESULTS

Since its creation in 1971, MHEFA has completed 229 bond issues totaling over \$2.8 billion. There has never been a default in payment on any bonds issued. Operational efficiencies are used to keep the expenses low, thereby keeping the fees low. MHEFA has been able to provide a consistent and efficient process for obtaining tax-exempt financing and has educated the institutions through newsletters, one-on-one information sessions, and an annual educational conference on market, legal and accounting considerations of tax-exempt debt financing. The nonprofit colleges and universities of Minnesota have facilities that offer an education competitive with other educational institutions in the nation. Many students that are educated in Minnesota stay in the state after graduation and provide a well-educated workforce.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Tax exempt bonds issued for private post-secondary institutions	208,408,000	271,673,000	FY 2017 & FY 2018
Quality	Percentage of Administrative cost to amount issued	.02%	.02%	FY 2017 & FY 2018

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

6000 - Miscellaneous Agency	267	294	228	260	270	280	270	280
Total	267	294	228	260	270	280	270	280
Biennial Change				(73)		62		62
Biennial % Change				(13)		13		13
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Higher Ed Facilities Auth	267	294	228	260	270	280	270	280
Total	267	294	228	260	270	280	270	280

Expenditures by Category

Compensation	267	294	228	260	270	280	270	280
Total	267	294	228	260	270	280	270	280

Full-Time Equivalents

2.00	1.87	2.00	2.00	2.00	2.00	2.00	2.00	2.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
6000 - Miscellaneous Agency								
Receipts	267	294	228	260	270	280	270	280
Expenditures	267	294	228	260	270	280	270	280
Biennial Change in Expenditures				(73)		62		62
Biennial % Change in Expenditures				(13)		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.00	1.87	2.00	2.00	2.00	2.00	2.00	2.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Dedicated</i>				
Fund: 6000 - Miscellaneous Agency				
Planned Spending	260	270	280	550
Forecast Base	260	270	280	550
Total Governor's Recommendations	260	270	280	550
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	260	270	280	550
Total Governor's Recommendations	260	270	280	550

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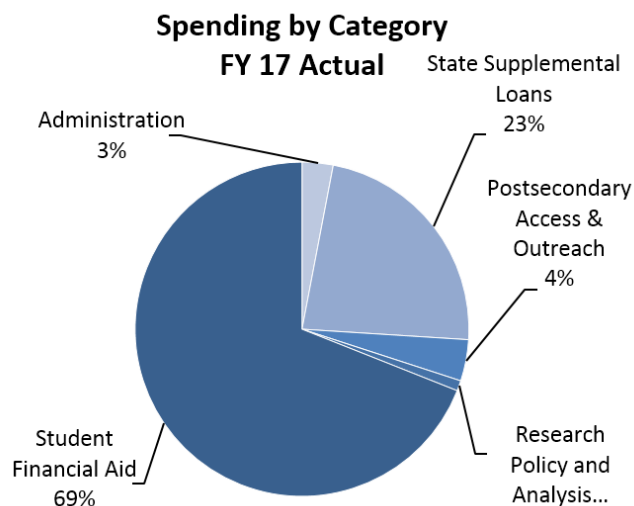
AT A GLANCE

- Minnesota State Grant program, the largest of OHE's student financial aid programs, served 81,023 students and awarded \$186M in FY17.
- Student Loan Program provided \$66M in low interest loans to 8,587 low-income students in FY17.
- Protects consumers by registering and licensing 186 post-secondary institutions in the state of Minnesota. Oversees approximately 110 schools that disburse state aid and loan funds.
- Minnesota Indian Scholarship served 845 students and awarded \$2.75M in FY17.
- Publishes original research on postsecondary education, state student financial aid programs, student financing issues, retention, and completion.
- The Get Ready program is a college readiness program, funded by a federal grant of \$3.46M/year, and targeted to low-income students.
- Minnesota 529 College Savings Plan supports 67,625 accounts, 38,498 account owners, and \$1.39B in assets.

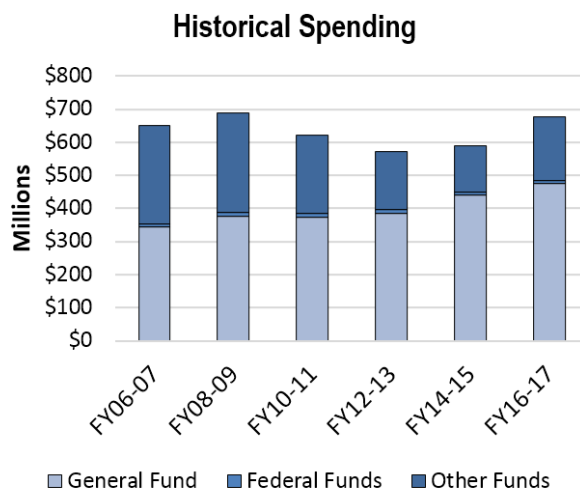
PURPOSE

The mission of the Minnesota Office of Higher Education (OHE) is to support the pursuit and completion of a higher education credential by every Minnesotan, regardless of race, gender, or socio-economic status, in order to enhance our democracy, the State's economic vitality, and individual quality of life. Our goals are to make postsecondary education accessible and affordable to all Minnesotans and foster best practices to ensure completion. Our financial aid programs serve low- to moderate-income people. Our outreach programs target populations that are historically underrepresented in postsecondary education. We work closely with the legislature, postsecondary institutions, foundations, and the federal government. OHE contributes to these statewide outcomes:

- Minnesotans have the education and skills needed to achieve their goals; and
- A thriving economy that encourages business growth and employment opportunities

BUDGET

Source: Budget Planning & Analysis System (BPAS)



"Other Funds" includes the Office of Higher Education fund, which is not in the consolidated fund statement

Source: Consolidated Fund Statement

STRATEGIES

- **Financial aid administration:** OHE administers several financial aid programs, including the State Grant, Child Care Grants, Work Study, American Indian Scholarships, Occupational Scholarships, Dual Training, the GI bill, and the SELF Loan Program. We work closely with approved postsecondary institutions to manage and disburse funds to students, which allow them to enroll, persist, and complete postsecondary education.
- **Policy and research activities:** We conduct original, independent research to provide lawmakers, educators, and other policy leaders with objective information about postsecondary enrollment, attainment, finance, accountability. We are the lead agency for the State Longitudinal Education Data System (SLEDs), which uses early childhood through postsecondary and workforce data to identify the most viable pathways for individuals to achieve successful outcomes in education and work. SLEDs data informs education and workforce policy and practice in Minnesota.
- **Consumer protection:** We register or license approximately 186 private non-profit and for-profit postsecondary institutions and oversee 110 of those schools that disburse state aid and loan funds. In 2014, we added a Student Consumer Advocate position, created to provide support and information to students who have a dispute with their postsecondary institution and to identify best practices in postsecondary education.
- **Minnesota 529 College Savings Plan:** We work closely with the Teachers Insurance and Annuity Association of America (TIAA) to administer a program allowing families to save future postsecondary education expenses in tax-advantaged accounts.
- **Get Ready:** Get Ready is a college readiness program, funded by a federal GEAR UP grant of \$3.46M/year. The state continues to experience racial inequities in the areas of postsecondary enrollment, retention, and completion. While college aspirations are high (over 90% across grade levels) amongst students of color, program data shows that lower rates of academic preparedness, academic tenacity, college knowledge, and a perceived lack of affordability act as significant barriers to postsecondary enrollment and completion. Through evidence-based postsecondary readiness interventions, Get Ready is working to eliminate these inequities by building schools' capacity to equip students and families with the necessary information, skills, tools, and strategies for overcoming these barriers. Get Ready is also committed to forming strong partnerships with employers, postsecondary institutions, and community organizations to ensure long-range sustainability in postsecondary readiness services after the GEAR UP grant expires.

M.S.136A (<https://www.revisor.mn.gov/statutes/?id=136A>) provides legal authority for OHE's student financial aid services.

M.S. 136G.01-136G.14 (<https://www.revisor.mn.gov/statutes/?id=136G>) provides legal authority for the Minnesota College Savings Plan.

M.S. 141.21 – 37 (<https://www.revisor.mn.gov/statutes/cite/136A.821>) provides legal authority for OHE's licensing and registration services.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	228,872	246,643	252,998	261,666	250,986	250,986	277,355	277,103
2000 - Restrict Misc Special Revenue	892	1,040	1,177	1,330	1,043	898	1,043	898
2001 - Other Misc Special Revenue	63	2,573	2,347	11,362	5,450	5,251	5,450	5,251
2403 - Gift		13		30				
3000 - Federal	3,921	3,393	2,622	3,536	4,371	4,371	4,371	4,371
8300 - Office Of Higher Education	104,644	84,292	81,624	102,355	102,318	102,307	102,318	102,307
Total	338,392	337,954	340,769	380,279	364,168	363,813	390,537	389,930
Biennial Change				44,701		6,933		59,419
Biennial % Change				7		1		8
Governor's Change from Base								52,486
Governor's % Change from Base								7

Expenditures by Program

Student Financial Aid	218,234	234,193	241,644	251,832	240,144	240,144	265,125	265,123
State Supplemental Loans	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000
Research Policy and Analysis	1,106	2,286	3,161	8,122	4,693	4,339	5,693	5,339
Postsecondary Access and Outreach	11,543	13,252	10,717	11,707	12,183	12,183	12,071	12,071
OHE Administration	9,592	10,168	9,486	13,618	12,148	12,147	12,648	12,397
Total	338,392	337,954	340,769	380,279	364,168	363,813	390,537	389,930

Expenditures by Category

Compensation	5,343	5,709	5,625	6,070	6,317	6,461	6,649	6,793
Operating Expenses	14,797	15,988	14,618	23,845	19,962	19,789	21,270	20,847
Grants, Aids and Subsidies	224,542	241,106	248,116	259,599	247,819	247,558	272,548	272,285
Capital Outlay-Real Property				640	36		36	
Other Financial Transaction	93,710	75,151	72,410	90,125	90,034	90,005	90,034	90,005
Total	338,392	337,954	340,769	380,279	364,168	363,813	390,537	389,930

Total Agency Expenditures	338,392	337,954	340,769	380,279	364,168	363,813	390,537	389,930
Internal Billing Expenditures	193	239	225	280	279	264	279	264
Expenditures Less Internal Billing	338,200	337,715	340,543	379,999	363,889	363,549	390,258	389,666

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Full-Time Equivalents</u>	61.72	64.00	61.48	68.12	67.73	67.73	70.23	70.23

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		9,522	3,178	8,287				
Direct Appropriation	231,068	241,615	260,036	256,501	256,508	256,508	281,060	280,808
Transfers In	2,420	8,322	3,675	2,415	15	15	1,832	1,832
Transfers Out	1,932	9,785	5,569	5,537	5,537	5,537	5,537	5,537
Cancellations		206	35					
Balance Forward Out	2,684	2,825	8,287					
Expenditures	228,872	246,643	252,998	261,666	250,986	250,986	277,355	277,103
Biennial Change in Expenditures				39,149		(12,692)		39,794
Biennial % Change in Expenditures				8		(2)		8
Governor's Change from Base								52,486
Governor's % Change from Base								10
Full-Time Equivalents	22.34	25.40	22.25	25.47	25.08	25.08	27.58	27.58

2000 - Restrict Misc Special Revenue

Balance Forward In	3,029	3,061	2,788	2,805	2,394	2,165	2,394	2,165
Receipts	925	742	1,195	919	814	814	814	814
Internal Billing Receipts	193	239	193	317	317	317	317	317
Balance Forward Out	3,061	2,763	2,806	2,394	2,165	2,081	2,165	2,081
Expenditures	892	1,040	1,177	1,330	1,043	898	1,043	898
Biennial Change in Expenditures				575		(566)		(566)
Biennial % Change in Expenditures				30		(23)		(23)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.78	7.25	7.76	6.29	5.95	5.95	5.95	5.95

2001 - Other Misc Special Revenue

Balance Forward In	92	258	3,830	6,161	424	449	424	449
Receipts	35	162	457	350	200		200	
Transfers In	194	5,300	4,288	5,341	5,341	5,341	5,341	5,341
Transfers Out		166	66	66	66	66	66	66
Balance Forward Out	258	2,981	6,162	424	449	473	449	473
Expenditures	63	2,573	2,347	11,362	5,450	5,251	5,450	5,251
Biennial Change in Expenditures				11,074		(3,008)		(3,008)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				420		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.57	0.10	0.48	1.51	1.17	1.17	1.17	1.17

2403 - Gift

Balance Forward In		15	30	30				
Receipts	15	15						
Balance Forward Out	15	17	30					
Expenditures		13		30				
Biennial Change in Expenditures				17		(30)		(30)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	0	0	0					
Receipts	3,920	3,393	2,622	3,536	4,371	4,371	4,371	4,371
Expenditures	3,921	3,393	2,622	3,536	4,371	4,371	4,371	4,371
Biennial Change in Expenditures				(1,156)		2,584		2,584
Biennial % Change in Expenditures				(16)		42		42
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.11	18.16	16.98	20.21	20.13	20.13	20.13	20.13

8300 - Office Of Higher Education

Balance Forward In	155,941	131,775	139,873	179,610	179,547	179,542	179,547	179,542
Receipts	80,583	92,397	121,738	102,328	102,341	102,354	102,341	102,354
Transfers Out	147	32	379	36	28	28	28	28
Balance Forward Out	131,734	139,847	179,609	179,547	179,542	179,561	179,542	179,561
Expenditures	104,644	84,292	81,624	102,355	102,318	102,307	102,318	102,307
Biennial Change in Expenditures				(4,958)		20,646		20,646
Biennial % Change in Expenditures				(3)		11		11

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.92	13.09	14.01	14.64	15.40	15.40	15.40	15.40

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	256,501	256,501	256,501	513,002
Base Adjustments				
Pension Allocation		7	7	14
Forecast Base	256,501	256,508	256,508	513,016
Change Items				
Minnesota State Grants		21,664	21,412	43,076
MN Reconnect		2,000	2,000	4,000
SLEDS/ECLDS		1,000	1,000	2,000
Summer Academic Enrichment Program		125	125	250
Intervention for College Attendance Program (ICAP)		168	168	336
Remove Student Employer Connection		(405)	(405)	(810)
Total Governor's Recommendations	256,501	281,060	280,808	561,868
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,330	1,043	898	1,941
Forecast Base	1,330	1,043	898	1,941
Total Governor's Recommendations	1,330	1,043	898	1,941
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	11,362	5,450	5,251	10,701
Forecast Base	11,362	5,450	5,251	10,701
Total Governor's Recommendations	11,362	5,450	5,251	10,701
Fund: 2403 - Gift				
Planned Spending	30			
Forecast Base	30			
Total Governor's Recommendations	30			
Fund: 3000 - Federal				
Planned Spending	3,536	4,371	4,371	8,742
Forecast Base	3,536	4,371	4,371	8,742
Total Governor's Recommendations	3,536	4,371	4,371	8,742
Fund: 8300 - Office Of Higher Education				
Planned Spending	102,355	102,318	102,307	204,625
Forecast Base	102,355	102,318	102,307	204,625

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	102,355	102,318	102,307	204,625
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	919	814	814	1,628
Total Governor's Recommendations	919	814	814	1,628
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	350	200		200
Total Governor's Recommendations	350	200		200
Fund: 3000 - Federal				
Forecast Revenues	3,536	4,371	4,371	8,742
Total Governor's Recommendations	3,536	4,371	4,371	8,742
Fund: 8300 - Office Of Higher Education				
Forecast Revenues	102,328	102,341	102,354	204,695
Total Governor's Recommendations	102,328	102,341	102,354	204,695
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	5,566	5,051	5,051	10,102
Total Governor's Recommendations	5,566	5,051	5,051	10,102

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota State Grants

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	21,664	21,412	21,412	21,412
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	21,664	21,412	21,412	21,412
FTEs	1	1	1	1

Request:

Beginning in FY2020, the Governor recommends investing an additional \$43.076 million in the State Grant program to provide all Minnesotans with the promise of upward economic mobility through postsecondary attainment. This recommendation improves the affordability of Minnesota's postsecondary education system, particularly for low-wage working adults and middle-income families, which helps ensure a strong foundation of skilled workers supporting the infrastructure of Minnesota's economy. Five key strategies for reaching the state's attainment goal by ensuring affordability and enhancing access include:

1. Increasing the Living and Miscellaneous Expenses allowance to 108% of poverty, which ensures that students have a minimum standard of living (equal to the poverty level) and additional resources to pay for necessary books and supplies without having to compromise meals and housing,
2. Decreasing the Assigned Family Responsibility for all families by 5 percentage points, which helps to ensure economic security for all families and supports upward economic and social mobility for lower- and middle-income families,
3. Allowing the State Grant to fill in for unawarded Pell Grants within the State Grant program so that critical, under-served students receive necessary assistance for postsecondary education,
4. Begin administering child care grants as a supplement to the State Grant (pilot program) using funds from the current Postsecondary Child Care Grant program, and
5. Implementing a plan for communications and outreach to inform students and families about college costs and financial aid, which encourages the development of a college-going culture.

Compared to the FY18-19 appropriation for the State Grant program, the percentage increase in funding is +11%.

Rationale/Background:

The Minnesota State Grant program is a need-based financial aid program created to assist Minnesota resident undergraduates attending public and private postsecondary institutions in Minnesota. The program was first established in 1969, and in Fiscal Year 2018 it awarded approximately \$194 million in grants to approximately 80,793 students. The program is designed to complement the Federal Pell Grant program and provide choice and access to undergraduate students to attend the postsecondary institutions that best meet their needs.

Since 1983, Minnesota State Grant policy has been based on the Design for Shared Responsibility model. This model was initially built on the work of the Carnegie Commission on Policy Studies in Higher Education. The goal of the program is established in Minnesota Statute 136A.095:

The legislature finds and declares that the identification of men and women of the state who are economically disadvantaged and the encouragement of their educational development in eligible institutions of their choosing are in the best interests of the state and of the students.

This policy statement guides Minnesota policymakers in responding to changes in tuition and fees and living expenses faced by students. State Grant policy distributes the price of postsecondary education based on family income and attendance choices among students, families, and taxpayers.

Minnesota State Grants primarily assist lower-income students in paying educational costs.

- 60% of students receiving a State Grant have family incomes less than \$40,000.
- 38% of State Grant recipients are students of color.

Minnesota State Grants primarily assist students at public institutions.

- 63% of students receiving a State Grant attend a Minnesota State College or University,
- 15% attend the University of Minnesota, and
- 22% attend a private college or university.

Without adequate State Grants, students work more hours or borrow more in order to afford basic living needs, which limits their study and classroom time and negatively impacts their probability of completion. Increasing grants to students reduces the number of hours they need to work and reduces the need for debt.

- State Grant recipients at four-year public colleges graduated with significantly lower levels of total student loan debt (\$16,000) than non-recipients (\$23,400) in 2008.

Minnesota ranks 16th in state grant spending per full-time equivalent undergraduate. Although Minnesota tuition and fee rates at public institutions outpace many other states, State Grant spending per undergraduate (\$873) lags leading states such as South Carolina (\$2,190) by more than \$1,000 according to the National Association of State Scholarship and Grant Aid Programs in academic year 2016-2017.

Need-based grants are a proven-effective method of increasing student persistence and graduation rates. According to figures released by Minnesota Management and Budget, need-based grants like the State Grant program offer a total return on investment to the state of \$4.10 per dollar spent (Minnesota Management and Budget, 2018).

Proposal:

1. **Increase the LME** by moving to 108% of poverty.

Living and miscellaneous expenses for state grant recipients are currently set at the poverty level plus 1% (\$9,422 in FY2020). At this level, students are expected to live at a standard equal to poverty. This allows students no additional funds for books or supplies needed for coursework unless they reduce spending on food or housing. Food and housing insecurity places educational goals at risk.

In order to maintain adequate coverage of living expenses for students, OHE recommends increasing the LME to 108% of poverty. Such a change will increase state grants for full-time students by approximately \$300 per year. This change increases grants to all current State Grant recipients (approximately 81,000 students) and adds 1,650 new recipients, while increasing the average grant by about \$185. Estimated Cost: \$17.332M for the biennium.

2. Lower the assigned family responsibility modifier by 5 percentage points.

The robust Minnesota economy means that fewer students are enrolling in educational and workforce programs. Now — before the next recession — is the critical time for the state to increase its investment in individuals seeking to upgrade their job skills. Lowering the assigned family responsibility for all students will help low-wage working adults and middle-income families receive additional assistance in paying for education while lowering the need to borrow. Higher education is key to economic security for all families and to upward economic mobility for lower- and middle-income families. Further, as the state's demographics change, we will need more workers to replace retirees, requiring a higher percentage of Minnesotans to complete college. This change increases grants to all State Grant recipients projected to receive an award (approximately 81,000 students) and adds approximately 1,200 new recipients. This change also increases the average State Grant by about \$100 for all students. Full-time students would see an average award increase of about \$140. Estimated cost: \$21.078M for the biennium.

3. Fill in for unawarded Pell Grants within the State Grant program so that critical under-served students receive necessary assistance for postsecondary education.

Federal funding policies have created a situation in which targeted groups (e.g. students without a high school credential) and Minnesota Dreamers are ineligible for federal Pell Grants. Since the State Grant formula uses the Pell Grant in determining State Grant awards, these students must make up for the Pell Grant they do not receive by working more or borrowing. By allowing the State Grant to fill in for the missing Pell Grant, the state can increase awards to students from underserved and under attaining populations. Increasing the State Grant award amount for these students to “fill in” for the Pell Grant will improve their ability to enroll and persist in postsecondary education. This proposal would amend the State Grant award calculation statute to discontinue subtraction of the Federal Pell Grant for students who financially qualify for a Pell Grant but are not receiving one because they do not meet program eligibility requirements. Estimated: \$3.645M for the biennium.

4. Begin administering child care grants as a supplement to the State Grant (pilot program).

OHE currently administers the Postsecondary Child Care Grant program. However, the program is currently underutilized by Minnesota students. OHE staff believe that the source of this underutilization stems from the complex award formula and the potential for auditing — two reasons why colleges are choosing not to participate. In order to resolve this issue, OHE proposes allowing colleges to add a child care expense component to the LME within the existing State Grant formula. This would allow State Grants to increase in proportion to child care expenses. Ultimately, this will maximize program efficiency while increasing the number of students receiving a child care grant. Last year, nearly one in six State Grant applicants were student parents, and most of these students were also adult learners. Many of these student parents face significant hurdles to achieving their education, including parenting demands, work, and ongoing financial obligations. Providing a more accessible child care grant option may help alleviate the burden of paying for child care while taking classes, allowing these students to increase their course load and hasten completion of a postsecondary degree. We believe this program change can be accomplished using funds from the current child care grant program (\$6.694M for FY 2019), but will require OHE to have the ability to transfer unspent funds between programs in year one.

5. Communications and outreach to support the development of a college-going culture.

As a complement to increased state investment in higher education, the Office of Higher Education will provide outreach to students and families, making them aware of the expected costs of college and the various grant options made available to them through the state. A communications plan includes a coordinated campaign to reach students and families. Specifically, coordinated outreach to students that begins in middle or high school encourages the development of a college-going culture and encourages students to believe that a postsecondary education is attainable. The following resources are required:

- Staff 1 FTE — \$120,000 per year

- Website design, email marketing, social media — \$300,000 in the first year, \$100,000 ongoing
- Print materials — \$15,000 per year
- Training for staff at schools, businesses, and community organizations on how to provide prospective students with resources regarding paying for college and applying for financial aid — \$65,000 in the first year, \$15,000 ongoing

Estimated cost: \$0.750M for the biennium.

Total spending includes \$0.271M for the biennium that is currently unallocated: \$0.70M for FY2020, \$0.201M for FY2021.

Equity and Inclusion:

38% of State Grant recipients are students of color.

This proposal will address inequity in postsecondary access and completion by providing additional State Grant dollars to students underrepresented in higher education. The grant particularly benefits students from low income families, where students of color are traditionally overrepresented. In providing additional aid to students in lower income brackets, this proposal seeks to improve educational outcomes for students of color, which will have long-lasting, intergenerational impacts on economic stability and social mobility. Overall, providing and increasing state aid to low-income students reduces racial disparities in the state.

IT Related Proposals:

This is not an information technology proposal.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Previous</i>	<i>Previous</i>	<i>Current</i>
Quantity		FY2015	FY2016	FY2017	FY2018
	Students Served – Applications Received	160,257	153,442	145,724	135,969
	Students Served – Number of Recipients	95,324	82,416	81,027	80,793
Quality	Net Price (Tuition & Fees plus other expenses less grants) – First-time, full-time undergraduate receiving Title IV Financial Aid	2011-12 Entering Students	2013-14 Entering Students	2014-15 Entering Students	2015-16 Entering Students
	Incomes \$0-\$30,000	\$13,800	\$13,700	\$13,000	\$12,900
	Incomes \$30,001-\$48,000	\$14,600	\$14,200	\$13,500	\$13,200
	Incomes \$48,001-\$75,000	\$17,700	\$17,100	\$16,300	\$16,100
Results		2011-12 Graduates	2013-14 Graduates	2015-2016 Graduates	2016-2017 Graduates
	Cumulative Debt - Certificates	\$11,226	\$11,229	\$10,853	\$10,536
	Cumulative Debt – Associate Degrees	\$18,601	\$19,069	\$17,131	\$16,594
	Cumulative Debt – Bachelor's Degrees	\$27,486	\$27,389	\$25,968	\$25,521

Statutory Change(s):

Minn Stat. 136A.121

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: MN Reconnect

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,000	2,000	2,000	2,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	2,000	2,000	2,000
FTEs	0.5	0.5	0.5	0.5

Recommendation:

The Governor recommends \$4 million in FY2020-2021 to fund a new program, MN Reconnect, to help adult learners re-enroll and finish their postsecondary education. Through MN Reconnect, former students who started their postsecondary studies but didn't complete will receive personalized support and assistance as adult learners to re-enroll, stay engaged in their studies, and complete their degrees. Four Minnesota State colleges have been selected to participate as pilot sites in the launch phase of MN Reconnect: Inver Hills Community College, Lake Superior College, Riverland Community College and South Central College. Funding may include additional community and technical colleges as eligible institutions beginning in FY2020 if fewer than 500 students enroll at current participating colleges. The pilot colleges have demonstrated a commitment to adult learners through adoption of best practice policies, programs and services. It is expected that participating institutions will complete the Council for Adult and Experiential Learning (CAEL) Adult Learner Assessment (paid by the institution) prior to participation in the program in order to assess their policies and practices as facilitating success for adult learners.

The program received initial funding from the Lumina Foundation for FY 2019 as Minnesota was selected as one of five pilot states to develop similar programs modeled after the Tennessee Reconnect program. Minnesota Reconnect targets former students aged 25-44 who have completed 15 or more credits of a certificate or degree program in order to facilitate re-enrollment in college and certificate/degree completion. The program has four components: targeted outreach and re-enrollment, system navigation and support, targeted financial assistance, and program evaluation.

The FY2020-21 proposal funding totals \$4,000,000 (\$2,000,000 per year):

- **Grants** of \$1,000 per semester to students for tuition and fees \$2,500,000 (\$1,250,000 per year)
 - 1,000 students in fall term = \$500,000
 - 1,000 students in spring term = \$500,000
 - 500 students in summer term = \$250,000
- **Designated student advising** at a cost of \$700 per recipient (500 recipients) per year \$700,000 (\$350,000 per year),
- **Funding to resolve existing financial holds** preventing re-enrollment \$100,000 (\$50,000 per year; assumes 20% of students at \$500 per student),
- **Funds to improve campus services** as identified by the CAEL assessment \$120,000 (\$60,000 per year),

- **Targeted outreach to former students** (outreach products, website design, enrollment web application) \$200,000 (\$70,000 per year statewide communications, \$30,000 per year college-based communications),
- **Financial aid program and competitive grant administration** at OHE \$130,000 (\$65,000 per year), and
- **Student advising program administration** at Minnesota State \$250,000 (\$125,000 per year).

This is a new program.

Rationale/Background:

Among Minnesota adults age 25 to 44, an estimated 10 percent of the state's population or 143,000 individuals enrolled in college but dropped out without completing a certificate or degree. The 143,000 individuals includes:

- 2,300 American Indians,
- 5,900 Asians,
- 11,800 Blacks,
- 5,300 Hispanics,
- 3,300 Multiracial Minnesotans, and
- 114,300 Whites.

Assisting these individuals in completing college will move Minnesota closer toward its educational attainment goal and augment workforce preparation. Workers having successfully completed their education program are more likely to be employed and more likely to pursue additional training required for their career pathways.

Minnesota has experienced 8 straight years of enrollment declines which are concentrated on the two-year sector. Taking advantage of available capacity from prior enrollment declines allowed TN Reconnect to increase enrollment at two-year colleges by 14,700 students in fall 2018 at its 13 community colleges and 27 colleges of applied technology.

It is the goal of OHE and Minnesota State that the program serve as a model which we can scale statewide to re-enroll college dropouts in order for them to complete their program and to enhance services supporting all students to reduce college dropout rates overall, especially for students of color.

Proposal:

MN Reconnect is a new program for state funding. Program administration is currently funded by a grant from the Lumina Foundation. The FY2020-21 proposal funding totals \$4,000,000 (\$2,000,000 per year):

- **Grants of \$1,000 per semester to students for tuition and fees** \$2,500,000 (\$1,250,000 per year) for 500 students per year – Working adults without children are often excluded from eligibility for federal and state grants due to income. If working full-time, full-time students earning more than \$20,000 per year in income are disqualified from Pell Grants; incomes above \$25,000 are disqualified from State Grants. Grants are limited to two academic years. Cost estimates assume 500 students funded in fall and spring terms plus 250 funded in summer term. OHE assumes a large number of initial enrollees with FY21 enrollees using funds made available through prior students completing or dropping out.
- **Designated student advising \$700,000** (\$350,000 per year) – The MN Reconnect program relies on advisors dedicated to adult learners and providing a single point for contact called Navigators from initial outreach to graduation. This form of advising is high touch and requires staff maintain a lower number of advisees than traditional advising models. MN Reconnect seeks to staff 1.0 FTE at each of the participating colleges at a cost of \$700 per student recipient.

- **Funding to resolve existing financial holds** preventing re-enrollment \$100,000 (\$50,000 per year) – Many students drop out of school due to an unpaid bill from the college. Failure to settle these bills results in a financial hold which prevent a student from enrolling at any Minnesota State college. Furthermore, these charges are often referred to the Minnesota Department of Revenue or collection agencies for payment, thus incurring fees and additional interest. Providing a means of repayment for small charges while staying enrolled is a critical component of degree completion for adult learners. MN Reconnect seeks to provide 20% of MN Reconnect participants with \$500 in one-time grant funds to resolve financial holds.
- **Funds to supplement services** on campus to address adult learner needs (flexible financial aid and advising hours, food insecurity, on campus child care, and similar services) **\$120,000** (\$60,000 per year) – complementing existing efforts to address adult learner needs and research-based student success supports. The needed supports will be identified by the CAEL Adult Learner 360 assessment. Adult Learner 360 helps a college or university map the route to adult student success. Made up of two surveys, one for institutions and one for adult students, Adult Learner 360 compares institutional perceptions against adult students' using CAEL's Ten Principles for Effectively Serving Adults. It is assumed that colleges will pay for the assessment in order to participate in MN Reconnect. This is the institutional buy-in component. Institutional costs for the CAEL Adult Learner 360 assessment will average \$7,000.
- **Targeted outreach to former students \$200,000** \$200,000 (\$70,000 per year statewide communications, \$30,000 per year college-based communications; outreach products, website design, enrollment web application) – MN Reconnect contacts former students via direct mail, email, social media, and general media. The request also includes funds for development of a MN Reconnect web portal for students to explore available programs and the benefits provided to program participants by the participating colleges. This budget also includes direct funding for institution-specific marketing to promote on-campus or local engagement of former students.
- **Financial Aid program administration** at OHE \$130,000 (\$65,000 per year) - the program relies on 0.5 FTE program staff at OHE who coordinates financial aid applications, institutional payments, and competitive grant applications across participating campuses at a cost of \$300,000 per year.
- **Grants to Minnesota State for program administration** \$250,000 (\$125,000 per year) - the program assumes 1.0 FTE program management at Minnesota State central who would coordinates student advising and supplemental services activity across campuses at a cost of \$125,000 per year per FTE.

In addition to state funding, colleges are providing benefits and services to students beyond the scope of funding provided by the Lumina Foundation. Funding from the Lumina Foundation sustains the current program administration (not scholarships or other financial assistance) through August 2019 for the initial planned 500 student cohort. MN Reconnect compliments existing efforts by Minnesota State to address educational challenges for adult learners. The program is modeled after successful programs in Tennessee, Mississippi, and Indiana. Funding provided by the Lumina Foundation provided critical start-up money but without sustained financial support from the state, the program is unlikely to realize intended benefits.

Equity and Inclusion:

In the equity description of the change item, please address the following questions:

One-quarter of students dropping out of college are students of color. The program will increase completion rates for persons of color in Minnesota. Increasing the completion rates for persons of color in Minnesota will reduce the gap in educational attainment between Whites and American Indian, Black and Hispanic students. Completion of an educational program has been correlated with higher wages and lower levels of unemployment. As a new program, the goal is implementation and scale-up. It is expected

that OHE and Minnesota State will continue to refine the program to increase success of participants. In addition, lessons learned from the program will improve retention and completion rates for all students and thus, over time, lessen demand for MN Reconnect.

IT Related Proposals:

This is not an information technology proposal.

Results:

As a new program, specific program performance measures will be used:

- **Quantity:** How many participants enrolled? How many participants persisted term to term?
- **Quality:** How many participants successfully completed a certificate or degree?
- **Result:** How do post-participation employment outcomes compare to pre-participation employment outcomes?

Statutory Change(s):

Sec. XX. MN RECONNECT PROGRAM.

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Statewide Longitudinal Education Data System (SLEDs)/Early Childhood Longitudinal Data System (ECLDS)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	1	1	1	1

Recommendation:

The Governor recommends increasing general fund appropriation for SLEDs by \$2 million in FY20-21. This proposal would:

1. Fully integrate the Early Childhood Longitudinal Data System (ECLDS) into SLEDs,
2. Create efficiency within IT and administrative processes, and
3. Maximize outreach, training and technical assistance to local schools, districts, colleges and communities.

Rationale/Background:

Minnesota's Statewide Longitudinal Education Data System (SLEDs) informs individual, local and state policies, programs and decisions related to viable college and career paths and barriers to education and employment success. Currently, SLEDs provides data to the state legislative reports, federal reports, high school and college feedback reports, and the SLEDs website for providing information to parents and students.

Minnesota's Early Childhood Longitudinal Data System (ECLDS) web tool combines data collected by the Department of Education, the Department of Human Services and the Department of Health into one online, interactive database. The system shows population results on children's growth and achievement in relation to their participation in a variety of educational and social programs over time. ECLDS, the data system dedicated to informing programs at the preschool level, was developed under federal grants over the past 8 years and requires state support in order to be sustained.

Proposal:

A substantial portion of the request is for funds to maintain the Early Childhood Longitudinal Data System. The ECLDS was developed and built utilizing funds from two federal grants – Race to the Top grant 2010, and State Longitudinal Data System grant 2015. The system is active and provides reports to policymakers, program staff and the public on utilization of early childhood services, early childhood predictive factors related to K-12 and later educational success.

New SLEDs funding: \$405,300 for the biennium (\$202,650 each year):

1. Local training, outreach and research support – \$25,300 in new funds (\$12,650 per year) includes funds for training and outreach for local providers.

Within the K12 arena, the partnership with the Lakes Country Service Cooperative and the Southwest West Central Cooperative has yielded large increases in SLEDs utilization in the southwest and northwest

regions of the state. The service cooperatives have assisted SLEDs in developing training materials, informing districts of how to use SLEDs data for materials for parents and state reports to MDE. SLEDs training staff work with local staff to take a “deep dive” into the public data or to access and use their secured reports. SLEDs would like to replicate and expand this model to all 9 K12 service cooperatives for an additional two years.

SLEDs also has made great progress in assisting postsecondary institutions in using SLEDs data. Staff from Century College work directly with staff from Minnesota State, the University of Minnesota, and other institutions to create internal planning reports related to graduate employment and wage outcomes, and enrollment planning using MDE data sets and SLEDs public reports. The number of postsecondary users with access to secured reports has increased from 19 in September 2016 to 83 currently. SLEDs would like to continue this model to the remaining 40 institutions (26 Minnesota State institutions, 14 private non-profit institutions) for an additional two years.

Finally, the SLEDs grant allowed us to contract with external entities for research support. In this regard, the model had limited success. Therefore SLEDs would prefer to return to a more direct partnership with DEED’s regional labor market analysts. The SLEDs research produced by the regional labor market analysts is high quality and responsive to local stakeholders, though the resulting products would benefit from a more direct partnership with K12 and higher education staff in order to ensure it resonates with education-based audiences.

The \$25,300 represents the net new money needed to fund training and technical assistance activities. An additional \$139,500 in costs will be paid for through re-allocation of base appropriations and remaining federal grant dollars available through September 30, 2019.

2. MNIT Staffing –\$380,000 in biennial funding (\$190,000 per year) SLEDs currently produces data for 2 websites, 1 tableau visualization, 12 mobile reports with 24 filter options covering 11 years of data, K12 secured reports for all 800 high schools and districts, 2 postsecondary secured reports for all 120 institutions, and 54 approved SLEDs data requests. Increased demand for SLEDs data and reporting has meant that OHE needs to increase staffing in two key positions (0.50 FTE Business analyst, 1.00 FTE Quality assurance).

The business analyst will document and prepare technical specification for data requests, data marts and reports. Currently these technical specifications are prepared by SLEDs coordinators, agency staff and the IT project manager. Their time is needed on other requirements of the SLEDs project. The quality assurance (QA) staff reviews data products before they are released publicly ensuring high data quality. The number of SLEDs products has increased dramatically over the most recent 2 years and requires us to bring on additional QA capacity in order to maintain the timely release of reports. Without additional QA capacity, we risk the quality of all SLEDs reports and data products.

Integrate ECLDS into SLEDs: \$1,594,700 for the biennium (\$797,350 per year):

1. MNIT Staffing – \$1,080,200 for the biennium (\$540,100 per year) which in prior years had been funded through federal grant funds and state appropriations from OHE/SLEDs.
2. Administrative staff– \$304,000 for the biennium (\$152,000 per year) which includes the ECLDS manager and communications staffing; in prior years, these positions had been funded through federal grant funds.
3. MNIT hardware and software costs - \$169,500 for the biennium (\$84,750 per year) to support software and hardware costs including required upgrades.
4. Local training and outreach – \$27,000 for the biennium (\$13,500 per year) includes funds for training and outreach for local providers; in prior years, these expenses had been funded through federal grant funds.

5. Equipment or supplies, travel and employee development – \$14,000 for the biennium (\$7,000 per year) which includes basic employee development, grant development, and program expenses related to census data purchase and development of communications products; in prior years, these expenses had been funded through federal grant funds and state appropriations from OHE/SLEDs.

Equity and Inclusion:

SLEDs and ECLDS allow access to data and information on outcomes for individuals, including people of color, persons with disabilities, and veterans. Access to this level of detail permits policymakers to understand disparities across groups in order to improve outcomes for all Minnesotans.

SLEDs is fully integrated into federal and state reporting and is likely to be sustained into the future. ECLDS is the newer component and the partnering state agencies are working on similar integration strategies to ensure we maximize the information produced and system sustainability.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll	730	730	730	730	730	730
Professional/Technical Contracts	0	0	0	0	0	0
Infrastructure	0	0	0	0	0	0
Hardware	26	26	26	26	26	26
Software	59	59	59	59	59	59
Training	0	0	0	0	0	0
Enterprise Services	0	0	0	0	0	0
Staff costs (MNIT or agency)	0	0	0	0	0	0
Total	815	815	815	815	815	815
MNIT FTEs	5.5	5.5	5.5	5.5	5.5	5.5

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Trainings & Outreach Events	FY2016 57	FY2018 70	
Quantity	Research Requests	FY2016 9 annual 17 cumulative	FY2018 17 annual 58 cumulative	
Quantity	Number of Integrated Data Sources	FY2016 19	FY2018 40	
Quality	Local Data Sharing Partnerships <ul style="list-style-type: none"> K12 Postsecondary 	FY2016 15 19	FY2018 100 83	

Statutory Change(s):

127A.70 MINNESOTA P-20 EDUCATION PARTNERSHIP.

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Summer Academic Enrichment Program (SAEP)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	125	125	125	125
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	125	125	125	125
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing base funding for the Summer Academic Enrichment Program (SAEP) by \$250,000 in FY2020-2021. Program funds provide a stipend for low-income Minnesota students completing grades 3 to 11 to attend OHE-approved summer academic enrichment programs offered by Minnesota postsecondary institutions and nonprofits.

Rationale/Background:

Summer vacation takes a toll on students' knowledge and skills. When they report to school in the fall, they perform, on average, one month behind where they left off in the spring. Summer learning loss disproportionately affects low-income students, and summer learning loss is cumulative over time, with the difference between the summer learning rates of low-income and higher-income students contributing substantially to the achievement gap.

For the 2017-2018 academic year, 37.7% of Minnesota's public school students qualified for free or reduced price meals. The 2017 Minnesota public high school graduation rate for free/reduced price lunch eligible students was 69%; 14 percentage points lower than the state's overall graduation rate. While graduating from high school is the key to future educational attainment, data from the 2018 Minnesota Comprehensive Assessment show that only 40% of free/reduced price eligible 10th grade students were proficient in reading, and only 26% of the same population were proficient in grade 11 mathematics. Minnesota public high school graduates in 2016 who had been free or reduced price lunch eligible at some point in high school enrolled in college at lower rates (63%) than those who were not free or reduced lunch eligible at any point in high school (75%).

Over the past several years OHE has been using unspent funds from other areas in the agency to cover the shortfall in this program. The request is to fund the program a level more in line with program demand. The legislature provided a small increase of \$50,000 for the 2018-19 biennium for the program.

Proposal:

This is a change in funding for an existing program.

Low-income students in Minnesota have been identified as being at risk for not enrolling in or completing postsecondary education. Based on eligibility for free or reduced price lunch, 3rd-11th grade students may receive a stipend for up to \$1,000 to cover the fee for attendance at a summer academic enrichment program offered by Minnesota postsecondary institutions and nonprofit organizations that provide rigorous education programs.

The base appropriation for the Summer Academic Enrichment Program remains at \$125,000 each fiscal year, with \$3,000 of the appropriation to be used each year for program administration. With an increase in funding, participation would be expanded to include more low-income students statewide. The appropriated amount, \$122,000, serves approximately 122 low-income students. Increasing the amount available for grants to \$250,000 would allow approximately 250 low-income students to participate in academically rigorous summer programming.

This proposal compliments work done in the agency by the federal GEAR Up/Get Ready program and compliments work done by the agency's Intervention for College Attendance Program. Both programs provide sustained program support for students over the academic year and the Summer Academic Enrichment Program compliments and supports work of these two programs by extending academic support benefits to students over the summer months.

The program has 20 organizations currently providing academic programming for SAEP funded low-income students.

This proposal would increase the number of low-income 3rd-11th grade students able to participate in rigorous summer academic learning programs. Key outcomes to advance equity and reduce disparities include increasing rigorous course taking and high school graduation for low-income students and increasing their academic preparation for postsecondary programs.

Implementation will occur at the start of the 2020 fiscal year. Steps are already in place to award the stipend for eligible low-income students at approved summer program sites.

Equity and Inclusion:

Low-income communities would be positively impacted by an increase in program funding. Minnesota's low-income communities have a disproportionate representation of American Indians, communities of color, women, rural residents, and people with disabilities. The proposal would increase the number of low-income 3rd-11th grade students able to participate in rigorous summer academic learning programs. Impact on equity would occur as rigorous course taking would enhance high school graduation for low-income students and increase their preparation for success in academic programs and the career of their choice. Representatives of these groups are administrators and staff in the academic projects that enroll low-income students and they provide guidance on how to increase positive academic outcomes for the targeted student group.

Positive impacts would occur as disparities in educational attainment for low-income students would be directly addressed through supporting student engagement in rigorous course taking. Students participate in programs that allow them to spend focused time on core curricular areas, improve academic skills, and gain exposure to a college environment. With concentrated time on core curricular areas, students counter the summer learning loss that accounts for about two-thirds of the academic achievement gap between less advantaged students and their more advanced peers.

Ongoing funding will be needed to sustain efforts to enroll low-income students in summer academic programs. Successful changes include increasing the number of low-income students who enroll in summer academic enrichment programs, experience and recognize the value of rigorous academic work, continue their education beyond high school, and pursue their ideal education/career profile. Implementation strategies include vetting of programs for their offering of academic rigor prior to including them as a provider of services for students, monitoring of programs after students are enrolled, account auditing and follow-up to determine outcomes for students.

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Intervention for College Attendance Program (ICAP)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	168	168	168	168
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	168	168	168	168
FTEs	0	0	0	0

Recommendation:

The Governor recommends an increase of \$336,000 for FY2020-2021 to the Intervention for College Attendance Program (ICAP). This is a competitive grant that support programs fostering academic success and pre-college services for students who are underrepresented in higher education.¹ Eligible grant recipients include non-profit agencies, postsecondary institutions, school districts, and professional associations.

Funds will be used to expand and enhance academic support, college preparation, and career awareness programs in order to 1) reach a greater number of Minnesota students, 2) target specific high-need student populations with records of traditionally low academic attainment, 3) deepen services offered to current ICAP participants in order to consolidate and offer a full range of college/career awareness and academic success programs.

Rationale/Background:

Despite being the second most educated state in the nation, Minnesota continues to experience some of the largest disparities based on race, ethnicity, and income in terms of educational attainment. According to the National Center for Education Statistics, Minnesota ranked last and second-to-last among all states for Latino and black high school graduation rates; Minnesota placed fifth-to-last among all states in high school graduation rate among low-income students. Graduation rates for American Indian high school students are among the worst in the country.

Low high school graduation rates among students of color and low-income students lead to urgent disparities in college enrollment and degree attainment among these populations. Meanwhile, the economic need for a highly skilled/educated workforce continues to grow in Minnesota. As the state's demographics continue to shift as a result of an aging population, and communities of color continue to grow, the need to address educational disparities in Minnesota becomes urgent. If there is not an increased and intentional investment in interrupting patterns of low-opportunity and low-achievement for these communities, Minnesota's economy will be stifled due to a shortage of a qualified workforce.

ICAP directly targets students in grades 5-12 who are underrepresented in higher education (racial/ethnic minority, low-income, first in their families to go to college, English language learner, and/or has a disability) and creates supportive and compelling pathways to achieving a college education. ICAP funds programs that use the most innovative, culturally appropriate, and proven pedagogies/strategies to reach students and ensure their success in high school and college. ICAP has historically seen incredible success in terms of impact across Minnesota, with some programs boasting high school graduation and college enrollment rates up to 40

¹ First generation students, students of color, low-income students, English language learners.

percentage points higher for students in the funded-program than their peers. Currently, the program awards funds to 24 grantees (\$27,958 average award) for a total cost of \$670,922.

The Minnesota Office of Higher Education has consistently re-directed unused agency funds into ICAP in order to fully support the program and sustain the grantees' work. In FY 2019, an additional \$85,000 of unused agency funds were re-directed into ICAP and granted out in small amounts to six of twenty-four existing grantees in order to reach more students and add culturally competent models into their work.

The Minnesota Office of Higher Education currently uses high school graduation and college enrollment rates as the main measurement of success among students who participate in ICAP programs. Other measurements include ACT pre/post test scores, college retention rate, and number of students impacted by the program. In addition to these measures, each program funded with ICAP dollars creates their own goals, objectives, and measurements based on the pedagogies and cultural competencies that are relevant to their communities. Every ICAP grantee presents a logic model for impacting student success annually, with at least two check-ins to ensure that the mission and vision of the programs are aligned with program activities, which lead to real student outcomes. In addition to quantitative data measures, grantees report on the successes and challenges of their individual programs, including student success stories and testimonies. Grantees also have the opportunity to share knowledge and best practices amongst each other.

Proposal:

This proposal is a request to increase the state's annual investment in ICAP, an existing program. The intended impact of an increased investment in ICAP would be:

1. to reach more students in grades 5-12 in Minnesota who are underrepresented in higher education and connect them to appropriate programming,
2. to increase high school graduation rates for all students underrepresented in higher education in Minnesota,
3. prepare students underrepresented in higher education and students who lack appropriate social capital for college or a sustainable career after high school, and
4. to support collaboration between high school and postsecondary grantees so that ICAP students not only enroll in postsecondary institutions, but persist and earn a certificate or degree.

By increasing the investment in students of color and low-income students, educational disparities will be addressed on a broader level. ICAP programs would submit plans to leverage the additional funds in order to increase the number of eligible students in their programs and strengthen/further innovate their work so that these programs successfully see students through college. Because of the variation in programs that are funded under ICAP, it is important to create individualized measures for success based on the student population that they work with and the local/regional context. All programs funded under ICAP are scalable and have potential to transform entire communities based on their influence, scope, and dedication to student success.

The Minnesota Office of Higher Education would be minimally impacted by the increase in funding. The grants administration team would work with existing grantees to identify areas that require strengthening in order to make a broader impact. Then, staff would work with grantees to create measurements and goals based on the impact statements listed above. Staff would also create contract amendments and add additional monitoring goals for grantees who receive this funding. Implementation of the steps listed in the bullet above would begin as soon as this proposal is accepted.

Additional funding will provide:

- Grants – Funding will be distributed to nonprofit organizations, postsecondary institutions, school district programming, and professional associations who are selected by a stakeholder committee on a competitive basis. In FY 2019, twenty-four grantees will receive funding through ICAP with an average award amount of \$28,000. An additional \$168,000 in annual funding will allow the Minnesota Office of Higher Education to increase the size of grants, thus deepening services for current grantees, and awarding funds to new grantees doing similar work across Minnesota. Essentially, the funding would 1)

allow organizations to invite more students into their program/expand their program, 2) allow organizations to provide additional services to their student cohorts, and 3) allow for new grantees to receive funding for providing pre-college services.

- Administrative or programmatic capacity – Currently, a competitive grants administrator manages the ICAP grant program in addition to 4 other grant programs. With an increase in funding, this will not change; however, an existing grants coordinator will provide backup support in order to manage the increased volume of grantees in the program.
- Equipment or supplies – No additional equipment or supplies will be needed.
- Sustainable Funding – Students eligible for ICAP program participation are first generation students, students of color, students of an ethnic minority, low-income students (based on free/reduced-price lunch participation), English language learners, or students with a disability. Each grantee has additional criteria for their programs. For example, two programs work exclusively with American Indian students; one program works exclusively with African American male high school students. Many programs have broad student participation based on the factors provided above. Current number of students served annually through ICAP is 4,312. With a 25% increase, the Minnesota Office of Higher Education expects to increase number of participating organizations by 25%.

The ICAP grant program compliments many programs in the agency, such as the State Grant Program, the Emergency Assistance for Postsecondary Students grant program, the Equity in Education and Jobs Connection grant program, and the Summer Academic Enrichment grant program. The effective implementation date would be July 1, 2019. The Minnesota Office of Higher Education would immediately be able to grant out new awards based on the increased funding.

Equity and Inclusion:

Groups directly impacted by the proposed budget change include: communities (particularly youth) of color, including American Indian populations, ethnic minorities such as Hispanic populations, and immigrants; middle school/high school students whose parents did not attend college; middle school/high school students who participate in the federal free/reduced-price lunch program and/or whose parents participate in the federal Temporary Assistance for Needy Families (TANF) program. The above groups are directly impacted due to the pre-college/career awareness services available for them as a result of the ICAP grant. While the focus of these services is largely direct academic interventions, all programs impact these students and families' social-emotional development and sense of belonging both in a community and as lifelong learners.

ICAP requires that stakeholders, grantee organizations, and students have direct input into evaluation of funded programs, both in the proposal review process and throughout the grant cycle. Increased funding in ICAP will reduce large gaps in educational outcomes for students of color/low-income students/first generation students and their peers. This is because the programs offer these students resources to help “catch up” academically, socially, and emotionally to students who have paid resources available to them (e.g. ACT prep), and who have families who have been through the college process. It also prepares them to adapt to cultural experiences that are different from their own, while valuing and honoring their own identities.

ICAP grantees undergo a scrupulous competitive process in order to avoid the occurrence of negative impacts on vulnerable communities. Potential negative impacts include grantees selecting already high-achieving students to participate in the programs in order to show success. Selecting grantees that intentionally offer services to a broad base of qualifying students and regular monitoring of programs helps mitigate this. All other impacts resulting from increased funding would be positive. All grantees must show evidence of an at least 50% match based on their annual award. This shows that the selected grantees can sustain their basic activities beyond the competitive grant funding.

Results:

ICAP currently uses a combination of performance measures that include high school graduation rate, college application rate, college enrollment rate, ACT scores, social-emotional development measures, number of

students impacted, number of students enrolled in honors/advanced high school coursework, and college participation/retention rate, and qualitative student successes and challenges using student surveys. Current performance measures are consistently positive. In fiscal year 2016 alone, 20 programs were funded through ICAP, reaching 3,606 students. The tables below outline basic successes of the ICAP program. ICAP participants consistently “catch up” to the high school graduation rates of their resourced peers, and out-perform on every indicator when compared with peers of their same demographic group. Data is collected formally twice per year from grantees through an extensive reporting process. In addition, each grantee is visited at least once per grant period.

Figure 1. ICAP Participants' High School Graduation Rate (2010-2016)

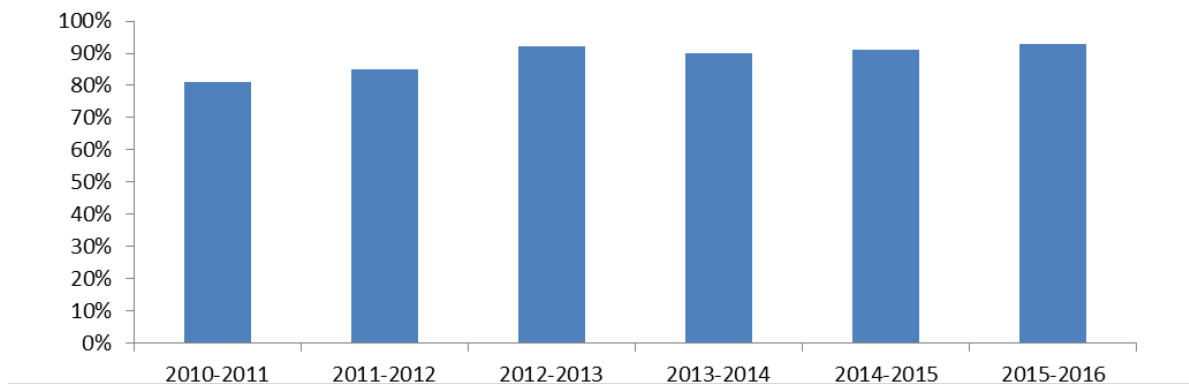
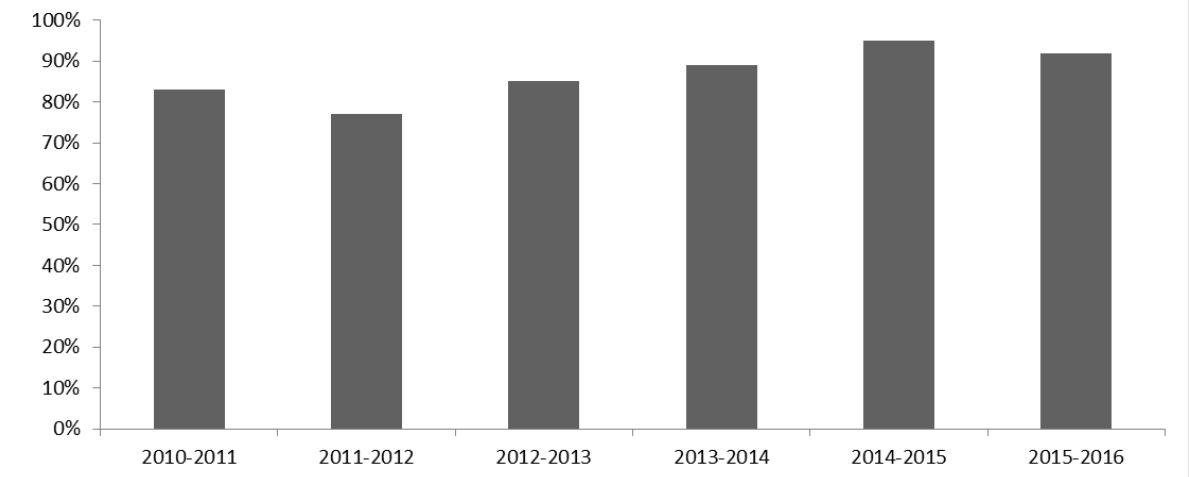


Figure 2. Percentage of ICAP Participants who Apply to College (2010-2016)



Postsecondary Credentials Awarded to ICAP Participants as Reported from 13 Projects, 2008-2016

Certificates	Associate of Arts	Bachelor of Arts	Total Awards
442	350	178	970

Minnesota Office of Higher Education

FY 20-21 Biennial Budget Change Item

Change Item Title: Amend Transfer Language Laws 2017, Chapter 89 Art 1, Sec 2, Subd. 40

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Request:

The Governor recommends adding the following programs to the transfer authority language: Intervention for College Attendance Grants, Summer Academic Enrichment Program, Student and Parent Information.

Rationale/Background:

Adding Intervention for College Attendance, Summer Academic Enrichment Program and Student-Parent Information to the transfer language would allow the agency the flexibility to use any outstanding funds for programs as needed. Transfer language goes back as far as 1989 Session Laws, Chapter 293. The original language allowed for transfers to the State Grant Program.

Over the years the transfer language has been expanded (in order to meet the needs of students) to allow for transfers to other programs, such as Work Study, Child Care, Reciprocity, Safety Officer Survivor, Indian Scholarships, and more recently State Get Ready was added. We evaluate current year spending and in the instance that there is an unexpended balance in financial aid and administrative funds we would reallocate them to areas of need to help elevate wait lists and grant shortages.

If money is not expended it returns to the general fund. Programs have been added to this rider over years and we would like to add the Intervention for College Attendance, Summer Academic Enrichment Program, and Student-Parent Information to the transfer language.

In fiscal year 2017, through indirect transfers the Agency made a \$750,000 transfer to for the Summer Academic Enrichment program to provide access grants for approximately 842 low-income students to high quality educational experiences this summer to help prepare them to enter postsecondary education. An additional \$1,213,000 transfer was made to provide additional Intervention for College Attendance grants to postsecondary institutions and community based organizations to increase access and success to students traditionally underrepresented in higher education.

Proposal:

The proposal is to add ICAP, SAEP, and Student Parent Information to the list of allowable transfers. This proposal made it into the higher education omnibus bill that was rolled into the larger finance omnibus of the 2018 legislative session, but the large finance omnibus was vetoed.

Statutory Change(s):

Laws 2017, chapter 89, article 1, section 2. Subd. 40.

Minnesota Office of Higher Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Recruit and Retain Quality Teachers

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	4,000	4,000	4,000	4,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,000	4,000	4,000	4,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing funding to programs dedicated to expanding and recruiting quality teachers, particularly teachers of color and American Indian teachers. This proposal funds:

- \$1,817,500 increase in student teacher grants.
- \$182,500 increase in expanded concurrent enrollment grants to provide “Introduction to Teaching” courses.
- \$2.0 million to create mentoring, induction and retention incentive program grants for teachers of color and American Indian teachers.

Rationale/Background:

Minnesota is facing a teacher shortage. According to the 2019 Teacher Supply and Demand report:

- Slightly more than half (52.5 percent) of teachers holding an active teaching license are not currently working as a teacher in a Minnesota public school.
- The percentage of teachers of color remain stagnant while the percentage of students of color continues to grow in Minnesota.
- Teacher shortages are a problem across Minnesota: 41.9 percent of districts reported that it is a major problem and 51.8 percent reported that it is a minor problem. Only 6.4 percent of districts indicated that it is not a problem for them. More than 1 in 10 school districts (12.7 percent) reported that they had to cancel classes or programs due to a shortage of teachers.
- Most teachers in Minnesota identify as white (95.7 percent), followed by Asian (1.5 percent), black (1.4 percent), Hispanic (1 percent), and American Indian (0.4 percent). Most school districts reported that it is difficult to recruit teachers that reflect their student body. 83.1 percent of schools have less than 10 percent teachers of color or American Indian teachers, while 64.3 percent of students are in schools with more than 10 percent students of color or American Indian students. Percent persons of color

Proposal:

To address the teacher shortage overall—and shortage of teachers of color and American Indian teachers in particular—the Governor recommends the following in order to support student teachers, attract new teacher candidates, and retain teachers.

- \$1,817,500 increase in student teacher grants under Minnesota Statutes 136A.1275.
 - The Office of Higher Education provides grants to student teachers from low-income families who intend to teach in a shortage area after receiving their teaching license or who belong to an underrepresented racial or ethnic group. Currently statute requires that at least 36.5 percent of

these grants go to teacher candidates of color or American Indian teacher candidates. These grants are up to \$7,500. This proposal will fund up 230 student teachers, including up to an additional 84 teacher candidates of color or American Indian teacher candidates.

- The Office of Higher Education may retain up to 3 percent of this funding for administration of the grant.
- \$182,500 increase in expanded concurrent enrollment grants to provide “Introduction to Teaching” courses.
 - Grants under Minnesota Session Laws - 2017, 1st Special Session, Chapter 5, Article 2, Sec. 57, Subd. 9 allow school districts and charter schools to develop innovation programming to encourage high school students to pursue teaching through concurrent enrollment courses in “Introduction to Teaching.” This allows a student to take a number of college courses in education in high school, and launch their career in education. Currently 33.5 percent of Minnesota public schools students identify as people of color or American Indian.
 - Minnesota Department of Education may retain up to 5 percent of this funding for administration of the grant.
- \$2 million to create mentoring, induction and retention incentive program grants for teachers of color.
 - Create grants to provide for teacher mentoring and retention for teachers of color and American Indian teachers. These funds can be used to retain teachers by paying stipends to mentor teachers, spreading best practices by creating professional learning communities focused on supporting diverse teachers, and supporting licensed and non-licensed educator participation in professional development including workshops and graduate courses.
 - Minnesota Department of Education may retain up to 5 percent of this funding for administration of the grant.
- Broaden non-traditional pathways to teacher licensure known as “Grow Your Own” grants to more school districts while requiring that grants focus on teacher candidates of color or American Indian teacher candidates.
 - “Grow Your Own” grants under Minnesota Session Laws - 2017, 1st Special Session, Chapter 5, Article 2, Sec. 57, Subd. 23 allow school districts with more than 30 percent students of color or American Indians students to apply for grants to fund a Professional Educator Licensing and Standards Board-approved nonconventional teacher residency pilot program. Many school districts with a higher concentration of white students have been launching innovative programs in the area of nonconventional teacher residency programs. The Governor recommends removing this limitation, while requiring that a majority of the teacher candidates in the nonconventional program identify as teacher candidates of color or American Indian. This allows more school districts to take part in these programs, while ensuring the goal of launching more people of color or American Indian people in the field of teaching.

Equity and Inclusion:

This proposal is focused on expanding supports to low income student teachers and teachers of color and American Indian teachers. This will benefit the teacher candidates or teachers, as well as the students they will encounter in the classroom. Students that have a teacher from their background are more likely to graduate and feel that the adults in their school care about them.

Having a review of students’ access to effective teachers that reflect the diversity of the student body is required to be built into school districts’ World’s Best Workforce plans.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent licensed teachers of color/American Indian teachers working in their field	4.23%	4.3%	2015, 2018

Statutory Change(s):

M.S. 124D.09, subdivision 10; M.S. 136A.1275; Minnesota Session Laws - 2017, 1st Special Session, Chapter 5, Article 2, Sec. 57, Subd. 23

Office of Higher Education (OHE)

FY 2020-21 Biennial Budget Change Item

Change Item Title: Remove Student and Employer Connection Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(\$405)	(\$405)	(\$405)	(\$405)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(\$405)	(\$405)	(\$405)	(\$405)
FTEs	0	0	0	0

Recommendation:

The Governor recommends eliminating \$810,000 in funding in FY2020-21 for the Student Employer Connection program. This was a new program supported by the MN Chamber of Commerce, however, the MN Chamber of Commerce Foundation and its vendor for the program have indicated in writing that they do not need the funds on a continuing basis.

Rationale/Background:

A grant of \$405,000 a year was provided to the Minnesota Chamber Foundation for the creation of a web-based app. This job and intern-seeking online tool blind matches the needs of employers located in Minnesota with the individual profiles of high school seniors and postsecondary students attending Minnesota high schools and postsecondary institutions.

Proposal:

This proposal would eliminate ongoing funding for the Student and Employer Connection Program at the request of the MN Chamber of Commerce Foundation, who have indicated in writing that they no longer require funding for this program.

Program: Student Financial Aid Services
<http://www.ohe.state.mn.us/>
AT A GLANCE

- Provided a total of \$185.5 million in need-based financial assistance to 81,023 Minnesota students in FY2017 through the Minnesota State Grant program.
- Administered state financial aid programs with a total of 7.0 full-time employees.

PURPOSE & CONTEXT

The Office of Higher Education's Student Financial Aid Services support the state's strategy to keep education affordable and accessible for all Minnesota residents. These programs support the Minnesota Dashboard's goals of:

- A thriving economy that encourages business growth and employment opportunities
- Minnesotans have the education and skills needed to achieve their goals

Student financial aid programs enable students to access and choose the postsecondary institution and training provider that best meets their educational needs, regardless of their financial circumstances.

SERVICES PROVIDED

The Student Financial Aid Services division administers several programs that support students pursuing postsecondary education and training. The division also serves student loan borrowers serving Minnesota in particular occupations. Additionally, the division administers several grants that go to a variety of external organizations instead of directly to students. As a result, it is not always possible to determine the number of students that directly benefit from the grant. In the Table below, data is only provided in the student column if the grant goes directly to students.

<i>Program</i>	<i>Year</i>	<i>Students</i>	<i>Expenditures</i>	<i>Description</i>
MN State Grant	FY2017	81,023	\$185.5 million	Need-based grant to MN residents attending MN colleges
Interstate Tuition Reciprocity	FY2017	28,370	\$ 5.5 million	Waives non-resident tuition rates for MN residents attending public colleges in reciprocity states
State Work Study	FY2017	9,642	\$14.3 million	Funds allocated to MN colleges to pay 75% of wages for student employment on or off campus
Postsecondary Child Care Grant	FY2017	1,693	\$6.0 million	Need-based grants to student parents using child care services while attending college
MN Indian Scholarship	FY2018	845	\$2.75 million	Need-based scholarships to MN resident students who have at least one-quarter American Indian ancestry
United Family Practice & HCMC Family Medical Residency Program	FY2018	-	\$1.146 million	Financial support for family practice training programs

Program	Year	Students	Expenditures	Description
Tribal College Supplemental Grants	FY2018	-	134,249	Direct financial support to tribal colleges in MN to support the cost of educating non-tribal members
Safety Officers Survivor's Grant	FY2017	10	\$78,952	Non-need-based college grants to survivors of MN public safety officers killed in the line of duty
Teacher Candidate Grant	FY2018	486	\$3.212 million	Grants to eligible students completing required student teaching experiences. Awards prioritized for teacher candidates in shortage areas and teacher candidates who belong to racial or ethnic groups underrepresented in the MN teacher workforce.
Various State Loan Repayment Programs	FY2018	885	\$1.233 million	Teacher Shortage Loan Repayment (835 teachers and \$833,307), Agricultural Educator Loan Repayment (Awards begin in FY2019), Aviation Degree Loan Repayment (Awards begin in FY2019), LRAP of MN (45 attorneys and \$25,000), Large Animal Vet Loan Forgiveness (5 Vets and \$375,000)
Federal John R. Justice Student Loan Repayment	FY2018	-	\$37,436	Federal grant funds used for student loan repayment assistance to public defenders and prosecutors
PIPELINE Dual Training Grants	FY2018	-	\$1.064 million	Grants to employers to train employees through dual training programs in identified occupations in the advanced manufacturing, health care services, information technology, and agriculture industries
Grants for Students with Intellectual and Developmental Disabilities	FY2018	-	\$0	Financial assistance to students with intellectual and development disabilities who attend Comprehensive Transition & Postsecondary (CTP) programs at eligible Minnesota postsecondary institutions. Program to begin making awards in FY2019.
Minnesota Life College (Now named Minnesota Independence College & Community)	FY2018	49	\$1 million	Grant to Minnesota Independence College & Community (formerly Minnesota Life College) to provide need-based scholarships and tuition reduction for their participants

Program	Year	Students	Expenditures	Description
Minnesota 529 College Savings Program	FY2018 (As of 3/31/2018)	67,625 Active Accounts 38,498 Account Holders	\$1.386 million in assets	A tax-advantaged 529 college savings plan to help families save for higher education tuition and expenses. The Plan is administered by the Office of Higher Education and State Board of Investment (SBI). There is no state appropriation.

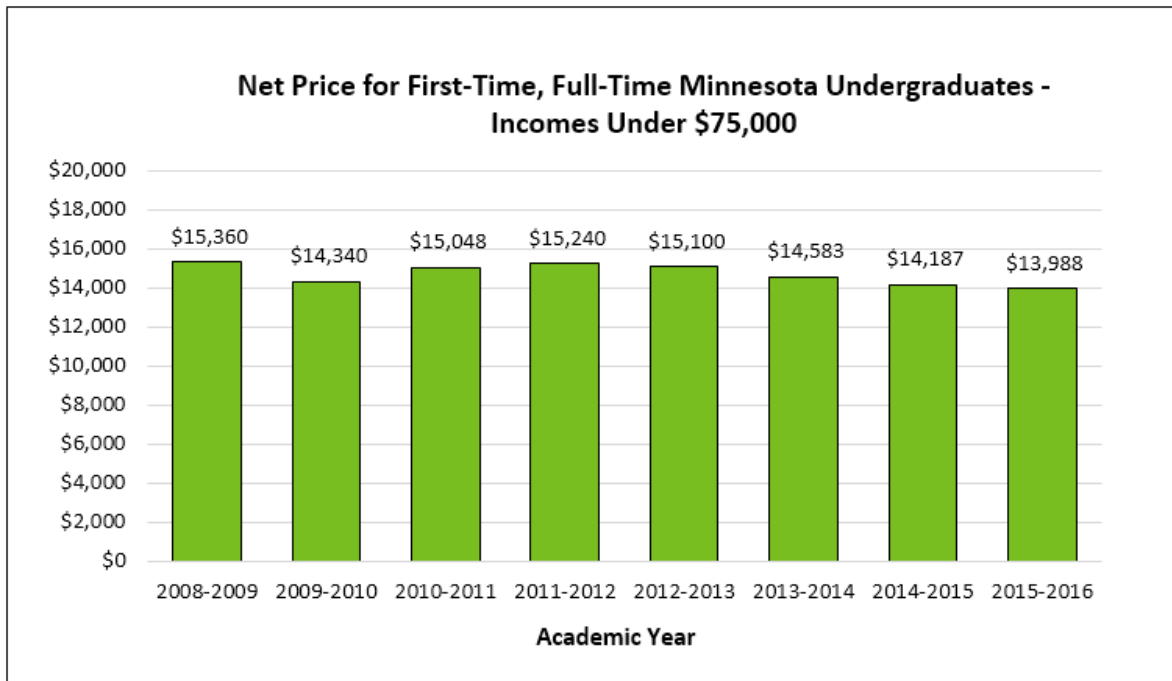
RESULTS

Student Financial Aid Services evaluates the outcomes of its strategies and services by determining their impact on student access to -and choice of- higher education institutions by:

1. Assessing the average net price students and families pay for postsecondary attendance and its relation to family income
2. Monitoring the median cumulative student loan debt of bachelor's degree completers at Minnesota four-year public and private campuses to determine if cumulative debt amounts are stable and monthly loan payments are reasonable
3. Tracking the percentage of students who take out student loans to attend college
4. Comparing the percentage of Minnesota State Grant recipients who attend the various sectors in Minnesota with nationwide averages to determine if the program continues to support student choice

1. Average Net Price in Minnesota

The State Grant program and the Federal Pell Grant program are important drivers of net price (gross price minus grants and scholarships) because they are the major form of grants for college students in Minnesota. Over the past six years, average net price of postsecondary institutions has been relatively stable in Minnesota, which is some indication that grants and scholarships are keeping pace with increasing college costs. For first-time, full-time undergraduates with family incomes below \$75,000 at Minnesota postsecondary institutions, the average net price decreased to \$13,988 during the 2015-2016 academic year.



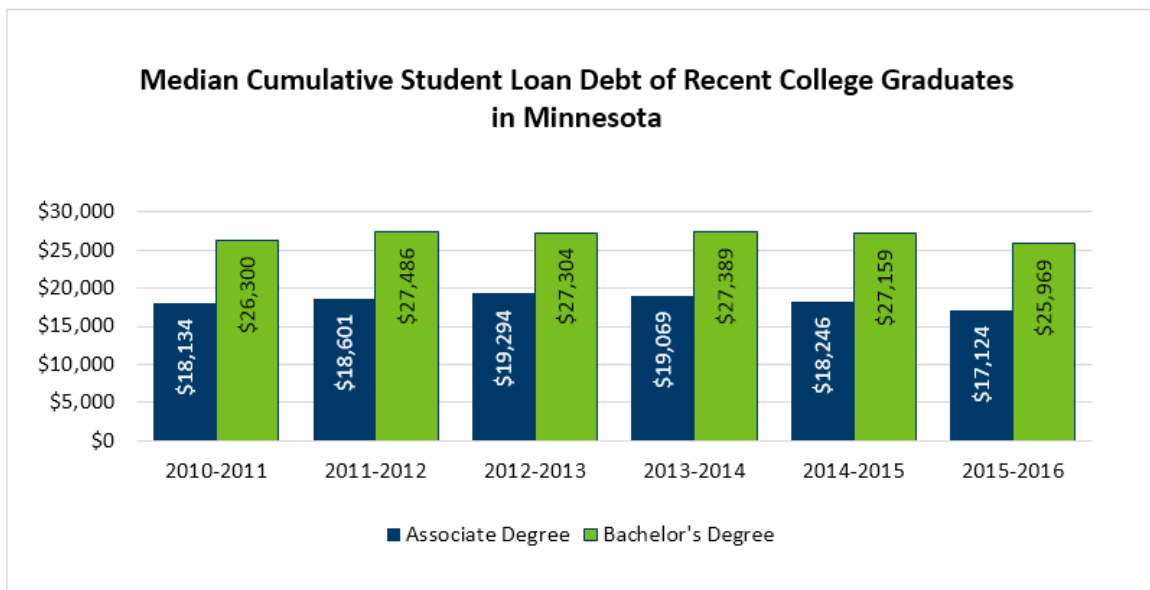
Source: Office of Higher Education Analysis of U.S. Department of Education IPEDS Data, 2018.

2. Median Cumulative Student Debt & Percentage of Students Borrowing in Minnesota

State financial aid programs help reduce the cumulative amount students must borrow to cover educational costs. Median student loan debt in Minnesota has been stable over the past five years. Students who graduated from Minnesota four-year public and private institutions had median student loan debt of \$25,969 in 2016 and associate degree recipients had a median student loan debt of \$17,124 in 2016.

Affordability of future student loan payments is also an important measure, since some students may opt out of postsecondary education or attend less expensive institutions to avoid an unmanageable debt load. Monthly payments on Minnesota's median cumulative loan debt of \$25,969 for Bachelor's degree completers would be approximately \$173-\$299 depending on the repayment plan chosen. The corresponding payment amount for associate degree completers would be \$114-\$197. Neither amount exceeds eight percent of gross monthly salaries for degree-completers in Minnesota, which is the Consumer Financial Protection Bureau's measure of an affordable loan payment.

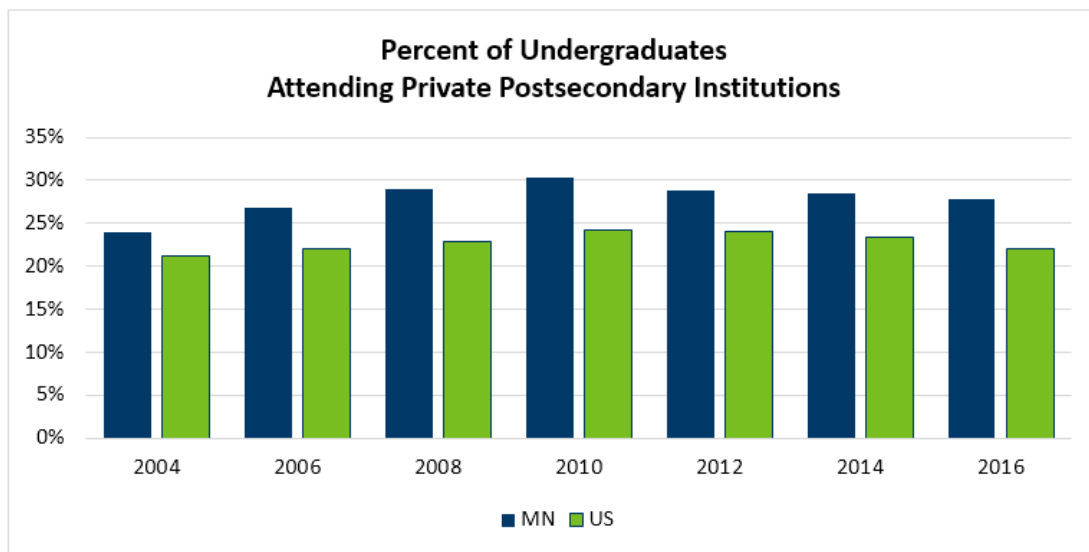
The percentage of Minnesota four-year college graduates with student loans has also been declining slightly over the past four years, from 72 percent of Bachelors' degree graduates borrowing during 2012 to 69 percent in 2016, and 72 percent for associate degree recipients borrowing in 2012 to 65 percent in 2016.



Source: Minnesota Office of Higher Education, 2017.

3. Enrollment at Private Postsecondary Education Institutions in Minnesota

Minnesota's undergraduate students continue to attend in-state private institutions at a higher rate (28 percent) than the national average (22 percent). The percentage of students enrolled at private institutions in Minnesota has decreased over the most recent six years from its peak of 30% in Fall 2010, which corresponds to recent closures of several private for-profit institutions and declining enrollments in all higher education institutions.



Source: Condition of Education, U.S. Department of Education, 2018; Minnesota Office of Higher Education, Basic Data Series, 2017.

The following links are to statutes or laws providing legal authority to the Office of Higher Education to administer the programs:

<https://www.revisor.mn.gov/statutes/?id=136A.121> Minnesota State Grant Program
<https://www.revisor.mn.gov/statutes/?id=136A.08> Interstate Tuition Reciprocity Program
<https://www.revisor.mn.gov/statutes/?id=136A.233> Minnesota State Work Study Program
<https://www.revisor.mn.gov/statutes/?id=136A.125> Postsecondary Child Care Grant Program
<https://www.revisor.mn.gov/statutes/?id=136A.126> Minnesota Indian Scholarship Program
<https://www.revisor.mn.gov/statutes/?id=197.791> MN GI Bill Program
<https://www.revisor.mn.gov/statutes/?id=136A.1796> Tribal College Supplemental Grants
<https://www.revisor.mn.gov/statutes/?id=299A.45> Safety Officers Survivor's Grant Program.
<https://www.revisor.mn.gov/laws/2017/0/Session+Law/Chapter/89/> United Family Practice & HCMC Family Medical Residency Program
<https://www.revisor.mn.gov/statutes/cite/136A.1275> Teacher Candidate Grant
<https://www.revisor.mn.gov/laws/2015/0/Session+Law/Chapter/69/-laws.3.20.0> MnSCU 2-year Occupational Grant Pilot Program
<https://www.revisor.mn.gov/statutes/cite/136A.1789> Aviation Degree Loan Repayment Program
<https://www.revisor.mn.gov/statutes/cite/136A.1794> Agricultural Educator Loan Repayment
<https://www.revisor.mn.gov/statutes/cite/136A.1791> Teacher Shortage Loan Repayment
<https://www.revisor.mn.gov/laws/2017/0/Session+Law/Chapter/89/-laws.2.36.0> LRAP of Minnesota
<https://www.revisor.mn.gov/statutes/cite/136A.1795> Large Animal Vet Loan Forgiveness
<https://www.revisor.mn.gov/statutes/cite/136A.246> PIPELINE Dual Training Grants
<https://www.revisor.mn.gov/statutes/cite/136A.1215> Grants for Students with Intellectual and Developmental Disabilities
<https://www.revisor.mn.gov/statutes/cite/136G.05> Minnesota 529 College Savings Program

Student Financial Aid

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	218,137	231,718	239,643	245,006	237,741	237,741	262,722	262,720
2000 - Restrict Misc Special Revenue	55	58	56	82	84	83	84	83
2001 - Other Misc Special Revenue		2,407	1,891	6,698	2,273	2,274	2,273	2,274
3000 - Federal	42	11	55	46	46	46	46	46
Total	218,234	234,193	241,644	251,832	240,144	240,144	265,125	265,123
Biennial Change				41,049		(13,188)		36,772
Biennial % Change				9		(3)		7
Governor's Change from Base								49,960
Governor's % Change from Base								10

Expenditures by Activity

Student Financial Aid	15,197	16,875	19,878	22,913	19,023	19,024	22,840	22,841
State Grants	193,047	203,071	212,230	213,192	209,343	209,343	230,507	230,505
Mn College Savings Program	55	58	56	82	84	83	84	83
Loan Forgiveness and Counseling	44	865	858	2,231	676	676	676	676
Interstate Tuition Reciprocity	9,891	13,325	8,622	13,414	11,018	11,018	11,018	11,018
Total	218,234	234,193	241,644	251,832	240,144	240,144	265,125	265,123

Expenditures by Category

Compensation	236	158	227	236	153	155	213	215
Operating Expenses	165	2,710	2,457	6,360	3,080	3,078	3,160	3,158
Grants, Aids and Subsidies	216,329	229,832	237,476	245,158	236,907	236,907	261,748	261,746
Other Financial Transaction	1,504	1,494	1,485	78	4	4	4	4
Total	218,234	234,193	241,644	251,832	240,144	240,144	265,125	265,123

Total Agency Expenditures	218,234	234,193	241,644	251,832	240,144	240,144	265,125	265,123
Internal Billing Expenditures	0	0		1	1	1	1	1
Expenditures Less Internal Billing	218,234	234,193	241,644	251,831	240,143	240,143	265,124	265,122

Full-Time Equivalents

2.12	1.58	2.35	2.57	1.65	1.65	2.15	2.15
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Student Financial Aid

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		8,277	2,800	4,865				
Direct Appropriation	219,406	228,706	243,547	240,216	240,216	240,216	263,380	263,378
Transfers In	1,800	6,314	2,271	2,415	15	15	1,832	1,832
Transfers Out	1,351	8,755	4,075	2,490	2,490	2,490	2,490	2,490
Cancellations		24	35					
Balance Forward Out	1,719	2,800	4,865					
Expenditures	218,137	231,718	239,643	245,006	237,741	237,741	262,722	262,720
Biennial Change in Expenditures				34,794		(9,167)		40,793
Biennial % Change in Expenditures				8		(2)		8
Governor's Change from Base								49,960
Governor's % Change from Base								11
Full-Time Equivalents	1.66	1.05	1.85	1.32	0.40	0.40	0.90	0.90

2000 - Restrict Misc Special Revenue

Balance Forward In	153	179	176	205	208	209	208	209
Receipts	81	55	85	85	85	85	85	85
Balance Forward Out	179	176	205	208	209	211	209	211
Expenditures	55	58	56	82	84	83	84	83
Biennial Change in Expenditures				26		29		29
Biennial % Change in Expenditures				23		21		21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.43	0.50	0.49	0.55	0.55	0.55	0.55	0.55

2001 - Other Misc Special Revenue

Balance Forward In		194	3,770	4,654	231	233	231	233
Transfers In	194	5,300	2,841	2,341	2,341	2,341	2,341	2,341
Transfers Out		166	66	66	66	66	66	66
Balance Forward Out	194	2,921	4,654	231	233	234	233	234
Expenditures		2,407	1,891	6,698	2,273	2,274	2,273	2,274
Biennial Change in Expenditures				6,181		(4,042)		(4,042)
Biennial % Change in Expenditures						(47)		(47)
Governor's Change from Base								0

Student Financial Aid

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents			0.01	0.67	0.67	0.67	0.67	0.67

3000 - Federal

Balance Forward In		0						
Receipts	42	11	55	46	46	46	46	46
Expenditures	42	11	55	46	46	46	46	46
Biennial Change in Expenditures				48		(9)		(9)
Biennial % Change in Expenditures				90		(9)		(9)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.03	0.03		0.03	0.03	0.03	0.03	0.03

Program: State Supplemental Loans

<http://www.selfloan.state.mn.us/> and <http://www.selfrefi.state.mn.us/>

AT A GLANCE

- Over 50,000 borrowers currently have loans through the SELF program, which offers low-interest loans for Minnesota residents or students enrolled at a Minnesota school, and owe nearly \$500 million.
- Over 900 borrowers currently have loans through the SELF Refi program, a low-interest student loan refinance program available to Minnesota residents, and owe nearly \$25 million.
- There is a \$100 million cap on the SELF Refi program.
- Seven full time employees work on the SELF and SELF Refi programs.

PURPOSE & CONTEXT

The Office of Higher Education offers the Student Educational Loan Fund (SELF) program to help finance postsecondary education with low-interest loans. The SELF program contributes to the agency's mission by supporting students in earning a higher education credential by providing loan funds to attend college. SELF Loans are not limited to people with certain income levels. Students are eligible as long as they meet minimum program requirements and have a cosigner.

The SELF Refi program is available to help Minnesota residents refinance their student loans by offering low interest rates and favorable repayment terms. A wide variety of people are able to use the loan as long as they meet program eligibility requirements.

SERVICES PROVIDED**SELF Program**

The SELF program provides loans to students and families to help pay for college. The SELF Loan is available to Minnesota residents attending a participating college nationwide, or a Minnesota resident or nonresident attending a college in Minnesota. The program provides money to students to cover the cost of attending college beyond what is available through scholarship and grant money. Students can choose either a fixed or variable rate. SELF interest rates as of August 1, 2018 are: 4.3% variable and 6.0% fixed.

Current activities of the SELF program:

- The Agency is in the process of proposing amendments to the Administrative Rules governing the SELF program. The proposed amendments are intended to provide more flexibility to respond to the needs of borrowers and co-signers, reduce default risk, and align statute and rule language.
- In 2016, the Agency hired an in-house attorney with delegated authority to assist with the collection of defaulted loans. This action has improved collection on defaulted loans and the goal is to eliminate the use of private collection agencies in 2019.

SELF Refi

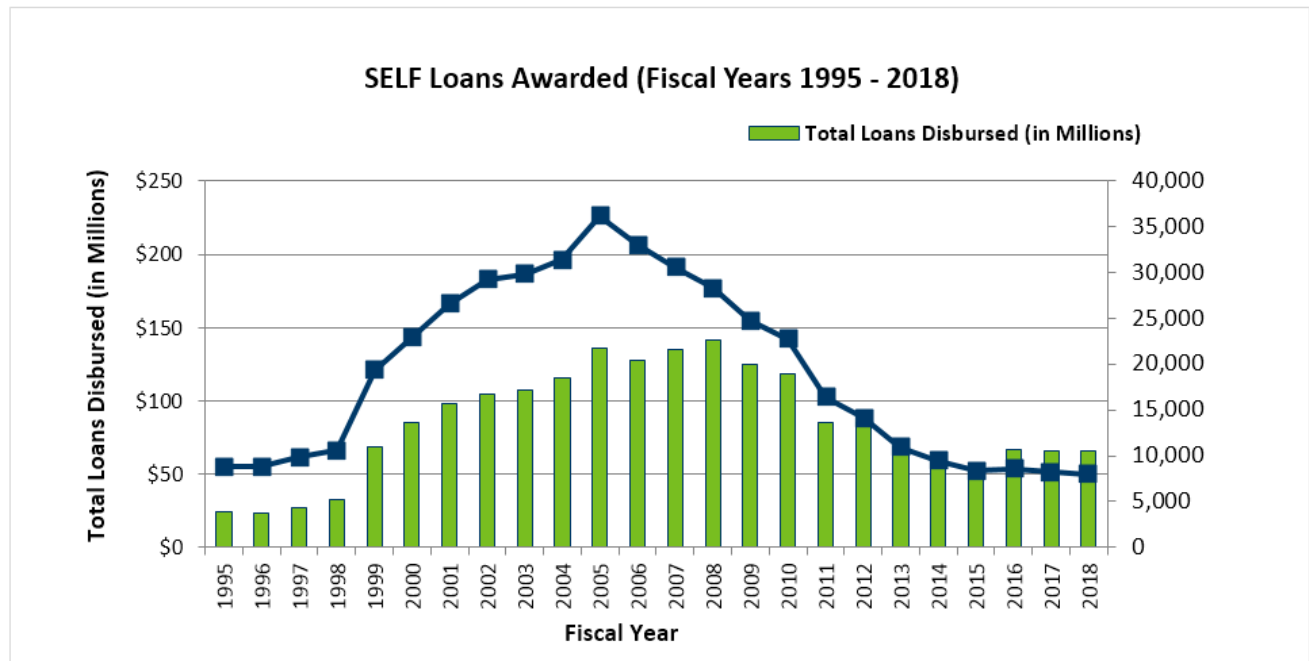
The SELF Refi program provides loans to help Minnesota residents refinance their postsecondary education debt. The SELF Refi Loan is available to Minnesota residents who have earned a credential, are currently employed, meet credit and debt-to-income requirements, and have at least \$10,000 in qualified education loans to refinance. There is also an option for a co-signed loan if the borrower does not qualify individually but meets minimum credit and debt-to-income requirements with a co-signer. The maximum SELF Refi loan is \$70,000. There are six different loan options based on loan term and type of interest rate. Rates range from 4.25% to

6.75% as of August 1, 2018. The debt-to-income ratio of the borrower and co-signer (if needed) determine which of the six options the borrower can select from. Current activities of the SELF Refi program:

- Various enhancements to the program are under consideration. Loan volume has declined since the launch of the program. The Agency is considering changes that would increase the number of Minnesota residents who can benefit from the program without a significant increase in the risk of default. The Agency has been moving cautiously with changes since it can take years to see trends in defaulted loans.

RESULTS

SELF Program



Source: Office of Higher Education

Quantity:

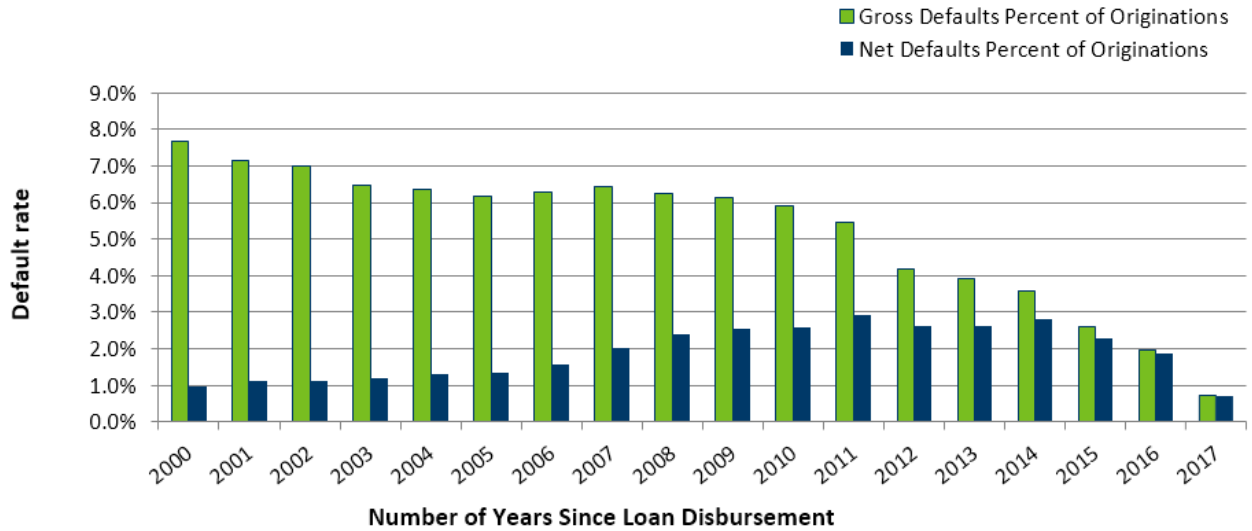
The number of SELF Loans and total dollars given to students was decreasing between 2009 and 2015; however, loan volume has been relatively stable the last three years. There are two primary reasons for the decrease:

- Loan volume increased in fiscal year 2016 as a result of increasing the loan limit from \$10,000 to \$20,000 for students enrolled in 4-year or graduate programs. Since the increase, the volume has remained stable.
- The federal government passed a law in 2008, which greatly restricts the ability of colleges to give students information about non-federal loans. Before this law was in place, colleges could give students information about the SELF Loan and the low interest rates available.
- The amount students could borrow through the SELF program was not keeping up with the cost of going to college. This means students borrow from private banks or other financial sources in order to get all the money they need from one place, even though it may cost them more in interest and fees.

Quality:

Gross defaults represent the loan balance at the time of default. The amount owed after payments have been made on the defaulted loans is the net default. Both the gross and net default rates for SELF loans are fairly low in comparison to other private loan programs.

SELF Loan Program Default Rates as of 2017



Source: Minnesota Office of Higher Education

Result:

We effectively collect money owed on defaulted loans resulting in net default rates of less than 3%. Low default rates help keep interest rates low for students, since people not repaying their loans is a program expense.

SELF Refi

Quantity:

The legislature limited the SELF Refi program to a maximum amount of \$100 million in loans outstanding. Currently, borrowers owe \$25 million dollars.

Quality:

The SELF Refi program provides a low-cost option to Minnesota residents who are looking to refinance their student loans to better manage their student debt by changing the interest rate, the interest rate type and/or the repayment term. Consumers can compare the SELF Refi rates to other refinancing products available through the federal government, other states, or private lenders to determine whether the SELF Refi Loan is beneficial for them.

Result:

The program is relatively new (2016) and will continue to be evaluated for its effectiveness and future enhancements. Loan volume will be evaluated annually.

M.S. 136A.1701 (<https://www.revisor.mn.gov/statutes/?id=136A.1701>) provides the legal authority for the SELF program.

M.S. 136A.1704 (<https://www.revisor.mn.gov/statutes/?id=136A.1704>) provides the legal authority for the SELF program.

State Supplemental Loans

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

8300 - Office Of Higher Education	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000
Total	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000
Biennial Change				(5,210)		19,240		19,240
Biennial % Change				(3)		11		11
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

State Supplemental Loans	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000
Total	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000

Expenditures by Category

Compensation	28	19						
Operating Expenses	5,689	4,385	4,835	5,000	5,000	5,000	5,000	5,000
Other Financial Transaction	92,200	73,650	70,925	90,000	90,000	90,000	90,000	90,000
Total	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000

Full-Time Equivalents

0.40	0.29							
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State Supplemental Loans

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
8300 - Office Of Higher Education								
Balance Forward In	148,473	128,634	137,449	177,222	177,222	177,222	177,222	177,222
Receipts	78,078	86,869	115,533	95,000	95,000	95,000	95,000	95,000
Balance Forward Out	128,634	137,449	177,221	177,222	177,222	177,222	177,222	177,222
Expenditures	97,916	78,054	75,760	95,000	95,000	95,000	95,000	95,000
Biennial Change in Expenditures				(5,210)		19,240		19,240
Biennial % Change in Expenditures				(3)		11		11
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.40	0.29						

Program: Research, Policy, and Analysis

<http://www.ohe.mn.us/>

AT A GLANCE

- Provides research and analysis on postsecondary education for the Governor, the Minnesota Legislature, and the people of the State of Minnesota.
- Awarded \$748,000 in external grant funds in FY2017 for cross-agency collaborative projects.
- \$3,340,000 appropriated for diverse grant programs, ranging from Spinal Cord & Traumatic Brain Injury Grants to Concurrent Enrollment Grants in FY2018.

PURPOSE & CONTEXT

The Research, Policy and Analysis Division provides credible, politically neutral, research-based data, information and analysis on higher education. Research products are used to operate programs, develop and inform policies, and provide assistance to individuals, colleges, communities, and the state.

SERVICES PROVIDED

- Provides credible and timely analysis of state higher education enrollment, completions, and funding, including: college preparation and access, financing of higher education (student & state), student outcomes (credentials, debt, employment), and system/institutional performance.
- Leverages data and analysis to guide planning, administering and budgeting for Minnesota's state financial aid programs (e.g. Minnesota State Grant, Tuition Reciprocity).
- Serves as the lead agency for the Statewide Longitudinal Education Data System (SLEDs), which uses early childhood through postsecondary and workforce data to identify the most viable pathways for individuals to achieve successful outcomes in education and work. SLEDs data informs education and workforce policy and practice in Minnesota. SLEDs provides reports and data to high schools and colleges to inform planning and improvement at the local level.
- Engages in cross-agency, philanthropic and non-profit collaboration to broaden data and information available to Minnesotans.
- Manages collection of student enrollment and completion records from over 100 postsecondary education institutions operating in Minnesota.
- Develops and runs several grant programs created by the Minnesota Legislature (Equity in Attainment and Job Connection Grants, Spinal Cord & Traumatic Brain Injury Research Grants, and Concurrent Enrollment Grants).

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Quantity	Number of reports published	36	29	22	22	26	5
Quality	Number of external uses, citations, or quotes on Google Scholar	20	20	20	16	18	8
Results	Number of collaborative projects - grant dollars awarded to OHE	2 - \$0	4 - \$100,000	2 - \$0	3 - \$73,000	5 - \$748,000	5 - \$0

Type of Measure	Name of Measure	2013	2014	2015	2016	2017	2018
Results	Number of New Grantees (Organizations) - Grant dollars awarded	-	-	-	12-\$1,054,022	19-\$1,743,999	27-\$3,795,835
Quantity	Number of fiscal notes completed	19	26	43	24	12	7

Minnesota Statute 136A.01 provides the legal authority for OHE's Research, Policy & Analysis Services (<https://www.revisor.mn.gov/statutes/?id=136A.01>)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,016	2,085	2,600	3,016	1,362	1,362	2,362	2,362
2000 - Restrict Misc Special Revenue	27	23	105	412	154		154	
2001 - Other Misc Special Revenue	63	165	457	4,664	3,177	2,977	3,177	2,977
2403 - Gift		13		30				
Total	1,106	2,286	3,161	8,122	4,693	4,339	5,693	5,339
Biennial Change				7,891		(2,251)		(251)
Biennial % Change				233		(20)		(2)
Governor's Change from Base								2,000
Governor's % Change from Base								22
<u>Expenditures by Activity</u>								
Research Policy and Analysis	538	677	1,517	1,406	1,222	1,022	2,222	2,022
Miscellaneous Grant Programs	568	1,609	1,644	6,716	3,471	3,317	3,471	3,317
Total	1,106	2,286	3,161	8,122	4,693	4,339	5,693	5,339
<u>Expenditures by Category</u>								
Compensation	323	237	247	195	203	217	355	369
Operating Expenses	223	289	929	1,008	969	862	1,817	1,710
Grants, Aids and Subsidies	560	1,761	1,986	6,919	3,521	3,260	3,521	3,260
Total	1,106	2,286	3,161	8,122	4,693	4,339	5,693	5,339
<u>Expenditures by Agency</u>								
Total Agency Expenditures	1,106	2,286	3,161	8,122	4,693	4,339	5,693	5,339
Internal Billing Expenditures	2	0	16	15	15		15	
Expenditures Less Internal Billing	1,104	2,286	3,145	8,107	4,678	4,339	5,678	5,339
<u>Full-Time Equivalents</u>								
	3.62	2.64	2.65	2.29	2.23	2.23	3.23	3.23

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		525	378	1,654				
Direct Appropriation	1,862	2,572	4,572	4,362	4,362	4,362	5,362	5,362
Transfers In		25	750					
Transfers Out	555	984	1,447	3,000	3,000	3,000	3,000	3,000
Cancellations		29						
Balance Forward Out	291	25	1,653					
Expenditures	1,016	2,085	2,600	3,016	1,362	1,362	2,362	2,362
Biennial Change in Expenditures				2,514		(2,892)		(892)
Biennial % Change in Expenditures				81		(51)		(16)
Governor's Change from Base								2,000
Governor's % Change from Base								73
Full-Time Equivalents	2.78	2.48	2.15	1.45	1.73	1.73	2.73	2.73

2000 - Restrict Misc Special Revenue

Balance Forward In		62	74	462	155	1	155	1
Receipts	88	35	493	105				
Balance Forward Out	62	73	462	155	1	1	1	1
Expenditures	27	23	105	412	154		154	
Biennial Change in Expenditures				467		(363)		(363)
Biennial % Change in Expenditures				934		(70)		(70)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.27	0.06	0.03					

2001 - Other Misc Special Revenue

Balance Forward In	92	64	60	1,507	193	216	193	216
Receipts	35	162	457	350	200		200	
Transfers In			1,447	3,000	3,000	3,000	3,000	3,000
Balance Forward Out	64	60	1,508	193	216	239	216	239
Expenditures	63	165	457	4,664	3,177	2,977	3,177	2,977
Biennial Change in Expenditures				4,892		1,033		1,033
Biennial % Change in Expenditures				2,142		20		20
Governor's Change from Base								0

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents	0.57	0.10	0.47	0.84	0.50	0.50	0.50	0.50

2403 - Gift

Balance Forward In		15	30	30		
Receipts	15	15				
Balance Forward Out	15	17	30			
Expenditures		13		30		
Biennial Change in Expenditures				17	(30)	(30)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						

Program: Postsecondary Access and Outreach

<http://www.minitex.umn.edu/> and <http://www.getready.state.mn.us/>

AT A GLANCE

- **Get Ready Program:** \$3.46M/year Federal grant, 20 FTEs. Programming associated with the recently renewed federal grant launches in September 2018. An estimated 47,000 students from low-income background and communities of color will receive services during the seven-year grant cycle.
- **Intervention for College Attendance Program (ICAP):** \$671,000/year in funding serving 3,760 students in grades six through 12, as well as postsecondary students.
- Over 60 million searches in the Electronic Library for Minnesota (**ELM**) in FY2018.
- **College Possible:** \$250,000/year in funding serving 7,362 high school and postsecondary students.
- **Minitex Resource Sharing** processed almost 355,000 requests.
- Receiving \$125,000/year, **Summer Academic Enrichment Program (SAEP)** provided awards to 899 students in summer 2017.
- **Student Parent Outreach:** The Summer Nudging program reached over 4,700 students this year. The program works in partnership with Minnesota State University Mankato, Anoka Technical College, Bemidji State University, Minnesota State University Moorhead, and Fond du lac Tribal and Community College.
- Users launched 60,608 sessions and viewed over 179,000 digital objects related to MN history and culture using **Minnesota Reflections**.
- **Campus Sexual Violence Prevention and Response Program:** \$175,000/year in funding to serve as a resource to postsecondary institutions to prevent and respond to sexual violence.

PURPOSE & CONTEXT

The Agency is charged in statute with reaching students from grades K-12 through adulthood with information about preparing and paying for college and postsecondary options. OHE outreach and access programs include Get Ready, the Intervention for College Awareness Program, Campus Sexual Violence Prevention and Response Program, Summer Academic Enrichment Program, College Possible, Minnesota Education Equity Partnership (MnEEP), and other programs such as MNLink/Minetex, Student Parent Outreach, and a Student Employer Connection Information System.

Get Ready, which receives federally funding through GEAR UP a grant, and \$180,000 annually in state funding, aims to increase the number of students from low-income backgrounds and communities of color who are graduating from high school, participating in postsecondary education, and successfully transitioning into a career pathway. The program builds high-need middle and high schools' capacity to deliver postsecondary readiness programming to students and their families, effectively utilize data to drive continuous improvement, and make the systemic changes necessary to sustain a culture of college-going.

The Intervention for College Attendance Program provides competitive grants to postsecondary institutions, professional organizations, community-based organizations, or other service providers to strengthen student preparation and aptitude for postsecondary success.

The Summer Academic Enrichment Program provides funding of up to \$1,000 per participant for students in grades three through 11 to attend an academically-enriched summer program.

The mission of Minitex services, including MNLINK and the ELM (Electronic Library for Minnesota), is to provide statewide support functions to assist academic, public, state government, school and special libraries. Minitex is an information and resource sharing program of the Minnesota Office of Higher Education and the University of Minnesota Libraries. It leverages the resources from 2,200 participating institutions to provide direct benefits to students, educators, library staff, and the general public. It reduces costs for local libraries and reaches residents in every community in the state, providing access to information, educational resources, and ebooks throughout Greater Minnesota, leveling the playing field for those with less access to quality resources.

The Campus Sexual Violence Prevention and Response Program provides technical assistance and content expertise to campuses throughout Minnesota on sexual violence prevention and response. The program also creates and facilitates a network of practitioners in Minnesota that do sexual violence prevention and response work. Additionally, resources and tools are created and shared with campuses as well as the general public around campus sexual violence.

The Student Parent Outreach initiatives provide a range of services from publishing information and conducting presentations on postsecondary access and finance to launching a Summer Nudging program designed to help college-bound students successfully enter into college in the immediate fall following high school graduation (preventing "summer melt") by sending weekly text messages, or "nudges." Data shows that one in five college bound students fail to matriculate in the fall following high school graduation. The Summer Nudging program reached over 1,800 students at 300 high schools in Minnesota last year

SERVICES PROVIDED

Get Ready employs a comprehensive approach, serving 6th-12th grade students, their families, and the educators that support their learning. The following represent Get Ready's core interventions:

- *Postsecondary Pathways Curriculum:* Get Ready's research-based, student-led exploration of personal and social identity, individual skills and interests, learning techniques for academic success, career choices, and options for extending the education process beyond high school. Students receive 25 lessons per year.
- *Postsecondary Pathways Counseling:* Students receive one-on-one and small group assistance with academic planning, goal setting, exploring college and career options, financing a postsecondary education, and completing the college application process.
- *Postsecondary Pathways Field Experiences:* Students participate in college visits, job shadowing, internships, service learning, and academic enrichment activities offered in collaboration with Get Ready's community partners.
- *Parent Empowerment Initiatives:* Parents receive the necessary information, tools, and strategies to support their children during the postsecondary planning process via one-to-one advising, seminars, and culturally-specific workshops.
- *Professional Development for Educators:* School staff receive training and technical support related to postsecondary readiness best practices, effective data utilization, equity mindsets, leading change, and resource management.

Intervention for College Attendance Program (ICAP) - grants provide secondary and college students with the following services:

- Academic counseling, and mentoring
- Fostering and improving parental involvement in planning for and facilitating a college education
- Services for students with English as a second language
- Academic enrichment activities and tutoring
- Career awareness and exploration
- Assistance with high school course selection
- Information about college admission requirements, financial aid counseling, and orientation to college life

Minnesota Minority Education Equity Partnership (MnEEP) – OHE serves as the fiscal agent for an annual pass-through state appropriation of \$45,000 to help fund MnEEP operations and activities. MnEEP was founded to increase the success of students of color and American Indian students in Minnesota schools, colleges, and universities. MnEEP achieves its mission by researching race equity in Minnesota education and fostering collaborative efforts between students, parents, and educators to better align the Minnesota education system with communities of color.

College Possible - Twin Cities - OHE serves as the fiscal agent for a \$250,000 annual pass-through state appropriation. College Possible's mission is to help capable low-income students become college graduates.

MNLINK - the online discovery and interlibrary loan portal for libraries, provides access to materials across the region. MNLINK provides 24/7 access to request books, articles, media and other physical or online resources.

- ELM, the Electronic Library for Minnesota, is an electronic collection of research and information databases that Minnesotans can access 24/7. Schools and libraries can directly link to ELM at no charge.

Minitex - provides overnight delivery of physical materials to participating libraries, including delivery to the state's residents from the University of Minnesota's library collections.

- Through Resource Sharing, 350,000 interlibrary loan requests were processed, 75,000 articles were delivered directly to patrons online, and approximately 121,650 physical and electronic delivery requests from the University of Minnesota's library were filled.
- Over 265,000 items from Minnesota's history and culture are findable and preserved through the Minnesota Digital Library's primary service, Minnesota Reflections. This service has helped 180 libraries, museums, historical societies, and other Minnesota organizations digitize their collections and host them online and share the objects with the Digital Public Library of America.
- The newest service is Ebooks Minnesota, a collection of ebooks for academic, public, and school libraries. The collection launched with over 2,500 titles in February 2016, and since then, 27,000 state residents have read 36,000 titles.
- Through AskMN, online reference librarians answer students' and professors' questions and help them locate educational materials.
- Group discounts are negotiated for online databases, information resources, library supplies, and training opportunities.
- Professional education opportunities are provided for library staff, K12 school students, and the general public.
- Minnesota Library Access Center (MLAC) is a long-term, underground storage facility and makes 1.5 million volumes from 21 libraries available upon request. To date it has circulated 16,942 volumes.

The Campus Sexual Violence Prevention and Response program serves as a resource to all postsecondary institutions in Minnesota providing professional development and trainings, guidance on best practices, hosting community listening sessions, and providing materials to institutions. The program also provides guidance for fulfilling the requirements delineated in the Postsecondary Education Sexual Harassment and Violence Policy (Minnesota Statute 135A.15) as well as oversees the statewide campus sexual assault reporting required under Minnesota Statutes 135A.15.

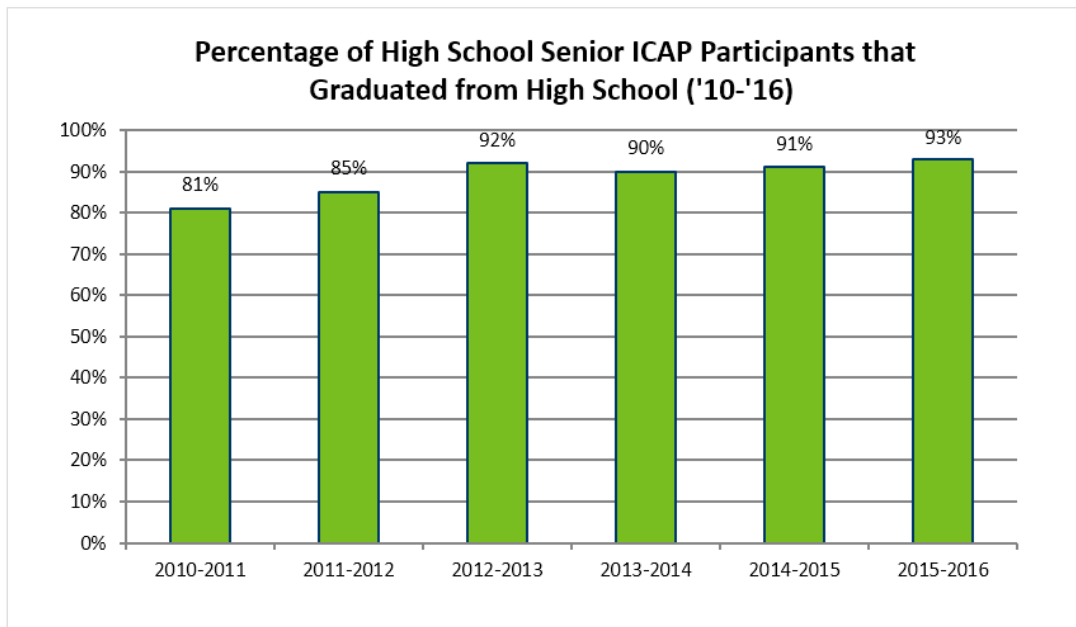
A grant of \$405,000 a year was provided to the Minnesota Chamber Foundation for the creation of a web-based app. This job and intern-seeking online tool blind matches the needs of employers located in Minnesota with the individual profiles of high school seniors and postsecondary students attending Minnesota high schools and postsecondary institutions. It was named the **Student and Employer Connection Information System**.

RESULTS

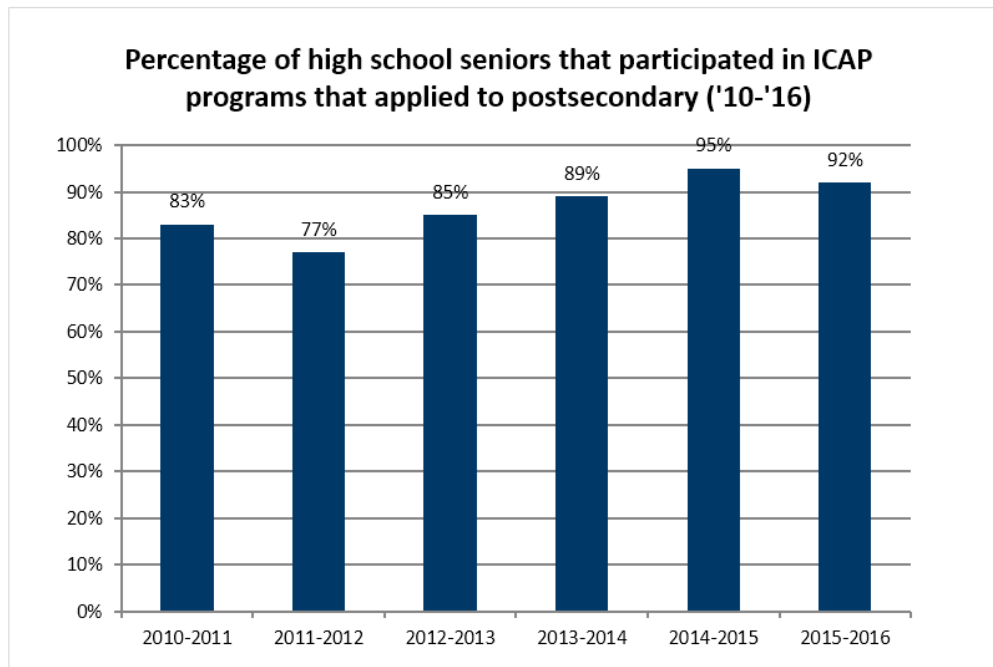
GET READY Direct Service Indicators

12th Grade	2015-16 Program Participants	2016-17 Program Participants
College Enrollment (Total)	66%	67%
College Enrollment (4-year College)	55%	59%
College Enrollment (2-year College)	45%	41%
12 th Grade FAFSA/Dream Act Completion	83%	97%
ACT Participation	Not Available	72%
College plan immediately after high school	Not Available	83%

Intervention for College Attendance Program



Outcomes: High school graduation rates are higher than the state's average (82.5% in 2016).



Outcomes: ICAP participants are applying for college at an increasing rate.

Minitex

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Requests created by MN residents using the MNLINK	456,559	484,037	2017 & 2018
Quantity	Delivery items shipped	517,506	540,494	2017 & 2018
Quantity	Reference questions answered online through AskMN	32,231	37,257	2017 & 2018
Quantity	ELM searches by MN resident for articles, references sources, and full text documents	67,000,000	60,277,210	2017 & 2018
Quantity	Number of unique digital object representing Minnesota's history & culture in MN Reflections	266,083	273,585	2017 & 2018

All numbers are from data tracking systems including Online Computer Library Center (OCLC). In the case of electronic delivery, the data comes from vendor system statistics. Resource Sharing numbers come from software programs, including Ex Libris Aleph, Agent ILL, OCLC Worldshare, and VDX.

Minnesota Statute 136A.01 provides the legal authority for OHE's Postsecondary and Outreach Services (<https://www.revisor.mn.gov/statutes/?id=136A.01>)

Postsecondary Access and Outreach

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	7,665	9,869	8,147	8,212	7,853	7,853	7,741	7,741
2000 - Restrict Misc Special Revenue			2	5	5	5	5	5
3000 - Federal	3,878	3,383	2,568	3,490	4,325	4,325	4,325	4,325
Total	11,543	13,252	10,717	11,707	12,183	12,183	12,071	12,071
Biennial Change				(2,371)		1,942		1,718
Biennial % Change				(10)		9		8
Governor's Change from Base								(224)
Governor's % Change from Base								(1)

Expenditures by Activity

Access Programs	11,396	12,599	10,137	10,836	11,456	11,456	11,749	11,749
Outreach Programs	147	653	572	779	677	677	272	272
Training			8	92	50	50	50	50
Total	11,543	13,252	10,717	11,707	12,183	12,183	12,071	12,071

Expenditures by Category

Compensation	1,829	1,637	1,535	1,797	1,896	1,946	1,896	1,946
Operating Expenses	2,077	2,114	533	2,388	2,896	2,846	2,896	2,846
Grants, Aids and Subsidies	7,637	9,500	8,649	7,522	7,391	7,391	7,279	7,279
Total	11,543	13,252	10,717	11,707	12,183	12,183	12,071	12,071

Total Agency Expenditures	11,543	13,252	10,717	11,707	12,183	12,183	12,071	12,071
Internal Billing Expenditures	159	194	157	241	240	240	240	240
Expenditures Less Internal Billing	11,384	13,058	10,560	11,466	11,943	11,943	11,831	11,831

<u>Full-Time Equivalents</u>	23.48	20.98	18.25	23.39	23.30	23.30	23.30	23.30
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Postsecondary Access and Outreach

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		208		359				
Direct Appropriation	7,273	7,773	7,853	7,853	7,853	7,853	7,741	7,741
Transfers In	600	1,963	654					
Cancellations		75						
Balance Forward Out	208		360					
Expenditures	7,665	9,869	8,147	8,212	7,853	7,853	7,741	7,741
Biennial Change in Expenditures				(1,175)		(653)		(877)
Biennial % Change in Expenditures				(7)		(4)		(5)
Governor's Change from Base								(224)
Governor's % Change from Base								(1)
Full-Time Equivalents	2.40	2.85	1.24	3.11	3.10	3.10	3.10	3.10

2000 - Restrict Misc Special Revenue

Balance Forward In	49	49	49	47	42	37	42	37
Balance Forward Out	49	49	47	42	37	32	37	32
Expenditures			2	5	5	5	5	5
Biennial Change in Expenditures				7		3		3
Biennial % Change in Expenditures						47		47
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.03	0.10	0.10	0.10	0.10	0.10

3000 - Federal

Balance Forward In	0	0	0					
Receipts	3,878	3,382	2,568	3,490	4,325	4,325	4,325	4,325
Expenditures	3,878	3,383	2,568	3,490	4,325	4,325	4,325	4,325
Biennial Change in Expenditures				(1,203)		2,592		2,592
Biennial % Change in Expenditures				(17)		43		43
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.08	18.13	16.98	20.18	20.10	20.10	20.10	20.10

Program: OHE Administration

School Licensure & Registration www.ohe.state.mn.us/mPg.cfm?pageID=197

Financial Reports <http://www.ohe.state.mn.us/investors/financialStatements.cfm>

Publications <http://www.ohe.state.mn.us/sPages/pubsGR.cfm>

AT A GLANCE

- Support the operation of seven financial aid programs.
- Provide leadership, supervision and support functions for 64 full-time employee staff.
- Provide information through websites and publications on higher education and college planning.
- Register higher education providers to operate in Minnesota.

PURPOSE & CONTEXT

Administrative services provide management, leadership, and administrative support to further the Agency's mission to advance the promise of higher education to all Minnesotans and provide critical information to make higher education decisions.

Primary customers include: students, postsecondary institutions, the Governor's Office, legislators, Minnesota Management and Budget, vendors, media and our internal staff.

SERVICES PROVIDED

- The Commissioner advises the Governor on higher education policy and works closely with the legislature to develop postsecondary education policies. The Deputy Commissioner oversees our day-to-day operations.
- Financial Services provides accounting, auditing, budgeting, and purchasing services as well as revenue bond management.
- Regulatory Services protects consumers by licensing and registering private degree and non-degree institutions to:
 - Ensure that schools operating in MN, or providing education to Minnesotans, meet quality standards
 - Monitor school compliance to MN statutes and degree standards
 - Provide information and assist students to resolve disputes with schools
 - Consumer complaints are accepted, reviewed and investigated by the Student Consumer Advocate
 - When necessary our office will assist a school with revision of programs, or the closing of an entire school
- Human Resources ensures that we have qualified staff to operate programs and provide services.
- Communications and Outreach convey information about preparing, choosing and paying for college to thousands of students each year, through web sites, publications, presentations and social media. The Summer Nudging program, which helps first-year college students prepare for their freshmen year, has nearly quadrupled since last year, and new collaborative efforts between OHE and the Get Ready grant program are maximizing federal funds to reach more students. Communications handles proactive and reactive media relations and serves as the public relations arm of the agency.
- The Midwest Higher Education Compact (MHEC) is a statutorily created interstate compact whose core functions are cost savings, student access and success, policy research and analysis. They operate the State Authorization Reciprocity Agreement (SARA) for institutions offering online instruction. OHE receives an annual appropriation of \$115,000 for payment of membership dues to the MHEC.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	No material findings in Certified Audited Financial Statements –Meeting accounting standards	100%	100%	2011 & 2015
Quantity	Summer Nudging participants	275	1200	2015 & 2016
Quantity	Total number of SARA institutions	44	57	2016 & 2018
Quantity	Total number of Private and Out-of-State Public Postsecondary Education Schools Registered Annually	174	81	2016 & 2018
Quantity	Total number of Private Career Schools Licensed	134	105	2016 & 2018

Minnesota Statute 136A.01 provides the legal authority for OHE’s Administration Services (<https://www.revisor.mn.gov/statutes/?id=136A.01>)

Minnesota Statute 136A.658 authorize OHE to enter into reciprocity agreements and to exempt participating out-of-state institutions from the Minnesota Private and Out-of-State Public Postsecondary Education Act.

Minnesota Statutes 136A.61 to 136A.71 – Minnesota Private and Out-of-State Public Postsecondary Education Act provides the legal authority for the registration of private degree granting institutions in Minnesota, out-of-state private institutions and out-of-state public institutions that provide classes, programs or degrees to Minnesota residents. This includes programs offered by distance education/online institutions.

Minnesota Statutes 136A.82 to 136A.834 – Minnesota Private Career School Act provides the legal authority for the Licensure of non-degree- granting private career schools in Minnesota.

Minnesota Statutes 136A.171 to 136A.187 provides the legal authority for the issuance of student loan revenue bonds.

OHE Administration

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	2,055	2,970	2,608	5,432	4,030	4,030	4,530	4,280
2000 - Restrict Misc Special Revenue	810	959	1,014	831	800	810	800	810
8300 - Office Of Higher Education	6,728	6,238	5,864	7,355	7,318	7,307	7,318	7,307
Total	9,592	10,168	9,486	13,618	12,148	12,147	12,648	12,397
Biennial Change				3,343		1,191		1,941
Biennial % Change				17		5		8
Governor's Change from Base								750
Governor's % Change from Base								3

Expenditures by Activity

OHE Administration Activities	9,064	9,491	8,736	13,092	11,637	11,630	12,137	11,880
PIR/PCS Licensure	528	678	750	526	511	517	511	517
Total	9,592	10,168	9,486	13,618	12,148	12,147	12,648	12,397

Expenditures by Category

Compensation	2,928	3,658	3,616	3,842	4,065	4,143	4,185	4,263
Operating Expenses	6,643	6,490	5,865	9,089	8,017	8,003	8,397	8,133
Grants, Aids and Subsidies	15	13	5					
Capital Outlay-Real Property				640	36		36	
Other Financial Transaction	7	7	0	47	30	1	30	1
Total	9,592	10,168	9,486	13,618	12,148	12,147	12,648	12,397

Total Agency Expenditures	9,592	10,168	9,486	13,618	12,148	12,147	12,648	12,397
Internal Billing Expenditures	31	45	52	23	23	23	23	23
Expenditures Less Internal Billing	9,561	10,124	9,434	13,595	12,125	12,124	12,625	12,374

Full-Time Equivalents

32.10	38.51	38.23	39.87	40.55	40.55	41.55	41.55
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OHE Administration

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		511		1,409				
Direct Appropriation	2,527	2,564	4,064	4,070	4,077	4,077	4,577	4,327
Transfers In	20	20						
Transfers Out	26	47	47	47	47	47	47	47
Cancellations		78						
Balance Forward Out	466		1,409					
Expenditures	2,055	2,970	2,608	5,432	4,030	4,030	4,530	4,280
Biennial Change in Expenditures				3,015		20		770
Biennial % Change in Expenditures				60		0		10
Governor's Change from Base								750
Governor's % Change from Base								9
Full-Time Equivalents	15.50	19.02	17.01	19.59	19.85	19.85	20.85	20.85

2000 - Restrict Misc Special Revenue

Balance Forward In	2,827	2,772	2,488	2,091	1,989	1,918	1,989	1,918
Receipts	755	652	617	729	729	729	729	729
Internal Billing Receipts	193	239	193	317	317	317	317	317
Balance Forward Out	2,772	2,464	2,091	1,989	1,918	1,837	1,918	1,837
Expenditures	810	959	1,014	831	800	810	800	810
Biennial Change in Expenditures				75		(235)		(235)
Biennial % Change in Expenditures				4		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.08	6.69	7.21	5.64	5.30	5.30	5.30	5.30

8300 - Office Of Higher Education

Balance Forward In	7,468	3,140	2,424	2,388	2,325	2,320	2,325	2,320
Receipts	2,506	5,528	6,205	7,328	7,341	7,354	7,341	7,354
Transfers Out	147	32	379	36	28	28	28	28
Balance Forward Out	3,100	2,398	2,388	2,325	2,320	2,339	2,320	2,339
Expenditures	6,728	6,238	5,864	7,355	7,318	7,307	7,318	7,307
Biennial Change in Expenditures				253		1,406		1,406
Biennial % Change in Expenditures				2		11		11

OHE Administration

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.52	12.80	14.01	14.64	15.40	15.40	15.40	15.40

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
US Department of Education CFDA#84.334S	GEAR UP: An intervention program that works with low-income students and those under-represented in postsecondary education to prepare them for education after high school. The program serves students in 5th through 12th grade. The program has a dollar for dollar matching requirement, in cash or in-kind – the match includes both state resources and resources from partner schools.	Yes	1,790	3,460	4,325	4,325	Yes	20.1
US Department of Education CFDA#84.367B	Improving Teacher Quality State Grant Program: An annual award for state administered grants allowing institutions of higher education to conduct K-12 teacher professional development in core academic areas. FY2019 is the last year of the program.	No	778	30	0	0	No	.08
	Program Total – Postsecondary Access and Outreach		2,568	3,490	4,325	4,325		20.18
US Department of Education CFDA#84.176	Paul Douglas Repayment Program: Teacher Collection of Loan Repayment funds from 1 student each year that did not complete the teaching obligation under this program (which stopped taking new participants in FY 1996).	No	19	4	4	4	No	0
US Department of Justice CFDA#16.81	John R. Justice Student Loan Repayment Grant Program provides awards to 32 public prosecutors and defenders each year. In FY2012, Minnesota received approximately \$140,000. The grant award was reduced to \$63,000 for FY2013 due to federal budget cuts.	No	36	42	42	42	No	.03
	Program Total – Student Financial Aid		55	46	46	46		.03
	Federal Fund – Agency Total		2,623	3,536	4,372	4,372		20.21

Narrative

1. GEAR UP is a discretionary grant program that is designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. The program achieves this by delivering college and career readiness programming directly to students and families, engaging in targeted community outreach, and creating systemic change within its partner schools. Minnesota received its fourth 6-year GEAR UP grant beginning with FY2019.

2. The Improving Teacher Quality Program, Title II, Part A of the No Child Left Behind Act, supports competitive grants to postsecondary institutions to increase K-12 student academic achievement through improving the effectiveness of classroom instruction. Grants support sustained high-quality professional development for teachers in mathematics, science, history, geography, civics/government, and economics. The program was not a part of the reauthorization of the Elementary and Secondary Education act and funding ends September 30, 2018.
3. John R. Justice (JRJ) Grant Program provides loan repayment assistance for public defenders and prosecutors who commit to continued employment as public defenders and prosecutors. The program intends to encourage lawyers to pursue public service careers and retain them as prosecutors and public defenders. Minnesota received its first JRJ award in Federal Fiscal Year 2010.

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AT A GLANCE

- The Minnesota Historical Society (MNHS) preserves and provides access to Minnesota's past
- We serve more than 1,000,000 in-person customers each year, including visitors to historic sites and the History Center Museum and Library
- We host 4,700,000 visits each year to our award-winning website
- We preserve more than 1,000,000 items in the collection:
 - 340,313 photographs
 - 500,650 publications
 - 6,431 works of art
 - 251,372 objects
 - 50,100 cubic feet of manuscripts
 - 60,000 cubic feet in State Archives, plus 60 terabytes of digital records

PURPOSE

Created in 1849 by the Minnesota Territorial Legislature, the Minnesota Historical Society (MNHS) serves as the repository of state archival, documentary, photographic, archaeological, and museum collections, and as a center for research. MNHS also preserves and operates the historic sites network, consisting of 26 sites throughout the state. As an educational organization, we use our collections and sites to engage, inform, and inspire the people of Minnesota. These efforts, as well as MNHS' partnerships in heritage preservation, support the MNHS mission: **Using the Power of History to Transform Lives: Preserving > Sharing > Connecting.**

By telling the stories of our state's past, our goal is to create community for all Minnesotans, whether new arrivals or citizens whose families have been in Minnesota for generations. We support the goal of having a well-informed citizenry that understands how people and events of the past have shaped the Minnesota of today.

MNHS contributes to the fulfillment of the following statewide outcome goals:

- **Minnesotans have the education and skills needed to achieve their goals**
- **A thriving economy that encourages business growth and employment opportunities**
- **A clean, healthy environment with sustainable uses of natural resources**
- **Strong and stable families and communities**
- **Efficient and accountable government services**

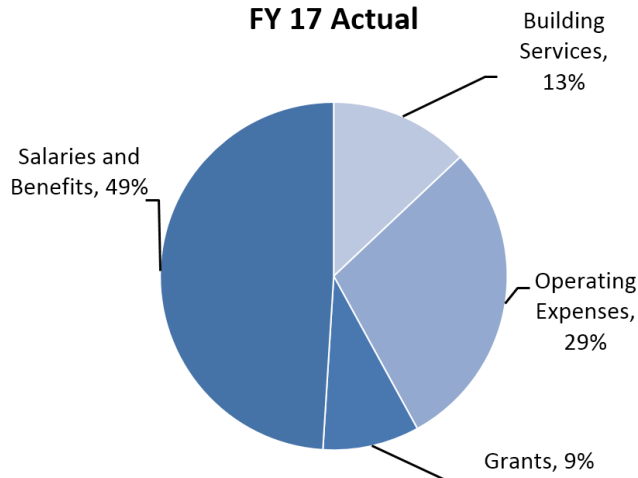
BUDGET

Approximately two thirds of our funding comes from the State of Minnesota. We deliver functions designated by law, such as preserving historic landmarks and resources, managing critical records and collections, and operating cultural destinations important to tourism. State support also includes capital funding to preserve historic buildings and construct new ones, as well as Legacy Amendment (Arts and Cultural Heritage Fund) support for new statewide history programs, including grants for local history organizations.

MNHS supplements state appropriations through private fundraising and earned revenue. Gifts from donors and members support everything from general operations and school field trips to important acquisitions, conservation work, and community outreach. Endowment funds give MNHS strength for today and tomorrow. Earned revenue from rental events, museum stores, admission fees, publication sales, and many other activities also provide a base of funding while keeping history accessible and at family-friendly prices.

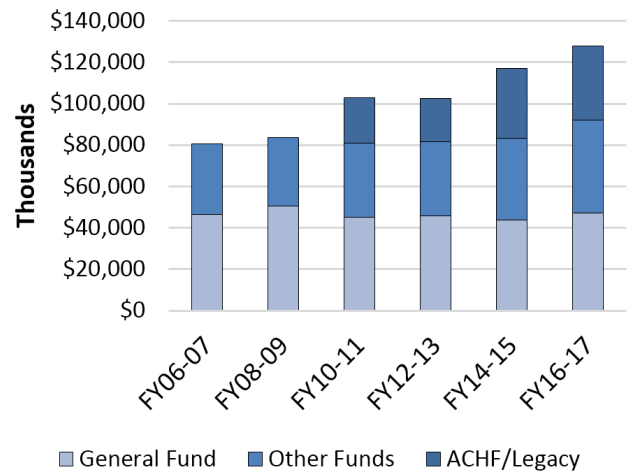
Spending by Category

FY 17 Actual



Source: MNHS Audited Financial Statements

Historical Spending



Source: MNHS Audited Financial Statements;

Note: "Other Funds" includes earned revenue such as admissions, fees, retail sales, memberships, and other donations. These funds do not pass through the state's treasury, as they are managed by MNHS

STRATEGIES

- Collect and preserve Minnesota's cultural heritage
- Maintain and operate a network of historic sites and museums across the state to reach Minnesotans and visitors in order to share history where it happened
- Provide resources and training for teachers, and support and inspire students through participation in programs like National History Day
- Engage with diverse communities throughout Minnesota and reflect the diversity of Minnesotans in MNHS collections, programs, staffing, and governance
- Advance new efforts to collect and preserve digital materials that document the state's history and culture
- Serve as a customer-oriented and accessible repository of state archival, documentary, photographic, archaeological, and museum collections

The MNHS Mission, Vision and Values can be found at: <http://www.mnhs.org/about/mission>

Minnesota Statutes, Chapter 138 provides guidance for administration of Minnesota's history and historical organizations. (<https://www.revisor.mn.gov/statutes/?id=138&view=chapter>)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	22,022	25,078	29,194	23,568	22,818	22,818	23,268	23,818
2000 - Restrict Misc Special Revenue	141	281	121					
2301 - Arts & Cultural Heritage	20,787	14,976	17,733	17,265				
Total	42,950	40,335	47,048	40,833	22,818	22,818	23,268	23,818
Biennial Change				4,596		(42,245)		(40,795)
Biennial % Change				6		(48)		(46)
Governor's Change from Base								1,450
Governor's % Change from Base								3

Expenditures by Program

Fiscal Agents	446	371	321	321	321	321	321	321
Historic Preservation	141	3,166	6,030					
Operations and Programs	42,363	36,798	40,696	40,512	22,497	22,497	22,947	23,497
Total	42,950	40,335	47,048	40,833	22,818	22,818	23,268	23,818

Expenditures by Category

Grants, Aids and Subsidies	42,950	40,335	47,048	40,833	22,818	22,818	23,268	23,818
Total	42,950	40,335	47,048	40,833	22,818	22,818	23,268	23,818

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	22,022	22,193	23,393	23,893	22,818	22,818	23,268	23,818
Open Appropriation		2,885	5,909					
Transfers Out			108	325				
Expenditures	22,022	25,078	29,194	23,568	22,818	22,818	23,268	23,818
Biennial Change in Expenditures				5,661		(7,126)		(5,676)
Biennial % Change in Expenditures				12		(14)		(11)
Governor's Change from Base								1,450
Governor's % Change from Base								3

2000 - Restrict Misc Special Revenue

Receipts	141	281	121			
Expenditures	141	281	121			
Biennial Change in Expenditures			(301)		(121)	(121)
Biennial % Change in Expenditures			(71)			
Governor's Change from Base						0
Governor's % Change from Base						

2301 - Arts & Cultural Heritage

Balance Forward In	7,802	1,000	6,900	960				
Direct Appropriation	13,985	15,015	11,815	16,305	0	0	0	0
Transfers In			1,039					
Transfers Out			1,039					
Cancellations			22					
Balance Forward Out	1,000	1,039	960					
Expenditures	20,787	14,976	17,733	17,265				
Biennial Change in Expenditures				(765)		(34,998)		(34,998)
Biennial % Change in Expenditures				(2)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	23,893	23,893	23,893	47,786
Base Adjustments				
All Other One-Time Appropriations		(750)	(750)	(1,500)
Transfer Between Agencies		(325)	(325)	(650)
Forecast Base	23,893	22,818	22,818	45,636
Change Items				
Operating Adjustment		450	1,000	1,450
Total Governor's Recommendations	23,893	23,268	23,818	47,086
Fund: 2301 - Arts & Cultural Heritage				
FY2019 Appropriations	16,305	16,305	16,305	32,610
Base Adjustments				
One-Time Legacy Fund Appropriations		(16,305)	(16,305)	(32,610)
Forecast Base	16,305	0	0	0
Total Governor's Recommendations	16,305	0	0	0

Minnesota Historical Society

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	450	1,000	1,000	1,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	450	1,000	1,000	1,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$450 thousand in FY 2020 and \$1 million each year thereafter to maintain the current level of service delivery at the Minnesota Historical Society.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related cost increases. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The Minnesota Historical Society (MNHS) generates revenue from other sources in addition to state funding. State general funds support approximately 44% of the total salary and benefit costs for MNHS. Other funds – earned revenue, contributions and memberships – are expected to increase to support the remaining 56% of salary and benefits cost.

- When salary and benefit costs increase without a commensurate increase in funding, those costs are absorbed through reductions in staffing levels, and therefore, programs and services delivered to the public.
- State funding supports Library/Archives/Collections, Statewide Outreach activities, Historic Sites and Museums, educational programs for students and life-long learners, as well as the shared services within MNHS.
- MNHS faces challenging decisions to fund salary increases within existing resources. Cost growth typically outstrips the ability to absorb increases through efficiencies, which makes it difficult for MNHS to sustain current service levels and provide quality programs and exhibits to its diverse constituents.
- In addition to salary increases, employer-paid health care contributions and pension contributions have increased since the previous biennium. According to Minnesota Management and Budget (MMB) projections, employer-paid health care contributions are projected to increase by 2.99% and 5.63% effective January 2019 and 2020, respectively. Employer-paid pension contributions increased as a result of 2018 pension reform legislation, in which MNHS did not receive a funding increase to pay for these liabilities.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the MNHS, this funding will cover known employee compensation growth and pension costs and will allow MNHS to continue to provide current levels of service and information to the public.

Equity and Inclusion:

Funding for compensation will allow MNHS to be competitive as it seeks to hire and retain talented employees, particularly in high demand areas, as well as increase the diversity of its workforce.

IT Related Proposals:

N/A

Results:

Long-term trends and experience have shown that reduced levels of service result in reduced visitation and, in turn, reduced revenue levels. In contrast, more recent experience with enhanced funding levels has shown that support for infrastructure has helped to maintain visitation and revenue levels.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of visitors to historic sites and museums (included School Groups)	1,086,134	1,108,146	FY17 & 18
Quantity	Number of students & chaperones	229,160	234,984	FY17 & 18
Quality	Teachers rating their class experience as excellent or very good	90%	92%	FY17 & 18

Statutory Change(s):

N/A

Program: Fiscal Agent / Pass-through**AT A GLANCE**

- Fiscal agent / Pass-through appropriations for various cultural organizations are processed by the Minnesota Historical Society at the request of the Minnesota legislature. Descriptions of project activities are provided by recipient organizations.

PURPOSE & CONTEXT

At the request of the Minnesota Legislature, the Minnesota Historical Society handles funds for legislatively-designated appropriations to a number of cultural organizations. These appropriations are not part of the MNHS operating budget.

SERVICES PROVIDED

MNHS disburses funds, as requested by the Legislature, to the following organizations:

Global Minnesota

Global Minnesota (formerly Minnesota International Center) connects individuals, organizations, and communities to the world. Through unique programs, Global Minnesota informs with relevant and timely information on international issues, foreign policy, and cultural topics and provides space and opportunities for Minnesotans to engage and discuss. A nonpartisan, nonprofit organization for nearly 65 years, Global Minnesota delivers programs that allow audiences to participate in international settings and for Minnesota to extend its influence around the globe, including 60 statewide foreign policy discussion groups, more than 30 global-themed public forums, and visits from nearly 400 international professionals through the U.S. Department of State.

Minnesota Air Guard Museum

The Minnesota Air Guard Museum serves as a community resource for the preservation of Minnesota's rich aviation history, especially its military history. The Museum offers activities and education for all ages. The private, nonprofit Minnesota Air National Guard Historical Foundation has the funding responsibility for the museum. The museum is located on the Minnesota Air National Guard Base at the Minneapolis/St. Paul International Airport. Currently 21 aircraft are displayed in an air park next to the museum.

The principal sources of financial support for the museum are: 1) the \$16,000 state biennial grant; 2) membership dues from approximately 500 members, and donations from museum visitors, tour groups, and organizations that hold events at the museum; and 3) private gifts and other grants.

US Hockey Hall of Fame

The United States Hockey Hall of Fame Museum is America's hockey showcase. Since 1973, the Hall has honored and recognized outstanding coaches, players, builders and administrators who have contributed to the success and promotion of American Hockey. Visitors to the United States Hockey Hall of Fame Museum can experience the thrilling game action and inspiring achievements via physical displays, exhibits, video, theater, and memorabilia.

Eveleth, Minnesota has been designated "The Capital of American Hockey," and is known as the home of the United States Hockey Hall of Fame Museum because of its rich hockey traditions. Furthermore, the Iron Range and Minnesota in general have had significant impact on US Hockey.

Minnesota Military Museum

The Minnesota Military Museum, located at Camp Ripley, is the primary outreach effort of the Military Historical Society of Minnesota Inc., a 501c 3 educational organization with a mission to "be Minnesota's premier educational resource on military history and conflict resolution through exhibits and outreach efforts." The museum assists the Minnesota Historical Society as a resource to history organizations across the state and averages 15,000 visitors a year including, 65 school and group tours.

The Museum is supported by the largest military-themed library in the state, a 500 cubic foot archival collection, and over 100,000 artifacts representing all branches of the military from Minnesota's early years to the present. State support is essential as the museum receives no operational funding from the federal government, the military, or local government. The organization raises roughly 70 percent of its operating revenue, primarily from museum store sales, small grants, and contributions from individuals, organizations, and businesses.

Minnesota Agricultural Interpretive Center (MAIC) also known as Farmamerica

The governor and Minnesota state legislature commissioned the Minnesota Agricultural Interpretive Center (MAIC) in 1978 to preserve and promote the rich rural agricultural heritage of the state and its people. MAIC is a not-for-profit educational institution administered by a 15-member volunteer board of directors. The vision of the MAIC is to be the destination and primary resource where people and organizations can experience and learn about the history and the future of Minnesota Agriculture. The mission of the Minnesota Agricultural Interpretive Center is to create opportunities for children and adults to learn about Minnesota's agricultural and environmental systems and how these systems provide food, fiber and energy for the people of Minnesota and the world. MAIC maintains a 360-acre interpretive site and facilities located four miles west of Waseca.

At MAIC, the story of agriculture is being told through guided tours, hands-on learning experiences, festivals, and exhibitions. Visitors travel on a one-mile timeline road and become involved in activities as they move through the Prairie Interpretive Center, the pond/marsh, and to the settlement farm of the 1850s. The handicapped accessible walkway continues past the one-room schoolhouse, the country church, the 1920/1930s depression-era family dairy farm, the feed mill, and the blacksmith shop and town hall. New signage is underway to inform visitors about issues of the modern era. Visitors can also stop at the Agri-Hall Museum and the 1970s farmstead. In its 38 year history, MAIC has hosted hundreds of thousands of visitors. It is not uncommon to host 20,000 people each year through the school and group tours programs, outreach activities, and festivals throughout the year.

RESULTS

The Minnesota Historical Society is responsible for disbursing funds to these five organizations, and collecting an annual report from each of the organizations, describing how funds were spent. MNHS does not receive an administrative fee for administering these funds, since, at this level of funding and with this number of organizations, minimal staffing is required.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of pass-through organizations	5	5	FY16-17 to FY18-19

Fiscal Agents

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	446	371	321	321	321	321	321	321
Total	446	371	321	321	321	321	321	321
Biennial Change				(175)		0		0
Biennial % Change				(21)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Fiscal Agents	446	371	321	321	321	321	321	321
Total	446	371	321	321	321	321	321	321

Expenditures by Category

Grants, Aids and Subsidies	446	371	321	321	321	321	321	321
Total	446	371	321	321	321	321	321	321

Fiscal Agents

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	446	371	321	321	321	321	321	321
Expenditures	446	371	321	321	321	321	321	321
Biennial Change in Expenditures				(175)		0		0
Biennial % Change in Expenditures				(21)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Historic Preservation (Grant-in-Lieu of Credit)

<https://mn.gov/admin/shpo/>

AT A GLANCE

- Since 2010, the state of Minnesota has partnered with the private sector to preserve some of our state's most significant historic structures.
- Minnesota's Historic Rehabilitation Tax Credit has leveraged millions of non-state dollars that have been invested in our state's economy, while preserving dozens of historic structures and creating thousands of construction jobs.
- Under the law, project developers have the option to receive either a credit or a "grant in lieu of credit."

PURPOSE & CONTEXT

For the first eight months of FY2018, the Minnesota Historical Society's State Historic Preservation Office (MNHS/SHPO) and the Minnesota Department of Revenue (DOR) administered the Historic Rehabilitation Tax Credit program to preserve Minnesota's most significant historic structures, create quality construction jobs, and encourage revitalization of our communities.

In March 2017, Governor Dayton recommended that the 2017 Legislature transfer Minnesota's State Historic Preservation Office (SHPO) from the Minnesota Historical Society to the Department of Administration. The Laws of Minnesota 2017 First Special Session, Chapter 4 included SHPO's transfer to the Department of Administration, which was made effective March 1, 2018.

This narrative and budget information describe activities of the State Historic Preservation Office in this transitional period. Additional information can also be found in the MN Department of Administration's budget pages.

SERVICES PROVIDED

Through this program, building projects that rehabilitate historic structures can receive a tax credit, or a grant in lieu of credit. The state credit parallels an existing federal historic rehabilitation tax credit, which is administered by the National Park Service. SHPO reviews state and federal tax credit projects in order to determine whether they have met historic preservation architectural standards. In order to carry out its review responsibilities for the state tax credit program, SHPO is permitted to charge a fee to help support the costs of administering the state program and the preparation of an economic impact report required by the law.

For the state program, developers are given a choice of claiming a tax credit or a grant in lieu of credit. MN Department of Revenue administers the tax credit funds, and MNHS (or SHPO/Admin, since the transfer) administers the grant in lieu of credit funds, which were previously contained in this budget program. While proportions have varied, the majority of projects have used the tax credit rather than the grant.

Actions under this budget program include administering the Historic Rehabilitation Tax Credit program, which entails reviewing proposed historic preservation projects and managing the financial activities related to the grant in lieu of credit program and fees.

Further information about the Minnesota Historic Rehabilitation Tax Credit program can be found at:

<https://mn.gov/admin/shpo/incentives/state/>

RESULTS

As required by the law, the Minnesota Historical Society, with assistance from the University of Minnesota Extension Center for Community Vitality, has prepared an annual economic impact report: "Economic Impact of Projects Leveraged by the Minnesota Historic Rehabilitation Tax Credit." It is important to note that the economic analysis is based on estimates produced at the time of preliminary approval of projects, rather than final expenditures.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of projects receiving preliminary approval	23	N/A	FY15
Quantity	Direct spending on qualifying rehab expenditures*	\$244.0 million	N/A	FY15
Results	Overall economic impact per state dollar invested	\$11.67	N/A	FY15
Results	Number of direct jobs created by program *	1,447	N/A	FY15

*Note: overall dollars spent on projects and jobs created will vary based on project size.

Minnesota Statutes Section 290.0681 provides legal authority for this activity.
(<https://www.revisor.mn.gov/statutes/cite/290.0681>)

Laws of Minnesota 2017, First Special Session, chapter 4, art. 2, secs. 29, 30, 31, 38, 39 and 40.
(<https://www.revisor.mn.gov/laws/2017/1/Session+Law/Chapter/4/>)

Historic Preservation

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
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Expenditures by Fund

1000 - General		2,885	5,909					
2000 - Restrict Misc Special Revenue	141	281	121					
Total	141	3,166	6,030					
Biennial Change				2,723		(6,030)		(6,030)
Biennial % Change				82				
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Activity

Historic Preservation	141	3,166	6,030					
Total	141	3,166	6,030					

Expenditures by Category

Grants, Aids and Subsidies	141	3,166	6,030					
Total	141	3,166	6,030					

Historic Preservation

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation		2,885	5,909					
Expenditures		2,885	5,909					
Biennial Change in Expenditures				3,024		(5,909)		(5,909)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Receipts	141	281	121					
Expenditures	141	281	121					
Biennial Change in Expenditures				(301)		(121)		(121)
Biennial % Change in Expenditures				(71)				
Governor's Change from Base								0
Governor's % Change from Base								

Program: Historic Programs and Operationswww.mnhs.org**AT A GLANCE**

- More than 1,000,000 in-person visitors to 26 sites statewide
- 4.7 million visits to our website, of which over 2.6 million are unique visitors
- Over 1,000,000 items in the collections are cared for and preserved for today's and future Minnesotans
- Provide service to 30,000 persons at History Center Library via in-person visits, telephone inquiries, classes, social media, and e-mail requests
- The Arts and Cultural Heritage Fund provided \$5.2 million through 219 grants awarded across Minnesota

PURPOSE & CONTEXT

The Historic Programs and Operations program area is the main vehicle for MNHS' efforts to preserve history and deliver history programs to Minnesotans.

We serve the State of Minnesota and all Minnesotans, educators, schoolchildren, families and life-long learners with a variety of services and products, including, but not limited to:

- State Archives – MNHS is statutorily responsible for working with state and local units of government to evaluate the historical importance of all of Minnesota's governmental records and arrange for their permanent preservation or disposal. This activity has experienced constant growth, and we continue to examine how best to handle records that are increasingly more complex and varied in their form and media format.
- Processing and conservation of materials selected for inclusion in MNHS' collections are organized, catalogued, and treated to ensure their long-term stability and usability.
- Maintenance and repair of historic sites including 152 buildings, many of which are more than 100 years old, 1,514 acres of land, and 23 miles of interpretive trails.
- *Northern Lights*, Minnesota's state social studies textbook, including an interactive digital edition, serves 57,000 students, or 80% of Minnesota's 6th graders.
- National History Day in Minnesota builds in-depth research and critical analysis skills as students research a topic related to an annual theme. Participants share their scholarship in one of five presentation categories and can enter their work into a series of competitive events. This program serves more than 25,000 students each year.
- Statewide teacher professional development programs served more than 700 participants during the 2017-2018 school year. Goals of the program include assisting teachers in meeting state academic standards, providing opportunities for teachers to deepen content knowledge, promoting the use of primary sources and multiple perspectives, and sharing MNHS' education resources.
- Historic sites, museum exhibits, and interpretive programs serve citizens statewide.

Further information about educational programs can be found at: <http://education.mnhs.org> including how MNHS programs help fulfill requirements of state-mandated academic standards for social studies.

MNHS also serves the life-long learning needs of seniors, family historians, and scholars through innovative public programs, the Gale Family Library at the Minnesota History Center, and on-line resources.

The work of MNHS fulfills several Statewide Outcomes, including:

A thriving economy that encourages business growth and economic opportunities. History and cultural tourism is a very important component of the state's \$15 billion tourism economy. Visitors to Minnesota want authentic educational experiences, which are provided by historic sites and museums.

Strong and stable families and communities. An important element that creates strong and healthy families and communities is an awareness of how we got to where we are today. MNHS provides opportunities for individuals to learn about their own family histories through genealogy resources. Citizens can become aware of the history of the larger Minnesota community through public programs, information resources such as MNopedia and outreach initiatives. <http://www.mnhs.org/genealogy/> <http://www.mnopedia.org>.

A clean, healthy environment with sustainable uses of natural resources. According to state statutes (MS 116B.02 and 116D.02) and long-time tradition, historic and cultural resources are included in the definition of natural resources. MNHS works through our Historic Sites Division, our Grants Office, our Statewide Outreach Office, the Minnesota Historic Preservation Office (now housed at the MN Department of Administration), and other areas to preserve these irreplaceable, non-renewable resources.

Efficient and accountable government services. MNHS strives to deliver efficient service to the people of Minnesota in all aspects of its work. We help Minnesotans explore their family history, preserve objects and records documenting Minnesota's past, and create quality visitor experiences at historic sites and museums.

SERVICES PROVIDED

The Minnesota Historical Society preserves, and provides access to, evidence of Minnesota's past. This work is carried out for many different audiences, using a variety of methods. History happens in the following areas:

- Exhibits and Educational Programs (students and life-long learners)
- Education Outreach (History Day and youth history programs)
- Historic Sites and Museums (26 sites statewide)
- Heritage Preservation /Field Services & Grants
- Archaeology
- MNHS Press publishing
- Collections Management and Conservation
- Reference / Library
- State Archives
- Institutional Support (including Finance, Human Resources (incl. volunteers and interns), Facilities, Marketing & Communications, Development and Information Technology)

A full listing of MNHS functions and departments can be found at: www.mnhs.org

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of visitors	1,086,126	1,098,617	FY17, FY18
Quantity	Student visits	229,160	233,552	FY17, FY18

Minnesota Statutes, Chapter 138 provides guidance for administration of Minnesota's history and historical organizations. (<https://www.revisor.mn.gov/statutes/?id=138&view=chapter>)

Operations and Programs

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	21,576	21,822	22,964	23,247	22,497	22,497	22,947	23,497
2301 - Arts & Cultural Heritage	20,787	14,976	17,733	17,265				
Total	42,363	36,798	40,696	40,512	22,497	22,497	22,947	23,497
Biennial Change				2,048		(36,214)		(34,764)
Biennial % Change				3		(45)		(43)
Governor's Change from Base								1,450
Governor's % Change from Base								3

Expenditures by Activity

General	21,576	21,822	22,964	23,247	22,497	22,497	22,947	23,497
Legacy	20,787	14,976	17,733	17,265				
Total	42,363	36,798	40,696	40,512	22,497	22,497	22,947	23,497

Expenditures by Category

Grants, Aids and Subsidies	42,363	36,798	40,696	40,512	22,497	22,497	22,947	23,497
Total	42,363	36,798	40,696	40,512	22,497	22,497	22,947	23,497

Operations and Programs

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	21,576	21,822	23,072	23,572	22,497	22,497	22,947	23,497
Transfers Out			108	325				
Expenditures	21,576	21,822	22,964	23,247	22,497	22,497	22,947	23,497
Biennial Change in Expenditures				2,813		(1,217)		233
Biennial % Change in Expenditures				6		(3)		1
Governor's Change from Base								1,450
Governor's % Change from Base								3

2301 - Arts & Cultural Heritage

Balance Forward In	7,802	1,000	6,900	960				
Direct Appropriation	13,985	15,015	11,815	16,305	0	0	0	0
Transfers In			1,039					
Transfers Out			1,039					
Cancellations			22					
Balance Forward Out	1,000	1,039	960					
Expenditures	20,787	14,976	17,733	17,265				
Biennial Change in Expenditures				(765)		(34,998)		(34,998)
Biennial % Change in Expenditures				(2)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

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mnhousing.gov/

AT A GLANCE

- Minnesota Housing provided more than \$1 billion in housing assistance, serving nearly 70,000 households
 - We hold Aa1 and AA+ credit ratings with Moody's and Standard & Poor's
 - We provided loans to more than 4,035 first-time homebuyers and assisted nearly 45,000 renters
 - We created or rehabilitated more than 2,700 units of affordable rental housing
 - We provided state rental assistance and homelessness prevention resources to over 11,200 households
- All numbers are for Federal Fiscal Year 2017*

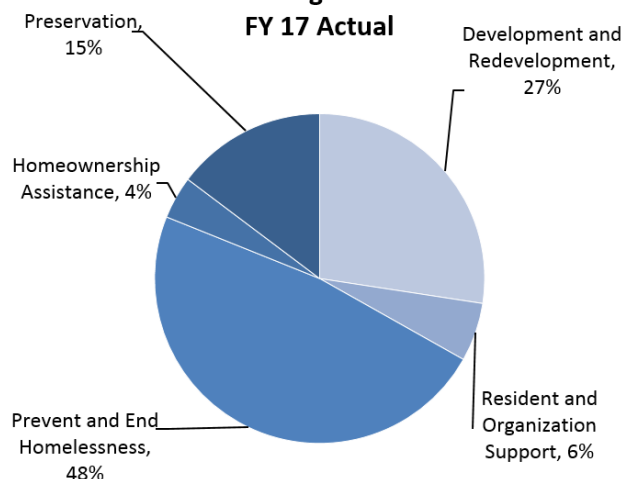
PURPOSE

Success in life starts at home for all ages and all people. When we have safe, secure places to live, parents earn more, kids learn better, health and well-being improve, communities prosper, and we all thrive. Our homes are the foundation of our flourishing communities; they fuel the engine of our economy. Yet the affordability of homes in Minnesota, relative to our ability to pay for them, has been declining for years as rising costs for homes, transportation, health care, education and other basic goods outpace the increase in average incomes. Currently 25 percent of all Minnesotans and more than 45 percent of renters are cost-burdened, paying more than 30 percent of their income for housing. More than 7,600 households are homeless on a given night.

At Minnesota Housing we believe that housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing. Our vision is that all Minnesotans live in a safe, stable home they can afford in a community of their choice. We finance affordable homeownership and rental housing to provide opportunities across the housing continuum for individuals and families throughout the state. We contribute to the statewide goal of **strong and stable families and communities and a thriving economy that encourages business growth and employment opportunities.**

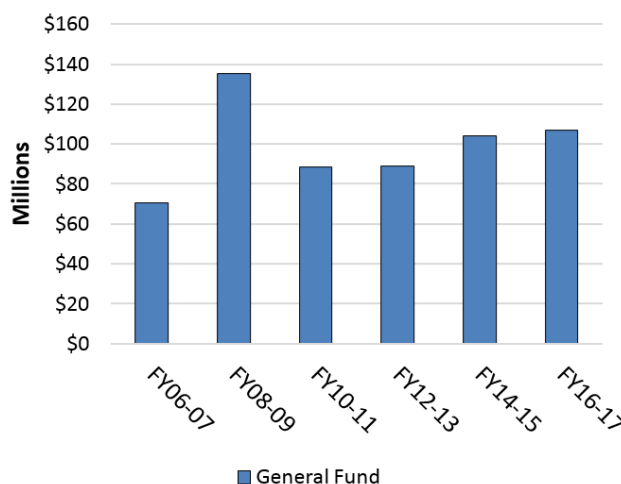
BUDGET

**State Appropriation Spending by Program
FY 17 Actual**



Source: SWIFT

Historical Spending

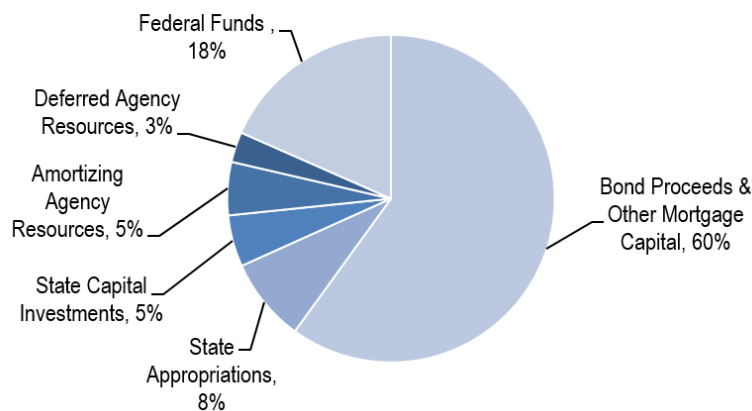


Source: General Fund Balance Statement

We finance our programs through a combination of bond proceeds, federal resources, state appropriations, state capital investments and agency resources. We do not rely on state appropriations to fund our operating expenses, allowing 100 percent of state appropriations to go directly to programs. We issue tax exempt and taxable debt, using the proceeds to finance loans for rental developments and provide loans to low- to moderate- income homebuyers. We pay for our operating expenses using the spread that remains from loan repayments after we have repaid our bond holders. We have an independent board of directors, which has management and control of our activities. Legally, the board is the agency. The board is comprised of six citizen members appointed by the Governor, with the state auditor as an ex-officio member. The board directs our policies and approves all funding decisions, and has monthly public meetings.

Our bond issuer ratings are AA+ and Aa1 from Standard and Poor’s Rating Services and Moody’s Investor Services, Inc. Our credit ratings are separate from and not directly dependent on ratings on debt issued by the State of Minnesota.

Minnesota Housing Funding By Source 2018



Source: Minnesota Housing 2018 Affordable Housing Plan

STRATEGIES

We achieve our mission by serving a wide range of Minnesotans through rental, homeownership and homelessness assistance programs. We deliver these programs through a statewide network of local lenders, community-based organizations, local housing and redevelopment authorities, and for-profit and nonprofit developers. We work with other public and private funders to make funds for housing development and redevelopment available in a comprehensive, one-stop competitive application process.

To help communities identify their housing needs, we have developed [Community Profiles](#) that provide demographic indicators in each of Minnesota’s 87 counties.

- **Affordable Rental Housing:** We finance new construction, rehabilitation and preservation of affordable rental housing using federal low income housing tax credits, state appropriations, and first mortgages. We also provide rental assistance and administer federal Section 8 contracts.
 - We served nearly 42,000 Minnesota households through our multifamily rental programs in 2017.
 - More than three-quarters of renters served made less than \$20,000 per year.
 - We funded the new construction and preservation of 2,767 units of affordable rental housing in 2017.
 - We preserved 1,715 units of federally assisted rental housing in 2017 and 3,096 in 2016. Federally-assisted rental housing includes housing with rental assistance funded by the U.S.

Department of Housing and Urban Development (HUD) and USDA Rural Development, as well as public housing.

- **Homeownership Opportunities:** We offer first-time homebuyer loans, downpayment assistance programs, a refinance program, and two home improvement loan programs to support Minnesota homebuyers and homeowners.
 - We provided home mortgage loans to 4,035 Minnesota households in 2017.
 - The homebuyers we served had a median annual household income of \$54,349.
 - Thirty-two percent of the homebuyers we served were households of color or Hispanic ethnicity.
 - Ninety-three percent of the homebuyers who received a Minnesota Housing first mortgage (3,742 households) also received assistance with their downpayment and closing costs.
- **Preventing and Ending Homelessness:** We provide rental assistance and short-term financial assistance to individuals and families who are homeless or who face housing instability.
 - We provided state-funded rental assistance to 2,556 households in 2017. These households have a median annual household income of \$9,415.
 - We provided assistance to 6,914 households (with an average household income of \$12,000) to prevent homelessness.
 - Eleven state agencies including Minnesota Housing updated the statewide *Plan to Prevent and End Homelessness* and committed to achieving the goals: finish the job of ending veteran and chronic homelessness, to prevent and end homelessness for youth unaccompanied by parents or guardians by the end of 2020, and to prevent and end homelessness for families with children by the end of 2020.
 - There has been an overall 8 percent decrease in homelessness since 2014, including a 20 percent decrease in family homelessness, 27 percent decrease in chronic homelessness and a 56 percent decrease in veteran homelessness. Unsheltered homelessness – people experiencing homelessness in outdoor locations and living in vehicles – has increased significantly.

M.S. 462A (<https://www.revisor.mn.gov/statutes/?id=462A>) provides the legal authority for Minnesota Housing.

Housing Finance

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

8000 - Housing Finance Agency	302,602	287,913	317,170	346,809	334,022	337,758	348,022	349,758
Total	302,602	287,913	317,170	346,809	334,022	337,758	348,022	349,758
Biennial Change				73,464		7,801		33,801
Biennial % Change				12		1		5
Governor's Change from Base								26,000
Governor's % Change from Base								4

Expenditures by Program

Development and Redevelopment	23,129	18,060	23,714	32,052	27,727	30,437	34,727	35,437
Prevent and End Homelessness	30,368	29,265	34,055	41,031	37,626	37,920	43,126	43,420
Homeownership Assistance	3,388	2,578	6,942	4,339	3,885	3,885	3,885	3,885
Preservation	211,785	197,815	213,445	226,589	221,722	221,722	222,222	222,222
Resident and Organization Supp	3,461	4,764	3,384	4,385	3,865	3,865	4,865	4,865
Administration	30,471	35,431	35,631	38,413	39,197	39,929	39,197	39,929
Total	302,602	287,913	317,170	346,809	334,022	337,758	348,022	349,758

Expenditures by Category

Compensation	23,948	25,447	26,863	28,615	29,316	30,034	29,316	30,034
Operating Expenses	8,748	10,915	11,484	12,676	12,501	12,515	12,501	12,515
Grants, Aids and Subsidies	227,292	229,766	233,714	250,810	248,940	252,394	262,498	263,952
Capital Outlay-Real Property		3						
Other Financial Transaction	42,613	21,782	45,109	54,708	43,265	42,815	43,707	43,257
Total	302,602	287,913	317,170	346,809	334,022	337,758	348,022	349,758

Full-Time Equivalents

237.03	243.23	248.69	252.00	252.00	252.00	252.00	252.00
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Housing Finance

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	54,298	52,798	54,798	52,798	52,798	52,798	66,798	64,798
Transfers In		33						
Transfers Out	54,298	52,798	54,798	52,798	52,798	52,798	66,798	64,798
Cancellations		33						
8000 - Housing Finance Agency								
Balance Forward In	169,933	166,834	188,076	196,062	167,535	155,400	167,535	155,400
Receipts	233,231	246,850	258,404	252,344	252,865	253,159	252,865	253,159
Transfers In	71,531	68,772	71,873	73,099	78,728	85,138	92,728	97,138
Transfers Out	5,261	6,554	5,122	7,161	9,706	12,911	9,706	12,911
Balance Forward Out	166,832	187,988	196,062	167,535	155,400	143,028	155,400	143,028
Expenditures	302,602	287,913	317,170	346,809	334,022	337,758	348,022	349,758
Biennial Change in Expenditures				73,464		7,801		33,801
Biennial % Change in Expenditures				12		1		5
Governor's Change from Base								26,000
Governor's % Change from Base								4
Full-Time Equivalents	237.03	243.23	248.69	252.00	252.00	252.00	252.00	252.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	52,798	52,798	52,798	105,596
Forecast Base	52,798	52,798	52,798	105,596
Change Items				
Increase Home Stability: Homework Starts with Home		3,000	3,000	6,000
Build More Homes: Workforce Housing		5,000	5,000	10,000
Increase Home Stability: Family Homelessness Prevention and Assistance Program		2,000	2,000	4,000
Support and Strengthen Homeownership: Homeownership Capacity Program		1,000	1,000	2,000
Preserve The Homes We Have: Rehabilitation Loan Program		500	500	1,000
Build More Housing: Local Housing Trust Fund Match		2,000		2,000
Increase Home Stability: Bridges Rental Assistance Program		500	500	1,000
Total Governor's Recommendations	52,798	66,798	64,798	131,596
Dedicated				
Fund: 8000 - Housing Finance Agency				
Planned Spending	346,809	334,022	337,758	671,780
Forecast Base	346,809	334,022	337,758	671,780
Change Items				
Increase Home Stability: Homework Starts with Home		3,000	3,000	6,000
Build More Homes: Workforce Housing		5,000	5,000	10,000
Increase Home Stability: Family Homelessness Prevention and Assistance Program		2,000	2,000	4,000
Support and Strengthen Homeownership: Homeownership Capacity Program		1,000	1,000	2,000
Preserve The Homes We Have: Rehabilitation Loan Program		500	500	1,000
Build More Housing: Local Housing Trust Fund Match		2,000		2,000
Increase Home Stability: Bridges Rental Assistance Program		500	500	1,000
Total Governor's Recommendations	346,809	348,022	349,758	697,780
Revenue Change Summary				
Dedicated				
Fund: 8000 - Housing Finance Agency				
Forecast Revenues	252,344	252,865	253,159	506,024
Total Governor's Recommendations	252,344	252,865	253,159	506,024

Housing Finance

FY 2020-21 Biennial Budget Change Item

Change Item Title: Increase Home Stability: Homework Starts with Home

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Appropriation	3,000	3,000	3,000	3,000
Transfer Out	3,000	3,000	3,000	3,000
Housing Fund				
Transfer In	3,000	3,000	3,000	3,000
Expenditures	3,000	3,000	3,000	3,000
Net Fiscal Impact = (Expenditures – Revenues)	3,000	3,000	3,000	03,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$6 million for the Homework Starts with Home program to serve an estimated 375 families. This recommendation funds an evidence-based practice that will provide rent and other housing assistance to families with school-aged children that lack housing stability. Rent and housing-based assistance have been proven to enhance housing stability and increase school attendance rates for homeless and highly mobile students.

Rationale/Background:

On any given day more than 9,000 children are identified as homeless or highly mobile in school districts across the state. This impacts 1,200 schools and 300 school districts in 76 of Minnesota's 87 counties.

In the last three biennial budgets, the Legislature approved a total of \$6 million in one-time funding for the Rental Assistance for Homeless and Highly Mobile Students program and the Homework Starts at Home program. Under these initiatives, Minnesota Housing provided rental assistance to highly mobile families with school-aged children. As families entered the program, all the students had housing stability and/or school mobility issues, and two-thirds were homeless or doubled up on the day they entered the program. At the end of the program, 90% of the students with a known housing status were stably housed. The Homework Starts with Home Initiative builds upon the success of the Highly Mobile Students Initiative.

Homeless children and youth face educational barriers and trauma when they do not have a safe and affordable place to live, and their education can be disrupted by moves and changing schools as they transition between temporary locations. Students experiencing homelessness are more likely to experience developmental delays; face physical and mental health problems; have increased exposure to violence; suffer from stress, depression and trauma; repeat a grade; be chronically absent; have frequent school changes; and have higher rates of disciplinary actions.

Homeless students demonstrate third-grade reading proficiency at rates less than half of the general student population and substantially below their low-income but housed counterparts. Recent research indicates that a single episode of homelessness impacts educational achievement for two to three years. Families experiencing homelessness are often hard for a community's homeless response system to identify and serve since they may live "doubled up" with family and friends. Schools can be the trusted community touch-point to identify and connect homeless students and their families to the resources and services they need.

Three convergent factors make this a crucial moment to create housing stability for homeless students:

- *First, we know what works.* Providing housing stability resources stabilizes families, improves a child's education, attendance, performance, and increases parent income.
- *Second, public and private leaders are committed to addressing educational achievement and equity.* These commitments are demonstrated through interagency collaboration, the Minnesota Interagency Council on Homelessness, and private initiatives including; Generation Next, the Heading Home Minnesota Funders Collaborative, and business partners which support critical education and homelessness initiatives.
- *Third, efforts to support homeless students can leverage existing resources.* Every school district across the state is federally mandated to designate district homeless liaisons and school point people. The responsibilities of school homeless liaisons are to identify policy barriers to enrollment, attendance and success; build awareness and provide outreach; link school and community resources; and enroll the child or youth who is homeless and provide support services.

Minnesota Housing, the Office to Prevent and End Homelessness, Minnesota Management and Budget, Department of Education, Department of Human Services and the Heading Home Minnesota Funders Collaborative (HHMFC, a group of philanthropic organizations that work collectively to prevent and end homelessness) worked collaboratively to award funds for the \$2 million that was appropriated for Homework Starts with Home. We received 14 applications that represented 21 counties, 37 public and charter school districts and seven early childhood programs. Total requests were \$13.6 million. We awarded funds to 5 applicants: two applicants from greater Minnesota, two from the metro and one from the suburban metro with unique approaches and innovative models, including increasing equity, leveraging federal Section 8 vouchers, and serving Native Americans living within and outside the tribal nation.

Proposal:

Funding will be awarded through a competitive request for proposal (RFP). Resources will be provided to families based on their individualized needs. Families receiving rental assistance under the Housing Trust Fund will be families in need of longer term assistance to achieve housing stability. Resources through the Family Homeless Prevention and Assistance Program (FHPAP) will serve homeless or highly mobile families who do not need longer term rental assistance. These families will instead receive homeless prevention and rapid rehousing services. These cost-effective short term interventions have been demonstrated to prevent or end homelessness for families in many cases. Housing instability for some families could be resolved primarily through improved connections with existing human services or economic assistance programs.

Minnesota Housing will continue to partner with the Office to Prevent and End Homelessness, Departments of Education, Human Services, Minnesota Management and Budget and the Heading Home Minnesota Funders Collaborative as well as other key stakeholders to provide technical assistance, advice, and consultation.

Equity and Inclusion:

Student homelessness disproportionately impacts students of color, American Indian students, LGBTQ students, and students with disabilities.

Under the Rental Assistance for Highly Mobile Families Initiative, 90% of the students that received housing assistance were households of color.

Results:

An evaluation of the Rental Assistance for Highly Mobile Students Program found that at the end of the pilot, 90 percent of the students with a known housing status were stably housed. The students who achieved stable housing during the pilot had stable and better attendance than homeless students statewide. In contrast,

homeless students who did not receive rental assistance missed enough school to be considered chronically absent.

In addition to this evaluation, the University of Minnesota has awarded a Grand Challenge grant for the Homework Starts with Home initiative. Researchers at the University will be evaluating the efficacy of the initiative with more information available Spring 2019.

Statutory Change(s):

None

Housing Finance

FY 2020-21 Biennial Budget Change Item

Change Item Title: Build More Homes: Workforce Housing

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Appropriation	5,000	5,000	1,000	1,000
Transfer Out	5,000	5,000	1,000	1,000
Housing Fund				
Transfer In	5,000	5,000	1,000	1,000
Expenditures	5,000	5,000	1,000	1,000
Net Fiscal Impact = (Expenditures – Revenues)	5,000	5,000	1,000	1,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends a \$10 million increase to the Economic Development and Housing Challenge program in the FY 2020-21 biennium and \$2 million in subsequent biennium to produce more new workforce housing opportunities across the state, with a focus on increasing housing opportunities in growing communities. Minnesota Housing estimates that \$10 million will create an additional 150-350 new workforce housing opportunities across the state under this program.

Rationale/Background:

The affordability of homes has been a competitive advantage for Minnesota and our employers, but a growing shortage of homes and other market conditions are pushing prices beyond the reach of many individuals and families. This is limiting economic growth and household mobility. Additionally, new housing construction has not kept pace with household growth, as evidenced by the short supply of homes for rent or sale. In Minnesota today, the statewide rental vacancy rate is about 4 percent – and as low as 2.2 percent in the metro area – and there is less than a two-month supply of homes for sale. These conditions limit options for families and make it harder for many to have a stable place to live.

The development of new housing is also critical for economic growth and job creation. As businesses expand throughout the state, many are struggling to hire workers, in part because of a lack of affordable homes. Through the Challenge program, the Minnesota Housing will work with local partners to develop new rental housing and single family housing options throughout the state. We will also help communities and partners to redevelop existing sites to create new housing opportunities to better serve low- to moderate-income homeowners, homebuyers and renters.

Proposal:

The Challenge Program allows Minnesota Housing to provide no-interest, deferred loans, to for-profit and nonprofit developers and local units of government to develop workforce housing in their communities. The Challenge Program is flexible; letting communities identify the type of housing that best fits their needs. It can be used for new construction or rehabilitation and funds both rental housing and homeownership opportunities. At least 50 percent of Challenge Program funds must be used for housing projects that include a financial contribution from non-state resources.

Minnesota Housing finances workforce rental housing in both the metropolitan area and Greater Minnesota. Resources are available through a competitive Request for Proposals process published each spring. Income limits for rental housing are up to 80 percent of the greater of area or statewide median household income. For most of the state, this is a maximum household income of \$67,400 per year.

The Challenge Program also funds the development and rehabilitation of single-family, owner-occupied affordable in communities across Minnesota. Resources are available through a competitive Request for Proposals process published each spring. The income maximum for owner-occupied housing is 115 percent of the greater of state or area median household income. Currently, that is a maximum median household income of \$96,900 per year for most of the state.

Equity and Inclusion:

The Challenge program serves a high percentage of households of color. In 2017, 68.9% of the families in rental units funded by the Challenge program were households of color and 45.3 percent of families served by the Challenge program for homeownership were households of color. With the new funding, Minnesota Housing will work to continue serving a high percentage of households of color. Additionally, we have been working to provide technical assistance to help organizations owned by people of color better compete in the application process, but more work is still needed.

Results:

Minnesota Housing measures its performance in this budget program by examining the percentage of units financed in top job growth areas and the level of affordability. Under the Challenge Program, all rental units must be affordable to households earning 80 percent of median income. However, the agency also wants to ensure that it is serving a range of households, so the number of Minnesotans served at lower income levels is reviewed as well.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of units in rental developments funded that are located in the top workforce housing communities (areas with job growth).	83%	93%	FFY2016, FFY2017
Results	Distribution of units financed annually with units affordable at: A) 30% of median income or less. B) 50% at median income or less, or C) 80% at median income or less	A) 11% B) 43% C) 100%	A) 26% B) 76% C) 100%	FFY2016, FFY2017

Statutory Change(s):

Not applicable

Housing Finance

FY 2020-21 Biennial Budget Change Item

Change Item Title: Increase Home Stability: Family Homelessness Prevention and Assistance Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Appropriation	2,000	2,000	2,000	2,000
Transfer Out	2,000	2,000	2,000	2,000
Housing Fund				
Transfer In	2,000	2,000	2,000	2,000
Expenditures	2,000	2,000	2,000	2,000
Net Fiscal Impact = (Expenditures – Revenues)	2,000	2,000	2,000	2,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends a \$4 million increase to the Family Homelessness Prevention and Assistance Program to serve an estimated 3,100 households. Program funds are used for support services and direct assistance to prevent homelessness or rehouse homeless households as quickly as possible. Services include case management and housing navigation assistance while, direct assistance can include short-term rent assistance, security deposits, utility assistance and transportation assistance to improve housing stability.

Rationale/Background:

The 1993 Minnesota Legislature established the Family Homeless Prevention and Assistance Program (FHPAP) to assist families who are homeless or at imminent risk of homelessness. The program goals are to prevent homelessness, minimize periods of homelessness and eliminate repeat episodes of homelessness. In 1995, the program expanded to include single adults and youth. Tribal nations became eligible applicants in 2016.

Minnesota statute outlines the program requirements, which require that each grantee establish an advisory committee to ensure that project design, implementation and evaluation is reflective of local need. The advisory committee's membership includes homeless advocate organizations, providers, people who have experienced homelessness, and a state staff person from the Minnesota Interagency Council on Homelessness (MICH). Other members include law enforcement, service providers, faith-based organizations, counties and landlords.

This statewide program serves all 87 counties. In the metro area, counties are eligible to apply for funding. In greater Minnesota, it may be a county, group of contiguous counties, nonprofit organizations with board approval of counties in their service area and tribal nations. The majority of grantees also utilize sub-grantees such as youth providers, mental health providers and outreach providers to best meet unique local needs.

Currently, Minnesota Housing provides funds to 20 grantees across the state. FHPAP funds are used for support services and direct assistance to prevent homelessness or rehouse people quickly as possible. Services include case management and housing location assistance. Direct assistance can include short-term rent assistance, security deposits, utility assistance and transportation assistance to improve housing stability. Current funding levels only serve about 65% of those eligible to receive FHPAP assistance.

The number of households served has decreased over the past two biennia due to the program expanding to include a rapid rehousing strategy. The U.S. Department of Housing and Urban Development (HUD) has identified rapid rehousing as a promising practice to reduce homelessness. Rapid rehousing has three key components, including short-term rental assistance, housing location services and case management to assist households with

higher needs to find and maintain housing. Minnesota Housing has supported the shift to serving fewer households in order to target funds to households with higher needs.

Proposal:

The additional resources will be distributed through a competitive Request for Proposal process that Minnesota Housing puts forward every two years. In the last RFP, Minnesota Housing awarded all of the appropriations and had more than \$6 million in requests that were not able to be funded. Grant awards to administrators range from \$400,000 to \$4.5 million and are based on need statistics such as number of households in poverty, unemployed and severely cost burdened (paying 50% or more of their income in rent). Applications are also reviewed for planning, project design, monitoring and evaluation, budget, history of performance, and program capacity. The average assistance per household is \$1,300 and the programs serves nearly 7,000 households each year.

The RFP is reviewed and the program is supported by several state agencies including Department of Human Services (DHS) - Office of Economic Opportunities, DHS - Community Living and Supports, DHS - Office of Indian Policy, the Department of Education and the Department of Corrections.

Equity and Inclusion:

Nearly 60% of the households receiving FHPAP assistance were households of color. Programs are designed to meet local needs and issues. Advisory groups must include someone with lived experience.

In the past, tribal nations have not been eligible grantees. However, both Red Lake and White Earth have had experience as sub grantees. In support of the Governor's Executive Order to Strengthen Tribal Relationships with State Government Agencies, Minnesota Housing requested a change in statute to allow tribal nations to apply. The Minnesota Tribal Collaborative is a partnership between five tribal nations, including: White Earth, Leech Lake, Red Lake, Mille Lacs and Bois Forte. The Minnesota Tribal Collaborative has successfully applied for other state funding, and the collaborative works together to address and end homelessness in tribal nations. This is their first application for FHPAP funds acting as the grant administrator, and White Earth is acting as the lead applicant.

Results:

In order to measure the success of this program, Minnesota Housing tracks the percentage of households served who are identified as at risk for homelessness and who do not return to shelter within 12 months. Data on homelessness comes from the Homeless Management Information System (HMIS).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of households who were identified as at risk for homelessness or were homeless, were served, and didn't return to a shelter within 12 months.	94%	94%	FFY2016, FFY2017

Statutory Change(s):

Not applicable

Minnesota Housing

FY 2020-21 Biennial Budget Change Item

Change Item Title: Support and Strengthen Homeownership: Homeownership Capacity Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Appropriation	1,000	1,000	1,000	1,000
Transfer Out	1,000	1,000	1,000	1,000
Housing Fund				
Transfer In	1,000	1,000	1,000	1,000
Expenditures	1,000	1,000	1,000	1,000
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends a \$2 million increase for the Homeownership Capacity program to serve an estimated 1,667 households. This program provides intensive homebuyer and financial education to prospective low- to moderate- income homebuyers, with an emphasis on serving households of color. This recommendation is an evidenced-based practice, proven to increase homeownership and wealth.

Rationale/Background:

Minnesota has one of the nation's highest rates of homeownership, while at the same time it has the worst disparity in homeownership rates between white households and households of color. As 76 percent of white households own their home compared to only 41 percent of households of color who own their home, our disparity rate is unacceptable. With more than 64,000 income-eligible households of color, Minnesota Housing believes this gap can close through intensive financial education and coaching to remove barriers, such as low credit scores, or lack of savings to qualify for homeownership.

Proposal:

The Homeownership Capacity Initiative helps households of color increase their probability of becoming successful homeowners through comprehensive homeowner training. Homeownership Capacity supplements traditional homeownership training programs and provides intensive services, including financial education, one-on-one coaching regarding asset building, credit report education, consumer protection, family budgeting, and education on issues such as basic home maintenance, home insurance coverage and other financial empowerment services such as workforce development, technology training, career development and entrepreneurship opportunities.

Funds will be awarded to nonprofit and community housing organizations through a competitive Request for Proposal (RFP) process. Minnesota Housing will continue to work with organizations that serve traditionally underserved communities and communities of color. These organizations provide the homebuyer education and financial training directly to potential homeowners. Current administrators include: African Development Center, Bii Gii Wiin, Build Wealth (through a direct appropriation), Community Action Duluth, Community Action Partnership of Hennepin County, Comunidades Latinas Unidas En Servicio (CLUES), Hmong American Partnership, Lutheran Social Service of Minnesota (LSS Financial Counseling), Mankato Economic Development Authority, Minneapolis Urban League, Neighborhood Development Alliance (NeDA), NeighborWorks Home Partners (NWHP), PRG, Inc., Project for Pride in Living, Inc. (PPL), Southwest Minnesota Housing Partnership (SWMHP), and Three Rivers Community Action, Inc.

Minnesota Housing currently administers the Homeownership Capacity program with agency resources. The program has been established in partnership with community housing organizations that will seek funding under this program. Therefore, Minnesota Housing will be able to get the funds committed to grantees quickly through Request for Proposals (RFP) process. Additionally, more permanent resources will help organizations reach more Minnesotans and help close the homeownership gap.

Equity and Inclusion:

This program was created specifically to address the gap in homeownership rates between white households and households of color. When Minnesota Housing initially created the pilot program, the agency met with organizations that serve communities of color to assist in the design of the program. Funds have been awarded to nonprofit organizations and local units of government that represent and serve communities of color. The agency continues to work closely with these administrators to ensure that the program is working to reach communities of color and other traditionally underserved communities.

As of December 31, 2017, 2,193 clients had entered the program, nearly 90% of them identifying as a household of color.

Results:

More than 80% of clients experienced an increase in their credit score

- The median credit score of clients with a reported outcome increased from 611 at program entry to 658 at the time of program completion.

Program participants increased savings or paid off debt

- Of people who completed the program, 73% increased their savings.
- Many of those who did not see an increase in savings chose to use funds to pay off debt collections and/or purchase their first home.
- On average, clients experienced a \$3,600 improvement in their financial picture (increased savings and/or reduced debt collections), while those that purchased a home had a \$5,000 improvement.

Clients who completed the program increased their knowledge and are taking positive financial actions.

- More than 79% of clients reported an increase or significant increase in their understanding of the banking system, the importance of a spending plan, and how credit and savings affect their ability to obtain a loan.
- At least, 76% of clients reported an increase or significant increase in the frequency that they track their spending, make good financial decisions, and take steps towards improving their credit and saving money.
- Seventy-nine percent reported an increase in their ability to handle financial obstacles.

Increased homeownership:

- Nearly 60% of those with a reported outcome bought a home within a year of completing the program, and another 19% were still pursuing homeownership after one year.
- The remaining 22% decided not to pursue homeownership at this time.

Statutory Change(s):

Not applicable

Housing Finance

FY 2020-21 Biennial Budget Change Item

Change Item Title: Preserve The Homes We Have: Rehabilitation Loan Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Appropriation	500	500	500	500
Transfer Out	500	500	500	500
Housing Fund				
Transfer In	500	500	500	500
Expenditures	500	500	500	500
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	0	0	0	0

Recommendation:

The Governor recommends a \$1 million increase for the Rehabilitation Loan Program. This program provides funding for health, safety and energy efficiency improvements for very low-income homeowners. More than 40 percent of households served by this program are seniors who want to stay in their home and age in place and nearly one-third of households have a family member with a disability. The increase will allow Minnesota Housing to serve an additional 40 homeowners each year.

Rationale/Background:

The Rehabilitation Loan Program provides deferred, forgivable loans to very low-income homeowners throughout the state. Expanding the program was a recommendation made by the Governor's Housing Task Force.

In recent years, more than 50 percent of the homeowners served by the program live in Greater Minnesota and use the program to help make health, safety and energy efficiency improvements to their homes. The loans maintain or restore owner-occupied housing to decent and safe conditions. The program serves homeowners who often have incomes that are too low to qualify for loans in the private sector. In 2017, the median annual income of households served was \$14,286, and the average assistance per household was \$25,542.

Without funding for health, safety and energy efficiency improvements, these homeowners may be forced into rental housing, assisted living or may need to relocate to another community to find safe, affordable housing. Relocating is often less affordable to the homeowner than remaining in their home. A recent Wilder Research study found that the monthly cost for seniors remaining in their own home and receiving home and community-based services is 78% lower than the cost of going into a nursing home, and 40% lower than the cost of assisted living.

The study also found that 51,500 senior homeowner households in Minnesota are income eligible for the Rehab Loan Program and 16,400 of these households (32%) have home rehabilitation or improvement needs that are necessary for them to stay in their home another 5 years.

In recent years Minnesota Housing supplemented state appropriations with agency resources to try to meet this growing demand. With the current combination of state appropriations and agency resources, we are only able to serve about 400 homeowners per biennium.

The Rehabilitation Loan Program is an important program that meets the state's goals of allowing seniors to age in place and helping persons with disabilities remain in their homes if they choose to do so. The Rehabilitation

Loan Program will also help meet vision of the state’s Olmstead Implementation Plan, ensuring that Minnesotans with disabilities will have the opportunity to live close to their families and friends, to live more independently, to engage in productive employment and to participate in community life.

Proposal:

The Rehabilitation Loan Program is administered through a network of non-profit community development organizations, which are primarily community action agencies. Community action agencies receive an origination fee when they administer loans to homeowners.

With \$1 million in additional funding, Minnesota Housing would be able to serve approximately 40 additional homeowners, roughly split equally between the metro and Greater Minnesota. One-hundred percent (100%) of the increase will go towards funding the program because we do not use state appropriations to pay for operating expenses.

With the additional resources Minnesota Housing plans to work more closely with the Department of Human Services (DHS) to provide support to seniors accessing this program.

Equity and Inclusion:

The Rehabilitation Loan Program serves very low-income households. Households in which at least one member has a serious disability made up 40 percent of the households served. Nearly 10 percent of the households served in 2017 were households of color.

Results:

Minnesota Housing tracks the number of seniors and the number of households with a person with a disability served in order to measure outcomes of this program. The agency also examines the number of people most in need – those earning less than 30 percent of HUD area median income – who receive rehabilitation loans in order to measure the program’s success.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of households most in need (less than 30% of median income) that received rehabilitation loans.	70%	60%	FFY2016, FFY2017
Results	Percentage of rehab loans provided to seniors.	34%	42%	FFY 2016, FFY2017
Results	Percentage of rehab loans to households that identified as having at least one household member with a disability.	42%	32%	FFY2016, FFY2017

Statutory Change(s):

Not applicable

Housing Finance

FY 2020-21 Biennial Budget Change Item

Change Item Title: Build More Housing: Local Housing Trust Fund Match

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Appropriation	2,000	0	0	0
Transfer Out	2,000	0	0	0
Housing Fund				
Transfer In	2,000	0	0	0
Expenditures	2,000	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a one-time appropriation of \$2 million to provide state matching funds to incentivize communities to dedicate local resources to a Housing Trust Fund. Local Housing Trust Funds allow communities to attract additional resources from public and private organizations and jump start housing initiatives that generate investment and jobs. Administered by local jurisdictions, these Trust Funds enable communities to prioritize developments that maximize benefit to the local community.

Rationale/Background:

To grow and sustain their local economies, cities are looking for creative ways to make housing development work. Local Housing Trust Funds (LHTF) are a proven tool to help meet local housing needs.

In 2017, legislation was passed that provides local jurisdictions with clear direction promoting the establishment of local trust funds to bring together public and private investment. While some additional communities are moving forward with establishing a Local Housing Trust Funds, we believe others would be more willing to create a Fund with a state-based incentive.

Proposal:

The \$2 million recommended in this proposal would provide grants to communities that establish a Local Housing Trust Fund and dedicate local revenue to the fund for affordable housing projects. Minnesota Housing will establish an RFP to award funds and anticipates awarding match funds to 7-13 communities. Local Housing Trust Funds have broad uses to meet locally identified issues and needs, including:

- Making grants, loans, and loan guarantees for the development, rehabilitation, or financing of rental and single family housing
- Match other funds from federal, state or private resources for housing projects
- Provide down payment assistance, rental assistance and homebuyer counseling services.

Equity and Inclusion:

Local Housing Trust Funds have been used to meet locally identified housing needs. These programs allow communities to direct resources to projects and issues of concern of their choosing. This allows communities to better respond to changing demographics and cultural preferences, such as households that prefer multi-generational living arrangements. It also allows communities to address their unique needs such as the loss of affordable housing that leads to the displacement or a workforce housing shortage.

Results:

Minnesota Housing is planning to track the amount of local revenue and other private resources leveraged by the state funds and require reporting on the local uses of funds, including:

- type of housing,
- number of households served,
- average household income served,
- % of households served that are households of color

Statutory Change(s):

Not applicable

Housing Finance

FY 2020-21 Biennial Budget Change Item

Change Item Title: Increase Home Stability: Bridges Rental Assistance Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Appropriation	500	500	500	500
Transfer Out	500	500	500	500
Housing Fund				
Transfer In	500	500	500	500
Expenditure	500	500	500	500
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	0	0	0	0

Recommendation:

The Governor recommends a \$1 million increase to the Bridges rental assistance program. This program supports people with a serious mental illness and allows them to live in integrated settings in their communities by ensuring they are also provided access to supportive mental health services and stable housing. This increase in resources will provide rental assistance to an additional 80 households.

Rationale/Background:

Stable housing is an integral part to treating a mental illness. Prior to receiving a rental assistance voucher through Bridges, individuals served by this program frequently live with family or friends, in housing that is more expensive than they can afford, in emergency shelters, or at an institution.

Through the Bridges program, Minnesota Housing provides rental assistance for households with at least one adult member who has a serious mental illness. Households with incomes below 50 percent of the area median income are eligible for Bridges. Currently this threshold is below \$42,900 for a four-person household in the metropolitan area and \$38,600 for a four-person household in much of the remainder of the state).

The program plays a key role in the Agency's contribution to Minnesota's Olmstead Implementation Plan goals, and is cooperatively administered, monitored and evaluated by Minnesota Housing and the Department of Human Services. This collaboration is essential to the effective operation of the program, as is the collaboration of housing and mental health agencies at the regional and county level. Bridges grantees are required to work with their local Adult Mental Health Initiative (AMHI) or tribal nation mental health agency to implement the program.

Funds available under the Bridges program provide temporary rental subsidy payments and, in some instances, security deposits, for eligible adults with a serious mental illness. The program requires participants to register for a permanent rental subsidy, primarily Housing Choice Vouchers, formerly known as Section 8, when the waiting lists are open. The Bridges program is designed to provide a relatively seamless transition-in-place for participants when they receive a Housing Choice Voucher.

Under this program, families can afford stable housing in the community until a federal Section 8 certificate or voucher or public housing becomes available. This program plays an important role in the state's Olmstead Plan, as it helps people with disabilities live, work and learn in the most integrated setting.

Proposal:

This proposal represents an increase to an existing program. This increase will allow Minnesota Housing and partners to serve an additional 80 households. This funding will help reduce the current waiting list and will help meet the goals outlined in the state's Olmstead Implementation Plan. People with mental illness are often among the most challenging to house, and given current market conditions (low rental vacancies, increase cost of rent) are having more challenges finding and maintain stable housing.

Minnesota Housing works with local government agencies to deliver the Bridges program. Administrators are selected or re-certified each biennium following the legislative session. Minnesota Housing will also continue to work directly with DHS to administer the program.

Equity and Inclusion:

100% of the households served by the Bridges program have a disability. Nearly 1/3 of those who receive rental assistance are households of color.

Results:

Through the programs under this budget activity, Minnesota Housing provides a variety of resources to create supportive rental housing opportunities and serve people who have experienced homelessness or who have a disability. These programs keep some of Minnesota's most vulnerable citizens out of homelessness and institutions. To measure Minnesota Housing's performance in this activity, the agency tracks outcomes including housing stability and changes in income levels.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of people who remained in housing for at least a year or had a positive exit (moved to permanent affordable housing).	85%	84%	State FY2016 State FY 2017
Results	Percentage of households with increased income from entry to exit.	40%	40%	State FY2016, State FY 2017

Statutory Change(s):

Not applicable

Housing Finance

FY 2020-21 Biennial Budget Change Item

Change Item Title: Manufactured Housing Relocation Trust Fund

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Housing Fund				
Transfer In	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends changes related to the Manufactured Home Relocation Trust Fund. The Trust Fund assists owners of manufactured homes with relocation expenses in the event that their manufactured home park closes. Part of this proposal includes raising the maximum level in the Trust Fund from \$1 million to \$3 million.

Rationale/Background:

There are nearly 800 manufactured home communities in Minnesota. These communities provide significant affordable housing opportunities across the state and offer the most affordable form of homeownership. New communities are not being built and in recent years the state has seen several large park closures, including the closing of Lowry Grove in St. Anthony, which displaced 100 families and received significant press coverage. Other park closures occurred in Bloomington, Rothsay and Garrison.

As a result of these park closures, the Trust Fund balance fell below \$100,000. Due to the recent increase in closures and in anticipation of future park closures due to sales and park infrastructure issues, Minnesota Housing is pursuing changes to the Relocation Trust Fund to ensure adequate resources are available to provide payments to homeowners. In current law, the state stops collecting when the Trust Fund reaches the maximum level. At the current \$1 million maximum level, it is possible the Trust Fund is depleted and therefore inaccessible to help residents in the event of a park closure.

Proposal:

The proposal includes the following specific items:

- Increase trust fund maximum balance from \$1 million to \$3 million
- Increase the current allowable relocation radius from 25 to 50 miles of the closed park without raising maximum relocation costs for households that receive funds
- Require local governments to determine if there was an ordinance in effect on May 26, 2007 that provided compensation to displaced residents, rather than requiring Minnesota Housing to make this determination
- Allow for manufactured homeowners applying for funds to only provide a statement from park owner that rent is current, rather than provide documentation that \$15 payments to the trust fund have been made
- Address timing issues:
 - Change minimum notice for park closures from 9 months to 12 months
 - Extend deadline for residents to vacate from 60 days to 90 days after the required public hearing
 - Add requirement for re-issuing closure statements if a park does not close within 24 months of initial closure statement
- Change “municipality” to “local government authority” in several places because not all parks are located in municipalities

Equity and Inclusion:

Minnesota has one of the nation's highest rates of homeownership, while at the same time it has the worst disparity in homeownership rates between white households and households of color. As 76 percent of white households own their home and only 41 percent of households of color own their home, our disparity rate is unacceptable. Manufactured homes offer homeownership opportunities to families for whom ownership is otherwise out of reach. Recent park closures have led to displacement and have disproportionately impacted households of color.

Results:

This proposal would allow Minnesota Housing to more efficiently administer payments to manufactured homeowners when parks close. This would provide homeowners more opportunity to move in a reasonable amount of time and the resources to help find a new location for their homes.

Each year we provide a report to the Legislature that includes: the balance of the fund, the total revenues received in the previous fiscal year, the amount of payments to homeowners and the ending balance in the fund.

Statutory Change(s):

M.S. 327C.095

Housing Finance

FY 2020-21 Biennial Budget Change Item

Change Item Title: Homelessness Management Information System Support

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	680	680	680	680
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	680	680	680	680
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$680,000 annually to the Department of Human Services, in partnership with Minnesota Housing, to support the ongoing cost of the Homelessness Management Information System, a local information technology system that is required to receive state and federal homelessness resources.

Rationale/Background:

HMIS is a local information technology system operated by the Department of Human Services and used to collect data, both at the client-level and community level. The HMIS collects information from all homeless service providers throughout the state, regarding more than 20,000 homeless beds across the state. These beds include emergency shelters, transitional housing programs, permanent supportive housing providers, homeless prevention programs, and other service providers in contact with people experiencing homelessness, such as outreach programs and drop-in centers.

Data reported within the HMIS includes individual client demographic (gender, age, ethnicity) and household information (housing status, services provided, income). Centralizing data in one place allows service providers, regional planning bodies and state agencies to look at both client outcomes at the program level and evaluate service-use patterns across the entire network of providers to ensure that all resources are being invested in the most efficient services and targeted to the most appropriate populations. It provides a clearer picture of people who experience homelessness, their needs, and how that population changes over time. HMIS allows programs to manage data in a secure and standardized environment that also offers an aggregate view of state-wide efforts to end homelessness.

The state is required to maintain the HMIS system to receive federal homelessness funding. The state receives more than \$40 million per year in federal homelessness funds. Additionally, all service providers that receive state homelessness resources are required to use the system.

Proposal:

The additional funding will pay for a portion of the costs of operating the state Homeless Management Information System (HMIS) by the Department of Human Services. It will support integration of data between HMIS and other key state data assets and enhance existing HMIS capacity to help providers target state and federal homelessness resources more strategically. Currently, HMIS is supported by local Continuum of Care organizations, federal grantees and service providers.

Equity and Inclusion:

Households of color and people with disabilities are disproportionately represented in the homeless population. Equity remains an area of focus for the HMIS Governing Board as HMIS is being used to support regional Equity

and Inclusion projects such as Supporting Partnerships for Anti-Racist Communities (SPARC) which disaggregates data to focus on systemic racism in homelessness response systems.

Results:

We know from many [examples across the country](#) that when communities use their data well, they make the most progress to prevent and end homelessness. With this additional funding, Minnesota will be positioned to target resources to prevent and end homelessness even more effectively and efficiently.

Current measures include:

- Bed Coverage
- Data Quality, specifically universal data element completeness
- HUD performance measures:
 - Length of time homeless
 - Returns to homeless
 - Number of homeless persons
 - Job and income growth
 - First time homeless
 - Stabilizing people experiencing homelessness
 - Housing placement and retention

The above result and performance measurements reflect key data points that the state and federal government use as indicators of success when making funding decisions. The ability to enter, extract and analyze HMIS data, and use it as evidence to either continue making investments in effective programming or to shift resources to better target both populations and activities is vital. Underperformance in this area puts the federal funding (more than \$40 million) at risk.

State staff, community partners and the HMIS system administrator have developed a [governing infrastructure](#) to ensure data is protected and all security measure meet and/or exceed requirements. This governing body and committee structure are also charged to ensure data quality and integrity, which is regularly reviewed and reported to the governing board.

Furthermore, philanthropic partners recently announced an investment in a data analyst position at Minnesota Housing and the Office to Prevent and End Homelessness to work with HMIS and other data systems to focus and drive statewide efforts to prevent and end homelessness.

Statutory Change(s):

NA

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			680	680	1,360	680	680	1,360
HCAF								
Federal TANF								
Other Fund								
Total All Funds			680	680	1,360	680	680	1,360
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	56	HMIS PT Contract	1,000	1,000	2,000	1,000	1,000	2,000
GF	REV1	Administrative FFP @ 32%	(320)	(320)	(640)	(320)	(320)	(640)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Housing Finance

FY 2020-21 Biennial Budget Change Item

Change Item Title: Capital Investment Bill Debt Service

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
<i>Debt Service – GO Bonds</i>	15,954	58,199	65,064	61,677
<i>Debt Service – Appropriation Bonds</i>	0	0	0	4,800
<i>Cash-Financed Projects</i>	1,920	0	0	0
Expenditures	17,784	58,199	65,064	66,477
Trunk Highway Fund				
Expenditures	1,272	5,119	7,944	8,504
Net Fiscal Impact = (Expenditures – Revenues)	19,146	63,318	73,008	74,981
FTEs	0	0	0	0

Request:

The Governor recommends \$82.464 million in FY 2020-2021 to support his 2019 capital budget recommendations. Of this total:

- \$76.073 million is from the general fund to pay for cash-financed projects and debt service on \$1.018 billion in general obligation bonds and \$120 million in appropriation bonds.
- \$6.391 million is from the trunk highway fund for debt service on \$92 million in trunk highway bonds.

Rationale/Background:

The Governor recommended a total of \$1.27 billion in capital projects. Both general fund cash and debt service are needed to finance these projects.

Proposal:

More information about the Governor's 2019 capital budget recommendations can be found in the "Current Capital Budget" section of MMB's website.

Equity and Inclusion:

The Governor's 2019 capital budget includes 73 individual projects. Of those, 37 are statutory programs that impact projects across the state, 20 projects are located in the metro-area, and 16 projects are located in greater Minnesota.

Results:

This recommendation will allow the state to meet its financial obligations with respect to debt service and the financing of capital projects.

Program: Development & Redevelopment

mnhousing.gov/

AT A GLANCE

- The Economic Development and Housing Challenge program funded 530 homes in 2017
- Median annual income of households served under this program is \$21,413 for rental housing and \$40,280 for homeownership
- At least 50 percent of funds must be used for projects in which there is a contribution from non-state resources
- Since 2012, we have financed more than 1,900 new workforce housing homes in job growth areas in Greater Minnesota

Numbers are for FFY2017, unless otherwise noted

PURPOSE & CONTEXT

The affordability of homes has been a competitive advantage for Minnesota and our employers, but a growing shortage of homes is pushing prices beyond the reach of many individuals and families. New housing construction has not kept pace with household growth since the Great Recession, as evidenced by the short supply of homes for rent or sale. In Minnesota today, the statewide rental vacancy rate is about 4 percent – and as low as 2.2 percent in the metro area – and there is less than a two-month supply of homes for sale. These conditions limit options for families and make it harder for many to have a stable place to live.

The development of new housing is critical for economic growth and job creation. As businesses have been expanding throughout the state, many are struggling to hire workers, in part because of a lack of affordable homes. We finance development of new rental housing and single family housing for homeownership throughout the state. We also help communities redevelop existing sites to create new housing opportunities to better serve low- to moderate-income homeowners, homebuyers and renters.

SERVICES PROVIDED

We finance the activities under this program through the state-appropriated Economic Development and Housing Challenge program and the Greater Minnesota Workforce Housing Development program, as well as through federal funding, federal low income housing tax credits and agency loan resources.

Economic Development and Housing Challenge (“Challenge”) Program: The Challenge Program allows us to provide no-interest, deferred loans, to for-profit and nonprofit developers and local units of government to develop workforce housing in their communities. The Challenge Program is flexible; letting communities identify the type of housing that best fits their needs. It can be used for new construction or rehabilitation and funds both rental housing and homeownership opportunities. At least 50 percent of Challenge Program funds must be used for housing projects that include a financial contribution from non-state resources.

Rental Development:

We finance workforce housing in both the metropolitan area and Greater Minnesota. Resources are available through a competitive Request for Proposals process published each spring. Income limits for rental housing are up to 80 percent of the greater of area or statewide median household income. For most of the state, this is a maximum household income of \$67,400 per year. Since 2012, we have financed 1,900 new workforce homes in Greater Minnesota, including Perham, Worthington, Glenwood, St. Michael, Mankato, Austin, Duluth, Cambridge,

Warroad, Thief River Falls, Jackson, Roseau, Rochester and Owatonna. We also supported the development workforce housing in the metropolitan area.

Homeownership Development:

The Challenge Program funds the development and rehabilitation of single-family, owner-occupied affordable and workforce housing activity in communities across Minnesota. Resources are available through a competitive Request for Proposals process published each spring. The income maximum for owner-occupied housing is 115 percent of the greater of state or area median household income. Currently, that is a maximum median household income of \$96,900 per year for most of the state.

Greater Minnesota Workforce Housing Development Program: This program targets small to mid-size cities in Greater Minnesota with rental workforce housing needs. Funding is available to build market-rate residential rental properties in communities with proven job growth and demand for workforce rental housing. Communities are required to secure matching funds, one dollar for every two dollars in funding offered through the program. This program meets the needs of smaller communities by helping to finance new construction of 12 or fewer homes. In 2017, five cities were awarded funds to finance 91 units in Albert Lea, Baudette, Duluth, Luverne and Pelican Rapids. Prior to 2017, this program was administered by the Department of Employment and Economic Development.

RESULTS

We measure our performance in this budget program by examining the percentage of units financed in top job growth areas and the level of affordability. Under the Challenge Program, all rental units must be affordable to households earning 80 percent of median income. However, we also want to ensure we're serving a range of households, so we review how many Minnesotans we are serving at lower income levels.

Housing that is "affordable to the local workforce" generally includes households earning between \$30,000 and \$50,000 annually. This range varies from county to county. We base our wage calculations on data from the Department of Employment and Economic Development (DEED).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of units in rental developments funded that are located in the top workforce housing communities (areas with job growth).	83%	93%	FFY2016, FFY2017
Results	Distribution of units financed annually with units affordable at: A) 30% of median income or less. B) 50% at median income or less, or C) 80% at median income or less	A) 11% B) 43% C) 100%	A) 26% B) 76% C) 100%	FFY2016, FFY2017

M.S. 462A.33 (<https://www.revisor.mn.gov/statutes/?id=462A.33>) provides the legal authority for Minnesota Housing's development and redevelopment activities.

M.S. 462A.39 (<https://www.revisor.mn.gov/statutes/cite/462A.39>) provides the legal authority for the Greater Minnesota Workforce Development Program

Development and Redevelopment

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
8000 - Housing Finance Agency	23,129	18,060	23,714	32,052	27,727	30,437	34,727	35,437
Total	23,129	18,060	23,714	32,052	27,727	30,437	34,727	35,437
Biennial Change				14,577		2,398		14,398
Biennial % Change				35		4		26
Governor's Change from Base								12,000
Governor's % Change from Base								21

Expenditures by Activity

Development and Redevelopment	23,129	18,060	23,714	32,052	27,727	30,437	34,727	35,437
Total	23,129	18,060	23,714	32,052	27,727	30,437	34,727	35,437

Expenditures by Category

Operating Expenses	40	40	35	33	33	33	33	33
Grants, Aids and Subsidies	9,184	9,299	10,490	15,375	15,094	18,254	22,094	23,254
Other Financial Transaction	13,905	8,720	13,189	16,644	12,600	12,150	12,600	12,150
Total	23,129	18,060	23,714	32,052	27,727	30,437	34,727	35,437

Development and Redevelopment

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	14,925	14,175	14,925	14,925	14,925	14,925	21,925	19,925
Transfers Out	14,925	14,175	14,925	14,925	14,925	14,925	21,925	19,925
8000 - Housing Finance Agency								
Balance Forward In	35,442	34,483	37,411	38,965	30,460	27,817	30,460	27,817
Receipts	2,295	2,313	5,344	2,791	1,125	1,125	1,125	1,125
Transfers In	19,875	19,175	19,925	20,756	23,959	27,164	30,959	32,164
Transfers Out		500						
Balance Forward Out	34,483	37,411	38,967	30,460	27,817	25,669	27,817	25,669
Expenditures	23,129	18,060	23,714	32,052	27,727	30,437	34,727	35,437
Biennial Change in Expenditures				14,577		2,398		14,398
Biennial % Change in Expenditures				35		4		26
Governor's Change from Base								12,000
Governor's % Change from Base								21

Program: Prevent and End Homelessness

Activity: Supportive Housing

mnhousing.gov/

AT A GLANCE

- Assisted more than 2,800 households in 2017
- Median annual income of households served is \$8,000-\$9,000
- Nearly 8,700 students experience homelessness in Minnesota's public and charter schools based on fall student enrollment data for the 2017-18 school year. These students attend 1,239 different schools located in 312 different public and charter school districts across 76 of Minnesota's 87 counties.
- This activity contributes to the goals of the Minnesota Interagency Council on Homelessness' *Plan to Prevent and End Homelessness* and the State's Olmstead Plan

Numbers are for FFY2017

PURPOSE & CONTEXT

Many Minnesotans will need services in their homes at some point during their lives. An estimated 70 percent of people age 65 or older will need long-term care related to daily living. People with disabilities and individuals who have experienced trauma also benefit when healthcare and support services are available to them in their homes, and research shows that people do better when needed services and stable homes are coordinated. The broader community benefits too, through reductions in expensive public systems, such as emergency room visits or police time.

Minnesota Housing funds affordable housing with support services. This activity is essential to our efforts to prevent and end homelessness. Supportive housing serves individuals and families with multiple barriers to obtaining and maintaining housing. Supportive housing provides stability for the poorest households and households with special needs so they can successfully address barriers to employment, complete school or training and achieve independent living.

SERVICES PROVIDED

Housing Trust Fund Program: Through the Housing Trust Fund program, we fund rental assistance for households living in permanent supportive housing. Renters pay 30 percent of their income towards rent. In 2017, 1,674 households received rental assistance under this program with an average annual assistance of \$7,400. Sixty-five percent of those who received rental assistance in 2017 were households of color or Hispanic ethnicity. We have a priority to serve households with incomes that do not exceed 30 percent of the metropolitan area median income, which is currently \$25,750 for a household of four.

The Housing Trust Fund can also be used to provide capital funds in the form of zero percent interest, deferred loans to finance the construction of affordable permanent and supportive rental housing. The state appropriation currently funds rental assistance only while new supportive housing developments are financed through Housing Infrastructure Bonds provided in the State's Capital Investment Bill.

Homework Starts with Home: The Legislature approved two, one-time appropriations of \$2 million for the Rental Housing for Highly Mobile Students Initiative. The goal of the initiative was to create housing stability for children and their families that would ultimately lead to school success. We selected three administrators to provide the rental assistance and services in Minneapolis, St. Paul and Moorhead. An evaluation of this program found that

90 percent of households that received assistance were stably housed within two years. The students who achieved stable housing during the pilot had better attendance than homeless students statewide. In contrast, homeless students who did not receive rental assistance missed enough school to be considered chronically absent. Additionally, household income increased 15 percent during the program and some households went from homeless to homeowners in just over two years.

In evaluating the program we found that assessing needs and providing tiered assistance may be the most effective strategy for serving students and families experiencing homelessness. This research led to the Homework Starts with Home Initiative. In FY 2018-19 we received a one-time appropriation of \$2 million for the program, including \$1.75 million in rental assistance and \$250,000 for homelessness prevention assistance. In 2018, Minnesota Housing, the Heading Home Minnesota Funders Collaborative, the Office to Prevent and End Homelessness, and the Departments of Education and Human Services selected two grantees from greater Minnesota, two from the metro and one from the suburban metro to serve approximately 240 households over the next two years.

Bridges Program: Through the Bridges program, we provide rental assistance for households in which at least one adult member has a serious mental illness. Households with incomes below 50 percent of the area median income are eligible for this program (currently below \$42,900 for a four-person household in the metropolitan area and \$38,600 for a four-person household in much of the remainder of the state). We partner with the Department of Human Services to deliver this program. Households receive both rental assistance and assistance from a social service agency. Under this program, families can afford stable housing in the community until a federal Section 8 certificate or voucher or public housing becomes available. This program plays an important role in the state's Olmstead Plan, as it helps people with disabilities live, work and learn in the most integrated setting.

Our federal programs in this activity include:

Federal Housing Opportunities for Persons with AIDS (HOPWA) Program: Through the HOPWA Program we provide grants that can be used to meet the housing needs of persons with Acquired Immune Deficiency Syndrome (AIDS), HIV-positive status or related diseases and their families. The federal program authorizes grants for both housing assistance and services. Minnesota Housing's HOPWA funds are used for rental subsidies.

National Housing Trust Fund: The state received its first allocation of funding from the National Housing Trust Fund in federal fiscal year 2015 (\$3 million). This is the first year that states have received funding from this resource, which was established in 2008 and provided through a formula based on population. Funds are awarded to developments as part of our consolidated Request for Proposal process and are used for supportive housing and developments serving extremely low income households.

Section 811: This federal program provided funding to states for project-based rental assistance to create integrated, cost-effective supportive housing for people with disabilities. This allows persons with disabilities to live as independently as possible in the community. These funds were awarded to projects through our consolidated Request for Proposal process and we partner with the Department of Human Services on this program. Section 811 plays an important role in implementing the state's Olmstead Plan by creating new supportive housing opportunities across the state.

RESULTS

Through the programs under this budget activity, we provide a variety of resources to create supportive rental housing opportunities and serve people who have experienced homelessness or who have a disability. These programs keep some of Minnesota's most vulnerable citizens out of homelessness and institutions. To measure our performance in this activity, we track outcomes including housing stability and changes in income levels.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of people who remained in housing for at least a year or had a positive exit (moved to permanent affordable housing).	85%	84%	State FY2016 State FY 2017
Results	Percentage of households with increased income from entry to exit.	40%	40%	State FY2016, State FY 2017

M.S. 462A.201 (<https://www.revisor.mn.gov/statutes/?id=462A.201>) and M.S. 462A.2097 (<https://www.revisor.mn.gov/statutes/?id=462A.2097>) provide the legal authority for Minnesota Housing's supportive housing activities.

Supportive Housing

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
8000 - Housing Finance Agency	21,890	20,614	25,287	31,878	29,107	29,401	32,607	32,901
Total	21,890	20,614	25,287	31,878	29,107	29,401	32,607	32,901
Biennial Change				14,661		1,343		8,343
Biennial % Change				34		2		15
Governor's Change from Base								7,000
Governor's % Change from Base								12

Expenditures by Category

Operating Expenses	10	7	761	297	200	200	200	200
Grants, Aids and Subsidies	21,880	20,606	24,530	31,581	28,907	29,201	32,407	32,701
Other Financial Transaction			(4)					
Total	21,890	20,614	25,287	31,878	29,107	29,401	32,607	32,901

Supportive Housing

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	17,734	16,234	17,484	15,734	15,734	15,734	19,234	19,234
Transfers Out	17,734	16,234	17,484	15,734	15,734	15,734	19,234	19,234
8000 - Housing Finance Agency								
Balance Forward In	14,491	17,518	19,079	19,514	13,332	10,138	13,332	10,138
Receipts	1,425	1,811	2,819	4,289	4,599	4,893	4,599	4,893
Transfers In	28,596	25,363	27,903	27,238	30,348	33,553	33,848	37,053
Transfers Out	5,104	5,000	5,000	5,831	9,034	12,239	9,034	12,239
Balance Forward Out	17,518	19,079	19,514	13,332	10,138	6,944	10,138	6,944
Expenditures	21,890	20,614	25,287	31,878	29,107	29,401	32,607	32,901
Biennial Change in Expenditures				14,661		1,343		8,343
Biennial % Change in Expenditures				34		2		15
Governor's Change from Base								7,000
Governor's % Change from Base								12

Program: Prevent and End Homelessness

Activity: Homelessness Prevention

mnhousing.gov/

AT A GLANCE

- Assisted 6,914 households in 2017, including 60% households of color or Hispanic ethnicity
- Median annual household income of households assisted was \$12,000
- Services available in all 87 counties

All numbers are for Federal Fiscal Year 2017

PURPOSE & CONTEXT

When you lose your home, you lose your community—and the consequences of this major life disruption can last for decades. In Minnesota today, well over half of the lowest-income families in the state spend more than 50 percent of their income on their home costs.

Minnesota Housing programs provide housing and other assistance to households that are at risk of becoming homeless due to a crisis situation, extremely low incomes, and/or physical and mental health problems. This activity is an essential element of our efforts to prevent and end homelessness. Effectively ending homelessness means we need to prevent homelessness whenever possible.

SERVICES PROVIDED

Family Homeless Prevention and Assistance Program (FHPAP): Through FHPAP, we provide flexible grants to counties and nonprofit organizations to assist families with children, single adults or youth who are homeless or at imminent risk of homelessness. We currently fund 19 grantees that serve people in all 87 counties in Minnesota. Grantees use funds for a broad range of activities aimed at homelessness prevention, minimizing episodes of homelessness, and eliminating repeat episodes of homelessness. Grantees provide financial assistance such as security deposits, transportation and utility assistance, short-term rental assistance (also known as rapid rehousing) or mortgage payment assistance. Grantees may also provide referrals for social services or affordable rental housing. Nearly 48 percent of funds were used for support services and 45 percent of funds were used for direct cash assistance.

In 2016, the Legislature approved one-time funding for a Landlord Risk Mitigation Fund, which is being run as a pilot through the Family Homeless Prevention and Assistance Program. The fund provides financial assurance for landlords to encourage them to rent to people they might not normally consider, including people with criminal histories, people who have experienced homelessness, or people with mental illness. Landlords are able to make claims to the fund if they incur expenses beyond the amount of a tenant's security deposit, up to a certain dollar amount. The program is currently serving areas in central Minnesota, northeast Minnesota and suburban Hennepin County.

RESULTS

In order to measure the success of this program, we track the percentage of households served who are identified as at risk for homelessness and who do not return to shelter within 12 months. Data on homelessness comes from the Homeless Management Information System (HMIS).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of households who were identified as at risk for homelessness or were homeless, were served, and didn't return to a shelter within 12 months.	94%	94%	FFY2016, FFY2017

M.S. 462A.204 (<https://www.revisor.mn.gov/statutes/?id=462A.204>) provides the legal authority for the Family Homeless Prevention and Assistance Program.

Homelessness Prevention

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

8000 - Housing Finance Agency	8,478	8,652	8,768	9,153	8,519	8,519	10,519	10,519
Total	8,478	8,652	8,768	9,153	8,519	8,519	10,519	10,519
Biennial Change				791		(883)		3,117
Biennial % Change				5		(5)		17
Governor's Change from Base								4,000
Governor's % Change from Base								23

Expenditures by Category

Grants, Aids and Subsidies	8,478	8,652	8,768	9,153	8,519	8,519	10,519	10,519
Total	8,478	8,652	8,768	9,153	8,519	8,519	10,519	10,519

Homelessness Prevention

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	8,519	8,769	8,769	8,519	8,519	8,519	10,519	10,519
Transfers Out	8,519	8,769	8,769	8,519	8,519	8,519	10,519	10,519
8000 - Housing Finance Agency								
Balance Forward In	230	279	451	634				
Receipts	8	54	183					
Transfers In	8,519	8,769	8,769	8,519	8,519	8,519	10,519	10,519
Balance Forward Out	279	451	634					
Expenditures	8,478	8,652	8,768	9,153	8,519	8,519	10,519	10,519
Biennial Change in Expenditures				791		(883)		3,117
Biennial % Change in Expenditures				5		(5)		17
Governor's Change from Base								4,000
Governor's % Change from Base								23

Program: Homeownership Assistance

mnhousing.gov/

AT A GLANCE

- Helped 4,048 households buy homes with our loans in 2017
- Provided downpayment and closing cost assistance to 3,742 households
- Median annual income of households served with downpayment assistance is \$47,708
- More than one-third (35 percent) of households served are households of color or Hispanic ethnicity

All numbers are for Federal Fiscal Year 2017

PURPOSE & CONTEXT

We know homeownership is the primary driver for building wealth for low- and moderate-income households. Each year of successful homeownership adds nearly \$10,000 in household wealth. It also creates stability for families and stronger connections within our communities.

Minnesota Housing provides loans for some of the upfront funds needed to purchase a home. Many moderate-income households have sufficient income to make monthly mortgage payments, but lack the wealth necessary for a downpayment and closing costs. This activity helps finance a portion of these costs and makes it possible for these families to purchase a home.

SERVICES PROVIDED

The goal of this activity is to help moderate-income households become successful homeowners. Minnesota has one of the nation's highest rates of homeownership (more than 70 percent), while at the same time it has the fifth worst disparity in homeownership rates between white households and households of color. A lack of the money available for entry costs – including downpayment and closing costs – contributes to the homeownership gap. Other reasons for the gap include credit and lending practices, cultural factors, and discrimination. Currently, over 64,000 renter households of color in Minnesota have the income they need to potentially buy a home and are within the prime homebuying age range. We're helping start these households on the path to homeownership through our mortgage programs, marketing and outreach, homebuyer education, and assistance with downpayment and closing costs.

Homeownership Assistance Fund: Through the Homeownership Assistance Fund, we provide between \$5,000 and \$7,500 in assistance to first-time homebuyers to use toward downpayment and closing costs. We provide the assistance in the form of a second mortgage with no interest. We defer repayment of the loan, and in some cases it may be forgiven. In cases such as a sale or refinance, the loan is repaid to Minnesota Housing. Homebuyers with incomes at or below 60 percent of the area median income are eligible for assistance. In the Twin Cities and Rochester metropolitan areas, this is currently a maximum household income of \$68,000 per year. In Greater Minnesota, the income limit is currently \$61,000 per year.

Homebuyers who receive assistance under the Homeownership Assistance Fund are required to participate in homebuyer education, have a credit score of at least 640 and provide minimum cash investment. Our network of private lenders delivers the downpayment loan programs directly to homebuyers. Minnesota Housing supplements state appropriations with agency resources when possible, and also provides downpayment and closing cost assistance in the form of a monthly payment loan to borrowers with slightly higher incomes.

RESULTS

To track our outcomes under this budget activity, we examine the percentage of loans issued to households of color and Hispanic ethnicity as well as how many of our homebuyers use our downpayment loan programs.

For reference, as of 2016, 34% of households income eligible to buy a home are households of color. We made 33% of our first-time homebuyer loans to households of color or Hispanic ethnicity in Federal Fiscal Year 2016 and 35% in Federal Fiscal Year 2017. By comparison, according to Home Mortgage Disclosure Act (HMDA) data, lending to households of color as a percentage of all mortgage activity in the overall mortgage market was only 14% in 2016.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of Minnesota Housing loans for first-time homebuyers issued to households of color or Hispanic origin.	32%	33%	FFY2016, FFY2017
Quality	Percentage of downpayment assistance provided to households of color or Hispanic origin.	34%	35%	FFY2016, FFY2017
Results	Percentage of homebuyer loans that included downpayment assistance.	88%	93%	FFY2016, FFY2017

M.S. 462A.21, subd.8 (<https://www.revisor.mn.gov/statutes/?id=462A.21>) provides the legal authority for Minnesota Housing's Homeownership Assistance Fund.

Homeownership Assistance

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<i>Expenditures by Fund</i>								
8000 - Housing Finance Agency	3,388	2,578	6,942	4,339	3,885	3,885	3,885	3,885
Total	3,388	2,578	6,942	4,339	3,885	3,885	3,885	3,885
Biennial Change				5,315		(3,511)		(3,511)
Biennial % Change				89		(31)		(31)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Homeownership Assistance	3,388	2,578	6,942	4,339	3,885	3,885	3,885	3,885
Total	3,388	2,578	6,942	4,339	3,885	3,885	3,885	3,885

Expenditures by Category

Operating Expenses	1		1					
Other Financial Transaction	3,387	2,578	6,941	4,339	3,885	3,885	3,885	3,885
Total	3,388	2,578	6,942	4,339	3,885	3,885	3,885	3,885

Homeownership Assistance

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	885	885	885	885	885	885	885	885
Transfers Out	885	885	885	885	885	885	885	885
8000 - Housing Finance Agency								
Balance Forward In	832	979	2,928	454				
Receipts	2,650	3,641	3,582	3,000	3,000	3,000	3,000	3,000
Transfers In	885	885	885	885	885	885	885	885
Balance Forward Out	979	2,928	454					
Expenditures	3,388	2,578	6,942	4,339	3,885	3,885	3,885	3,885
Biennial Change in Expenditures				5,315		(3,511)		(3,511)
Biennial % Change in Expenditures				89		(31)		(31)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Preservation

Activity: Rental Preservation and Rehabilitation

mnhousing.gov/

AT A GLANCE

- Preserved 2,569 federally assisted units
- There are 114,000 rental homes that have received public investment
- Of Minnesota's roughly 30,000 project-based Section 8 units, over 15,000 are in projects with a contract that will expire in the next 10 years
- 60.7% of households assisted are households of color or Hispanic ethnicity.

All measures are for FFY2017

PURPOSE & CONTEXT

The most cost-effective way to provide homes that are affordable to most Minnesotans is to preserve our existing stock. This is particularly true as the growing demand outpaces new supply and the tight market drives home prices higher. Minnesota has around 366,000 apartments priced at a level that families who earn half the local median income can afford to rent. Naturally occurring affordable rental units (rental homes on the private market that are relatively low in price because of condition, location, lack of amenities, or other market factors) account for over 200,000 of the 366,000 total affordable rental units in Minnesota. We estimate that Minnesota is losing roughly 2,000 naturally occurring affordable rental units per year as low-priced properties are sold and improved, which leads to rent increases.

Minnesota has approximately 114,000 units of rental housing that have received or currently receive federal assistance to keep the units affordable. This represents about five percent of the homes in Minnesota, but they play a vital role in serving the lowest-income households. These include project-based Section 8 properties, USDA Rural Development properties, public housing, and other federally funded properties. These properties are located throughout the state, in large and small communities alike. The affordable housing stock is an essential part of communities' infrastructure, and its preservation is critical to communities' continued vitality. As these properties age, or as the subsidy contracts and regulatory agreements expire, there is a risk that these units may be lost due to physical deterioration or diminished capacity of the owner. There is additional risk that some properties may convert to market rate housing and no longer be affordable for low-income residents.

Thirty thousand (30,000) of these affordable housing units are federally subsidized through the Section 8 program. Section 8 housing is among the most affordable housing available because the tenant is required to pay only 30 percent of household income towards rent. The federal government makes up the difference between the tenant's contribution and an agreed upon contract rent. This is a critical benefit because the median income of Section 8 households is just \$12,000. Another 7,000 privately-owned affordable housing units are federally subsidized through USDA Rural Development, which operates on a similar basis.

Through rental preservation and rehabilitation, Minnesota Housing provides funding for the rehabilitation, repair and stabilization of aging federally assisted rental housing and naturally affordable, unsubsidized rental housing.

SERVICES PROVIDED

Affordable Rental Investment Fund – Preservation (PARIF): Through the PARIF program, we ensure that the health, safety and quality of critical federally assisted affordable housing stock are maintained for low-income

residents well into the future. The Section 8 and USDA Rural Development portfolios were developed primarily from the 1960s to the 1980s. Due to the age of the housing stock, rents may not be able to keep up with the physical demands of the properties. The properties need large injections of capital through PARIF to make physical improvements so that the properties can remain intact and affordable for decades into the future.

In exchange for receiving funding from Minnesota Housing, owners must agree to continue participating in the federal rental assistance program (Section 8 or USDA Rural Development) for the maximum term available.

Rental Rehabilitation Deferred Loan Program: A significant portion of the naturally occurring affordable housing owners in Greater Minnesota struggle to finance major capital improvements and repairs. We provide capital assistance to the owners of naturally occurring affordable housing through the Rental Rehabilitation Deferred Loan Program, which is funded through state appropriations. Through local administrators, we fund capital repairs to housing to keep it in good condition. In exchange for receiving funding from Minnesota Housing, owners of naturally occurring affordable housing agree to maintain rents at affordable levels. A priority is to serve developments with 1-4 units of housing, since that type of building represents nearly 50 percent of the housing stock in Greater Minnesota.

Other Programs and Initiatives: Using agency resources, we also invested in a Naturally Occurring Affordable Housing (NOAH) Impact Fund administered by Greater Minnesota Housing Fund. The fund finances the acquisition and preservation of naturally affordable rental housing to preserve the affordability of such homes for the long term. All investments target rental properties at risk of conversion to higher rents and the threat of displacement of low- and moderate-income residents. We also fund preservation activities through the federally-funded HOME program. Historically, HOME resources administered by Minnesota Housing have been used for preservation. Through the State's Capital Investment bill, we receive resources to preserve and rehab public housing.

RESULTS

Preservation of existing affordable rental housing is one of our five strategic priorities. It is essential that we preserve existing affordable housing so that it is not lost due to deterioration or owners opting out of federal programs. We measure our results by reviewing the number of federally assisted rental units that are preserved and the median income of the households we serve.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of federally assisted rental units preserved.	3,096	1,715	FFY2016, FFY2017
Quantity	Median income of households served.	\$12,246	\$12,177	FFY2016, FFY2017

M.S. 462A.21, subd.8b (<https://www.revisor.mn.gov/statutes/?id=462A.21>) provides the legal authority for the PARIF program. M.S. 462A.33 (<https://www.revisor.mn.gov/statutes/?id=462A.33>) and 462A.05, subd. 14A (<https://www.revisor.mn.gov/statutes/?id=462A.05>) provide the legal authority for the Rental Rehabilitation Deferred Loan program. Federal HOME funds fund the HOME Affordable Rental Preservation Program.

Rental Preservation and Rehab

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
8000 - Housing Finance Agency	21,840	5,421	21,536	28,750	23,528	23,528	23,528	23,528
Total	21,840	5,421	21,536	28,750	23,528	23,528	23,528	23,528
Biennial Change				23,024		(3,230)		(3,230)
Biennial % Change				84		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses		21	3	25	20	20	20	20
Other Financial Transaction	21,840	5,400	21,533	28,725	23,508	23,508	23,508	23,508
Total	21,840	5,421	21,536	28,750	23,528	23,528	23,528	23,528

Rental Preservation and Rehab

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	7,961	7,961	7,961	7,961	7,961	7,961	7,961	7,961
Transfers Out	7,961	7,961	7,961	7,961	7,961	7,961	7,961	7,961
8000 - Housing Finance Agency								
Balance Forward In	28,985	28,570	38,334	42,656	30,367	24,328	30,367	24,328
Receipts	13,464	7,225	17,895	8,500	9,528	9,528	9,528	9,528
Transfers In	7,961	7,961	7,961	7,961	7,961	7,961	7,961	7,961
Balance Forward Out	28,570	38,334	42,655	30,367	24,328	18,289	24,328	18,289
Expenditures	21,840	5,421	21,536	28,750	23,528	23,528	23,528	23,528
Biennial Change in Expenditures				23,024		(3,230)		(3,230)
Biennial % Change in Expenditures				84		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Preservation

Activity: Homeownership Rehabilitation

mnhousing.gov/

AT A GLANCE

- Assisted 260 homeowners in 2017
- Median annual income of households served is \$14,286
- Fifty-two percent of homeowners served reside in Greater Minnesota

All numbers are for Federal Fiscal Year 2017

PURPOSE & CONTEXT

Minnesota has a strong supply of existing owned and rented homes that families and individuals can afford. Three-quarters of the owner-occupied homes in the state are valued at under \$250,000—a level generally considered affordable in today’s market—and 38 percent are valued at \$150,000 or less.

Maintaining older homes often requires rehabilitation or modernization, but these updates are almost always less expensive than building new homes – frequently less than half the cost. Home rehabilitation helps homeowners remain in their homes for a lower cost than buying and moving to a comparable property.

This is particularly true for senior homeowners. A recent study by Wilder Research found that 16,400 extremely low-income senior households (households at or below 30 percent of their area’s median income) have home rehabilitation needs, including both habitability repairs and accessibility improvements. For an estimated cost of just \$16,000 per home, these seniors would be able to stay in their own rehabilitated homes and their communities for another five years. Compared to the cost of assisted-living alternatives, this cost is minimal, and studies show that most seniors prefer to age in place.

Minnesota Housing provides loans to maintain or restore owner-occupied housing to decent and safe conditions. We serve homeowners who often have incomes that are too low to qualify for loans in the private sector.

SERVICES PROVIDED

For lower income homeowners, the most affordable housing choice and typically the most preferred, is often to remain in their home. Through the owner-occupied Rehabilitation Loan Program we provide no-interest forgivable loans of up to \$27,000 for very low income households. The income limit for a two-person household is \$19,900 per year. We forgive the loans after 15 years if the home remains the homeowner’s primary residence. Local units of government and nonprofit organizations, including Community Action Agencies, deliver this program to homeowners. Homeowners may use loans for health, safety, accessibility and energy efficiency improvements.

This activity allows senior households or households with a person with a disability to avoid or delay costly institutionalization by addressing safety or accessibility housing needs. It also helps very low income homeowners retain homeownership by using loan funds to make energy conservation improvements, and health and safety improvements. Many aspects of housing have an impact on residents’ health, including lead paint, radon, mold, poor ventilation and deferred maintenance.

Minnesota Housing supplements state appropriations with agency resources for this program when possible because need greatly exceeds appropriated resources.

RESULTS

We track the number of seniors and the number of households with a person with a disability served in order to measure outcomes of this program. We also examine the number of people most in need – those earning less than 30 percent of HUD area median income – who receive rehabilitation loans in order to measure the program's success.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of households most in need (less than 30% of median income) that received rehabilitation loans.	70%	60%	FFY2016, FFY2017
Results	Percentage of rehab loans provided to seniors.	34%	42%	FFY 2016, FFY2017
Results	Percentage of rehab loans to households that identified as having at least one household member with a disability.	42%	32%	FFY2016, FFY2017

M.S. 462A.05, subd. 14 (<https://www.revisor.mn.gov/statutes/?id=462A.05>) provides the legal authority for the Rehabilitation Loan Program.

Homeowner Rehabilitation

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

8000 - Housing Finance Agency	3,723	3,916	3,724	5,550	3,772	3,772	4,272	4,272
Total	3,723	3,916	3,724	5,550	3,772	3,772	4,272	4,272
Biennial Change				1,636		(1,730)		(730)
Biennial % Change				21		(19)		(8)
Governor's Change from Base								1,000
Governor's % Change from Base								13

Expenditures by Category

Operating Expenses	79	85	100	100	100	100	100	100
Grants, Aids and Subsidies	365	393	346	450	400	400	458	458
Other Financial Transaction	3,279	3,437	3,278	5,000	3,272	3,272	3,714	3,714
Total	3,723	3,916	3,724	5,550	3,772	3,772	4,272	4,272

Homeowner Rehabilitation

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	2,772	2,772	2,772	2,772	2,772	2,772	3,272	3,272
Transfers Out	2,772	2,772	2,772	2,772	2,772	2,772	3,272	3,272
8000 - Housing Finance Agency								
Balance Forward In	2,492	2,656	2,594	2,968	1,190	1,190	1,190	1,190
Receipts	1,116	1,082	1,326	1,000	1,000	1,000	1,000	1,000
Transfers In	2,772	2,772	2,772	2,772	2,772	2,772	3,272	3,272
Balance Forward Out	2,656	2,594	2,968	1,190	1,190	1,190	1,190	1,190
Expenditures	3,723	3,916	3,724	5,550	3,772	3,772	4,272	4,272
Biennial Change in Expenditures				1,636		(1,730)		(730)
Biennial % Change in Expenditures				21		(19)		(8)
Governor's Change from Base								1,000
Governor's % Change from Base								13

Program: Preservation

Activity: Project-Based Rental Assistance

mnhousing.gov/

AT A GLANCE

- Assisted nearly than 31,000 households
- Median annual income of households served is \$12,000
- Forty-five percent of the households served are elderly and 31 percent are disabled

All numbers FFY2017

PURPOSE & CONTEXT

Minnesota Housing preserves existing affordable housing stock by effectively administering and monitoring federal housing assistance payment contracts on behalf of the federal government. The U.S. Department of Housing and Urban Development entered into contracts with property owners to provide rental assistance for families with incomes less than 80 percent of the area median income. No new development has been funded under this program since the mid-1980s; however, under existing contracts, tenants pay no more than 30 percent of their income in rent. These tenants are among the lowest income of any served by Minnesota Housing, with a median income of \$12,000.

SERVICES PROVIDED

Under this activity, Minnesota Housing manages three separate federal rental assistance programs with similar, but not identical, administrative requirements. The federal programs are Section 8 performance based contract administration, Section 8 traditional contract administration and Section 236. Private owners of these buildings receive subsidies from HUD under each of these programs. The functions provided by Minnesota Housing staff under this program include:

- Analyzing and reviewing tenant data necessary to determine subsidy levels,
- Processing annual rent adjustments,
- Performing annual management and occupancy reviews, including a physical inspection, and
- Responding to tenant concerns.

These activities are required in order for property owners to receive their federal subsidy from HUD in a timely manner. The HUD subsidy ensures the proper maintenance of the housing while keeping rents affordable for the lowest income Minnesotans.

RESULTS

Minnesota Housing has received incentive fees from HUD for its customer service and performance in administering Project-Based Section 8 contracts. The incentive fees reflect the agency's efficiency and effectiveness in administering the Project-Based Section 8 contracts and in providing superior customer service to Section 8 customers. In addition to the incentive fees, we measure our performance by examining the percentage of Section 8 units that could potentially convert to unassisted units, but whose contracts are preserved through one-, five-, 10-, and 20-year renewals.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of Section 8 rental units at risk of converting to market-rate rents that are renewed.	99%	99%	FFY2016, FFY2017

Minnesota Housing is selected by HUD to administer contracts under this program.

Project Based Rental Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

8000 - Housing Finance Agency	186,222	188,479	188,185	192,289	194,422	194,422	194,422	194,422
Total	186,222	188,479	188,185	192,289	194,422	194,422	194,422	194,422
Biennial Change				5,773		8,370		8,370
Biennial % Change				2		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	186,222	188,479	188,185	192,289	194,422	194,422	194,422	194,422
Total	186,222	188,479	188,185	192,289	194,422	194,422	194,422	194,422

Project Based Rental Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
8000 - Housing Finance Agency								
Balance Forward In	1	1	2	2				
Receipts	186,222	188,479	188,185	192,287	194,422	194,422	194,422	194,422
Balance Forward Out	1	2	2					
Expenditures	186,222	188,479	188,185	192,289	194,422	194,422	194,422	194,422
Biennial Change in Expenditures				5,773		8,370		8,370
Biennial % Change in Expenditures				2		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Resident and Organization Support

mnhousing.gov/

AT A GLANCE

- Assisted 18,283 households with Homebuyer Education, Counseling and Training in 2017
- Median income of households served is \$36,000
- 295 organizations locally administer one or more of Minnesota Housing's programs

All numbers are for Federal Fiscal Year 2017

PURPOSE & CONTEXT

Minnesota Housing supports the infrastructure necessary for organizations to effectively deliver affordable housing throughout the state. Through the activities under this program, we serve a variety of individuals and organizations to help ensure that affordable housing is maintained and that our partners serve diverse geographic and cultural communities.

SERVICES PROVIDED

We rely on a robust network of partners to deliver many of our programs. Through resident and organization support, we provide resources to a statewide network of housing counseling organizations that assist homeowners at risk of foreclosure and homebuyers purchasing a home. We also provide assistance to nonprofits to help with regional planning and coordinating activities.

Homebuyer Education, Counseling and Training Program: Through the Homebuyer Education, Counseling and Training (HECAT) program, Minnesota Housing works in collaboration with a network of housing counseling organizations. Together we have designed a comprehensive statewide delivery network for homebuyer training and education. This network is overseen by the Minnesota Home Ownership Center, which is a nonprofit organization based in St. Paul. The homebuyer training network receives support from state and federal appropriations as well as lending institutions and foundations. We award grants to qualified nonprofit counseling organizations through a competitive Request for Proposal process. The organizations provide both pre-purchase and post-purchase counseling for low- and moderate- income first-time homebuyers. We also provide funding for foreclosure prevention counseling to help homeowners avoid foreclosure whenever possible.

Capacity Building Program: Capacity Building funds help organizations expand their ability to deliver our programs and reach diverse geographic and cultural communities. The Capacity Building Program supports a range of organizations and initiatives, including the Continuums of Care that ensure communities in Greater Minnesota have access to federal resources to prevent and end homelessness. The program also supports geographic and cultural community based nonprofit developers and service providers who help communities deploy state and federal programs and compete for development dollars.

Manufactured Home Relocation Trust Fund: The Minnesota Manufactured Housing Relocation Trust Fund was created in 2007 by the Minnesota Legislature to provide participating homeowners in manufactured home parks with compensation in the event that all or part of their manufactured home park closes. The Act requires manufactured home park owners to make payments to the Trust Fund (via Minnesota Management and Budget) when a manufactured home park is being closed or the land will no longer be used as a manufactured home park. Minnesota Housing then processes requests and payments to homeowners relocating from closed parks.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Foreclosures prevented as a percentage of closed counseling cases.	66%	73%	FFY2016, FFY2017
Results	Federal funds leveraged for Continuum of Care organizations per dollar of state money spent.	\$118	\$118	FFY2015, FFY2016

Funding for this program comes from state appropriations to the Homeownership, Education Counseling and Training Program (M.S. 462A.209, <https://www.revisor.mn.gov/statutes/?id=462A.209>) the Nonprofit Capacity Building Grant Program (M.S. 462A.21, Subd. 3b, <https://www.revisor.mn.gov/statutes/?id=462A.21>) and the Manufactured Home Relocation Trust Fund (M.S. 462A.35, <https://www.revisor.mn.gov/statutes/?id=462A.35>).

Resident and Organization Supp

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
8000 - Housing Finance Agency	3,461	4,764	3,384	4,385	3,865	3,865	4,865	4,865
Total	3,461	4,764	3,384	4,385	3,865	3,865	4,865	4,865
Biennial Change				(456)		(39)		1,961
Biennial % Change				(6)		(1)		25
Governor's Change from Base								2,000
Governor's % Change from Base								26

Expenditures by Activity

Resident and Organization Supp	3,461	4,764	3,384	4,385	3,865	3,865	4,865	4,865
Total	3,461	4,764	3,384	4,385	3,865	3,865	4,865	4,865

Expenditures by Category

Operating Expenses	2,298	2,427	1,971	2,423	2,267	2,267	2,267	2,267
Grants, Aids and Subsidies	1,163	2,337	1,395	1,962	1,598	1,598	2,598	2,598
Other Financial Transaction			17					
Total	3,461	4,764	3,384	4,385	3,865	3,865	4,865	4,865

Resident and Organization Supp

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	1,502	2,002	2,002	2,002	2,002	2,002	3,002	3,002
Transfers In		33						
Transfers Out	1,502	2,002	2,002	2,002	2,002	2,002	3,002	3,002
Cancellations		33						
8000 - Housing Finance Agency								
Balance Forward In	1,817	1,547	818	1,157	680	680	680	680
Receipts	1,685	2,064	1,333	1,467	1,450	1,450	1,450	1,450
Transfers In	1,506	2,002	2,389	2,441	2,415	2,415	3,415	3,415
Transfers Out		33						
Balance Forward Out	1,547	816	1,156	680	680	680	680	680
Expenditures	3,461	4,764	3,384	4,385	3,865	3,865	4,865	4,865
Biennial Change in Expenditures				(456)		(39)		1,961
Biennial % Change in Expenditures				(6)		(1)		25
Governor's Change from Base								2,000
Governor's % Change from Base								26

Program: Administration

mnhousing.gov/

AT A GLANCE

- Minnesota Housing holds AA+ and Aa1 credit ratings from Standard & Poor's and Moody's
- We provide more than \$1 billion each year to help Minnesotans live in safe, stable, affordable homes

PURPOSE & CONTEXT

Minnesota Housing does not own or operate any housing, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing. Homebuyers, homeowners and renters with low- to moderate- incomes benefit from the administration and management of our wide range of programs.

SERVICES PROVIDED

We have two primary business divisions (Single Family and Multifamily) that conduct a variety of activities in order to administer state and federal programs. Along with a Finance Division that manages the agency's finances and assets, we have several other support divisions.

Single Family Division: The single family division implements our homeownership, homeowner and community development programs. Their activities include: monitoring homeownership lenders, working with home improvement partners, administering downpayment and closing cost assistance programs, processing loan reservations and disbursements, and compliance monitoring.

Multifamily Division: The multifamily division reviews and oversees multifamily rental properties. Their activities include: underwriting multifamily developments, overseeing construction and initial rent-up, overseeing long-term asset management and oversight of troubled properties. The multifamily division also monitors properties to ensure compliance with federal programs, including: Section 8, Section 236, low-income housing tax credits and the HOME program. The multifamily division manages our rental development, rental preservation, supportive housing and homelessness prevention programs.

Finance: The finance team is responsible for managing the agency's investments and debt and for overseeing the agency's bond sales. As of June 30, 2017 we had more than \$3.5 billion in assets. Our bond issuer ratings were AA+ and Aa1 from Standard and Poor's Rating Services and Moody's Investor Services, Inc. respectively. Our credit ratings are separate from and are not directly dependent on ratings on debt issued by the State of Minnesota.

Support Divisions: In addition to our two primary business divisions and the finance division, Minnesota Housing has a number of support divisions, including: Business and Technology Support, Policy and Community Development, Communications, Planning and Administration, and Legal and Risk Management.

RESULTS

In setting an administrative budget, we seek a balance between maximizing agency resources available for housing needs and investing in adequate staff and technology to ensure efficient operations, appropriate oversight and quality housing. Our total operating costs, as a percentage of assistance provided, typically does not exceed 5 percent.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Operating costs as a percentage of assistance provided.	2.82%	3.19%	FFY2016, FFY2017

M.S. 462A (<https://www.revisor.mn.gov/statutes/?id=462A>) provides the legal authority for Minnesota Housing.

Administration

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

8000 - Housing Finance Agency	30,471	35,431	35,631	38,413	39,197	39,929	39,197	39,929
Total	30,471	35,431	35,631	38,413	39,197	39,929	39,197	39,929
Biennial Change				8,142		5,082		5,082
Biennial % Change				12		7		7
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Administration - Housing	30,471	35,431	35,631	38,413	39,197	39,929	39,197	39,929
Total	30,471	35,431	35,631	38,413	39,197	39,929	39,197	39,929

Expenditures by Category

Compensation	23,948	25,447	26,863	28,615	29,316	30,034	29,316	30,034
Operating Expenses	6,321	8,334	8,613	9,798	9,881	9,895	9,881	9,895
Capital Outlay-Real Property		3						
Other Financial Transaction	201	1,646	155					
Total	30,471	35,431	35,631	38,413	39,197	39,929	39,197	39,929

Full-Time Equivalents

237.03	243.23	248.69	252.00	252.00	252.00	252.00	252.00
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Administration

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
8000 - Housing Finance Agency								
Balance Forward In	85,643	80,800	86,460	89,712	91,506	91,247	91,506	91,247
Receipts	24,365	40,181	37,736	39,010	37,741	37,741	37,741	37,741
Transfers In	1,417	1,845	1,269	2,527	1,869	1,869	1,869	1,869
Transfers Out	157	1,021	122	1,330	672	672	672	672
Balance Forward Out	80,798	86,374	89,712	91,506	91,247	90,256	91,247	90,256
Expenditures	30,471	35,431	35,631	38,413	39,197	39,929	39,197	39,929
Biennial Change in Expenditures				8,142		5,082		5,082
Biennial % Change in Expenditures				12		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	237.03	243.23	248.69	252.00	252.00	252.00	252.00	252.00

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
HUD - 14.228	Neighborhood Stabilization Program – Community foreclosure recovery through single family housing acquisition, rehab and resale	No	491	1,692	0	0	No	1.25
HUD -14.241	HOPWA - Housing Opportunities for People With AIDS – Housing assistance for people with AIDS.	No	150	200	200	200	No	.50
HUD - 14.326	Section 811 Rental Assistance , rental assistance for homeless households	No	951	897	1,100	1,100	No	1.50
HUD – 14.275	National Housing Trust Fund – Affordable housing production for extremely low income households.	Yes	392	2,900	3,007	3,301	No	2.00
HUD - 14.195	Section 8 – Agency Portfolio – Asset and compliance management of rental housing	No	49,293	50,002	50,000	50,000	No	10.00
HUD - 14.327	Section 8 – Contract Administration – Asset and compliance management of rental housing, on behalf of HUD	No	138,892	142,287	144,422	144,422	No	25.00
HUD – 14.239	HOME Investment Partnership – Affordable housing production for low income households.	No	10,829	9,500	8,778	8,778	Match	5.50
HUD - 14.169	National Foreclosure Mitigation Counseling – Housing counseling for homeowners facing foreclosure.	No	167	37	0	0	Match	.50
	Federal Fund – Agency Total		201,165	207,515	207,507	207,801		

Narrative

Federal resources comprise approximately 20 percent of housing program activities for the agency. The awards fit within several program areas of the agency, from rental housing production (new construction and rehabilitation), to rental assistance contract administration, to housing counseling, and resources to prevent and end homelessness.

Minnesota Housing receives federal funds that flow through a variety of channels:

- **Formula based direct appropriations** – Currently direct appropriations (which don't require competitive application) are through the HOME Investment Partnerships, HOPWA, the National Housing Trust Fund programs, and previously the Neighborhood Stabilization Program.
- **Fees and resources for rental assistance contract administration** – Section 8 agency and HUD portfolios HUD Performance Based Contract Administration is competitively awarded and generates revenue based on performance. The Agency portfolio receives funding directly from HUD.
- **Program specific grants** – Section 811 Rental Assistance, and National Foreclosure Mitigation Counseling, both competitively applied for by the agency.

One key trend affecting these awards includes two awards above that are sun-setting and thus we will not see additional grants. The first is the Neighborhood Stabilization Program, which was a temporary program through HUD to aid in community recovery in the wake of the foreclosure crisis. The second is the National Foreclosure Mitigation Counseling program, which was another program through HUD to address the nationwide foreclosure crisis.

Another key trend is the transition between the Section 8 agency portfolio (Traditional Contract Administration) and the HUD portfolio that the agency administers via Performance Based Contract Administration). Over time, developments will transition from the TCA to the PBCA portfolio, per HUD's instruction.

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Minnesota Department of Human Rights

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AT A GLANCE

- The Minnesota Department of Human Rights (MDHR) investigates discrimination complaints; ensures equal employment opportunities and equal pay on state contracts; enforces the “Ban the Box” law for private employers; and facilitates education and dialogue on eliminating discrimination and disparate treatment throughout Minnesota.
- MDHR serves vulnerable Minnesotans who have experienced discrimination, are seeking opportunities in employment, and equal access to public services.
- In 2017, MDHR completed 529 discrimination investigations, while opening 698 new cases. These increased case filings reflect increased outreach and growing public confidence in the Department’s work. Disability discrimination is the most common charge and a growing area of MDHR’s work.
- 78% of cases were less than one year old; 155 cases were over one year at the end of 2017.
- At the end of 2017, the average time to close a case was 369 days.
- Workforce inclusion efforts have demonstrated successful outcomes, with recent high profile examples that include the Vikings Stadium Project and the Capitol Restoration Project. In 2017, the Department raised Workforce Inclusion Goals for women statewide, helping to ensure opportunities for women and people of color on state funded projects.
- The Department has taken on issues of systemic discrimination based on disability and race in school discipline practices, with the intent of having schools where all kids can learn safely.
- The Department has lead state government civic engagement efforts as part of Governor Dayton’s Diversity and Inclusion Council; executed tribal consultation agreements; participated as a member of the Interagency Council on Homelessness; and conducts education and outreach statewide in cities, including Duluth, Worthington, St. Cloud, and Albert Lea.

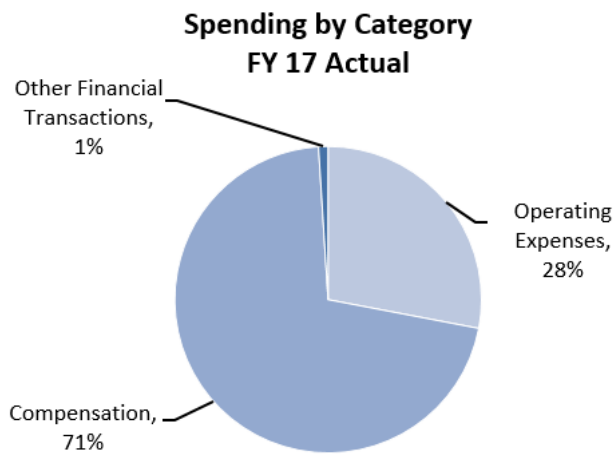
PURPOSE

The mission of the Minnesota Department of Human Rights (“MDHR” or the “Department”) is to eliminate discrimination in education, employment, housing and real property; in public accommodations; and in the delivery of public services. Discrimination threatens the rights and privileges of the citizens of the state and menaces the institutions and foundations of our democracy. The Minnesota Human Rights Act protects all Minnesotans from discrimination in employment, housing, public services, public accommodations, and education.

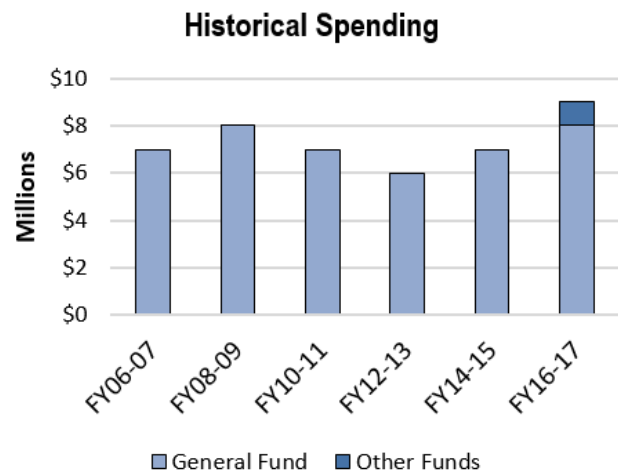
MDHR supports the following statewide outcomes:

- **Reducing race, gender, and other disparities**
- **A thriving economy that encourages business growth and employment opportunities**
- **Expand economic opportunities and eliminate disparities for Minnesotans of color**
- **Minnesotans have the education and skills needed to achieve their goals**
- **People in Minnesota are safe**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Department's budget primarily comes from the State's General Fund, with a small amount of additional revenue generated from issuing Equal Pay and Workforce certificates to state contractors and fees from educational offerings. The Department receives approximately \$300,000 annually under a workshare agreement with the Equal Employment Opportunity Commission (EEOC), as payment for investigation of employment discrimination cases. The vast majority of the Department's expenses (over 90%) are spent on payroll, rent and IT expenses.

STRATEGIES

The work of the Department falls into three broad areas:

- Investigate Claims of Discrimination and Disparate Impact:** Since its establishment in 1967, the Department has been responsible for drafting and investigating complaints, and drafting determinations as to whether probable cause exists that discrimination has occurred. When the Department finds probable cause of discrimination we attempt to conciliate a settlement between the parties that will resolve the discriminatory practices, make the charging party whole, avoid future instances of discrimination, and avoid litigation. On January 1, 2014, the Department became responsible for enforcing the Private Employer Ban the Box law. The law limits the timing of when an employer can request criminal background information from a job applicant. This ensures that individuals with criminal records who are reentering the community can compete for employment, which helps to reduce recidivism and racial disparities. The Department conducted presentations around the state and provided technical assistance to numerous employers to aid in compliance. In 2016 and 2017, the Department conducted 160 Ban the Box investigations.
- Ensure Equal Employment Opportunity with State Contractors:** The Department issues workforce certificates of compliance to large state contract vendors. This ensures that such vendors comply with federal and state equal employment opportunity laws. The Department also monitors the good faith efforts of state contract vendors with a workforce certificate to implement equal employment opportunities. On August 1, 2014, the Department became responsible for issuing equal pay certificates of compliance to large state contract vendors and for ensuring that such vendors comply with federal and state equal pay and anti-discrimination laws. This resulted in the Department issuing 481 Equal Pay Certificates to Minnesota's largest contractors in 2016 and 2017.
- Facilitate Education & Dialogue to Eliminate Discriminatory Practices & Disparate Treatment:** The Department facilitates conversations between Minnesotans to find solutions to overt and subtle discriminatory practices and systems that frustrate individuals as they seek to fully participate in our democracy. The Department has supported inter-agency work on the implementation of the state's Tribal

Consultation Policy and initiative to end homelessness. The Department has also worked with the Department of Education on school bullying issues.

MDHR emphasizes several strategies to deliver its mission and support statewide outcomes. These strategies include:

- Timely and thorough investigations of all charges of discrimination
- Investigation of “Ban the Box” law violations for private employers
- Timely responses to workforce and equal pay certificate applications
- Reviewing of contract vendor practices to ensure equal employment opportunity; equal pay compliance; and non-discriminatory wage and benefit compensation
- Facilitation of dialogue among key stakeholders to eliminate discrimination, disparate practices and disparate outcomes

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Investigative Memorandums completed	568	529	2016 to 2017
Quality	Average Number of Days to Complete a No Probable Cause Determination	295	387	2016 to 2017
Quantity	Total Number of Charges Filed	705	698	2016 to 2017
Quantity	Number of Probable Cause Determinations that the Human Rights Act had been violated	48	50	2016 to 2017
Quality	Workforce Certificate Response Within 15 days	100%	100%	2016 to 2017
Quantity	Number of Workforce Certificates Issued	201	383	2016 to 2017
Quantity	Number of Workforce Compliance Audits	160	236	2016 to 2017
Quantity	Number of Equal Pay Certificates Issued	214	267	2016 to 2017
Quantity	Number of Equal Pay Compliance Audits	12	72	2016 to 2017
Quantity	“Ban the Box” Violation letters sent	96	64	2016 to 2017
Quantity	“Ban the Box” Fines Issued	0	0	2016 to 2017

The Minnesota Department of Human Rights is authorized under Minnesota Statutes, Chapter 363A
<https://www.revisor.mn.gov/statutes/?id=363A>.

Ban the Box for Private Employers and MDHR’s jurisdiction is authorized under Minnesota Statutes, Chapter 364
<https://www.revisor.mn.gov/statutes/cite/364>

Human Rights

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,300	4,252	4,085	4,861	4,578	4,578	6,404	6,681
2000 - Restrict Misc Special Revenue	472	139	433	459	303	178	303	178
2001 - Other Misc Special Revenue			10					
2403 - Gift	26	0	2	6	6	6	6	6
3000 - Federal		283	350	430	424	430	424	430
Total	3,798	4,675	4,880	5,756	5,311	5,192	7,137	7,295
Biennial Change				2,163		(133)		3,796
Biennial % Change				26		(1)		36
Governor's Change from Base								3,929
Governor's % Change from Base								37

Expenditures by Program

Human Rights Enforcement	3,798	4,675	4,880	5,756	5,311	5,192	7,137	7,295
Total	3,798	4,675	4,880	5,756	5,311	5,192	7,137	7,295

Expenditures by Category

Compensation	2,901	3,293	3,762	4,169	4,169	4,047	5,167	5,536
Operating Expenses	888	1,321	1,114	1,572	1,127	1,130	1,880	1,704
Grants, Aids and Subsidies								10
Capital Outlay-Real Property		2		15	15	15	15	15
Other Financial Transaction	9	59	4				75	30
Total	3,798	4,675	4,880	5,756	5,311	5,192	7,137	7,295

Full-Time Equivalents

	36.90	39.64	43.56	46.81	46.40	44.30	60.40	60.30
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Human Rights

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		648		290				
Direct Appropriation	3,927	4,162	4,392	4,588	4,595	4,595	6,421	6,698
Transfers In		79						
Transfers Out	1	442	17	17	17	17	17	17
Cancellations		195						
Balance Forward Out	627		290					
Expenditures	3,300	4,252	4,085	4,861	4,578	4,578	6,404	6,681
Biennial Change in Expenditures				1,394		210		4,139
Biennial % Change in Expenditures				18		2		46
Governor's Change from Base								3,929
Governor's % Change from Base								43
Full-Time Equivalents	33.15	35.46	37.60	40.29	40.40	40.00	54.40	56.00

2000 - Restrict Misc Special Revenue

Balance Forward In	922	562	751	576	280	150	280	150
Receipts	109	323	259	163	173	163	173	163
Transfers In			0					
Transfers Out	11	0	0					
Balance Forward Out	548	745	576	280	150	135	150	135
Expenditures	472	139	433	459	303	178	303	178
Biennial Change in Expenditures				281		(411)		(411)
Biennial % Change in Expenditures				46		(46)		(46)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.75	1.62	3.31	2.97	2.65	0.95	2.65	0.95

2001 - Other Misc Special Revenue

Receipts		10		
Expenditures		10		
Biennial Change in Expenditures			10	(10)
Biennial % Change in Expenditures				
Governor's Change from Base				0
Governor's % Change from Base				

Human Rights

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21

2403 - Gift

Balance Forward In		11						
Receipts	24	(11)	2	6	6	6	6	6
Transfers In	11							
Balance Forward Out	8							
Expenditures	26	0	2	6	6	6	6	6
Biennial Change in Expenditures				(18)		4		4
Biennial % Change in Expenditures				(70)		50		50
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	479	777	766	617	465	319	465	319
Receipts	298	273	201	278	278	278	278	278
Balance Forward Out	777	766	617	465	319	167	319	167
Expenditures		283	350	430	424	430	424	430
Biennial Change in Expenditures				497		74		74
Biennial % Change in Expenditures						10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		2.56	2.65	3.55	3.35	3.35	3.35	3.35

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	4,588	4,588	4,588	9,176
Base Adjustments				
Pension Allocation		7	7	14
Forecast Base	4,588	4,595	4,595	9,190
Change Items				
MDHR Transformational Budget -- A Path to One Minnesota		1,569	1,649	3,218
Operating Adjustment		182	379	561
OnBase Updates		75	75	150
Total Governor's Recommendations	4,588	6,421	6,698	13,119
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	459	303	178	481
Forecast Base	459	303	178	481
Total Governor's Recommendations	459	303	178	481
Fund: 2403 - Gift				
Planned Spending	6	6	6	12
Forecast Base	6	6	6	12
Total Governor's Recommendations	6	6	6	12
Fund: 3000 - Federal				
Planned Spending	430	424	430	854
Forecast Base	430	424	430	854
Total Governor's Recommendations	430	424	430	854
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	163	173	163	336
Total Governor's Recommendations	163	173	163	336
Fund: 2403 - Gift				
Forecast Revenues	6	6	6	12
Total Governor's Recommendations	6	6	6	12

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 3000 - Federal				
Forecast Revenues	278	278	278	556
Total Governor's Recommendations	278	278	278	556

Minnesota Department of Human Rights

FY20-21 Biennial Budget Change Item

Change Item Title: MDHR Transformational Budget - A Path to One Minnesota

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,569	1,649	1,649	1,649
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,569	1,649	1,649	1,649
FTEs	12	12	12	12

Recommendation:

The Governor recommends \$1.569 million in FY2020 and \$1.649 million in FY2021 to truly transform the capacity of the Human Rights Department in its efforts to proactively face Minnesota's challenges.

The funds will be used to dramatically increase the Department's capacity statewide, including opening regional offices in Bemidji, Duluth, and Worthington; providing resources for civic engagement work; and increasing work to help individuals with criminal records successfully reenter the community. Minnesota is a state with strong outcomes in education, employment, and economic success in some communities, while having some of the deepest racial disparities in the nation in employment, household income, education, and criminal justice. As Minnesota becomes increasingly demographically diverse, our collective success – economically, socially, and politically – is inexorably connected to our ability to address these disparities. Geographically, Minnesota is seeing divergent outcomes across the state that need to be addressed. Communities in every corner of the state are experiencing aging populations as well as increased diversity based on race and national origin. Achieving equity is a key part of achieving collective success as One Minnesota.

Rationale/Background:

Minnesota has long been a leader in addressing discrimination in all its forms. We value equity as a core part of our society and in the operation of our government. Unfortunately, too often indigenous communities, people of color, individuals with disabilities, recent immigrants, and others have been shut out from the opportunities

Executive Order 19-01 lays out a bold vision for Minnesota with the creation of the One Minnesota Council on Diversity, Inclusion, and Equity. As the order states, "disparities in Minnesota, including those based on race, geography, and economic status, keep our entire state from reaching its full potential." The Department of Human Rights, with its mission to eliminate discrimination, is uniquely positioned to be involved in this effort and to collaborate deeply with communities in this work. Minnesota will not continue to thrive as a state without a comprehensive approach to ensuring meaningful opportunities for all.

The Department's current budget is insufficient to proactively address the critical issues we face. For context, the Department's current staffing level is 15 FTEs fewer than it was in 1996, while the Department faces more complex issues in an increasingly diverse state and the Department has added duties, including enforcing Ban the Box (Minn. Stat. 364.021) and the Equal Pay Certificate of Compliance (Minn. Stat. 363A.44) program. A transformative investment in the Department is needed to allow us to make real progress in fulfilling our mission to make Minnesota discrimination free.

Proposal:

For Minnesota to effectively confront racial, gender, and other disparities, it is imperative to make a proactive effort to reduce discrimination and bias in education, employment, housing, and other areas through civic engagement, public education, and addressing specific cases of discrimination as they arise.

Proposal Area Specifics:***Civic Engagement - Maintain 1 FTE – \$134,500 in FY2020, \$156,500 in FY2021***

This proposal provides ongoing funding for MDHR's current Civic Engagement Coordinator position to continue work to reach targeted populations and geographic communities. The current Civic Engagement Coordinator position was funded in FY18-19 through one-time grant funding from the Bush Foundation. Seeing the success of MDHR's civic engagement efforts, the Department is seeking a general fund appropriations to continue and grow this work during the FY2020-2021 biennium.

The Civic Engagement Coordinator provides support for MDHR's civic engagement work to help ensure that Minnesotans are able to effectively and meaningfully engage with government, and that state government is meaningfully engaging with all of Minnesota's diverse communities. MDHR is requesting dedicated staff to do sustained community engagement, implement the state's civic engagement plan, and assist with targeted messaging to promote inclusion.

As part of our civic engagement work the Department would use \$10,000 of this funding annually beginning in FY2021 to create and administer a micro-grant program to capacity building by local units of government, human rights commissioner, and local diversity groups.

Regional Offices – 10 FTEs - \$1,313,000 in FY2020, \$1,363,000 in FY2021

The work of creating a more inclusive Minnesota can only effectively be accomplished in partnership with local communities. This proposal would open new regional offices in Bemidji, Duluth, and Worthington to build lasting relationships and serve as a base for regional outreach efforts. It would also add capacity to the Department's existing St. Cloud office. The staff of the regional offices will work closely with our civic engagement and outreach staff in convening events and meetings.

The presence of regional offices would help people of Minnesota access the resources of the Department. For Minnesotans facing discrimination, in person interactions are often helpful to build the trusting relationships needed in order to best provide assistance. For employers, landlords, and other in the community these offices will provide education and assistance that is highly accessible.

MDHR will work with other state agencies and others in seeking to co-locate or share resources where practical. The existing St. Cloud Regional Office is located in St. Cloud City Hall, providing centralized access to government services for individuals in that community. We would look for similar opportunities in Bemidji, Duluth, and Worthington. The St. Cloud Office will serve as a model for other offices and community partnerships with those cities.

Ensuring Opportunities for Individuals with Criminal Records in Housing and Employment – 1 FTE - \$121,500 in FY2020, \$129,500 in FY2021

The proposal includes funding for a staff position to work with employers, landlords, and the community to better understand issues of criminal records, risk, and recidivism. Staff would also work with individuals with criminal records who are having difficulty securing housing to understand their legal rights and possible solutions. Staff will also investigate claims, providing warnings, and conducting enforcement actions as necessary. This proposal also includes office space and per person IT costs for these positions.

Equity and Inclusion:

This proposal would impact all Minnesotans, including people of color, individuals with disabilities, LGBTQ individuals, and all other groups protected under the Minnesota Human Rights Act. It will help to reduce disparities proactively through greatly expanded education statewide on issues of diversity and inclusion. Regional offices will ensure that the Department has statewide reach, which is particularly critical as outstate Minnesota becomes increasingly diverse. Increased investigative capacity will help to take on complex discrimination cases, reducing bias in employment, housing, education and other areas. All of these efforts will help to reduce education, economic, and other social disparities for people of color, women, and other groups. Combating overt and systemic discrimination must be a part of a larger strategy to reduce these troubling disparities.

IT Related Proposals:

This is not an IT related proposal.

Results:

This proposal is for a significant enhancement of efforts in multiple areas of the Department's existing duties under the Minnesota Human Rights Act. Currently, the Department of Human Rights is not funded at even the minimum level needed to meet its primary duties under the Minnesota Human Rights Act, in particular in the area of education and outreach. This proposal will provide the resources for significant increases in the Department's proactive work in investigations, contract compliance, and education and outreach, the three primary duties under the Minnesota Human Rights Act.

This proposal will provide the Department with the capacity to improve measures of quantity, quality, and results. For example, the Department will have more regional offices, going from one to five, capacity to issue more case determinations, and conduct more audits of state contractors. The Department will put on more education and outreach events, issue more technical assistance pieces, and coordinate with an increased number of community partners.

The civic engagement and education positions in this proposal will create the capacity for ongoing external communications about all of these outcomes. Regional offices will create a forum to better and more consistently communicate and educate about the Department's work and equity issues, including outcomes, outside of the Twin Cities.

This proposal, in conjunction with other efforts, will also help to impact statewide results metrics like household income in communities of color. These are not listed as specific results here because of their systemic nature, but this proposal will contribute to those changes in conjunction with other public policy efforts.

Statutory Change(s):

None

Minnesota Department of Human Rights

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	182	379	379	379
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	182	379	379	379
Maintain FTEs	2	4	4	4

Recommendation:

The Governor recommends additional funding of \$561,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Minnesota Department of Human Rights

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

For the FY 2020-2021 biennium, the Minnesota Department of Human Right's portion of MNIT administrative overhead expenses is projected to increase. MNIT overhead expenses include HR, finance, procurement, enterprise project management, and security activities. These expenses are allocated to agencies based on their total IT spend and total # of dedicated MNIT staff as of fiscal year 2017.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Minnesota Department of Human Rights this funding will cover known employee compensation growth, as well as increasing rent and IT costs.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Minnesota Department of Human Rights

FY 2020-21 Biennial Budget Change Item

Change Item Title: OnBase Updates

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	75	75	75	75
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	75	75	75	75
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$75,000 in FY2020 and \$75,000 in FY2021 to maintain the Department's primary workflow and document management software, OnBase. This level of funding is needed to keep this software up to date, helping ensure productivity with this key technological tool, while maintaining security. Without this funding the Department would not be able to keep this system up to date.

Rationale/Background:

OnBase is the Department of Human Rights primary software system; providing electronic workflows, case management, and document storage for the work our contract compliance and enforcement units do to serve Minnesotans and the State's business partners. This system is a critical part of the agencies' productivity tools and keeping it up to date is critical for system security and stability.

Currently, the Department does not have a dedicated appropriation to fund ongoing maintenance needs for this system. This proposal would address that issue.

Proposal:

The proposal provides annual funding of \$75,000 for ongoing maintenance and routine upgrades to MDHR's case management system, OnBase. This ongoing expense has not been included in MDHR's appropriation in the past and has been funded through salary savings at the end of a biennium through Odyssey Fund agreements. This is not a sustainable source of funding for this critical need. OnBase is used by the Department's enforcement and contract compliance units to manage workflows and as a database. It is a critical productivity tool, providing ongoing systems maintenance is necessary to keep it functioning and secure.

This proposal requires no additional FTEs.

Equity and Inclusion:

This proposal would support the basic IT infrastructure that is required for the MDHR's work which impacts all Minnesotans, including individuals with disabilities, people of color, refugees, immigrants, LGBTQ individuals, and all other groups protected under the Minnesota Human Rights Act. The MDHR's work helps to reduce disparities proactively through greatly expanded education statewide on issues of diversity and inclusion.

IT Related Proposals:

This proposal is an IT related proposal, the addendum is included with this proposal.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software	75,000	75,000	75,000	75,000	75,000	75,000
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total						
MNIT FTEs	0	0	0	0	0	0
Agency FTEs	0	0	0	0	0	0

Results:

This proposal will allow the Department to maintain a critical workflow and data management software system

Statutory Change(s):

None.

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Equal Employment Opportunity Commission	Reimbursement from EEOC for investigation of dual jurisdiction cases.	No	350	430	424	430	No match; MOE provision in agreement	3.55
	Budget Activity Total		350	430	424	430		3.55
	Program Total		350	430	424	430		3.55
	Federal Fund – Agency Total		350	430	424	430		3.55

Narrative

The Department of Human Rights has a workshare agreement (contract) with the Equal Employment Opportunity Commission (EEOC) to investigate claims of discrimination that could have been filed with the EEOC. The EEOC reimburses the Department for this work based on the number of cases investigated. The Department has had a workshare agreement with the EEOC for over 30 years.

Maintenance of Effort Contract Provision:

The contractual language of the workshare agreement with the EEOC requires this money be used by the Department to fund its work and not be offset in other appropriations. The contract states, "The Contractor shall... Commit itself to maintenance of effort. Should the Contractor or the governmental body that provides its funds: a) reduce the contractor's resources in anticipation of or as a result of the EEOC contract funds, b) place restrictions on the use of its funds or c) revise the Contractor's operating procedures or regulations that impact on its ability to perform under its contract, the EEOC may consider it to be a material breach of this contract and, may among other things, reduce its funding of this contract or require the return of all or a portion of the funds provided by the EEOC under this contract."

Changing funding levels or trends that may impact future awards:

We do not anticipate major changes in the funding levels under this contract. The Department has had a workshare agreement since at least the early 1980's with the EEOC. This long-term, stable relationship for a specific service being provided by the Department to the EEOC makes it likely that this federal funding will remain at a similar level, barring major federal policy changes.

Major state funding related to federal awards:

The Maintenance of Effort contract provision is required as part of the contract, but there is no specific match amount dictated.

Basis for Estimates

Estimates are based on the projected number of dual jurisdiction cases investigated by the Department and the contractually established reimbursement rate of approximately \$700 per case. The Department and the EEOC agree on an estimated number of cases on a yearly basis. Past numbers guide these future estimates.

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AT A GLANCE

- Health care programs (Medical Assistance, MinnesotaCare) — 1,171,735 people on average enrolled per month in 2017
- Supplemental Nutrition Assistance Program (SNAP) — over 429,000 people received help each month in 2017
- Minnesota Family Investment Program and Diversionary Work Program — 33,450 families with low incomes assisted per month in 2017
- Child support — more than 346,000 custodial and noncustodial parents and their 240,000 children receive services
- Child care assistance — more than 14,550 families assisted in a month in 2017
- Adults receiving publicly funded mental health services — 72,384 people per month in 2017
- Children and youth receiving publicly funded mental health services — 36,120 per month in 2017
- DHS Direct Care and Treatment provided services to more than 12,000 individuals in fiscal year 2017
- In FY 2017 DHS all funds spending was \$14.6 billionⁱ

PURPOSE

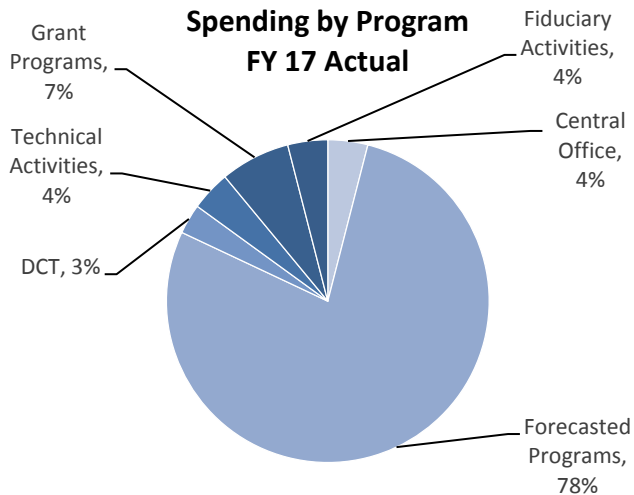
The Minnesota Department of Human Services (DHS), working in partnership with many others, helps people meet their basic needs so they can live in dignity and achieve their highest potential.

- We focus on people, not programs.
- We provide ladders up and safety nets for the people we serve.
- We work in partnership with others; we cannot do it alone.
- We are accountable for results, first to the people we serve and, ultimately, to all Minnesotans.

DHS contributes to the following statewide outcomes:

- **All Minnesotans have optimal health.**
- **Strong and stable families and communities.**
- **People in Minnesota are safe.**
- **Efficient and accountable government services.**

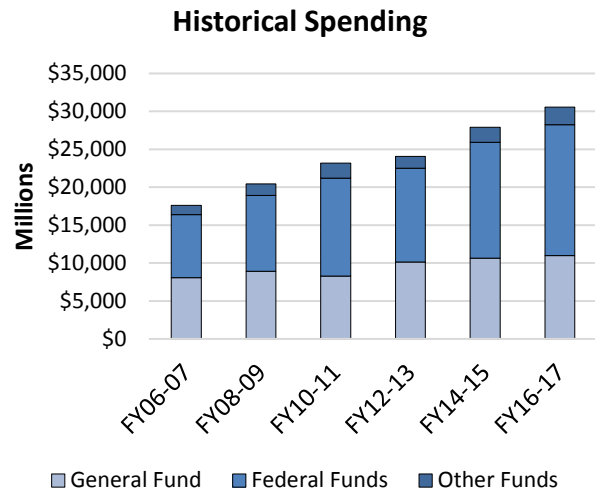
BUDGET



Represents all funds spending. Forecasted Programs includes: Medical Assistance 89%, MinnesotaCare 3%, Economic support programs 6%, and other health care programs 2%.

Direct Care and Treatment (DCT) includes Minnesota Sex Offender Program and State-Operated Services

Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

Minnesota has a strong tradition of providing human services for people in need so they can live as independently as possible, and of working to ensure that Minnesotans with disabilities are able to live, work and enjoy life in the most integrated setting desired. DHS provides oversight and direction for most health and human services programs, making sure providers meet service expectations. Most services are delivered directly to people by counties, tribes, health care providers or other community partners. Some DHS employees provide direct care and treatment to people with mental illness, chemical dependency and developmental disabilities as well as to individuals civilly committed for sex offender treatment. Examples of our work include:

- Health care programs which purchase medical care and related home- and community-based services for children, seniors, people with disabilities and people with low incomes.
- Economic assistance programs which provide assistance to low-income Minnesotans to help them move toward greater independence.
- Services to children who have suffered abuse or neglect, to assure their safety and well-being, and early intervention services to children at-risk of abuse or neglect.
- Grant programs to support local delivery of human services for populations in need, including recent refugee immigrant populations, adults and children with mental illness or substance abuse problems, people who are deaf or hard of hearing, seniors and vulnerable adults.
- Direct care provided through a statewide array of institutional and community-based services. Services are targeted to people experiencing mental illness, chemical dependency, developmental disabilities and/or an acquired brain injury, some of whom are civilly committed by the court because they may pose a risk to themselves or others.
- Residential services and treatment to people who are committed by the court as a sexual psychopathic personality or a sexually dangerous person.

STRATEGIES

We have launched the DHS Strategic Plan 2018-2020, with four key initiatives and 12 goals. Work on 31 strategies under the goals will shape improved programs and services for the people DHS serves and will create a brighter future for Minnesota.

Key Initiative: People

Advance equity and reduce disparities by establishing an environment in human services that engages all people.

Goals:

1. Institutionalize an approach to decision-making, program and policy development, implementation and evaluation that improves outcomes and reduces health and human services disparities and inequities for the people we serve.
2. Identify and prioritize key barriers to advance efforts that promote equity and reduce disparities.
3. Build and strengthen the DHS workforce at all levels to better meet the needs of the people we serve.

Key Initiative: Services

Redesign, simplify, and integrate services to achieve positive and equitable outcomes.

Goals:

1. Begin Integrated Services Business Model (ISBM) implementation to create positive, consistent and equitable experiences throughout the human services system.
2. Strengthen authentic stakeholder relationships and establish new relationships to achieve equitable outcomes for the people we serve in the development of services.
3. Strengthen accountability and responsible stewardship through focusing on measurable outcomes affecting the well-being of the people we serve.

Key Initiative: Technology

Implement and support effective and timely technologies through strong partnerships to improve outcomes for the people we serve.

Goals:

1. Improve the timeliness and quality of IT delivery at DHS and for the people we serve.
2. Integrate technology to provide timely and actionable information, improve service delivery and support positive outcomes for the people we serve.
3. Pursue innovative approaches in technology development to better support service delivery.

Key Initiative: Finance

Prioritize financing reform and sustainability practices that ensure funds are used effectively and efficiently in order to support human services and improve outcomes for people.

Goals:

1. Promote economic efficiencies and financial stability by supporting a culture of innovation and continuous improvement within DHS.
2. Manage financial resources to support comprehensive and coordinated services.
3. Support partner- and community-informed financial decision-making that drives innovation in program design and delivery to improve outcomes for the people we serve.

The Department of Human Services' overall legal authority comes from Minnesota Statutes chapters 245 (<https://www.revisor.mn.gov/statutes?id=245>) and 256. (<https://www.revisor.mn.gov/statutes/?id=256>) We list additional program-specific legal authority at the end of each budget activity narrative.

ⁱ Excludes Fiduciary and Technical Activities

Human Services

Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	5,312,093	5,604,719	6,286,751	6,357,825	7,041,929	7,106,026	7,132,170	7,271,587
1200 - State Government Special Rev	4,450	4,393	3,917	4,680	4,317	4,317	5,593	5,584
2000 - Restrict Misc Special Revenue	331,886	297,061	352,425	357,708	353,438	377,759	360,281	376,458
2001 - Other Misc Special Revenue	301,553	262,541	425,570	435,888	308,507	269,992	308,507	269,992
2360 - Health Care Access	751,175	312,847	445,196	515,010	518,288	522,408	533,833	559,328
2365 - Opioid Stewardship							6,618	10,750
2403 - Gift	20	25	19	100	75	75	75	75
3000 - Federal	8,421,760	8,350,626	9,259,699	9,337,838	10,211,002	10,073,180	10,211,002	10,073,180
3001 - Federal TANF	237,044	256,130	256,556	257,609	258,809	260,281	261,907	260,281
4100 - SOS TBI & Adol Ent Svcs	1,621	1,657	1,544	1,495	1,495	1,495	1,495	1,495
4101 - DHS Chemical Dependency Servs	18,173	14,293	15,367	15,482	15,274	15,274	15,274	15,274
4350 - MN State Operated Comm Svcs	103,496	111,573	111,722	113,447	110,578	110,315	112,172	114,044
4503 - Minnesota State Industries	1,170	1,232	1,562	1,607	1,607	1,607	1,607	1,607
4800 - Lottery	1,514	1,850	1,787	1,977	1,896	1,896	1,896	1,896
6000 - Miscellaneous Agency	34,913	37,300	33,964	218,229	215,102	215,102	215,102	215,102
6003 - Child Support Enforcement	615,740	602,763	591,132	658,280	647,962	647,962	647,962	647,962
Total	16,136,606	15,859,010	17,787,211	18,277,175	19,690,279	19,607,689	19,815,494	19,824,615
Biennial Change				4,068,770		3,233,582		3,575,723
Biennial % Change				13		9		10
Governor's Change from Base								342,141
Governor's % Change from Base								1

Expenditures by Program

Central Office Operations	488,076	543,151	590,078	627,223	531,171	485,850	570,308	523,548
Forecasted Programs	12,815,453	12,441,432	14,159,434	14,038,746	15,659,760	15,656,729	15,714,140	15,781,512
Grant Programs	1,125,161	1,147,724	1,141,249	1,348,674	1,323,057	1,284,207	1,351,479	1,333,043
Direct Care Treatment	416,083	453,311	485,908	525,343	508,352	512,105	521,218	527,056
Fiduciary Activities	647,531	636,510	621,844	873,554	860,290	860,789	860,290	860,789
Technical Activities	688,927	677,664	842,130	917,322	861,528	861,997	858,844	859,313
DHS Federal Admin Reimbursement	(44,626)	(40,783)	(53,432)	(53,687)	(53,879)	(53,988)	(60,785)	(60,646)
Total	16,136,606	15,859,010	17,787,211	18,277,175	19,690,279	19,607,689	19,815,494	19,824,615

Human Services

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Category</u>								
Compensation	511,805	551,466	594,792	650,637	642,223	638,913	669,609	672,130
Operating Expenses	825,665	825,694	1,076,924	909,409	753,478	714,950	778,506	735,005
Grants, Aids and Subsidies	14,185,696	13,859,163	15,525,154	16,084,826	17,673,239	17,633,871	17,752,957	17,804,194
Capital Outlay-Real Property	1,412	7,703	8,783					
Other Financial Transaction	656,654	655,767	634,990	685,990	675,218	673,943	675,207	673,932
Total Before DHS Federal Admin Reimbursement	16,181,232	15,899,793	17,840,643	18,330,862	19,744,158	19,661,677	19,876,279	19,885,261
DHS Federal Admin Reimbursement	(44,626)	(40,783)	(53,432)	(53,687)	(53,879)	(53,988)	(60,785)	(60,646)
Total	16,136,606	15,859,010	17,787,211	18,277,175	19,690,279	19,607,689	19,815,494	19,824,615

<u>Full-Time Equivalents</u>	6,098.45	6,419.73	6,749.17	7,005.27	6,727.89	6,621.38	6,949.75	6,895.36
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Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	7,716	78,359	1,370	31,879				
Direct Appropriation	5,616,984	6,063,913	6,822,805	6,582,584	7,320,423	7,377,353	7,400,451	7,543,427
Receipts	563	638	754	842	918	982	918	982
Transfers In	106,863	128,451	117,076	106,397	55,795	40,144	55,795	40,144
Transfers Out	303,221	360,622	338,971	328,406	299,550	276,687	282,547	270,729
Cancellations	60,862	274,834	249,186					
Balance Forward Out	23,972	1,370	31,876					
Expenditures	5,344,071	5,634,536	6,321,972	6,393,296	7,077,586	7,141,792	7,174,617	7,313,824
DHS Federal Admin Reimbursement	(31,978)	(29,817)	(35,221)	(35,471)	(35,657)	(35,766)	(42,447)	(42,237)
Expenditures after Federal Admin Reimbursement	5,312,093	5,604,719	6,286,751	6,357,825	7,041,929	7,106,026	7,132,170	7,271,587
Biennial Change in Expenditures			1,727,764		1,503,379		1,759,181	
Biennial % Change in Expenditures			16		12		14	
Governor's Change from Base							255,802	
Governor's % Change from Base							2	
Full-Time Equivalents	3,389.62	3,615.29	3,915.24	4,255.40	4,064.37	3,978.54	4,290.17	4,227.89

1200 - State Government Special Rev

Balance Forward In		78		375				
Direct Appropriation	4,514	4,274	4,274	4,287	4,299	4,299	5,575	5,566
Open Appropriation		59	18	18	18	18	18	18
Transfers In				13	25	25	25	25
Transfers Out				13	25	25	25	25
Cancellations		17						
Balance Forward Out	64		375					
Expenditures	4,450	4,393	3,917	4,680	4,317	4,317	5,593	5,584
Biennial Change in Expenditures				(246)		37		2,580
Biennial % Change in Expenditures				(3)		0		30
Governor's Change from Base								2,543
Governor's % Change from Base								29
Full-Time Equivalents	36.31	42.02	37.31	37.31	35.85	35.08	46.60	45.83

2000 - Restrict Misc Special Revenue

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	42,159	51,729	51,676	52,695	43,505	43,528	43,505	15,944
Direct Appropriation	2,963	2,713	2,913	2,813	2,813	2,813	0	0
Receipts	243,169	173,715	229,547	223,416	199,193	235,579	200,012	236,359
Transfers In	102,112	125,481	127,951	132,533	162,364	156,725	162,895	142,311
Transfers Out	7,244	9,697	7,254	10,244	10,909	10,704	30,187	6,127
Cancellations		205						
Balance Forward Out	51,273	46,674	52,407	43,505	43,528	50,182	15,944	12,029
Expenditures	331,886	297,061	352,425	357,708	353,438	377,759	360,281	376,458
Biennial Change in Expenditures				81,186		21,064		26,606
Biennial % Change in Expenditures				13		3		4
Governor's Change from Base								5,542
Governor's % Change from Base								1
Full-Time Equivalents	164.02	166.22	194.48	200.35	183.29	182.43	140.30	139.81

2001 - Other Misc Special Revenue

Balance Forward In	18,969	41,043	136,110	131,939	66,813	57,051	66,813	57,051
Receipts	206,870	205,935	244,323	264,469	199,539	165,724	199,539	165,724
Transfers In	293,270	341,135	278,616	291,080	255,740	243,568	255,740	243,568
Transfers Out	201,920	230,534	176,631	184,787	156,534	144,376	156,534	144,376
Balance Forward Out	15,636	95,039	56,849	66,813	57,051	51,975	57,051	51,975
Expenditures	301,553	262,541	425,570	435,888	308,507	269,992	308,507	269,992
Biennial Change in Expenditures				297,364		(282,959)		(282,959)
Biennial % Change in Expenditures				53		(33)		(33)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	413.09	440.65	468.69	468.69	457.84	452.69	457.84	452.69

2360 - Health Care Access

Balance Forward In	68	19,087	12	564	200	200	200	200
Direct Appropriation	769,377	302,372	446,453	509,777	513,192	516,231	528,853	553,338
Open Appropriation		413	158	158	158	158	158	158
Receipts	29,994	36,055	36,577	36,807	37,058	38,139	37,058	38,139
Transfers In	181,168	37,683	14,177	1,101				

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Transfers Out	195,387	51,378	27,443	14,981	13,898	13,898	13,898	13,898
Cancellations	21,073	20,418	5,964					
Balance Forward Out	323	2	564	200	200	200	200	200
Expenditures	763,823	323,812	463,407	533,226	536,510	540,630	552,171	577,737
DHS Federal Admin Reimbursement	(12,648)	(10,966)	(18,211)	(18,216)	(18,222)	(18,222)	(18,338)	(18,409)
Expenditures after Federal Admin Reimbursement	751,175	312,847	445,196	515,010	518,288	522,408	533,833	559,328
Biennial Change in Expenditures				(103,815)		80,490		132,955
Biennial % Change in Expenditures				(10)		8		14
Governor's Change from Base								52,465
Governor's % Change from Base								5
Full-Time Equivalents	332.26	358.22	348.90	348.90	339.73	334.90	345.73	341.90

2365 - Opioid Stewardship

Direct Appropriation							6,618	10,750
Expenditures							6,618	10,750
Biennial Change in Expenditures				0		0		17,368
Biennial % Change in Expenditures								
Governor's Change from Base								17,368
Governor's % Change from Base								
Full-Time Equivalents							2.00	3.00

2400 - Endowment

Balance Forward In	60	61	61	62	63	63	63	63
Receipts	0	1	1	1				
Balance Forward Out	61	61	62	63	63	63	63	63

2403 - Gift

Balance Forward In	101	96	83	71	37	28	37	28
Receipts	15	11	10	66	66	66	66	66
Balance Forward Out	96	83	73	37	28	19	28	19
Expenditures	20	25	19	100	75	75	75	75
Biennial Change in Expenditures				74		31		31
Biennial % Change in Expenditures				164		26		26
Governor's Change from Base								0

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	72,321	20,084	169,679	264,661	237,120	47,456	237,120	47,456
Receipts	8,367,707	8,478,245	9,359,557	9,310,297	10,021,338	10,049,358	10,021,338	10,049,358
Transfers In	103		200					
Transfers Out	103	0	200					
Balance Forward Out	18,270	147,705	269,538	237,120	47,456	23,634	47,456	23,634
Expenditures	8,421,760	8,350,626	9,259,699	9,337,838	10,211,002	10,073,180	10,211,002	10,073,180
Biennial Change in Expenditures				1,825,151		1,686,645		1,686,645
Biennial % Change in Expenditures				11		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	196.97	198.41	187.40	183.40	180.83	180.83	180.83	180.83

3001 - Federal TANF

Balance Forward In	44,875	63,858	60,030	56,014	48,518	39,823	48,518	39,823
Receipts	256,027	252,302	252,540	250,113	250,114	250,113	253,212	250,113
Balance Forward Out	63,858	60,030	56,014	48,518	39,823	29,655	39,823	29,655
Expenditures	237,044	256,130	256,556	257,609	258,809	260,281	261,907	260,281
Biennial Change in Expenditures				20,991		4,925		8,023
Biennial % Change in Expenditures				4		1		2
Governor's Change from Base								3,098
Governor's % Change from Base								1
Full-Time Equivalents	12.03	11.83	11.89	11.89	11.89	11.89	11.89	11.89

4100 - SOS TBI & Adol Ent Svcs

Balance Forward In	532	356	369	332	465	598	465	598
Receipts	1,431	1,669	1,506	1,628	1,628	1,628	1,628	1,628
Balance Forward Out	342	368	331	465	598	731	598	731
Expenditures	1,621	1,657	1,544	1,495	1,495	1,495	1,495	1,495
Biennial Change in Expenditures				(239)		(49)		(49)
Biennial % Change in Expenditures				(7)		(2)		(2)

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	23.96	24.70	23.93	21.68	20.73	20.35	20.73	20.35

4101 - DHS Chemical Dependency Servs

Balance Forward In	41	227	465	1,043				
Receipts	8,544	8,390	9,507	8,001	8,836	8,836	8,836	8,836
Transfers In	9,626	6,113	6,438	6,438	6,438	6,438	6,438	6,438
Balance Forward Out	38	437	1,043					
Expenditures	18,173	14,293	15,367	15,482	15,274	15,274	15,274	15,274
Biennial Change in Expenditures				(1,616)		(301)		(301)
Biennial % Change in Expenditures				(5)		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	158.10	130.07	121.08	138.55	129.62	127.27	129.62	127.27

4350 - MN State Operated Comm Svcs

Balance Forward In	173	3,124	1,208	2,640				
Receipts	93,061	95,747	104,064	106,826	106,597	107,922	106,597	107,922
Transfers In	14,000	14,000	9,090	3,981	3,981	2,393	5,575	6,122
Transfers Out	830	181						
Balance Forward Out	2,909	1,116	2,640					
Expenditures	103,496	111,573	111,722	113,447	110,578	110,315	112,172	114,044
Biennial Change in Expenditures				10,101		(4,276)		1,047
Biennial % Change in Expenditures				5		(2)		0
Governor's Change from Base								5,323
Governor's % Change from Base								2
Full-Time Equivalents	1,369.00	1,430.30	1,439.25	1,338.10	1,302.79	1,296.48	1,323.09	1,342.98

4503 - Minnesota State Industries

Balance Forward In	971	1,222	1,507	1,864	1,864	1,864	1,864	1,864
Receipts	1,164	1,363	1,920	1,607	1,607	1,607	1,607	1,607
Balance Forward Out	965	1,352	1,864	1,864	1,864	1,864	1,864	1,864

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	1,170	1,232	1,562	1,607	1,607	1,607	1,607	1,607
Biennial Change in Expenditures				768		45		45
Biennial % Change in Expenditures				32		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.76	0.62						

4800 - Lottery

Balance Forward In		46		81				
Direct Appropriation	1,893	1,896	1,896	1,896	1,896	1,896	1,896	1,896
Open Appropriation		2	1					
Cancellations	333	93	28					
Balance Forward Out	46		81					
Expenditures	1,514	1,850	1,787	1,977	1,896	1,896	1,896	1,896
Biennial Change in Expenditures				400		28		28
Biennial % Change in Expenditures				12		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.33	1.40	1.00	1.00	0.95	0.92	0.95	0.92

6000 - Miscellaneous Agency

Balance Forward In	5,586	5,436	3,289	3,827	650	625	650	625
Receipts	33,721	34,963	34,503	215,052	215,077	215,102	215,077	215,102
Transfers In			107					
Transfers Out			107					
Balance Forward Out	4,394	3,098	3,828	650	625	625	625	625
Expenditures	34,913	37,300	33,964	218,229	215,102	215,102	215,102	215,102
Biennial Change in Expenditures				179,980		178,011		178,011
Biennial % Change in Expenditures				249		71		71
Governor's Change from Base								0
Governor's % Change from Base								0

6003 - Child Support Enforcement

Human Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward In	9,904	9,380	10,624	10,318				
Receipts	615,216	604,026	590,826	647,962	647,962	647,962	647,962	647,962
Balance Forward Out	9,380	10,643	10,318					
Expenditures	615,740	602,763	591,132	658,280	647,962	647,962	647,962	647,962
Biennial Change in Expenditures				30,909		46,512		46,512
Biennial % Change in Expenditures				3		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	6,900,024	6,900,024	6,900,024	13,800,048
Base Adjustments				
Current Law Base Change	(103,535)	692,082	751,863	1,443,945
Pension Allocation		1,860	2,995	4,855
Approved Transfer Between Appropriation		0	0	0
November Forecast Adjustment	(182,733)	(236,454)	(284,675)	(521,129)
February Forecast Adjustment	(31,270)	(37,089)	7,146	(29,943)
Forecast Base	6,582,486	7,320,423	7,377,353	14,697,776
Change Items				
ONECare Minnesota		77	916	993
Child Care Assistance Program Federal Compliance - Program Improvements		934	7,406	8,340
Child Care Assistance Program Maximum Rates-Update Maximum Rates		2,772	8,064	10,836
Child Care Assistance Program Basic Sliding Fee Waiting List		7,821	17,901	25,722
Child Care Assistance Program Integrity		(747)	(1,353)	(2,100)
Economic Stability for Families		9,959	31,749	41,708
Child Welfare Training Academy		1,771	2,517	4,288
Tribal Child Welfare Initiative Expansion		5,658	9,907	15,565
Family First Prevention Services Act		1,391	1,101	2,492
Closing Gaps in Health Care Coverage for Children in Foster Care			363	363
Expand and Strengthen School-Linked Mental Health		4,650	4,915	9,565
Children's Intensive Services Reform		2,754	5,307	8,061
Certified Community Behavioral Health Clinics Expansion		639	4,471	5,110
Substance Use Disorder Waiver		755	(16,286)	(15,531)
Increasing Timely Access to Substance Use Disorder Treatment		8	8	16
Mental Health Uniform Service Standards		912	635	1,547
Building an Integrated Behavioral Health Care Continuum		(15,307)	2,624	(12,683)
Expand Transitions to Community Initiative		759	1,620	2,379
Community Competency Restoration Task Force		125	75	200
Increase Office of Ombudsman for Long-Term Care Staffing		1,312	1,501	2,813
Civil and Criminal Coordination for the Protection of Vulnerable Adults		2,456	2,135	4,591
Assisted Living Report Card		2,932	452	3,384
Adult Day Care Oversight Improvements		198	199	397
Simplify & Streamline the Home & Community-Based Waiver Menu		3,217	951	4,168
DWRS Competitive Workforce Factor		1,843	39,050	40,893
Nursing Facility Value-Based Reimbursement and Property Payment Reform		(1,625)	(9,807)	(11,432)
Self Directed Worker Union Contract		16,845	19,696	36,541
Minnesota Sex Offender Program Funding		9,758	9,758	19,516
Minnesota State Operated Services (MSOCS) Operating Adjustment		1,594	3,729	5,323

Human Services

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Increase Bed Capacity within DCT's Minnesota Specialty Health Services (MSHS) Programs		4,352	4,352	8,704
Service Delivery Transformation		10,000	10,000	20,000
Enhanced Program Integrity for Nonemergency Medical Transportation		209	(577)	(368)
SIRS and CCAP Investigation Expansion		773	588	1,361
Fraud Prevention Investigations Expansion		18	(134)	(116)
Electronic Visit Verification		283	852	1,135
Child Care Assistance Program - Provider Registration and Oversight		105	120	225
Strengthening Oversight of the Child Care Assistance Program		1,340	1,411	2,751
Federal Compliance with Outpatient Pharmacy Rule	98	1,570	1,505	3,075
Updating Durable Medical Equipment Payment Methodology		(4,742)	(2,910)	(7,652)
Medical Assistance for Employed Persons with Disabilities Federal Conformity		33	7	40
Background Study Federal Compliance		177	237	414
Create Separate Skilled Nursing Visit Code		(29)	(276)	(305)
Greater Minnesota Sign Language Interpreting Service Capacity		211	211	422
Updating Indian Health Services Provider Payments		9	2	11
Improving Medical Assistance Benefit Recovery		210	150	360
Rebasing Inpatient Hospital Payment Rates		22	4	26
Child Care Federal Compliance and Fees for Certified License-Exempt Centers		(72)	(73)	(145)
Prohibition on Imputation of Income to Incarcerated Child Support Payers		5	1	6
Homelessness Management Information System Support		1,000	1,000	2,000
Vulnerable Adult Protection - Current Program Improvements (MDH)		1,093		1,093
Total Governor's Recommendations	6,582,584	7,400,451	7,543,427	14,943,878
Fund: 1200 - State Government Special Rev				
FY2019 Appropriations	4,287	4,287	4,287	8,574
Base Adjustments				
Pension Allocation		12	12	24
Forecast Base	4,287	4,299	4,299	8,598
Change Items				
Licensed Home and Community Based Services (245D) unit funding		1,192	1,192	2,384
Child Care Federal Compliance and Fees for Certified License-Exempt Centers		84	75	159
Total Governor's Recommendations	4,287	5,575	5,566	11,141
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	2,813	2,813	2,813	5,626
Forecast Base	2,813	2,813	2,813	5,626
Change Items				
Increase Bed Capacity within DCT's Minnesota Specialty Health Services (MSHS) Programs		(2,813)	(2,813)	(5,626)

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	2,813	0	0	0
Fund: 2360 - Health Care Access				
FY2019 Appropriations	501,203	501,203	501,203	1,002,406
Base Adjustments				
Current Law Base Change	9,258	(68,557)	(25,393)	(93,950)
Pension Allocation		100	100	200
Approved Transfer Between Appropriation		0	0	0
November Forecast Adjustment	184	82,111	41,701	123,812
February Forecast Adjustment	(1,032)	(1,665)	(1,380)	(3,045)
Forecast Base	509,613	513,192	516,231	1,029,423
Change Items				
ONECare Minnesota		2,054	6,007	8,061
Rate Increase for the Provider Tax		11,564	27,551	39,115
Fraud Prevention Investigations Expansion		(7)	(9)	(16)
Federal Compliance with Outpatient Pharmacy Rule	164	2,050	2,165	4,215
Investing and Modernizing Payment for Safety Net Providers			1,393	1,393
Total Governor's Recommendations	509,777	528,853	553,338	1,082,191
Fund: 2365 - Opioid Stewardship				
Change Items				
Traditional Healing		2,493	2,500	4,993
Strategic Response to the Opioid Crisis		4,125	8,250	12,375
Total Governor's Recommendations		6,618	10,750	17,368
Fund: 4800 - Lottery				
FY2019 Appropriations	1,896	1,896	1,896	3,792
Forecast Base	1,896	1,896	1,896	3,792
Total Governor's Recommendations	1,896	1,896	1,896	3,792
Open				
Fund: 1200 - State Government Special Rev				
Base Adjustments				
Forecast Open Appropriation Adjustment	18	18	18	36
Forecast Base	18	18	18	36
Total Governor's Recommendations	18	18	18	36
Fund: 2360 - Health Care Access				
Base Adjustments				
Forecast Open Appropriation Adjustment	158	158	158	316

Human Services

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Base	158	158	158	316
Total Governor's Recommendations	158	158	158	316
Dedicated				
Fund: 1000 - General				
Planned Spending	1,580	918	982	1,900
Forecast Base	1,580	918	982	1,900
Total Governor's Recommendations	1,580	918	982	1,900
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	354,766	350,475	374,796	725,271
Forecast Base	354,766	350,475	374,796	725,271
Change Items				
Family First Prevention Services Act		605	605	1,210
Substance Use Disorder Waiver			(10,307)	(10,307)
Building an Integrated Behavioral Health Care Continuum		8,987	11,189	20,176
Early Intensive Developmental and Behavioral Intervention (EIDBI) Criminal Background Studies		20	20	40
Clarify and Strengthen Provider Screening and Enrollment		143	147	290
Head Start Background Checks (MDE)		51	8	59
Total Governor's Recommendations	354,766	360,281	376,458	736,739
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	435,888	308,507	269,992	578,499
Forecast Base	435,888	308,507	269,992	578,499
Total Governor's Recommendations	435,888	308,507	269,992	578,499
Fund: 2360 - Health Care Access				
Planned Spending	36,807	37,058	38,139	75,197
Forecast Base	36,807	37,058	38,139	75,197
Total Governor's Recommendations	36,807	37,058	38,139	75,197
Fund: 2403 - Gift				
Planned Spending	100	75	75	150
Forecast Base	100	75	75	150
Total Governor's Recommendations	100	75	75	150
Fund: 3000 - Federal				
Planned Spending	9,337,838	10,211,002	10,073,180	20,284,182
Forecast Base	9,337,838	10,211,002	10,073,180	20,284,182

Human Services

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	9,337,838	10,211,002	10,073,180	20,284,182
Fund: 3001 - Federal TANF				
Planned Spending	257,609	258,809	260,281	519,090
Forecast Base	257,609	258,809	260,281	519,090
Change Items				
Economic Stability for Families		3,098		3,098
Total Governor's Recommendations	257,609	261,907	260,281	522,188
Fund: 4100 - SOS TBI & Adol Ent Svcs				
Planned Spending	1,495	1,495	1,495	2,990
Forecast Base	1,495	1,495	1,495	2,990
Total Governor's Recommendations	1,495	1,495	1,495	2,990
Fund: 4101 - DHS Chemical Dependency Svcs				
Planned Spending	15,482	15,274	15,274	30,548
Forecast Base	15,482	15,274	15,274	30,548
Total Governor's Recommendations	15,482	15,274	15,274	30,548
Fund: 4350 - MN State Operated Comm Svcs				
Planned Spending	113,447	110,578	110,315	220,893
Forecast Base	113,447	110,578	110,315	220,893
Change Items				
Minnesota State Operated Services (MSOCS) Operating Adjustment		1,594	3,729	5,323
Total Governor's Recommendations	113,447	112,172	114,044	226,216
Fund: 4503 - Minnesota State Industries				
Planned Spending	1,607	1,607	1,607	3,214
Forecast Base	1,607	1,607	1,607	3,214
Total Governor's Recommendations	1,607	1,607	1,607	3,214
Fund: 6000 - Miscellaneous Agency				
Planned Spending	218,229	215,102	215,102	430,204
Forecast Base	218,229	215,102	215,102	430,204
Total Governor's Recommendations	218,229	215,102	215,102	430,204
Fund: 6003 - Child Support Enforcement				
Planned Spending	658,280	647,962	647,962	1,295,924
Forecast Base	658,280	647,962	647,962	1,295,924
Total Governor's Recommendations	658,280	647,962	647,962	1,295,924

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
DHS Federal Admin Reimbursement				
Fund: 1000 - General				
Forecast Federal Administrative Reimbursement	(35,443)	(35,657)	(35,766)	(71,423)
Change Items				
ONECare Minnesota		(25)	(58)	(83)
Child Care Assistance Program Federal Compliance - Program Improvements		(69)	(80)	(149)
Child Welfare Training Academy		(128)		(128)
Tribal Child Welfare Initiative Expansion		(100)	(111)	(211)
Family First Prevention Services Act		(263)	(317)	(580)
Expand and Strengthen School-Linked Mental Health		(48)	(133)	(181)
Children's Intensive Services Reform		112	112	224
Certified Community Behavioral Health Clinics Expansion		(166)	(245)	(411)
Substance Use Disorder Waiver		(233)	(327)	(560)
Mental Health Uniform Service Standards		(176)	(180)	(356)
Building an Integrated Behavioral Health Care Continuum		(1,372)	(1,372)	(2,744)
Increase Office of Ombudsman for Long-Term Care Staffing		(420)	(480)	(900)
Assisted Living Report Card		(1,225)	(431)	(1,656)
Adult Day Care Oversight Improvements		(64)	(64)	(128)
Simplify & Streamline the Home & Community-Based Waiver Menu		(1,037)	(1,042)	(2,079)
DWRS Competitive Workforce Factor		(40)	(40)	(80)
Nursing Facility Value-Based Reimbursement and Property Payment Reform		(183)	(168)	(351)
Self Directed Worker Union Contract		(40)	(24)	(64)
Enhanced Program Integrity for Nonemergency Medical Transportation		(178)	(358)	(536)
SIRS and CCAP Investigation Expansion		(247)	(188)	(435)
Fraud Prevention Investigations Expansion		(33)	(39)	(72)
Electronic Visit Verification		(91)	(136)	(227)
Child Care Assistance Program - Provider Registration and Oversight		(34)	(38)	(72)
Strengthening Oversight of the Child Care Assistance Program		(317)	(340)	(657)
Federal Compliance with Outpatient Pharmacy Rule	(28)	(36)	(16)	(52)
Background Study Federal Compliance		(57)	(76)	(133)
Homelessness Management Information System Support		(320)	(320)	(640)
Total Governor's Recommendations	(35,471)	(42,447)	(42,237)	(84,684)
Fund: 2360 - Health Care Access				
Forecast Federal Administrative Reimbursement	(18,216)	(18,222)	(18,222)	(36,444)
Change Items				
ONECare Minnesota		(116)	(157)	(273)
Investing and Modernizing Payment for Safety Net Providers			(30)	(30)
Total Governor's Recommendations	(18,216)	(18,338)	(18,409)	(36,747)

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Revenue Change Summary				
Dedicated				
Fund: 1000 - General				
Forecast Revenues	842	918	982	1,900
Total Governor's Recommendations	842	918	982	1,900
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	223,416	199,193	235,579	434,772
Change Items				
Family First Prevention Services Act		605	605	1,210
Building an Integrated Behavioral Health Care Continuum		0	0	0
Early Intensive Developmental and Behavioral Intervention (EIDBI) Criminal Background Studies		20	20	40
Clarify and Strengthen Provider Screening and Enrollment		143	147	290
Head Start Background Checks (MDE)		51	8	59
Total Governor's Recommendations	223,416	200,012	236,359	436,371
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	264,469	199,539	165,724	365,263
Total Governor's Recommendations	264,469	199,539	165,724	365,263
Fund: 2360 - Health Care Access				
Forecast Revenues	36,807	37,058	38,139	75,197
Total Governor's Recommendations	36,807	37,058	38,139	75,197
Fund: 2400 - Endowment				
Forecast Revenues	1			
Total Governor's Recommendations	1			
Fund: 2403 - Gift				
Forecast Revenues	66	66	66	132
Total Governor's Recommendations	66	66	66	132
Fund: 3000 - Federal				
Forecast Revenues	9,310,297	10,021,338	10,049,358	20,070,696
Total Governor's Recommendations	9,310,297	10,021,338	10,049,358	20,070,696
Fund: 3001 - Federal TANF				
Forecast Revenues	250,113	250,114	250,113	500,227

Human Services

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Change Items				
Economic Stability for Families		3,098		3,098
Total Governor's Recommendations	250,113	253,212	250,113	503,325
Fund: 4100 - SOS TBI & Adol Ent Svcs				
Forecast Revenues	1,628	1,628	1,628	3,256
Total Governor's Recommendations	1,628	1,628	1,628	3,256
Fund: 4101 - DHS Chemical Dependency Servs				
Forecast Revenues	8,001	8,836	8,836	17,672
Total Governor's Recommendations	8,001	8,836	8,836	17,672
Fund: 4350 - MN State Operated Comm Svcs				
Forecast Revenues	106,826	106,597	107,922	214,519
Total Governor's Recommendations	106,826	106,597	107,922	214,519
Fund: 4503 - Minnesota State Industries				
Forecast Revenues	1,607	1,607	1,607	3,214
Total Governor's Recommendations	1,607	1,607	1,607	3,214
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	215,052	215,077	215,102	430,179
Total Governor's Recommendations	215,052	215,077	215,102	430,179
Fund: 6003 - Child Support Enforcement				
Forecast Revenues	647,962	647,962	647,962	1,295,924
Total Governor's Recommendations	647,962	647,962	647,962	1,295,924
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	485,764	497,998	509,313	1,007,311
Change Items				
Building an Integrated Behavioral Health Care Continuum		(250)	(250)	(500)
Minnesota Sex Offender Program Funding		1,758	1,758	3,516
Increase Bed Capacity within DCT's Minnesota Specialty Health Services (MSHS) Programs		6,068	6,068	12,136
SIRS and CCAP Investigation Expansion		500	500	1,000
Improving Medical Assistance Benefit Recovery		229	134	363
Total Governor's Recommendations	485,764	506,303	517,523	1,023,826

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 1200 - State Government Special Rev				
Forecast Revenues	4,400	4,400	4,400	8,800
Change Items				
Licensed Home and Community Based Services (245D) unit funding		1,192	1,192	2,384
Child Care Federal Compliance and Fees for Certified License-Exempt Centers		72	73	145
Total Governor's Recommendations	4,400	5,664	5,665	11,329
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	6,068	6,068	6,068	12,136
Change Items				
Increase Bed Capacity within DCT's Minnesota Specialty Health Services (MSHS) Programs		(6,068)	(6,068)	(12,136)
Total Governor's Recommendations	6,068	0	0	0

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: ONEcare MN

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	52	858	(15,030)	25,740
Revenues	0	0	0	0
Other Funds				
Expenditures	1,938	5,850	9,904	138,788
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,990	6,708	(5,219)	164,435
FTEs	7	8	15.5	27.5

Recommendation:

The Governor recommends a comprehensive approach to ensure Minnesotans have access to high quality health care by addressing rising costs, increasing access to care, providing access to comprehensive coverage, and encouraging stability in the individual market.

This proposal represents a measured approach that creates alignment and continuity of care across Medical Assistance, MinnesotaCare, and new health insurance products that will be available to Minnesotans who can't access employer-based coverage or Medicare. This approach starts by focusing on the immediate challenges of affordability and access related to prescription drugs and dental care. It eventually incorporates these efforts into a comprehensive option for individuals to purchase a health insurance product similar to MinnesotaCare in cases where the individual market fails to provide sufficient coverage, access, or low-cost sharing options.

Rationale/Background:

Many Minnesotans lack affordable and comprehensive health coverage options. According to the Minnesota Department of Health (MDH) Health Care Access Survey, Minnesota saw one of the largest one-time increases in the number of people without insurance between 2015 and 2017, rising from 4.3 percent to 6.3 percent. This leaves approximately 349,000 Minnesotans without health coverage.

Based on figures from the MDH report, Minnesotans main source of health care coverage is through employer-sponsored insurance (52.9 percent down from nearly 70 percent in 2001). The next largest segment of the health insurance market is public insurance (36.5 percent), which includes Medicare, Medical Assistance, and MinnesotaCare. The rest of Minnesotans with health insurance purchase their coverage through the individual market (3 percent), totaling approximately 155,000 people as of April 2018.

Many factors contribute to the increasing numbers of Minnesotans unable to afford or access to comprehensive coverage, including the significant rise of prescription drug prices which also represents a larger portion of health care spending for Minnesotans and the state budget. According Minnesota's All Payer Claims Database (APCD), spending on prescription drugs in Minnesota is rising at a rate much higher than growth in the number of prescriptions. Between 2009 and 2013, prescription drug spending rose 20.6 percent. In Medical Assistance these increases have been substantial, with pharmacy service spending per enrollee increasing by 56.6 percent between 2012 and 2016. These increases have been significantly more rapid in the managed care pharmacy benefit than the fee-for-service benefit.

Access to dental care is another major problem in Minnesota, especially in areas of greater Minnesota. While access to coverage is an important step, coverage has not translated into access to care, as nearly half (49.6 percent) of Minnesotans with dental coverage went without care because of the cost in 2017. This is particularly true for Medical Assistance and MinnesotaCare enrollees. More than 60 percent of children in the Medical Assistance program did not see a dentist in 2016 and 2017. Studies performed by DHS in 2014 and 2015 show that many dentists, and particularly small clinics in rural areas of the state are discouraged from serving public program enrollees. This is attributed to administrative complexity, overall low reimbursement rates and uneven and disparate rate structures that go to only a small number of providers that are already well beyond capacity to serve additional patients.

Even middle-income individuals go without dental coverage. Those that have coverage are required to pay significant amounts of cost sharing. For many, the cost of dental care prohibits people from accessing care, even when they need it. Without dental coverage, people access care in the emergency room and are often prescribed drugs to manage pain without resolution of the dental issue. A comprehensive approach that restructures both the administrative and payment structure for dental services is needed to address the lack of dental care access.

There is also lack of affordable coverage options for individuals whose family members have access to employer sponsored coverage. Individuals cannot access advanced premium tax credits or MinnesotaCare if they have access to “affordable” employer sponsored insurance. Employer sponsored coverage is deemed affordable if the employee’s contribution to the premium does not exceed 9.86 percent of his or her annual household income. However, due to an issue with federal law known as the “family glitch,” this threshold is only applied to coverage for the employee and not the employee’s family. If the coverage is determined affordable for the employee, it is automatically considered affordable for the employee’s spouse and dependents. As a result, some families are barred from enrolling in MinnesotaCare or advanced premium tax credits with the purchase of a qualified health plan, even though the employee’s share of the cost to cover their spouse and dependents exceeds the affordability threshold.

Under the Affordable Care Act (ACA), states are permitted to pursue federal authority to waive certain rules of the ACA. This authority under section 1332 of the ACA, also known as a *state innovation waiver*, allows states to develop and implement creative strategies for providing health care coverage, while retaining the basic protections and goals of the ACA. To receive federal approval, a state must show that its alternative approach provides coverage to as many residents and ensures access to care that is at least as comprehensive and affordable as would have been provided without the waiver.

Proposal:

The ONECare MN package offers a measured approach to increase access to comprehensive coverage options, encourage stability in the individual market, address rising health care costs and improve access to care and the health care experience for Minnesotans. The package leverages the state’s purchasing power to negotiate the costs of prescription drugs that are currently driving health care spending and addresses the oral health disparities that exist in the state, especially in Greater Minnesota.

This proposal initiates a phased and multipronged strategy to ensure Minnesotans have access to comprehensive health care coverage, address rising costs, increase access to care, and encourage stability in the individual market. These efforts will also align and improve the experience for enrollees and providers across Medical Assistance, MinnesotaCare, and Buy-In products.

This proposal will:

- Create a comprehensive health coverage option for Minnesotans statewide by offering a platinum-level buy-in product in Minnesota’s individual market for plan year 2023.

- Ensure health coverage choice and low-cost options by offering silver- and gold-level buy-in products in any region of the state where the individual market fails to provide options.
- Aligns the prescription drug benefits for all state health coverage programs and buy-in products under a common administrative structure to better leverage the state's purchasing power to bring down prescription drug prices, increase transparency and ensure access to comprehensive drug coverage statewide.
- Creates a simpler more and equitable model for purchasing dental benefits by establishing a common administrative structure across all public health coverage programs and buy-in products and increasing provider rates with more reasonable levels of patient cost sharing, providers serve all patients in their community, improving dental access and experiences for Minnesotans.
- Provide the necessary resources to analyze options to ensure affordable premiums and stabilize the individual market, including a study on risk adjustment.
- Remove the family glitch that occurs when employer sponsored coverage is deemed affordable for an entire family based on the cost of coverage for the employee only.

This proposal will be implemented in two phases. The first phase, beginning in fiscal year 2022, will establish a pharmacy benefit for public programs administered by DHS to make prescription drugs cheaper statewide and will expand access to dental care by restructuring the administration and payment rates, allowing the Buy-In products and other entities to be added in the second phase. In the second phase DHS will offer a comprehensive platinum product statewide in the individual market and silver and gold products in areas that experience substantial market instability or failures. This phase will require federal waiver approval.

Provide comprehensive coverage statewide

This proposal creates a comprehensive, platinum-level Buy-in product for consumers purchasing health insurance in Minnesota's individual market statewide. This product will have a 90 percent actuarial value (AV), which means that plan will cover 90 percent of the costs to the consumer. This product will offer a similar provider network and benefit set as the MinnesotaCare program, including dental, vision and behavioral health benefits. Consumer premiums will reflect the full cost of care and administrative costs to operate the program. Payments to providers for covered services will be set no lower than Medicare provider rates.

This product will be made available to consumers for coverage purchased during the 2022 open enrollment effective for services provided on or after January 1, 2023. As with the purchase of any qualified health plan (QHP), individuals eligible for advance federal premium tax credits subsidies will be able to apply this assistance to reduce the cost of the product.

Because the platinum product may attract people with higher health needs and medical expenses, the Department of Commerce will study its effects in the market and evaluate the potential use of state-based risk adjustment in the future.

Ensure choice and low-cost options

DHS will also offer an affordable and comprehensive Buy-in option for consumers purchasing health insurance in Minnesota's individual market in regions of the state that experience one or more market failures, as defined by the Minnesota Department of Health (MDH.) MDH and the Department of Commerce will begin to monitor market stability in January of 2022 to determine whether triggering conditions are met in any given rating region.

A market failure includes zero plan offerings in any county within a rating region and will trigger DHS to offer two Buy-in products in the individual market for that region equivalent to a gold-level and silver-level product. A gold level plan provides 80 percent actuarial value, and a silver level plan provides 70 percent actuarial value. This means that the plan will cover 80 percent or 70 percent of a person's health care expenses for the year,

respectively. As with the purchase of any QHP individuals eligible for advance federal premium tax credits subsidies will be able to apply this assistance to reduce the cost of the product.

These products will be made available to consumers after plan year 2024 if a market failure is declared in a rating region. Once a region experiences a market failure and the Buy-In products are triggered, the gold and silver Buy-In products will be offered for the next five years in that region. This proposal is intended to encourage increased carrier participation and also ensures that all Minnesotans, regardless of where they live, will have access to affordable, comprehensive coverage.

Plan selection and enrollment for the platinum Buy-In product available on MNsure during open enrollment in the fall of 2022 for plan year 2023. DHS will contract with a third-party administrator (TPA) to process claims and other administrative functions for the Buy-In product. Additionally, entities participating in the state's employee health plan, Medical Assistance, and MinnesotaCare, will be required to submit a good faith bid to provide TPA services for Buy-In products in circumstances where a market failure is determined, and a silver and gold product are offered on the individual market.

To make use of all possible federal funding opportunities, Minnesota will seek a 1332 waiver to capture the federal savings to improve affordability for consumers by providing premium assistance through advanced premium tax credits (APTC) and will work to lower cost sharing for those purchasing the platinum product. Federal payments and enrollee premiums will be sufficient to fund the program after the initial implementation.

This proposal would also address the family glitch by determining the affordability of employer sponsored coverage based on the cost of coverage for the entire family, rather than the cost of coverage for the employee only. Families who have access to employer sponsored coverage that is deemed affordable based on the cost of coverage for the entire family would continue to be barred from MinnesotaCare or advanced premium tax credits. However, families whose employer sponsored coverage is deemed not affordable based on the cost of coverage for the entire family would be eligible for MinnesotaCare starting in January 2021 or upon federal approval, or advanced premium tax credits with the purchase of a qualified health plan starting in January 2023 or upon federal approval. Families who receive coverage through MinnesotaCare under this proposal will be funded by the state and through enrollee premiums currently set in state statute.

Reduce prescription drug prices statewide

Under this proposal, DHS will administer the pharmacy benefit for Medical Assistance, MinnesotaCare, and later, the Buy-In for products beginning in plan year 2022. Currently, pharmacy benefits are either administered by DHS or Managed Care Organizations (MCOs) through their Pharmacy Benefit Managers (PBM). By moving management of the pharmacy benefit to DHS, the state will be able to leverage the negotiating power of more than 1 in 5 Minnesotans and have greater visibility and transparency into pricing and operations. This new pharmacy program will rely on the state's preferred drug list process, which is established and maintained transparently with consumer and provider input. Additionally, the state-based program will be designed with the potential to include other groups in the future, like employer-based or self-insured products to negotiate better prices for Minnesotans and the state.

Improve access to dental care

This proposal establishes a simpler and more efficient model for purchasing dental benefits through a common administrative structure, updated payment methodology, and increased provider rates. Implementing a streamlined structure for dental services will result in increased administrative efficiencies for providers and improve the consumer experience.

Additionally, this proposal will equalize payment rates by providing a 54 percent rate increase over the current Medical Assistance fee schedule for adult dental services and a 24.4 percent rate increase for children's dental services (children's dental services rates are currently higher than rates for adults). This investment is made

possible by repurposing both the critical access and rural dental add-on payments for an across-the-board increase that will remove the payment disparities among dental providers across the state.

Administrative simplification combined with an equitable rate structure that pays all dentists the same rates for providing the same services helps to create an environment where dental practices throughout Minnesota, including rural areas, can serve all people in their communities. Making dental care accessible to people in their local communities strengthens those communities by helping to reduce inequities that exist across racial, ethnic and socio-economic groups. Accessible local dental care also reduces the long distances people on state health care programs currently must travel to receive dental care, if they are fortunate enough to find a provider that will see them.

Fiscal impacts of the proposal

The proposal uses a one-time appropriation of \$112 million from the Health Care Access Fund to establish a program reserve to support any cash-flow, coverage, claims and liabilities for the program at the beginning and into the future. This allows DHS to meet any cash flow deficiencies related to the timing of the receipt of federal funds or enrollee premium payments by DHS and the need to expend funds to cover for administrative and enrollee costs.

Additionally, the Buy-In will require funding to maintain benefit and eligibility policy, manage federal waiver processes and reporting requirements, oversee financial operations, contract with third party administrators, and support rate setting and contracting processes. This estimate also assumes that, beginning plan year 2023 and thereafter, the consumer premiums will fund all ongoing costs necessary to manage the program and support ongoing maintenance of IT systems and operational and administrative functions. This includes any costs allocated to support operations related to offering these products in MNsure as a QHP.

This estimate also provides \$500,000 in funding for a study by the Department of Commerce around risk adjustment related to the platinum product potentially reducing rates for the other health plans in the individual market. Additionally, \$710,000 in funding for the Minnesota Department of Health is also included to ensure monitoring of the individual market in the various rating regions.

In the first phase of implementation, administering a uniform pharmacy and dental benefit will require funding for operations and IT systems.

The uniform pharmacy administration moves health plans' or MCO's spending on pharmacy to fee-for-service by identifying the portion of the capitation payment attributable to pharmacy and the effect of removing it from the managed care capitation payments. One dynamic that offsets the anticipated savings is the need to "buy back" some payments currently withheld from health plan payments. Under current law, a portion of health plan payments are withheld over the course of a calendar year and are paid in the following fiscal year. By carving this benefit out of managed care contracts, the state will no longer be delaying a portion of payments. This "buying back" of the withhold offsets state savings until FY 2024.

This proposal also assumes savings are realized on payments for drugs purchased through the 340B drug discount program. Currently MCOs are not able to capture the same level of cost savings that DHS does in Fee for Service (the portion of MA administered directly between DHS and providers) through the 340B program. In Fee for Service, payments for drugs dispensed by 340B providers must reflect the discounted price at which the provider was able to purchase the drug. DHS observes a 40 percent lower cost on 340B drugs in Fee for Service.

The proposal repurposes current dental add-on payments for the across the board rate increases in dental rates. These changes would be effective on January 1, 2022. The total fiscal impact on the program include some savings from lower managed care administrative costs which is offset by new administrative costs for a dental

administrator. This proposal also includes funding for one new full-time employee to manage the dental vendor contract.

This proposal results in a net reduction to MinnesotaCare payment rates from eliminating dental add-on payments and reducing administrative costs. The base rate for dental services in MinnesotaCare was increased by 54 percent during the 2017 legislative session.

Equity and Inclusion:

This proposal targets the more than 349,000 Minnesotans without health coverage today. There are considerable and persistent disparities in insurance coverage by race and ethnicity, income, age and education, as well as their impact on access to health care. In 2017, the following Minnesotans had the highest rates of being uninsured.

- Young adults, ages 18 to 34 (10.9 percent)
- Persons with incomes below 200 percent of the federal poverty guidelines (11.3 percent)
- People with a high school education or less (11.9 percent)
- People of color and American Indians (13.9 percent)

Additionally, people of color and American Indians have less access to employer-sponsored coverage (61 percent) compared to white Minnesotans (79 percent.) Disparities in employer-sponsored rates persisted across income levels, so even at the highest income levels (400 percent of FPL), access to employer-sponsored coverage was lower for people of color and American Indians. At the same time, obtaining health insurance through public coverage or the individual market, can be challenging financially, and in terms of time, documentation needed and complexity in enrollment process. This may also include efforts to ensure enrollment tools offered and the communication about the benefits of coverage are enrollee focused and designed based on individuals' needs or circumstances.

Minnesotans in rural areas are also more likely to purchase their own coverage than in urban counties, and since 2016, were more likely to obtain it through MNsure.

Minnesota living in rural areas also face unique challenges in accessing health care. While the proportion of Minnesotans on Medicaid Assistance and MinnesotaCare is greater in rural Minnesota, people in rural areas are also more likely to purchase their own coverage than in urban counties and obtain it through MNsure. This has been particularly concerning as the number of health plan choices are much more limited than metro areas, and some rural counties have been left with very few options for consumers. Additionally, according to MDH those in greater Minnesota are less likely to visit a doctor each year than those in urban communities due to transportation, not having insurance, and provider network gap issues. Nearly a quarter of rural Minnesotans are still struggling with paying medical bills, and 1 in 5 rural Minnesotans are not getting needed health services because of cost.

While the reasons people do not purchase insurance are complex, there are many ways to address these issues beyond bringing down health care costs. ONECare MN offers a multipronged measured approach to increase access to comprehensive coverage options, encourage stability in the individual market, address rising health care costs and improve access to care and the health care experience for Minnesotans. The package leverages the state's purchasing power to negotiate the costs of prescription drugs that are currently driving health care spending and addresses the oral health disparities that exist in the state, especially in Greater Minnesota.

IT Related Proposals:

This proposal will establish a prescription drug module and IT changes to implement the new rates and administrative structure for dental.

DHS will contract to establish the Buy-In product on MNSure and with a TPA to perform enrollment and claims functions for the Buy-In products.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Uninsured rate	4.3%	6.3%	2015, 2018
Quantity	Percentage of children who receive at least one dental service in a year.	37%	36%	FFY 2016-17
Quality	Percentage of children enrolled for 90 continuous days who receive a preventive dental service.	39%	39%	FFY 2016-17

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			52	858	910	(15,030)	25,740	10,710
HCAF			1,938	5,850	7,788	9,904	138,788	148,692
Federal TANF								
Other Fund			0	0	0	(93)	(93)	(186)
Total All Funds			1,990	6,708	8,698	(5,219)	164,435	159,216
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33	MA Grants	0	0	0	(18,319)	20,939	2,620
HCAF	33	MA Grants	0	0	0	0	12,662	12,662
HCAF	31	MinnesotaCare Grants	0	3,137	3,137	6,101	11,365	17,466
GF	13	HCA Admin (Contracts)	0	0	0	2,581	5,342	7,923
GF	REV1	Contract FFP @ Various	0	0	0	(1,174)	(2,417)	(3,591)
HCAF	13	HCA Admin (Contracts)	0	0	0	631	1,612	2,243
GF	13	HCA Admin (FTEs - FFP Eligible)	77	181	258	330	320	650
GF	REV1	FFP @ 32%	(25)	(58)	(83)	(106)	(102)	(208)
HCAF	13	HCA Admin (FTEs -QHP)	256	271	527	628	319	947
HCAF	13	HCA Admin (FTEs - FFP Eligible)	362	492	854	488	614	1,102
HCAF	REV1	FFP @ 32%	(116)	(157)	(273)	(156)	(196)	(352)
HCAF	31	Reserves	0	0	0	0	112,000	112,000
SRF	13	HCA Admin (DRAMS)	0	0	0	(93)	(93)	(186)
HCAF	11	Systems	911	1,932	2,843	1,932	182	2,114
GF	11	Systems	0	735	735	1,658	1,658	3,316
HCAF	13	Transfer to the Dept. of Commerce	500	0	500	0	0	0
HCAF	13	Transfer to the Dept. of Health	25	175	200	280	230	510
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
		DHS FTEs	7	8		15	27	
		MDH FTEs				0.5	0.5	

Statutory Change(s):

256B; 256L; New chapter of law under 256

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Repeal Sunset of the Provider Tax

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Tax Aids, Credits and Refunds				
Health Care Access Fund				
Expenditures	0	0	0	0
Revenues	236,777	733,429	770,784	809,287
Department of Human Services				
Health Care Access Fund				
Expenditures	11,564	27,551	45,973	39,259
Revenues	0	0	0	0
MMB Non-Operating				
Health Care Access Fund				
Transfers Out			122,000	122,000
General Fund				
Transfers In			122,000	122,000
Net Fiscal Impact = (Expenditures – Revenues)	(225,213)	(705,878)	(724,811)	(770,028)
FTEs	0	0	0	0

Recommendation:

To support essential health care services and expand access to health insurance, the Governor recommends repealing the sunset on the two percent taxes on hospitals, surgical centers, health care providers, wholesale drug distributors, and those subject to the legend drug use tax contained in Minnesota Statutes, section 295.52. This proposal increases revenues to the Health Care Access Fund by \$970 million in the FY 2020-21 biennium.

The repeal of the tax sunset restores a provider rate increase that was established in 2003 to offset the cost of paying the provider tax on Medical Assistance and MinnesotaCare covered services.

The additional revenue creates a positive projected balance in the Health Care Access Fund. This balance triggers a statutory transfer to the General Fund of \$122 million per year.

Rationale/Background:

The Provider Tax is an essential source of funding for the Health Care Access Fund which provides health care coverage through the MinnesotaCare and Medical Assistance (MA) programs and supports public health activities through the Minnesota Department of Health. The reinstatement of the Provider Tax would also enable the Health Care Access Fund to support the Health Insurance Premium Subsidy and Health Insurance Tax Credit to stabilize and make the individual health insurance market more affordable.

Minnesota levies a two percent tax on revenue from patient services at hospitals, surgical centers and health care providers. This two percent tax also applies to the gross revenue of wholesale drug distributors as well as on amounts paid for prescription drugs by entities subject to the legend drug use tax.

Under current law, the provider taxes sunset on December 31, 2019. Repealing the sunset of the provider tax provides greater funding stability for the state's initiatives to promote access to health care, improve the quality of care, and contain health care costs. This proposal raises about \$237 million and \$733 million of revenue in fiscal years 2020 and 2021 respectively.

In 2003, the state legislature removed an exemption on taxing health care provider revenue for services provided to recipients of MA and MinnesotaCare and increased provider payment rates by two percent for these services subject to this tax. The November 2016 MA and MinnesotaCare forecast accounted for the provider tax sunset by removing the value of the two percent rate increase effective January 1, 2020. Repealing the provider tax sunset reinstates the two percent rate increase in MA and MinnesotaCare, resulting in a net cost to the state of just over \$39 million in FY 2020-21.

The current tax rate is 2%, although each year the rate must be reduced if the Commissioner of Management and Budget determines that projected revenue to the Health Care Access Fund is greater than 125% of expenditures and transfers, and the cash balance in the fund is adequate.

This proposal also amends existing nexus language and treats interest on overpayments for provider taxes consistent with other taxes. While current statutory language establishes nexus under the United States Constitution, this proposal addresses the impact of the United States Supreme Court decision in *Wayfair v. South Dakota* by providing for minimum economic nexus thresholds. Regarding interest, this proposal provides 90 days from the due date of the return or the date on which the original return is filed, whichever is later, before the amount refunded begins to bear interest.

Proposal:

This proposal repeals the sunset of the two percent provider taxes contained in Minnesota Statutes, section 295.52, to ensure funding for MinnesotaCare, Medical Assistance (MA), and public health activities through the Minnesota Department of Health. The repeal also supports proposals recommended in the Governor's budget to stabilize the individual health insurance market and make insurance more affordable. The individual market stabilization and affordability proposals include the Health Insurance Premium Subsidy and a Health Insurance Premium Tax Credit.

Equity and Inclusion:

Medical assistance is the largest expenditure from the Health Care Access Fund and currently provides health insurance coverage to over 1 million Minnesotans, who meet income limits. MinnesotaCare assists those most in need that are not already covered by existing programs. To be eligible for MinnesotaCare, individuals must meet income limits, not be eligible for Medical Assistance, and satisfy other requirements related to residency and lack of access to other health insurance. MinnesotaCare coverage is available to persons with incomes greater than 133 percent of federal poverty guidelines but not exceeding 200 percent, if other program eligibility requirements are met.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Avg. monthly MinnesotaCare enrollment	115,754	86,310	FY 2016 & 2019

Statutory Change(s):

Minnesota Statutes, section 295.51, subd. 1a
 Minnesota Statutes, section 295.52, subd. 8
 Minnesota Statutes, section 295.57, subd. 3;
 Minn. Laws 2011, 1st Spec. Sess. Ch. 9, art. 6, sec. 97, subd. 6.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Child Care Assistance Program Federal Compliance – Program Improvements

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	865	7,326	10,419	10,637
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	865	7,326	10,419	10,637
FTEs	1.5	2	2	2

Recommendation:

The Governor recommends \$8.2 million in FY 2020-2021 and \$21.1 million in FY 2022-2023 to improve the Child Care Assistance Program (CCAP). This represents a 2.5% increase to the current budget for CCAP for FY 2020-2023. These investments support family stability and improve the safety and school readiness of children served in child care settings across the state. These investments also comply with federal requirements.

Rationale/Background:

The Child Care Assistance Program (CCAP) helps families pay for child care, allowing parents to go to work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP serves approximately 15,000 families and 30,000 children each month. Over 60 percent of the children served are ages 5 or younger. Over 67 percent of all children served are children of color or American Indian children. An average of 3,265 providers are paid each month for serving children receiving CCAP. CCAP is administered by county and tribal agencies.

This proposal:

- Ensures families are receiving the benefits of 12-month eligibility;
- Prioritizes homeless families;
- Ensures out-of-state providers meet federal health and safety requirements; and
- Offers expanded due process rights for providers.

Program improvements

These changes are required under the federal Child Care Development Block Grant (CCDBG). In Federal Fiscal Year 2018, Minnesota received \$120.83 million from the federal Child Care Development Fund. These funds help pay for initiatives to improve the quality of child care and for the Child Care Assistance Program, which includes Basic Sliding Fee child care and Minnesota Family Investment Program child care. Most changes to CCAP were federally required to be implemented by Sept. 30, 2016. Minnesota did not comply with this timeline. The federal Office of Child Care approved waiver extensions for most unmet federal requirements by Minnesota until Sept. 30, 2018. Minnesota may face penalties, including a reduction of CCDBG funds, if it is not in full compliance with federal law soon.

Expanding due process for providers

Currently, appeal rights for providers who receive CCAP are limited to a few specific reasons (e.g. overpayments, fraud disqualifications established by an Administrative Disqualification Hearing). For example, under current law,

if a provider loses their CCAP approval for any reason other than being disqualified for fraud, the provider cannot appeal. Only families who use the provider and receive CCAP can appeal this type of adverse action.

Proposal:

These changes will improve the experiences that potentially all children and families have with the Child Care Assistance Program (CCAP). These provisions build on the changes passed by the 2017 Legislature to bring CCAP into federal compliance. This proposal:

Ensures that families do not lose assistance during their 12 month eligibility period by:

- Eliminating the six month limit on Portability Pool for families who move between counties. It is federally required to continue assistance until the family's next redetermination. This provision ensures families do not lose eligibility due to current Portability Pool time limits and meets federal requirements. This change is effective 12/02/2019.
- Making it easier for families who received Minnesota Family Investment Program/Diversions Work Program (MFIP/DWP) to continue receiving child care once MFIP/DWP ends. Families who received MFIP/DWP for at least one of the last six months will qualify for Transition Year child care. It is federally required to continue assistance until the family's next redetermination. This provision meets federal requirements by ensuring all families who received MFIP child care will meet the Transition Year child care requirements. Some families who have not received MFIP child care will qualify for Transition Year child care if they received at least one month of MFIP eligibility in the last six months. This provision also maintains program simplicity. This change is effective 03/23/2020.
- Continuing child care eligibility until the family's next redetermination when a child turns 13 years old or a child with a disability turns 15 years old. It is federally required to continue assistance until the family's next redetermination; this provision meets this federal requirement. This change is effective 06/29/2020.

Makes child care available and accessible to more children experiencing homelessness by:

- Creating an expedited five business-day application process for families who are homeless. Proof of eligibility would be required within three months (but not prior to approval) or assistance would end. It is federally required that states expedite applications for families who are homeless, including processing applications faster and prior to receiving proof of eligibility. This provision meets federal requirements. The federal rule generally requires that assistance be provided for at least three months; therefore, proof of eligibility could likely not be required sooner than three months. States have discretion to determine the processing timeframe. The five day limit aligns with expedited SNAP issuance. This change is effective 09/21/2020.
- Exempting families experiencing homelessness from activity requirements during the three month period following application. Care would be approved for up to 30 hours per week. This provision is not a federal requirement, but aligns with federal direction to prioritize children who are homeless. Families would need to meet activity requirements within the three months for child care eligibility to continue. This change is effective 09/21/2020.

Ensures that children are cared for in safe, nurturing environments by:

- Requiring that out-of-state providers meet federal health and safety requirements to receive Minnesota CCAP payments. It is federally required for providers to meet health and safety standards. This provision meets federal requirements, and has no cost. This change is effective 07/01/2019.

Expands due process rights for providers, effective 02/26/2021. An increase in provider appeals from fewer than 25 to approximately 400 is estimated. This proposal adds two FTEs to the Appeals Division, as compared to the 31 current full-time and six part-time judges. The expansion occurs by:

- Retaining all current due process rights for providers and adding additional due process rights for all other adverse actions CCAP may take against a provider.

- Transferring appeal rights, for adverse actions against the provider, from families to providers who have the knowledge to argue on their own behalf.
- Giving providers the right to either a fair hearing or an administrative review:
 - An administrative review will occur when payments are suspended due to a fraud investigation. In situations where a criminal conviction or an administrative disqualification is pending, this gives providers due process rights without compromising future actions. This mirrors current policies and procedures for health care providers.
 - A fair hearing will occur for all other adverse actions. When a provider's CCAP registration is closed due to a licensing action, the fair hearing occurs after the licensing issue is resolved.

Equity and Inclusion:

People of color are disproportionately likely to be poor in Minnesota. For instance, the poverty rate for African Americans in Minnesota is higher than that of African Americans in Alabama or Mississippi.^[1] Therefore, people of color are disproportionately likely to turn to forms of public assistance, such as child care assistance, because of financial crises. Program complexity adds to the stress already imparted by poverty and discrimination experienced by the people we serve. Access to child care, specifically high quality care, may improve disparities in school readiness.

Because over 67% of the children served by CCAP are children of color or American Indian children, proposals that improve the program for positively impact children of color or American Indian children.

Monthly averages, by percent, of children by race and ethnicity in the Child Care Assistance Program

State Fiscal Year	African-American	American Indian	Asian/Pacific Islander	Hispanic / Latino	Multiple races	White	Unknown
SFY18	52.9	1.2	1.6	5.1	6.4	28.5	4.2
SFY 17	51.4	1.2	1.8	5.2	6.4	29.8	4.2
SFY 16	48.4	1.3	2	5.5	6.8	31.9	4.1
SFY 15	46	1.4	2.1	5.7	7	33.8	4

IT Related Proposals:

The Minnesota Electronic Child Care Systems, or MEC², the automated case management computer system that supports the Child Care Assistance Program, will need to make changes to implement most of these proposals. Costs include \$343,000 in FY 2020-2021.

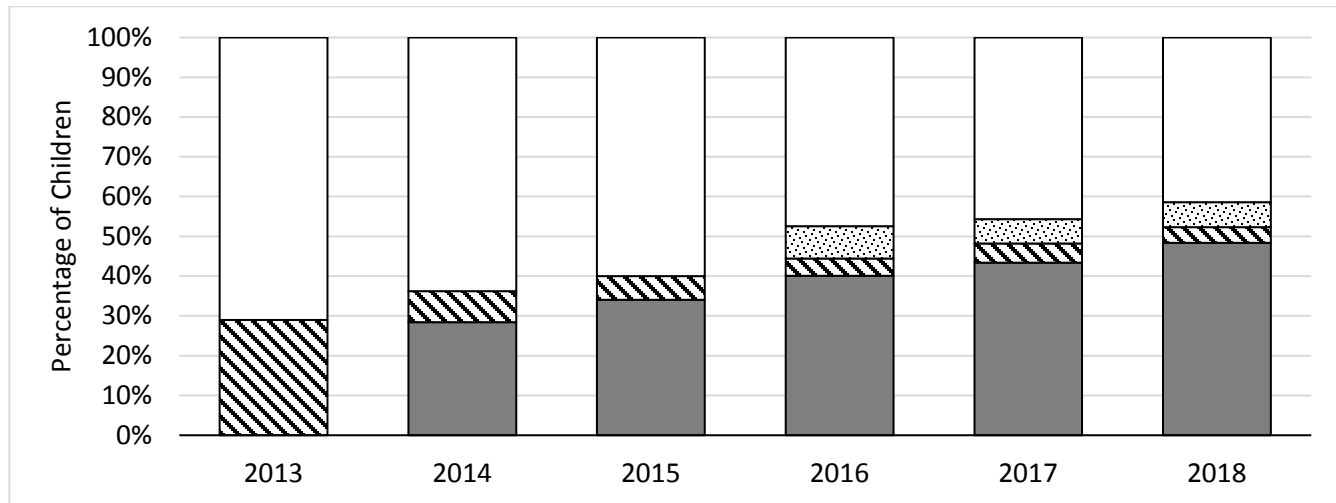
Results:

Children who participate in high-quality early care and education are more likely to have school success and positive life-long outcomes. The percent of children ages zero to five receiving CCAP who use providers eligible for the higher rates for quality has increased from 29 percent in 2013 to 52 percent in 2018. In 2014 providers with a Parent Aware rating of Three- or Four-Stars began receiving the CCAP higher rates for quality. Previously, only providers with certain accreditations and family child care providers with certain credentials were eligible for the higher rates for quality.

^[1] State Health Facts, the Henry J Kaiser Family Foundation, using the US Census Bureau's March Current Population Survey Data, 2017.

The policies in this proposal work to keep children in child care with fewer disruptions and more consistent schedules. This will allow more families to choose high quality care for their children, and encourage high quality providers to serve more children receiving child care assistance.

Growth of Quality Care Use among Children Receiving CCAP Ages 0 to 5



Child's Provider Credentials	2013	2014	2015	2016	2017	2018
Provider holds Parent Aware 3-4 Star*	NA	28%	34%	40%	43%	48%
Provider holds Accreditation*	29%	8%	6%	5%	5%	4%
Provider holds Parent Aware 1-2 Star	NA	NA	NA	8%	6%	6%
Standard Care	71%	64%	60%	47%	46%	41%

* *These providers are eligible for CCAP higher rates for quality. Additional data notes:*

- Percentages based on unduplicated child count using July service month of each year.
- Any child using multiple providers during the service month is counted based on their providers' highest credential ranking. The ranking, from highest to lowest, is Parent Aware 3-4 Star, Accreditation, Parent Aware 1-2 Star, and Standard Care.
- NA indicates the CCAP data system (MEC²) did not track provider Parent Aware ratings of this type at this time.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			865	7,326	8,191	10,419	10,637	21,056
HCAF								
Federal TANF								
Other Fund								
Total All Funds			865	7,326	8,191	10,419	10,637	21,056
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Systems (MEC2 State Share @ 55%)	286	57	343	57	57	114
GF	22	MFIP Child Care	393	5,806	6,199	6,831	7,001	13,832
GF	42	BSF	39	1,294	1,334	3,362	3,410	6,772
GF	11	Appeals (2 positions)	216	249	465	249	249	498
GF	Rev1	FFP @ 32%	(69)	(80)	(149)	(80)	(80)	(160)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Appeals (2 Positions)	1.5	2		2	2	

Statutory Change(s):

Minnesota Statutes, Chapter 119B, 245E

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Child Care Assistance Program Maximum Rates – Update Maximum Rates

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,772	8,064	16,694	34,256
Revenues	0	0	0	0
Other Funds				
Expenditures	17,949	24,751	17,130	0
Revenues	(17,949)	(24,751)	(17,130)	0
Net Fiscal Impact = (Expenditures – Revenues)	2,772	8,064	16,694	34,256
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$10.8 million in FY 2020-2021 and \$51 million in FY 2022-2023 to update maximum rates paid to child care providers under the Child Care Assistance Program (CCAP). This represents a 10.4% increase to the current budget for CCAP in FY 2020-2023. Updating maximum rates supports family stability, provider stability and improved school readiness of children served in child care settings across the state. Additionally, this proposal will bring Minnesota into federal compliance until the next market rate survey is completed.

Rationale/Background:

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP serves approximately 15,000 families and 30,000 children each month. Over 60 percent of the children served are ages 5 or younger. Over 67 percent of all children served are children of color or American Indian children. An average of 3,265 providers are paid each month for serving children receiving CCAP. CCAP is administered by county and tribal agencies.

This proposal will impact approximately 70 – 80 percent of children and families served by CCAP and their providers. Every year that CCAP maximum rates are not updated likely increases the portion of a provider's price that is not fully covered by CCAP's maximum rates. Based on the 2018 market rate survey, statewide approximately 16.3% of licensed family child provider prices and 23% of licensed child care center prices were fully covered by CCAP's current maximum rates. When provider prices are not fully covered by CCAP maximum rates, costs may be passed along to the families on CCAP in addition to their copayment fees. This practice makes child care less accessible to low-income families even with child care subsidies.

Updating CCAP's maximum rates after the most recent completed market rate survey is required under the federal Child Care Development Block Grant (CCDBG). Most changes to CCAP were federally required to be implemented by Sept. 30, 2016. Because Minnesota has not updated the maximum rates using the most recently completed market rate survey, the federal Office of Child Care may require Minnesota to complete a corrective plan to bring our maximum payment rates into full compliance. Minnesota may face penalties, including a reduction of CCDBG funds, if it is not in full compliance with federal law 10/1/2019.

Proposal:

This proposal includes three sections:

1. Update maximum rates paid under the Child Care Assistance Program
2. Update registration fees paid under the Child Care Assistance Program
3. Change the frequency of the child care provider market rate survey to every three years

These changes will improve most payment rates to providers caring for children receiving child care assistance. These provisions will improve accessibility to child care for most families receiving child care assistance. These provisions build on the changes passed by the 2017 Legislature to bring CCAP into federal compliance.

Update maximum rates paid under the Child Care Assistance Program

The Governor recommends updating the maximum rates paid to child care providers to the greater of the 25th percentile of the 2018 market rate survey or the rates in effect at the time of the update. Many maximum rates would increase, some rates would stay the same, and no rates would decrease under this proposal. The rate increase will be updated September 23, 2019.

States are federally required to update payment rates on an ongoing basis to align with the results of the most recent market rate survey. This proposal will bring Minnesota into federal compliance until the next market rate survey is completed.

Update registration fee maximums paid under the Child Care Assistance Program

The Governor recommends updating the registration fees paid to child care providers based on the 2018 market rate survey. The Governor recommends setting separate registration fee maximums for licensed family child care and child care centers.

Registration fee maximums would be set at the greater of the 25th percentile of the 2018 recent market rate survey or the registration fees in effect at the time of the update. Registration fee maximums will be updated September 23, 2019.

The Child Care Assistance Program currently pays for up to two registration fees per child per year. States are federally required to pay registration fees that providers charge to private-paying families. Updating the registration fee maximums increases CCAP program costs by \$65,000 in FY 2020-2021 and \$74,000 in FY 2022-2023.

Change the frequency of the child care provider market rate survey

The child care market rate survey is currently conducted every two years. The most recent survey was conducted in 2018. This proposal would change the frequency of the market rate survey to every three years. Under this proposal, the next market rate survey would be conducted in 2021. Changing to a three year frequency aligns with federal requirements.

Additional federal funds

In Federal Fiscal Year (FFY) 2018, Minnesota received an additional \$29.9 million from the CCDBG through the Consolidated Appropriations Act of 2018. These additional federal funds are to support the full implementation of the CCDBG Act of 2014. This proposal commits these projected CCDBG funds to offset a portion of the projected costs to minimize the state investment. The proposal assumes these additional funds will continue only through FFY 2019 and that the total additional federal funds to support this proposal will be \$59.8 million. The CCDBG funds are sufficient to cover the costs of the increased rates for 2020-2021 and a portion of the cost for the 2022-2023.

Equity and Inclusion:

People of color are disproportionately likely to be poor in Minnesota. For instance, the poverty rate for African Americans in Minnesota is higher than that of African Americans in Alabama or Mississippi.^[1] Therefore, people of color are disproportionately likely to turn to forms of public assistance, such as child care assistance, because of financial crises. Access to child care, specifically high quality care, may improve disparities in school readiness.

Because over 67 percent of the children served by CCAP are children of color or American Indian children, proposals that improve the program for families and children, positively impact children of color or American Indian children.

Monthly averages, by percent, of children by race and ethnicity in the Child Care Assistance Program

State Fiscal Year	African-American	American Indian	Asian/Pacific Islander	Hispanic / Latino	Multiple races	White	Unknown
SFY18	52.9	1.2	1.6	5.1	6.4	28.5	4.2
SFY 17	51.4	1.2	1.8	5.2	6.4	29.8	4.2
SFY 16	48.4	1.3	2	5.5	6.8	31.9	4.1
SFY 15	46	1.4	2.1	5.7	7	33.8	4

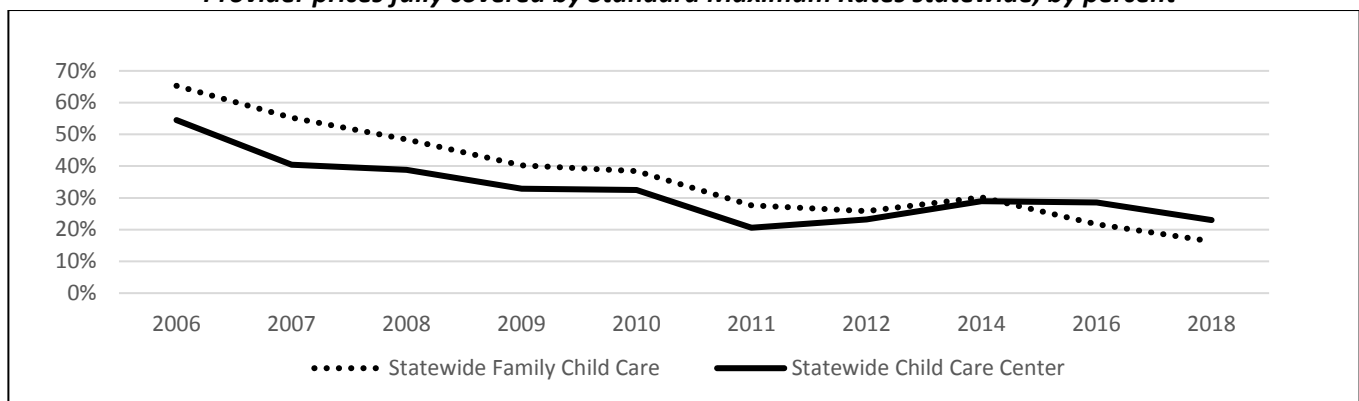
IT Related Proposals:

The Minnesota Electronic Child Care Systems, or MEC², the automated case management computer system that supports the Child Care Assistance Program, will need changes to implement most of the proposals. The cost is \$138,610 in FY 2019 (state share of \$76,236) with \$37,670 (state share of \$15,247) ongoing.

Results:

The last time some maximum rates were increased was in 2014. Since then, on a statewide basis the percent of provider prices fully covered has fallen from about 30 percent to about 20 percent, as shown on the graph below. This proposal will result in approximately 70 – 80 percent of maximum rates increasing. This will allow more families to choose child care providers whose prices are fully covered by the CCAP maximum rates. This will create more accessibility for families receiving child care assistance.

Provider prices fully covered by Standard Maximum Rates statewide, by percent



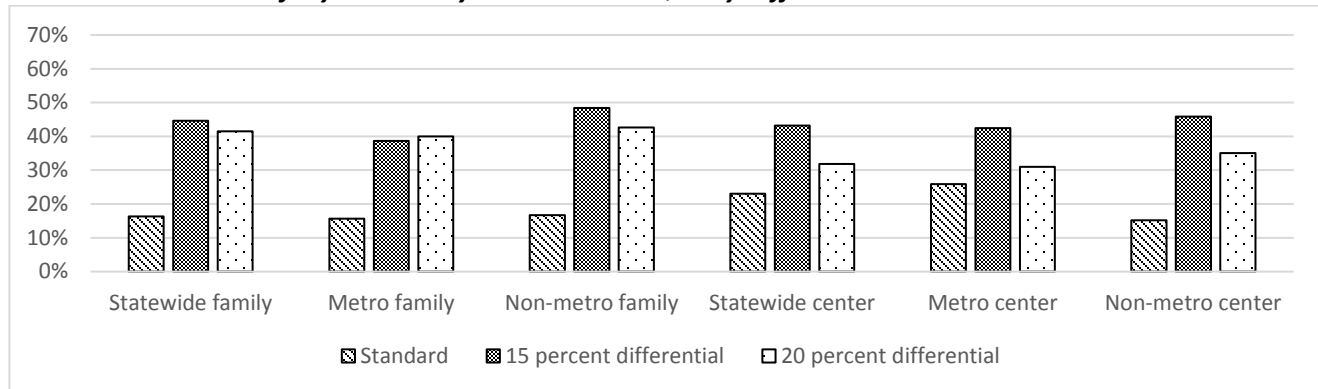
This proposal will also increase the accessibility to quality child care programs. Higher maximum rates may increase families' access to high quality providers by allowing the maximum rate paid by the Child Care Assistance

^[1] [State Health Facts](#), the Henry J Kaiser Family Foundation, using the US Census Bureau's March Current Population Survey Data, 2017.

Program to fully cover more (or an equivalent proportion) of their prices as compared to the prices charged by all providers. This measure indicates the impact of quality differentials by type of care.

Specifically, the 20 percent differential allows the prices charged by center-based four-star rated metro providers to be fully covered by the maximum subsidy in the same proportion as the prices of all metro center providers. The higher maximum rates offer coverage of the prices charged by all other types of quality providers at higher levels than the standard maximum rates.

Prices fully covered by Standard and Quality Differential Maximum Rates – 2018



Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			2,772	8,064	10,836	16,694	34,256	50,950
HCAF								
Federal TANF								
Other Fund Federal CCDF								
Total All Funds			2,772	8,064	10,836	16,694	34,256	50,950
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	22	MFIP CCAP - State	1,767	5,814	7,581	12,002	23,941	35,943
FED	22	MFIP CCAP - CCDBG	11,206	16,635	27,841	11,269	-	11,269
GF	42	BSF CCAP – State	929	2,235	3,164	4,677	10,300	14,977
FED	42	BSF CCAP - CCDBG	6,743	8,116	14,859	5,861	-	5,861
FED	REV	Federal Revenue (CCDBG)	(17,949)	(24,751)	(42,700)	(17,130)	-	(17,130)
GF	11	MEC2	76	15	91	15	15	30
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

Minnesota Statutes, Chapter 119B

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Child Care Assistance Program Basic Sliding Fee Waiting List

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures				
Revenues	7,821	17,901	17,901	19,201
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	7,821	17,901	17,901	19,201
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$25.7 million in FY 2020-2021 and \$37.1 million in FY 2022-2023 to provide child care assistance to families on the waiting list for Basic Sliding Fee Child Care. This represents a 5.9% increase to the current budget for the Child Care Assistance Program (CCAP) for FY 2020-2023. These investments support family stability and improve the safety and school readiness of children across the state.

Rationale/Background:

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP serves approximately 15,000 families and 30,000 children each month. Over 60 percent of the children served are ages 5 or younger.

Basic Sliding Fee Child Care is a sub-program of the Child Care Assistance Program. Approximately 55 percent of children served through Basic Sliding Fee Child Care are children of color or American Indian children. Basic Sliding Fee Child Care is a capped allocation that is allocated to county and tribal agencies. Some agencies maintain a waiting list due to demand. As of December 2018, twenty-five counties had a waiting list.

Proposal:

This proposal provides additional funding to provide child care assistance to families on the waiting list for Basic Sliding Fee Child Care. A total of 1,948 families were on the waiting list in December 2018. It is estimated that approximately 1,000 of those families would be determined eligible if given the chance to apply. This proposal provides funding beginning in Calendar Year (CY) 2020 to serve approximately 1,000 additional families through Basic Sliding Fee Child Care.

The additional funding would be targeted to county and tribal agencies with a waiting list for Basic Sliding Fee Child Care. The funds will be distributed proportionately based on the average of the most recent six months of the waiting list. The partners needed to implement these changes include local agencies to process applications from families and administer CCAP.

The proposal includes reinvesting \$2.6 million of underspending from the CY 2018 Basic Sliding Fee Child Care program. Although there is an overall need for the program, individual counties and tribes often underspend allocated funds as they balance meeting the needs of families and the financial obligation of potential overspending of their allocations. This resulted in underspending in CY 2018.

The other sub-program of the Child Care Assistance Program serves families who are on, or who have recently exited, the Minnesota Family Investment Program. This program is included in the State's budget forecast. If the family lives in a county with a waiting list, they are able to remain on the forecast program until funds become available in the Basic Sliding Fee program. By eliminating the waiting list, these families will move into Basic Sliding Fee more quickly, which generates a saving for the forecast program.

Equity and Inclusion:

Access to quality child care can improve school readiness for children while also supporting parental employment. The achievement gaps in Minnesota between white students and students of color are some of the worst in the nation. Providing children of color with access to quality child care can help narrow that achievement gap. This proposal would provide access to child care for additional young children, including children of color.

The race and ethnicity of families on the waiting list for Basic Sliding Fee Child Care is not reported. The race and ethnicity of children currently on the waiting list may be similar to that of families receiving Basic Sliding Fee Child Care in recent years. A break down of that information is below.

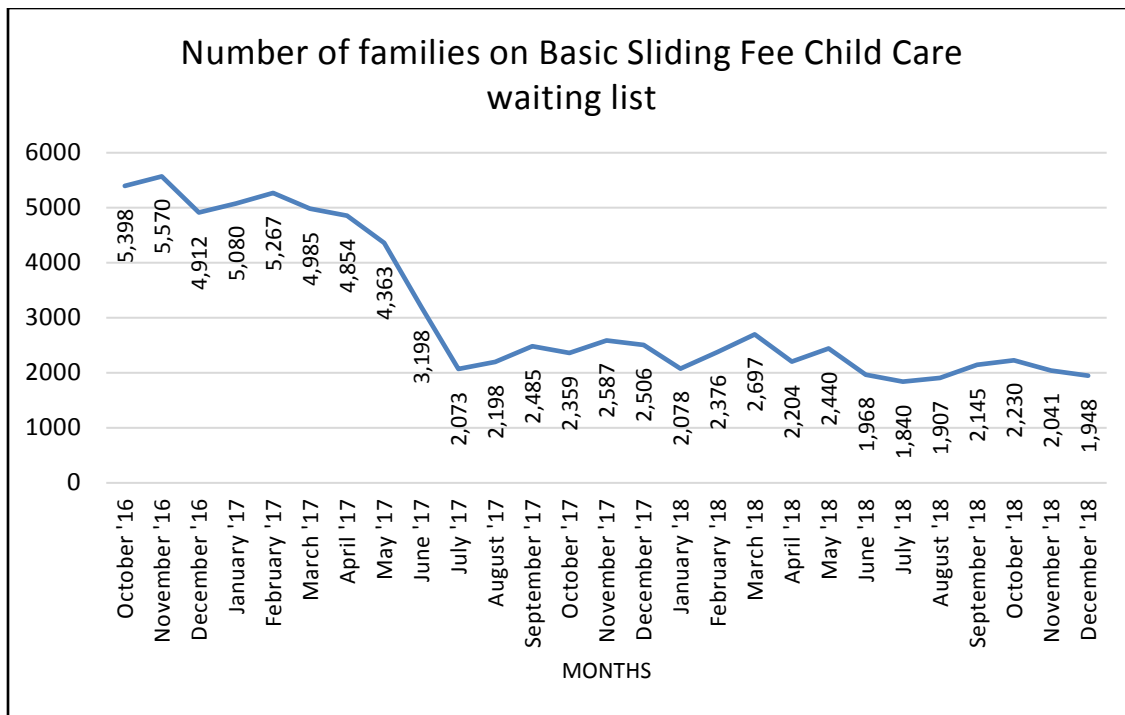
Race and Ethnicity, by percent, of children receiving Basic Sliding Fee Child Care

State Fiscal Year	African-American	American Indian	Asian/Pacific Islander	Hispanic / Latino	Multiple races	White	Unknown
SFY18	39.9	1.1	1.7	6	7.1	39.3	4.9
SFY 17	37.7	1.2	1.6	6.1	7.2	41.5	4.7
SFY 16	33.8	1.3	1.9	6.1	7.4	45.1	4.4
SFY 15	32.8	1.4	2.1	6.6	7.3	45.6	4.2

Monthly average percentage of children by race and ethnicity served in Basic Sliding Fee Child Care during the state fiscal year.

Results:

The number of families on the waiting list for Basic Sliding Fee Child Care is at the lowest statewide level in over ten years. While the number of families on the waiting list has decreased, the number of counties that have a waiting list has increased. Under this proposal, the number of families on the waiting list would decrease to nearly zero for a period of time. Eventually, the number of families on the waiting list would likely begin to increase as additional demand for child care emerges.



Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			7,821	17,901	25,722	17,901	19,201	37,102
HCAF								
Federal TANF								
Other Fund								
Total All Funds			7,821	17,901	25,722	17,901	19,201	37,102
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	42	BSF	9,401	17,901	27,302	17,901	19,201	37,102
GF	22	MFIP/TY	(1,580)	-	(1,580)	-	-	-
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

Rider to 119B.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Child Care Assistance Program Integrity

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(747)	(1,353)	(1,394)	(1,435)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(747)	(1,353)	(1,394)	(1,435)
FTEs	0	0	0	0

Recommendation:

The Governor recommends enhancing attendance record keeping requirements, clarifying absent day billing requirements, establishing a method for calculating attendance record overpayments, allowing a penalty for failure to report decreases in attendance, and limiting retroactive eligibility within the Child Care Assistance Program (CCAP). This proposal requests funding for system changes to track attendance record keeping overpayments and limiting retroactive eligibility, which produce overall program savings.

Rationale/Background:

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP serves approximately 15,000 families and 30,000 children each month. Over 60 percent of the children served are ages 5 or younger. Over 67 percent of all children served are children of color or American Indian children. An average of 3,265 providers are paid each month for serving children receiving CCAP. CCAP is administered by county and tribal agencies.

Each of these proposals increases accountability and helps ensure funds are spent with financial and administrative integrity. The proposals related to attendance records, billing for absent days and holidays, and reporting decreases in children's attendance give the Department of Human Services (DHS) stronger legal standing to enforce existing laws and ensure clarity and predictability for providers.

Enhance attendance record keeping requirements

Licensing and CCAP require that providers keep daily attendance records for children receiving CCAP. Records must be kept at the site where care is provided, retained for at least six years, and produced immediately upon request. Keeping accurate and legible attendance records is important because records provide justification for billing and may be needed if children in care are exposed to infectious diseases.

The proposal clarifies that if a county or the commissioner requests attendance records, the provider must make the records available immediately, and attendance records not produced immediately cannot be introduced as evidence in any Fair Hearing or administrative disqualification.

DHS has also issued a Request for Information (RFI) to learn more about electronic methods for monitoring children's attendance as a possible new requirement for CCAP in the future.

Billing for absent days and holidays

Providers bill an absent day when a child does not attend care on a day they are scheduled and authorized to attend and the provider is open. Providers bill a holiday when a child does not attend care on a day they are scheduled and authorized to attend because the provider is not open. Current law allows payment for up to 25 absent days and 10 holidays per child per calendar year. This proposal clarifies that absent days and holidays must be marked on the billing form. Any dates billed as if a child is present where attendance records indicate the child was absent are an overpayment.

Method for calculating attendance record overpayments

Current law gives DHS and counties the authority to charge an overpayment when a provider violates attendance record keeping requirements. This proposal establishes a uniform method for calculating the amount of these overpayments. The overpayment amount assessed to the provider for each child will be equal to the daily rate for any day the provider fails to comply with attendance record keeping requirements.

Penalty for failure to report decreases in attendance

CCAP pays for hours a child is scheduled and authorized to attend (not attended hours). This aligns with federal and state laws. Current law: a) requires providers to report on the billing form when a child's attendance drops to less than half of their scheduled hours or days for a four-week period, and b) allows DHS and local agencies to close a provider's registration for a period of up to three months when a provider violates certain policies.

When a child has a significant decrease in attendance, CCAP may reduce the child's authorization in some cases. Having a penalty if a provider fails to follow the existing attendance reporting requirements increases the likelihood that the child is authorized for care that is actually needed.

Retroactive Eligibility

Current law allows retroactive eligibility for six months. Some families who request long periods of retroactive eligibility may not have used child care during the time requested. An informal survey of Employment Service providers and CCAP workers showed three months is enough time for a family to apply for MFIP, meet all requirements, and become eligible for CCAP. Three months also aligns with Minnesota Health Care Programs policy.

Proposal:

These changes are intended to address program integrity concerns including administrative errors, recipient potential fraud and misuse, and provider fraud. These changes potentially impact all families receiving child care assistance and the providers caring for their children. These provisions build on program integrity changes previously passed by the Legislature. The partners needed to implement these changes include MN.IT at DHS to update MEC², the Office of Inspector General at DHS to update their investigative procedures, and local agencies to change their practices for administering CCAP.

Enhance attendance record keeping requirements, effective 07/01/2019

Providers are currently required to keep attendance records. This proposal clarifies that:

- Creating and maintaining attendance records are conditions of payment for the Child Care Assistance Program.
- Attendance records must be accurate and legible.
- Any attendance records not produced immediately cannot be produced later (current law requires that records be provided immediately upon request).

Billing for absent days and holidays, effective 07/01/2019

Current law allows payment for up to 25 absent days and 10 holidays per child per calendar year. This proposal clarifies that a provider's failure to bill an absent day or holiday when a child does not attend results in an overpayment.

Method for calculating attendance record overpayments, effective 07/01/2019

Current law allows providers to be charged overpayments for violating attendance record keeping requirements but does not specify how to calculate the overpayment. This proposal:

- Simplifies the process for calculating attendance record keeping overpayments. Currently, workers assess the interaction between attendance records, CCAP rates, and payment policies to determine the overpayment amount. This proposal allows workers to subtract the maximum daily rate from the provider's payment for each day with a violation. It creates a standard method and standard consequence applied to all providers when this occurs, vs. current law which may or may not result in an overpayment.
- Reduces administrative burden for county and tribal agencies and promotes statewide consistency in how agencies calculate this type of overpayment.

Penalty for failure to report decreases in attendance, effective 07/01/2019

Current law requires providers to report on the Billing Form when a child's attendance drops to less than half of their scheduled hours or days during a four-week period. Current law also allows DHS and local agencies to close a provider's registration for up to three months when a provider violates certain policies. This proposal allows agencies to enforce a penalty when a provider fails to meet the existing requirement to report significant decreases in a child's attendance.

Retroactive Eligibility, effective 07/01/2019

Current law allows retroactive eligibility for six months. This proposal reduces the retroactive eligibility to three months.

Equity and Inclusion:

In 2017, more than 66 percent of all children served by CCAP were children of color or American Indian children. Accordingly, any impact on children and families receiving child care assistance is likely to disproportionately impact children of color and American Indians.

Attendance record keeping and billing are responsibilities of the child care provider. The proposals related to attendance record keeping and billing for absent days and holidays are expected to have a limited impact on individual children and families, including children and families from communities of color.

The proposals related to retroactive eligibility and penalties for failure to report decreases in attendance may increase out-of-pocket child care costs for children and families, including children and families from communities of color. DHS will work with stakeholders to minimize the likelihood of this occurring by creating strategies to inform MFIP families and the providers who accept families without a child care authorization about the three month retroactive period limitation and work with the provider community to continue education efforts about the importance of keeping attendance records.

IT Related Proposals:

System changes to MEC² are needed to track attendance record keeping overpayments and decrease the retroactive eligibility period for families. Costs include \$233,234 in FY 2020-2021 with the state share being \$128,279 for the necessary system changes.

Results:

The provisions related to attendance records and billing for absent days and holidays encourage providers to keep more accurate records. DHS will achieve greater accountability and ensure that tax dollars are spent responsibly.

Since 2016, the OIG has completed attendance record reviews on 165 centers. Of centers reviewed, 7% had significant attendance record violations that resulted in referrals for overpayments. Overpayments may occur when records lack required components (e.g. date care was provided, child's first or last name, and/or in- and out-times) or records are missing or unavailable.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			(747)	(1,353)	(2,100)	(1,394)	(1,435)	(2,829)
HCAF								
Federal TANF								
Other Fund								
Total All Funds			(747)	(1,353)	(2,100)	(1,394)	(1,435)	(2,829)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	22	MFIP Child Care	(854)	(1,374)	(2,228)	(1,415)	(1,456)	(2,871)
GF	11	Systems (MEC2) 55% State Share	107	21	128	21	21	42
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

MN Statutes 119B

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Economic Stability for Families

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	9,959	31,749	32,271	32,780
Revenues	0	0	0	0
Other Funds				
Expenditures	3,098	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	13.057	31,749	32.271	32.780
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$44.8 million in FY 2020-2021 and \$65.1 million in FY 2022-2023 to increase the Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP) cash grant by \$100 per month starting February 1, 2020. Funding for this proposal will come from the General Fund.

Rationale/Background:

The Minnesota Family Investment Program is the state's only cash assistance program to address poverty for families with children and pregnant women. The Minnesota Family Investment Program provides income support, food benefits, and employment services to low-wage workers with children. The annual earned income limit for a family of three receiving MFIP is \$26,784 per year.

The vast majority of parents turning to the Minnesota Family Investment Program and the Diversionary Work Program are low-wage workers. About half, depending on labor market conditions, are coming straight from a job. Another 30% have had jobs in the period just before applying for assistance. They are concentrated in the same four industries that account for the majority of workers using Supplemental Nutrition Assistance Program and Child Care Assistance Program benefits: hotel/restaurant, retail, temporary placement agencies and low wage health care and social services. Low-wage workers are two and a half times as likely to lose a job as higher wage workers, but only half as likely to receive unemployment insurance benefits, according to the federal Government Accountability Office.

The MFIP grant no longer provides a strong foundation for children and families to build economic well-being. Monthly cash assistance for a family of three in Minnesota is \$532 – a level unchanged since 1986. Some MFIP families also receive a \$110 housing assistance grant. Despite this, the number of homeless families with children has grown almost fourfold since 1986. In 1986, HUD fair market rent for a 2-bedroom apartment in the Twin Cities was \$480. Today, HUD fair market rent for the same apartment is \$1,151.

Children, who constitute 72% of the MFIP caseload, are often most at risk of experiencing poverty. According to the most recent five-year American Community Survey (ACS), 13.4% of Minnesotans below the age of 18, and 14.8% of Minnesotans below the age of five, were under the federal poverty level. This compares to just 7.3% of

those between the ages of 35 and 64, and just 7.2% of those over the age of 65.¹ The poverty line for a family of three is \$20,784 per year.

The current cash assistance levels provided by MFIP, even when paired with the \$110 housing assistance grant, are clearly no longer sufficient to provide a strong foundation for children and families to build economic well-being.

Proposal:

This proposal would increase the cash portion of the MFIP and DWP grant by \$100 per month for each household. This would be the first time since 1986 that the basic cash assistance for families with children has been raised. In 2013, the legislature created a \$110 a month MFIP housing grant for many, but not all, of the families receiving MFIP. This proposal would build on the progress made in 2013 with the housing grant by creating a cash benefit increase that applies to all MFIP and DWP participants.

DHS has convened a work group with staff from county and tribal human services agencies, local employment services agencies, Legal Services Advocacy Project, Children's Defense Fund, and Hunger Solutions Minnesota. This proposal is the top priority for the work group.

Equity and Inclusion:

The poverty rate for African Americans in Minnesota is more than four times higher than that for whites. The rate for American Indians is very close to four times higher than for whites. Unemployment rates for American Indian, Black, and Hispanic/Latino workers in Minnesota are 2 to 3 times the unemployment rates for White and Asian workers. Minnesota's economic disparities are reflected in the families who have to turn to MFIP in financial crisis.

- African Americans make up 27 percent of the MFIP caseload as compared to 5.8 percent of state residents.
- American Indians make up 6 percent of the caseload as compared to 1.1 percent of state residents.
- Overall, people of color and American Indians make up 62 percent of the MFIP caseload as compared to 9 percent of state residents.

In addition, women make up 81 percent of adults in MFIP households. By increasing the MFIP cash grant, we can help families of color, American Indian families, and women with children move beyond the level of deep poverty.

IT Related Proposals:

This proposal will require a change to the MAXIS system. The initial cost of this change is \$155,123, with a state share of \$85,318, and ongoing costs of \$31,025, with a state share of \$17,064.

Results:

One study found that for families with incomes less than about \$18,000 the effect of an additional \$1,000 on child achievement was almost double the effect for families with incomes over \$18,000 (Dahl and Lochner, 2012). This proposal would increase a family's income by \$1,200 a year.

The children whose families turn to MFIP during a job loss, a health crisis, family violence, homelessness or other events leave them in deep poverty would be positively impacted from a modest increase in the benefit amount. It would especially impact parents who get jobs but whose earnings are not enough to discontinue assistance. An increase to the MFIP benefit would help parents find more stable financial assistance as they

¹ United States Census Bureau, 2013-2017 American Community Survey Five-Year Estimates.

https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17_5YR/S1701/0100000US|0400000US27|0400000US27.05000.

build up their hours and earnings. In 2018, an average of 90,736 people received cash assistance through MFIP and DWP in 31,737 families each month. Children make up over 70 percent of the people receiving cash assistance through MFIP and DWP.

The current grant levels keep children well below the deep poverty line, which the census bureau defines as living at less than half the poverty line (\$10,392 per year for a family of three).

Since 2008, the state has made incremental progress in improving benefits:

- Getting rid of the “family cap” – a law that had frozen benefits when families receiving assistance had a new baby (more than 15% of families had been affected by this policy)
- Decreasing benefits when a family included a disabled family members receiving SSI was ended in 2008. In 2015, almost 8,500 adults or children receiving SSI were in MFIP households.
- Increasing the earned income disregard which meant families with earnings were more likely to qualify to supplement those earnings with a small amount of MFIP assistance.
- Not counting up to \$100 or \$200 of child support received by a parent receiving MFIP assistance (affecting 18-19% of the families)
- Creating a \$110 MFIP housing assistance grant that now covers about 75% of MFIP families.

This proposal would continue that momentum. Increasing the cash portion of the grant would be the first action taken since 1986 to increase benefits for all families receiving MFIP or DWP benefits. For a family of three receiving the MFIP housing assistance grant, it would put them within \$124 a month of moving beyond deep poverty. If they are among the families also receiving child support payments, it could put them over the deep poverty line. This increase would create the foundation for future increments which could succeed in moving all families over that line.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			9,959	31,749	41,708	32,271	32,780	65,051
HCAF								
Federal TANF			3,098	0	3,098	0	0	0
Other Fund								
Total All Funds			13,057	31,749	44,806	32,271	32,780	65,051
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	21	MFIP/DWP	9,386	30,157	39,543	30,519	30,941	61,460
TANF	21	MFIP/DWP	3,098	0	3,098	0	0	0
GF	22	MFIP Child Care	488	1,575	2,063	1,735	1,822	3,557
GF	11	Systems (MAXIS – State Share @ 55%)	85	17	102	17	17	34
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
			0	0	0	0	0	0

Statutory Change(s):

No statutory changes are necessary to increase the MFIP grant.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Child Welfare Training Academy

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,643	2,517	2,754	3,007
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,643	2,517	2,754	3,007
FTEs	2.25	13	13	13

Recommendation:

The Governor recommends \$4.16 million in FY 2020-21 and \$5.76 million in FY 2022-23 to meet increased demand for child welfare workforce training and development and to meet expanded training required to implement the Family First Preservation Services Act of 2018 (FFPSA). This will be accomplished through the creation of a regionalized Child Welfare Training Academy and one-time funding to conduct a child welfare caseload study. Included in the Child Welfare Training Academy request are funds for 13 additional staff, phased in over two years, investments for the regional development hubs, and funds to expand a state-university partnership with the University of Minnesota to jointly administer the Training Academy. Also included in the request is \$400,000 for a workload/caseload study in 2020.

Rationale/Background:

The Governor's Task Force on the Protection of Children made several recommendations regarding the training of child protection workers, as well as a recommendation to decrease caseloads of child protection workers to 10 to 1. In response, the 2015 Legislature appropriated \$23 million to local county social service agencies to hire additional staff. However, despite the recommendations for additional training, no additional funds were appropriated for this purpose. The increase in staffing resulted in a significant increase in the demand for mandatory Child Welfare Foundation Training (CWFT). Per Minnesota Statutes § [626.559, Subd. 1a](#), new child protection workers are required to complete CWFT within their first six months of employment. However, the number of staff requiring new worker training has quadrupled in the last four years. Due to that increase, the waitlist for new staff to begin CWFT, which consists of 9 days of training over 3 months, grew from 2 – 6 weeks to nearly 6 months, meaning the system cannot support workers completing training within the required timeline.

If demand for CWFT continues at the current pace and no additional investments are made, the child welfare training system will be unable to provide training for experienced workers, resource (foster) care providers, and supervisors. This advanced training typically provides skill development in topics such as intake, investigations, screening, and safety-focused practice. It would also significantly impair the State's ability to provide the expanded training and support required to implement the FFPSA.

Simultaneous to the strains on the child welfare training system, Minnesota is experiencing dramatic increases in the number of children entering the child protection system. In 2014, there were around 26,000 children involved in screened-in child protection reports; in 2017, there were nearly 40,000.

The increases in children involved with child protection, and increasing work demands for each case as a result of recommendations by the Governor's Task Force on the Protection of Children, mean caseloads and workloads are

on the rise. Recent research by the University of Minnesota supports that workers in Minnesota are feeling the strains of high caseloads (Piescher, LaLiberte, and Goodenough, 2016). Higher caseloads lead to increased burn out (Thomas, Kohli, & Choi, 2014) and worker turnover (Social Work Policy Institute, 2010). Indeed, Minnesota's estimated turnover rate is close to 20 percent in the most recent year (2017), up from an estimated 5 percent turnover rate in 2013.

Worker turnover has both negative fiscal impacts and negative impacts on children's outcomes. The fiscal impact of worker turnover is estimated to cost an agency between one-third and two-thirds of a worker's annual salary due to ongoing recruitment and training costs (Social Work Policy Institute, 2010). More importantly, studies demonstrate that high worker turnover contributes to delays in timeliness of investigations, reduced frequency of worker visits with children, and a reduction in the percentage of children achieving permanency.

There are two key components to addressing the challenges faced by Minnesota's child welfare system. The first is related to caseload and workload. This is a key area of improvement recommended by the Governor's Task Force on the Protection of Children. However, there is currently little data on the number of workers or on the amount of time that the different components of work in child welfare require. The workload/caseload study will begin to address this challenge, including developing a process for the ongoing monitoring of caseloads and workloads. The second component needed is improvements to the training of the child welfare workforce.

Training is a key strategy to improve the department's ability to monitor and ensure consistency and quality of practice statewide. In addition to the fact that the current resources of the Training System are insufficient to address current workforce need for training, Minnesota's current system is centralized and relies primarily on face-to-face training, creating inefficiencies such as long travel times for both trainers and workers. The current system has a limited ability to track what trainees have learned. Further, there is no capacity to support the transfer of learning into practice through coaching and mentoring despite evidence that these strategies are the most effective means for adult learning (Brittain and Potter, 2009). Finally, the current training system has limited training that is specific to child welfare supervisors and is unable to provide supervisor training without additional investments.

Proposal:

To address the sharp increase in child welfare caseloads as a result of an increasing number of children and families involved with child protection, and a resulting increase in worker turnover, the Department proposes investment in the Child Welfare Training System to support the creation of a Child Welfare Training Academy. The Department also proposes a study to review and recommend guidelines on caseload size for both child protection workers and supervisors. These changes are expected to:

- Inform the development of guidelines on caseload size for workers and supervisors;
- Bring the Training System into compliance with statutory timelines for new worker training;
- Improve child welfare practice through training on evidence-based practices, as well as ensure consistency and stability in practice across Minnesota; and
- Increase retention, stability and well-being in the workforce to improve outcomes for children and families.

Training academy

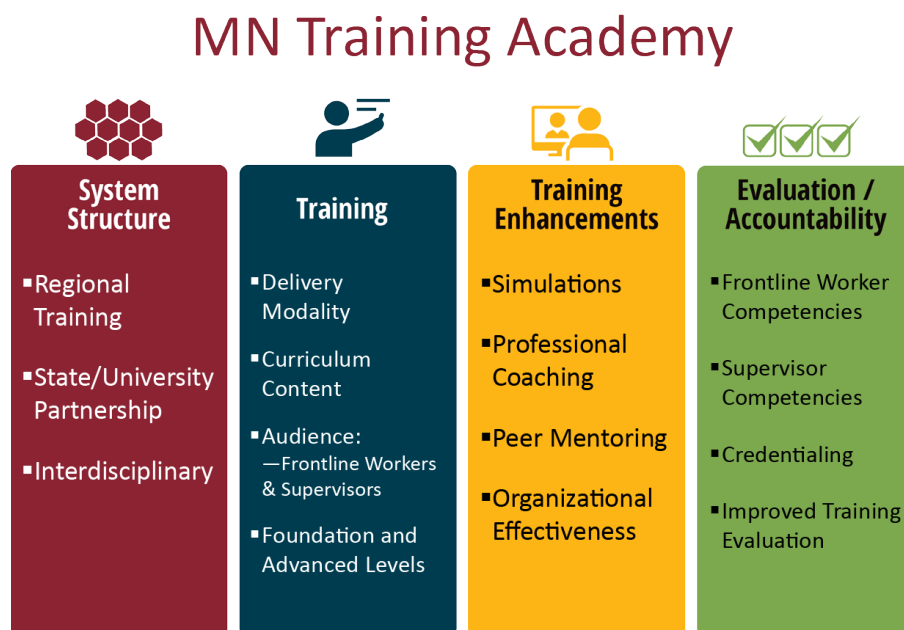
The training academy structure that is represented in this proposal lays the foundational infrastructure to implement a framework that was developed over 9 months (September 2015 – May 2016) by a multidisciplinary team of 26 experts and stakeholders from across the state. In the summer of 2016, the proposed training structure (see Figure 1) was then presented to 7 stakeholder focus groups around the state for feedback that has been incorporated into the final proposal design below. The current proposal would establish the first phase of the training academy (regionalized training, state-university partnership, simulations, credentialing) with other enhancements to be added in later phases (coaching, mentoring, organizational effectiveness, workforce well-

being). For more detail on the proposed training academy model and focus group feedback, see the 2017 [Report and Recommendations for Training System Reform](#) released by the Center for Advanced Studies in Child Welfare.

The training academy design will meet the requirement that states include in their five-year prevention plan a system that supports the child welfare workforce in order to use the funding available through the FFPSA. Additionally, the training academy design directly addresses recommendations 34, 55, 63, 65, 66, 69, 72, 73, and 91 in the [Final Report and Recommendations of the bipartisan Governor’s Task Force on the Protection of Children](#). The training academy will address the limits of the current training system, and will support both improved monitoring and consistency of practice and better retention and stability of the workforce through the following mechanisms:

1. **Regionalization** – the training academy would be administered through five regional training hubs. This will ensure timely access to adequate training facilities throughout the state and result in an overall reduction in the per trainer expenditures for travel and lodging. More importantly, regionalization allows training to be targeted to the needs of each region, taking into account varying demographics, resources, and practice outcomes. This was a top priority cited by county and tribal child welfare agencies.
2. **Training methods** – the training academy would include a coach-like approach to help apply classroom learning and assess worker competency. Most of the formal training content would be delivered via online classes to save worker time and keep them in the field as much as possible. Classroom time would focus on implementing evidence-based practices through skill development and application of new content, using simulated practice whenever possible.
3. **Certification** – a competency-based certification using Minnesota’s child welfare practice model will require all new child welfare workers to complete a competency-based knowledge test as well as a skills demonstration. Annually, workers will have to document the completion of ongoing training requirements and pass the appropriate knowledge test and skills demonstration for each professional development activity to certify competency.

Figure 1. Components of Child Welfare Training Academy



Infographic developed by the Center for Advanced Studies in Child Welfare (CASCW) 2018.

The training academy will require regionalized staffing, a shift of several major training functions (e.g. curriculum development, evaluation, trainer support) to the university partner, and greater focus on child welfare worker competency in safety-focused practice knowledge and skills based on Minnesota’s Child Welfare Practice

Framework. This strategy is designed with a four-year phased implementation of the training academy with infrastructure and initial staffing implementation proposed to start July 1, 2019. Particular attention will be given to strategies to address consistency of practice skills impacting child safety and prevention of removal. The training academy will use evidenced-based training strategies to ensure safety-focused skill development and application in realistic practice settings, and certification to ensure rigorous evaluation of worker readiness to practice competently.

There are currently 20 staff employed in Minnesota's child welfare training system. For comparison, other states that are comparable in geographic size, children served, and workforce employ 2 to 4 times as many staff. It is estimated that the department would need another 13 training staff to implement and maintain the initial phase of the proposed training academy.

- Colorado = 41 FTEs
- Washington = 45 FTEs
- Pennsylvania = 100 FTEs

The framework of the training academy is based on the expansion of a joint powers agreement with the University of Minnesota to collaborate in the administration of workforce training. Many other states have used this model successfully to leverage the strengths of the university partner in the design of curriculum, delivery of training to adult learners, and robust research methodologies. The local child welfare agencies, including 74 individual counties, four county partnerships, and two tribal initiatives that administer child welfare in Minnesota, are critical partners in this proposal.

Caseload/workload study

This proposal would also provide \$400,000 in one-time funding for a study of the child welfare workforce to measure both caseloads and workloads as there is currently no reliable method to measure in Minnesota given the data available on the workforce. The study will review and recommend a sustainable method for ongoing measurement of workload, appropriate caseload sizes, funding needed to meet those caseload sizes, and how funds should be distributed to promote consistent practice across the state. The Governor's Task Force on the Protection of Children recommended a caseload ratio of 10:1 for child protection workers and a staffing ratio of 8:1 for supervisors.

Breakdown Training Academy Investments

Training academy costs are eligible for federal Title IV-E reimbursement that is estimated at 42.78%. The federal funds are retained under Minnesota Statutes, § 626.559, subdivision 5. Federal Title IV-E reimbursement earned through this proposal will be reinvested in the training academy budget to reduce financial impact to the state.

The current 20 department training system staff would be redeployed into new roles within the new training academy model. New staff positions will phased in over time: 3 positions in FY 2020, and a total of 13 positions by FY 2023. These new positions are required to staff the regionalized model and ensure consistent content and delivery across regions.

Primary expenditures for the proposed additions to the training academy budget include:

- \$1.3 million Staffing (13 FTEs)
- \$364,000 Consulting contracts (RFP to third party for curriculum development/consultation and learning management system development/maintenance)
- \$1 million Operating expenses (technology support, networking support, software licenses, space rental, printing, employee development, trainer supplies, equipment, repairs to equipment, in state travel)
- \$2.6 million University partnership (additional staffing, contract management, curriculum development, evaluation, educational technology)

The above costs above are based on the 2023 budget when the training academy is fully operational. They are calculated prior to federal reimbursement. The state share is 57.26% or \$3 million.

The workforce study on caseload and workload accounts for \$400,000 of the FY 2020 request. This work will be subcontracted to an external evaluator through a competitive RFP process.

Equity and Inclusion:

All groups served by child protection will be impacted by the changes contained in this proposal. Populations served by child protection include all racial and ethnic groups in Minnesota, people with disabilities, and lesbian, gay, bisexual and transgender groups. Currently, African American and American Indian children are disproportionately served by the child welfare system, as are children with disabilities. There are also disparate outcomes for African American children and American Indian children for many measures being targeted by this proposal. In order to address these disparities, the proposed child welfare training academy will develop training that challenges workers to consider both implicit and explicit bias in their work. A portion of the budget for the training academy is specifically designated for consultation with cultural/community stakeholders and to design professional development experiences to address disparities and increase culturally responsive practice.

IT Related Proposals:

Not applicable.

Results:

Immediate results will include a decrease in waitlists for new worker training so that new workers can receive the required training within the statutorily-required timelines. Additionally, it is expected that this investment will decrease worker turnover and burnout, with a goal of reaching the previous 2013 rate of 5 percent turnover within two years of full implementation. The proposal also includes the development of a competency-based evaluation, as measured by knowledge and skills testing, which will allow the state to ensure adherence to Minnesota's established competencies regarding child welfare work with children and families. This investment in Minnesota's child welfare workforce is expected to impact areas of significant need in Minnesota, including improved timeliness of investigations, monthly caseworker visits for children, and permanency timelines.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			1,643	2,517	4,160	2,754	3,007	5,761
HCAF								
Federal TANF								
Other Fund								
Total All Funds			1,643	2,517	4,160	2,754	3,007	5,761
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	12	State Share CWTA @ 57.26%	1,371	2,517	3,888	2,754	3,007	5,761
GF	12	Caseload Study P/T Contract	400	0	400	0	0	0
GF	Rev1	Caseload Study FFP@32%	(128)	0	(128)	0	0	0
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	12	Children & Family Services	2.25	13		13	13	

Statutory Change(s):

Minnesota Statutes §626.559, subd. 1.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Tribal Child Welfare Initiative Expansion

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	5,558	9,796	12,644	12,359
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,558	9,796	12,644	12,359
FTEs	1.5	2	2	2

Recommendation:

The Governor recommends investing \$15.4 million in FY 2020-21 and \$25 million in FY 2022-23 for increased support to and expansion of the American Indian Child Welfare Initiative (Initiative) projects to strengthen tribal delivery of child welfare and child abuse prevention services to American Indian children and families. Currently, the General Fund appropriation for the Initiative is \$4.8 million annually and this proposal represents a 206% change to state funding for the Initiative over four years. The child welfare and abuse prevention grants for tribal delivery of these services is \$100,000 annually and the proposal investment represents a 26-fold increase in the child welfare and abuse prevention grants to support tribal delivery of these services over four years.

Rationale/Background:

When compared to white children, American Indian children experience a higher rate of involvement in the child welfare system. Despite efforts to reduce disparities, the problem continues. According to 2017 child welfare data, American Indian children:

- Have the highest rates of contact with Minnesota's child protection system.
- Are five times more likely to be reported as abused or neglected than white children.
- Are 18.5 times more likely to be placed in foster care than white children.

Recent data from Minnesota health care programs show American Indian infants and women are being impacted at alarming rates for neonatal exposure and dependency on opiates:

- American Indian infants are 7.4 times more likely to be born with Neonatal Abstinence Syndrome, as a result of exposure to addictive illegal or prescription drugs during pregnancy, than non-Hispanic white children.
- American Indian women are 8.7 times more likely to be diagnosed with maternal opiate dependency or abuse during pregnancy than non-Hispanic white women.
- Eighty percent of opiate-affected children born in Minnesota are Medicaid recipients.

The American Indian Child Welfare Initiative received legislative approval in 2005 and the first two Initiative programs with Leech Lake Band of Ojibwe and White Earth Nation became operational in 2008. The Leech Lake Band of Ojibwe and White Earth Nation are still the only Initiative tribes in Minnesota. Initiative tribes have built and sustained a full continuum of child welfare services, transferring statutory child welfare responsibilities from county to tribal governments for Initiative-eligible children (Minn. Stat. 256.01, subd.14b). Services include child abuse prevention, family preservation, a 24/7 child protection response system (intake and assessment), and foster care and permanency for families including reunification, transfer of custody, and customary adoptions. These tribal programs significantly expanded the services they offer by utilizing traditional and cultural values.

Families within these communities are benefiting from having services close to home and services offered by workers who have a unique understanding of American Indian families, history, and child rearing.

The initiative grants have not increased since they were implemented and both Leech Lake and White Earth have had to increasingly rely on tribal dollars to fund their Initiative programs. Partially as a result of the aforementioned opioid epidemic disproportionately impacting American Indian infants and women, the costs for the Initiative programs to Leech Lake and White Earth have grown substantially over recent years.

In addition to Leech Lake and White Earth, both the Mille Lacs Band of Ojibwe and Red Lake Nation seek to become Initiative tribes and have engaged in initial planning to take over child welfare services for Initiative-eligible children and their families. This proposal seeks (1) to continue to support Mille Lacs Band of Ojibwe in their planning for Initiative implementation; (2) to expand the Initiative to Red Lake Nation; and (3) to provide funding for early intervention services to tribes and tribal communities. This proposal supports tribal sovereignty by building tribal capacity to serve American Indian families in a way that is both culturally-relevant and more effective.

Proposal:

This proposal has three key interventions to improve child welfare services to American Indian children and families and to prevent American Indian families from entering the child welfare system.

Increased support for the Leech Lake Band of Ojibwe and White Earth Nation

This proposal will provide the Leech Lake Band of Ojibwe and White Earth Nation additional state funding to help cover more of the costs of out-of-home placement for Initiative-eligible children on the White Earth and Leech Lake reservations and provide funding for staff to adequately operate the initiatives. The current annual Initiative allocation is \$2.4 million for Leech Lake Band of Ojibwe and \$2.4 million for White Earth Nation. The allocation for each tribe was based on data from 2003 and has not increased since 2005 while operating costs, cost of living, and out-of-home placements have substantially increased for both tribes since then.

Investments made in support of a tribal child welfare delivery system mean that when American Indian children need to enter foster care, they are placed with people they know and trust. Their families receive culturally specific services, which are shown to produce improved outcomes and save counties money.

The proposal allocates new state general funds to the tribes as follows:

- Leech Lake Band of Ojibwe: \$1,600,000 operations (on-going)
- White Earth Nation: \$1,600,000 operations (on-going)

Expansion of the Initiative for Mille Lacs Band of Ojibwe and the Red Lake Nation

The proposed funding is to prepare for the transfer of child welfare cases for American Indian children who are eligible from Aitkin, Crow Wing, Kanabec, Mille Lacs, Morrison and Pine counties to Mille Lacs Band of Ojibwe, and for the transfer of child welfare cases for American Indian children who are eligible from Beltrami and Clearwater counties to Red Lake Nation.

Funding is provided for two years of planning for Mille Lacs Band of Ojibwe and eighteen months of capacity building for the Red Lake Nation to prepare for participation in the Initiative. The tribes are at different places in the planning process with Red Lake being ready to proceed sooner. The tribes will work closely with the Minnesota Department of Human Services (DHS) to define the scope of the program, conduct analysis of complex legal, program and financial issues, find mutually agreed upon solutions, and to assess and identify areas for capacity building.

Funding is also provided so that beginning January 1, 2021, Red Lake will transfer child welfare responsibilities from counties, providing a full continuum of services including family preservation, early intervention and out-of-

home care. Red Lake will hire and train a full complement of child welfare staff including intake workers, child protection workers, Title IV-E coordinators, and supervisors.

The Red Lake Nation has already been working in partnership with Beltrami County to plan for the transfer of cases to the tribe, which will include the tribe directly paying for the costs of foster care. Beltrami County receives \$3 million annually, under section 477A.03 subdivision 2b, in state aid for out of home placement costs through 2024. For aids payable in 2020 through 2024, this state aid will go directly to Red Lake Nation once the tribe has assumed financial responsibility for out of home placement costs under the out-of-home placement reimbursement program under section 477A.0126. The proposal costs have been adjusted for the anticipated receipt of state aids by Red Lake Nation.

The proposal allocates new state general funds to the tribes as follows:

- Mille Lacs Band of Ojibwe
 - \$400,000 (year one - planning)
 - \$400,000 (year two – planning)
- Red Lake Nation:
 - \$892,000 (year one – capacity building)
 - \$5,470,000 (year two – capacity building/implementation)
 - \$8,218,000 (year three – operation)
 - \$7,933,000 (year four – operation)

The department anticipates that expansion of the Initiative will:

- Build new working partnerships and governance arrangements with counties and tribes to improve client services;
- Decrease the disproportionate number of American Indians in out-of-home placement; and
- Improve child safety, permanency and well-being outcomes for American Indian children.

Establish American Indian Family Early Intervention Program

The American Indian Family Early Intervention Program (Early Intervention) intends to serve approximately 400 American Indian families in FY 20-21 and 900 families in FY22 and FY23. Indian families living on tribal reservations and in urban areas in Minnesota will have access to culturally appropriate early intervention services and resources to assist them in addressing issues that place them at risk of entering Minnesota's child protection system.

The American Indian Family Early Intervention Program will be modeled after the Parent Support Outreach Program. Through culturally specific early intervention, outreach and support services to American Indian families, child maltreatment will be prevented, and the number of American Indian children entering Minnesota's child welfare system will be reduced.

In support of the three key interventions outlined above, the proposal includes funding for DHS to hire two full-time staff to provide extensive technical assistance to the tribes. It is critical to the Initiative that these staff work across programs and information systems within the department and with MN.IT, as well as coordinating work with the two tribes. These staff positions will:

- Take a lead role in facilitating the coordination and collaboration among the tribes and counties;
- Work with tribal programs to identify areas for capacity building;
- Collaborate with the tribes to achieve mutual understanding of the complex legal, program and financial issues involved in the transfer of child welfare cases from counties to the tribes;
- Provide critical systems support to tribes in order to maximize their billing capacity for Title IV-E and Child Welfare Targeted Case Management; and
- Oversee and manage the Initiative contracts.

The department will work with tribes to review and assess the unique needs of the tribe to deliver services under Tribal Child Welfare Initiative. This will involve examining out-of-home placement costs, and administrative needs. The administrative review will include personnel, non-personnel, infrastructure and information systems needs of the tribes in order to operate Child Welfare programs. DHS will review the information and work with the tribes to address identified needs in the future.

Other department staff will support the transition by providing subject matter expertise in many areas of the child welfare system, including Title IV-E, foster care, adoption, Northstar Care for Children, child welfare training, federal relations, health care, child support and contracts.

Equity and Inclusion:

The American Indian Child Welfare Initiative has had a direct impact on reducing the number of American Indian children placed by the Leech Lake Band of Ojibwe and White Earth Nation. We anticipate similar results by expanding the Initiative to the Mille Lacs Band of Ojibwe and Red Lake Nation. It is expected that Early Intervention will help reduce the disproportionate number of American Indian children in Minnesota's child welfare system. Funding for tribes to intervene before a child is removed will provide resources to Indian families to prevent child abuse and keep families together.

IT Related Proposals:

This proposal requires modification to the Social Service Information System and includes a MN.IT cost of \$755,038 (with a state share of \$453,022) to implement the changes.

Results of Tribal Child Welfare Expansion:

Expansion of the Initiative is expected to allow Mille Lacs Band of Ojibwe and Red Lake Nation to meet or exceed federal and state child welfare performance measures.

The Initiative tribes have produced a number of positive results on both federal and state performance measures. In 2017, the White Earth Nation exceeded statewide performance on maltreatment recurrence, 24 month permanency, maltreatment in foster care, and foster care re-entry. When compared to American Indian children across the state, they also experienced lower rates of maltreatment re-reporting and 12-23 month permanency. Leech Lake Band of Ojibwe exceeded performance on maltreatment recurrence, maltreatment in foster care, family investigation 5-day response, and maltreatment re-reporting.

Maltreatment Recurrence – Of all children who enter foster care in the year, what percent are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months of entering foster care?

Federal Standard	9.1% or less
Statewide Performance	9%
White Earth Performance	0% (exceeds statewide and federal standard)
Leech Lake Performance	0% (exceeds statewide and federal standard)

Maltreatment in Foster Care – Of all children in foster care during the year, how many children had a maltreatment determination while in care per 100,000 days spent in foster care?

Federal Standard	8.5 victimizations or less per 100,000 days in care
Statewide Performance	9.0 victimizations
White Earth Performance	2.5 victimizations (exceeds statewide and federal standard)
Leech Lake Performance	0 victimizations (exceeds statewide and federal standard)

Foster Care Reentry – Of all children who enter foster care two years prior to the reporting year who were discharged within 12 months to reunification, living with a relative, or guardianship, what percent re-enter foster care within 12 months of the discharge date associated with the entry episode?

Federal Standard	8.3% or less
Statewide Performance	17.3%
White Earth Performance	15.8% (exceeds statewide standard)

Permanency 12-23 Months – Of all children in foster who had been in foster care between 12 and 23 months on the first day of the year, what percent discharged from foster care to permanency within 12 months of the first day of the year?

Federal Standard	43.6% or greater
Statewide Performance	51.2%
White Earth Performance	51.4% (exceeds federal standard)

Permanency 24 Months – Of all children in foster care who had been in foster care for 24 months or more on the first day of the year, what percent discharged to permanency within 12 months of the first day of the year?

Federal Standard	30.3% or greater
Statewide Performance	28.8%
White Earth Performance	41.4% (exceeds statewide and federal standard)

Placement Stability – Of all children who enter foster care in the year, what is the number of placement moves per 1,000 days spent in foster care?

Federal Standard	4.12 moves or less per 1,000 days in care
Statewide Performance	3.8 moves
Leech Lake Performance	4.1 moves (exceeds federal standard)

Results of American Indian Family Early Intervention Program:

Data from the Parent Support Outreach Program indicates the following:

- Family improvements occurred most often in:
 - Household Relationships/Domestic Violence (85.7 percent)
 - Alcohol and Other Drug Use (75 percent)
 - Family Relationships (71.4 percent)
 - Social Support Systems (66.7 percent)

Program evaluation will be conducted by an outside research agency. Because the new program is based on the Parent Support Outreach Program, it is anticipated culturally specific programming for American Indian families will show further improvements to reduce disparities for American Indian children in Minnesota's child welfare system.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY23	FY 22-23
General Fund			5,558	9,796	15,354	12,644	12,359	25,003
HCAF								
Federal TANF								
Other Fund								
Total All Funds			5,558	9,796	15,354	12,644	12,359	25,003
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY23	FY 22-23
GF	45	Red Lake Nation Child Welfare Initiative Implementation	892	5,470	6,362	8,218	7,933	16,151
GF	45	Mille Lacs Band of Ojibwe Child Welfare Initiative Planning	400	400	800	0	0	0
GF	45	Leech Lake Band of Ojibwe Child Welfare Initiative Support	1,600	1,600	3,200	1,600	1,600	3,200
		White Earth Nation Child Welfare Initiative Support	1,600	1,600	3,200	1,600	1,600	3,200
GF	45	Early Intervention	400	400	800	900	900	1,800
GF	11	Systems (SSIS) State share @ 60%	453	91	544	91	91	182
GF	12	P/T Contract - Early Intervention Evaluation	100	100	200	100	100	200
GF	12	Children & Family Services Staff (2 FTE's)	213	246	459	246	246	492
GF	REV1	FFP @ 32%	(100)	(111)	(211)	(111)	(111)	(222)
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY23	FY 22-23
GF	12	Children and Family Services	1.5	2		2	2	

Statutory Change(s):

Minnesota Statutes § 256.01, subd, 2 (7).

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Family First Prevention Services Act Implementation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,128	784	711	711
Revenues	0	0	0	0
Other Funds				
Expenditures	605	605	128	128
Revenues	(605)	(605)	(128)	(128)
Net Fiscal Impact = (Expenditures – Revenues)	1,128	784	711	711
	5.75	8	7	7

Recommendation:

The Governor recommends investing \$1.9 million in FY 2020-21 and \$1.4 million in FY 2022-23 for the infrastructure needed to implement new federal child welfare requirements of the Family First Prevention Services Act (FFPSA). The purpose of the FFPSA is to provide enhanced support to children and families and prevent foster care placements through the provision of evidence-based mental health and substance abuse prevention and treatment services, in-home parent skill-based programs, and kinship navigator services. The FFPSA also places stricter standards on congregate foster care settings and requires additional background studies for staff working in those settings. This proposal prepares the state for the opportunities and mitigates the risks of the Act by looking at ways to invest in upstream services and decreasing the risks in the future, including disruptions to children and families. In 2017, Minnesota had 16,593 children who experienced out-of-home care.

The infrastructure created by this proposal should result in more children being served with their families or kin prior to a potential removal from the home and placement in a foster care setting as well as moving more children from congregate foster care settings to more family-like settings. The FFPSA is complex, and the federal administering agency has not issued complete guidance for implementation. This budget page reflects current understanding of the law.

The recommendations in this budget proposal are organized into the following categories:

- Requirements that must be addressed during the 2019 session because the implementation date is prior to the end of the 2020 session; and
- Requirements that must be addressed during the 2019 session to allow time for adequate preparation for future compliance and for appropriate services to children and families.

The costs in this proposal reflect infrastructure needs. The Minnesota Department of Human Services is not yet able to present the additional costs for direct services under the FFPSA. The non-federal share of service expansion for FFPSA-allowed activities will need to be addressed by future legislatures as additional federal guidance is issued and state analyses are completed.

Currently, the general fund appropriation for state child welfare services administration is \$4.3 million. This proposal represents a 48% change to state funding for the biennium.

Rationale/Background:

The FFPSA permits optional prevention funding under title IV-E, the foster care and adoption assistance provision of the Social Security Act, for the delivery of evidence-based prevention practices, but only if title IV-E payment

limits are applied on placements that are not family foster homes. Federal payments will be limited to two weeks for eligible children placed in settings that are not family foster homes.

States may delay the effective date for up to two years for restrictions on the Federal Financial Participation (FFP) for children placed in settings that are not family foster homes; however, they will not be eligible for FFP for evidence-based prevention services until that delayed effective date. When Minnesota fully adopts the FFPSA, the state will no longer be eligible to receive federal reimbursement for the costs of children's placements in some types of group foster care settings that can currently be reimbursed. The Minnesota Department of Human Services has indicated a non-binding intent to delay the opt-in provisions for up to two years (until September 29, 2021) in order to better analyze the impacts and work closely with our county and tribal partners to transition to the new requirements as further federal guidance is provided.

Proposal:

To conform to the new federal law, the Minnesota Department of Human Services is requesting the following:

- A. Requirements that must be addressed during the 2019 session because the implementation date is prior to the end of the 2020 session:
 - 1. The state is required to complete background studies for any adult working in a children's residential facility. Each study will include fingerprint-based FBI checks and a name-based maltreatment check in any state where the person has lived in the last five years. The enhanced studies were required by September 2018. Minnesota is under a program improvement plan (PIP) that outlines the steps needed to come into compliance, including the Legislature approving these enhanced studies by July 1, 2019. This proposal creates a fee of \$51 per study to pay for the work associated with conducting enhanced checks. These fees are deposited into a special revenue fund and used to pay for staff time and criminal check fees.
 - 2. The state was required to allow title IV-E foster care room and board payments for children co-located with their parent in a licensed residential family-based substance use disorder treatment facility by September 30, 2018. While the Minnesota Department of Human Services issued a bulletin by this date, it will need to amend statute to make this requirement clearer for social service agencies and courts to administer.
 - 3. The state is required to document proof of foster care for youth aging out of foster care. This was required by August 9, 2018. A bulletin was published to bring the state into compliance with this requirement. Statutory language is needed for improved compliance.
- B. Requirements that must be addressed during the 2019 session, to allow time for adequate preparation for future compliance and for appropriate services to children and families:
 - 1. The state must conform licensing statutes to reflect allowable reasons that a family foster home can exceed the maximum number of foster children (6). While a two-year delay is permitted—the implementation date must be no later than September 29, 2021—it is necessary to implement this requirement in the 2019 legislative session.
 - 2. Three Family First Prevention Services policy positions are necessary to develop and expand the evidence-based prevention services array that meet Title IV-E requirements and creates linkages to Medical Assistance/MCO contracts for service payments. Two positions will focus on culturally appropriate prevention and early intervention services for American Indian families and for African American families. One FTE will focus on linking to Health Care – Medical Assistance/Managed Care Organization contracts for access and reimbursement to a full array of mental health and substance abuse placement prevention services. (3 FTEs)
 - 3. Two full-time positions are necessary to lead development of residential facility requirements and to develop policy regarding assessment standards for residential services in coordination with the Behavioral Health Division. (2 FTE)
 - 4. One foster care policy position is necessary to develop and maintain a statewide kinship navigator program information to assist kinship caregivers in learning about finding and using programs and services to meet the needs of children they are raising and to develop reunification policy consistent with the FFPSA. (1 FTE)

5. One fiscal operations position is necessary to develop and manage title IV-E claiming and federal reporting changes for Foster Care, Adoption Assistance, Guardianship Assistance, Prevention Services, and Kinship Navigator Program. (1 FTE)
6. One Licensing Division position is necessary to ensure that the impact on the regulatory part of the Minnesota Department of Human Services is fully considered and incorporated into the analysis of and planning for implementation of these significant policy changes. FTE would be a temporary unclassified position in FY20 and FY21. (1 FTE)

Federal title IV-E child welfare revenues to Minnesota currently total \$114 million annually. Title IV-E covers foster care, adoption assistance, guardianship assistance, administration, training, and automated systems. Eligible service payments are matched at 50%. Administration and systems are matched at 50% of eligible costs and training is matched at 75%. The state pays the non-federal share of some of these activities and the counties pay the non-federal share of others. For some programs, the state and county split the non-federal share. FFPSA prevention services and administration is matched at 50%.

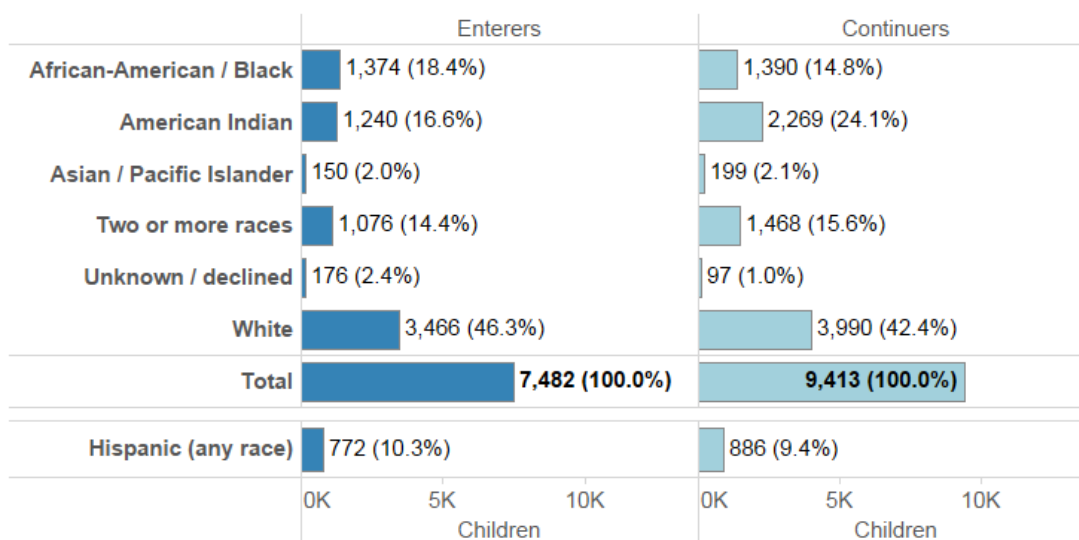
Non-compliance with the new requirements will jeopardize Minnesota's IV-E claims by making certain activities ineligible, such as residential placements that do not meet the new more restrictive standards and losing IV-E completely if basic safety standards, such as background checks, are not carried out per the new requirements. In 2017, almost \$18 million was spent on children for residential treatment/congregate care placements. Federal reimbursement for these expenditures was approximately \$7 million. 3,073 children were served with these funds. A very limited number of the programs receiving these funds would continue to be eligible based on the specific populations they serve. All other programs would need to meet the QRTP standards. Because we do not currently collect data on all of the Qualified Residential Treatment Program (QRTP) standards, such as which programs are accredited and which are providing 24/7 medical care, we cannot assess which programs would likely meet them. Lost reimbursement that does result from a lack of alignment with QRTP standards would primarily fall on county budgets.

Equity and Inclusion:

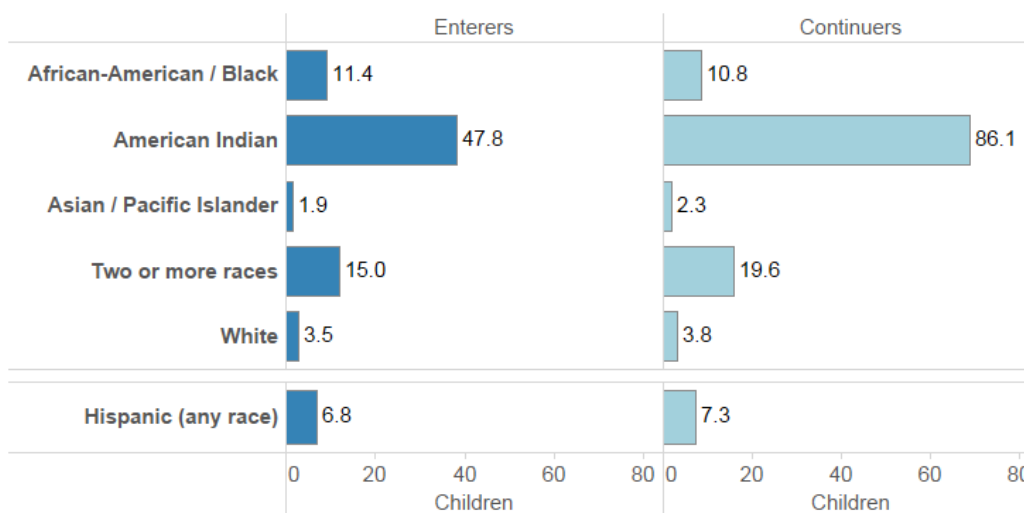
Disproportionality among children experiencing out-of-home care remains an ongoing challenge for the Minnesota child welfare system, paralleling opportunity gaps experienced by children and families of color and American Indian children and families across the state.

- White children remain the largest group, both entering and continuing in care in 2017, accounting for 46.3 percent of enterers and 42.4 percent of continuers.
- African-American/Black children comprised the second largest number and percent of enterers, at 18.4 percent and American Indian children comprised the second largest group of continuers, at 24.1 percent.
- American Indian children were 18.5 times more likely, African-American children were more than 3 times more likely, and those identified as two or more races were 4.8 times more likely than white children to experience care, based on Minnesota population estimates from 2016 (rates of entry per 1,000 children in the population by race).

Number and percentage by race/ethnicity of children in care in 2017



Rate per 1,000 for children in care in 2017



This proposal should result in more children, including children of color and American Indian children, being served with their families or kin prior to a potential removal from the home and placement in foster care.

IT Related Proposals:

Implementing the FFPSA will have significant impacts on the Social Service Information System (SSIS). This proposal includes initial work for complying with requirements in the FFPSA. The initial analysis and changes to SSIS for FFPSA provisions is \$948,000, with a state share of \$569,000. These costs do not include costs associated with any prevention programs that may result for the FFPSA development work.

Results:

Implementing the FFPSA requirements should result in increased placements with relatives, increase the ability of relatives to care for children, and ensure families are able to provide the necessary supports for children who are candidates for being at imminent risk of entering foster care but who can safely remain in the child's home or in a kinship placement as long as services or programs that are necessary to prevent the entry of the child into foster care are provided. Efforts to support children and their families at risk of out-of-home placement should reduce

the actual number and length of placements and the resulting costs associated with placements. Interim measures to reach this long term outcome of reducing the number of children in care, and in congregate care settings in particular, are to ensure that the appropriate services are available for eligible children.

For a first interim measure, the Minnesota Department of Human Services has partnered with MMB to create a survey tool to begin mapping the available service array for eligible evidenced-based services for the FFPSA. This tool will support the prevention positions in identifying where there are gaps in service availability and where additional resources are necessary.

The public Minnesota child welfare data dashboard can be found at <https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/child-protection-foster-care-adoption/child-welfare-data-dashboard/> for the current status of existing child welfare measures, including data by race/ethnicity and by age of child. In addition, data is and will continue to be maintained on the number of allegations and substantiations of child maltreatment, as well as out-of-home placements of children, by race/ethnicity. Recent reports on child maltreatment can be found at <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5408J-ENG> and on out-of-home care and permanency at <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5408Ja-ENG>.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			\$1,128	\$784	\$1,912	\$711	\$711	\$1,422
HCAF								
Federal TANF								
Other Fund: Special Revenue			\$0	\$0	\$0	\$0	\$0	\$0
Total All Funds			\$1,128	\$784	\$1,912	\$711	\$711	\$1,422
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	12	Children & Families (Child Safety&Perm) 6 Position hired throughout 2020	\$644	\$760	\$1,404	\$760	\$760	\$1,520
GF	11	Systems (SSIS) 60% Share State All Other	\$569	\$109	\$678	\$109	\$109	\$218
GF	11	Operations (Financial Operations)	\$76	\$126	\$202	\$126	\$126	\$252
GF	11	Operations (Licensing)	\$102	\$106	\$208	\$0	\$0	\$0
GF	Rev1	FFP @ 32%	(\$263)	(\$317)	(\$580)	(\$284)	(\$284)	(\$568)
SR	EXP	Special Revenue: Operations (Background Studies) Expenditures	\$605	\$605	\$1,210	\$128	\$128	\$256
SR	REV	Special Revenue: Operations (Background Studies) Revenues: Fees	(\$605)	(\$605)	(\$1,210)	(\$128)	(\$128)	(\$256)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	12	Children & Families (Child Safety&Perm) 6 positions (October 2019 start)	4.5	6		6	6	
GF	11	Operation (Financial Operations) 1 positions (January 2020 start)	.5	1		1	1	
GF	11	Operations (Licensing) 1,1,0,0 position	.75	1				

Statutory Change(s): Minnesota Statutes, Section 245A, 245C and 260C will require changes.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Closing Gaps in Health Care Coverage for Children in Foster Care

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	363	850	918
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	363	850	918
FTEs	0	0	0	0

Recommendation:

Effective January 1, 2021, the Governor recommends extending automatic Medical Assistance eligibility to children who receive state-funded Northstar Foster Care and Kinship Care in Minnesota in order to provide equitable access to health care coverage for all children in foster care.

Rationale/Background:

Title IV-E of the Social Security Act grants automatic Medicaid eligibility to children who qualify for Title IV-E foster care or kinship care without consideration of financial and nonfinancial eligibility requirements while receiving foster care or kinship care. To qualify for Title IV-E, a child's removal home must have gross income within limits that are lower than 60 percent of the federal poverty guidelines.

In Minnesota, only 44 percent¹ of children in foster care and 31 percent of children receiving kinship care qualify for Title IV-E funding. The number of Title IV-E-eligible children, both in Minnesota and nationwide, is expected to continue to decrease over time because financial eligibility is tied to historic income limits that were established in 1986 and that do not index for inflation or cost of living.

Most children who receive non-IV-E foster care or kinship care qualify for Medical Assistance as low-income children. However, under Medical Assistance rules for low-income children, they must comply with all administrative requirements, which include submitting an application form, providing verification of income, citizenship or immigration status and completing annual renewals.

As a result, some children experience delayed enrollment or gaps in coverage when paperwork is late, pending or not submitted. Although county social workers and case managers help foster and kinship families and children with enrollment in public assistance benefits, health care is sometimes overlooked or verifications not submitted timely. Additionally, social workers and case managers must coordinate with county eligibility workers to open health care coverage. The communication process creates delays in eligibility and the potential for errors. Vulnerable foster and kinship care children who may be in need of physical and mental health services sometimes

¹ Minnesota Department of Human Services, Fiscal Reporting and Accounting, Title IV-E Ratios – Child Count Details, 07/25/2018

http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=Fiscal_Reporting#titleiv

go without immediate access to health care coverage, which puts the child's health at risk and is burdensome for foster families.

Proposal:

This proposal extends automatic Medical Assistance to children who receive foster care and kinship care assistance, but who are ineligible for federal IV-E funded assistance. This proposal would align Medical Assistance eligibility for children who receive Northstar Foster Care and Kinship Assistance with that for children who receive Northstar Adoption Assistance.

By extending automatic Medical Assistance eligibility to children in foster care and kinship care who do not qualify for IV-E funding, this proposal removes systemic barriers to health care. This would simplify the health care enrollment process as these children would not be required to complete a health care application, renewals or provide verifications. They would qualify for Medical Assistance based on receiving foster care or kinship care benefits.

Because most children who receive non-IV-E foster care and kinship care in Minnesota are already eligible for Medical Assistance, this proposal is not expected to increase enrollment significantly. However, it will simplify the enrollment process by eliminating any administrative delays or gaps. Aligning health care eligibility for all Northstar children reduces barriers and ensures streamlined access to coverage for all Minnesota children in out-of-home placements. It also reduces county agency administrative burdens, saving administrative time and associated costs.

Minnesota needs to obtain federal approval of an 1115 Medicaid demonstration waiver from the Center for Medicare and Medicaid Services (CMS) to extend automatic eligibility to children who receive non-IV-E foster care or kinship care. Given the time required for waiver approval and the changes required to DHS eligibility systems, this proposal is effective January 1, 2021.

Current enrollment data show that about 97 percent of the roughly 4,400 children in Minnesota not receiving foster care assistance have MA coverage. The fiscal estimate assumes coverage for the remaining 3 percent in this group or about 170 foster care children in FY2022.

Many children in foster care utilize targeted case management (TCM) services administered by the county human service agencies at an average cost of \$309 per month. Counties provide the nonfederal share of TCM for MA enrollees, but may be providing the service for children not enrolled in MA. Providing TCM services to additional MA children will result in additional costs or savings to counties depending on whether or not newly eligible children are currently receiving TCM funded without federal Medicaid funds.

Equity and Inclusion:

This proposal helps reduce disparities and improve equity by reducing barriers to enrollment in Medical Assistance for a vulnerable population and improving health outcomes. Children under the age of 21 who receive foster care and kinship care who are not eligible for Title IV-E funding would be impacted by this change. Children of color and children with disabilities are disproportionately placed in out-of-home care.

- In 2016, 15,004 children experienced 15,654 placement episodes.²
- From 2015 to 2016, there was a 10.2-percent increase in the overall number of children who experienced out-of-home care.³
- The number of children who do not qualify for Title IV-E foster care has increased over the past 30 years because income thresholds for the Title IV-E program are based on old rules in effect in 1986.

² [Minnesota's Out-of-home Care and Permanency Report, 2016](#), pg. 3, October 2017.

³ [Minnesota's Out-of-home Care and Permanency Report, 2016](#), pg. 3, October 2017.

- As of June 30, 2018, 56 percent of children in foster care did not qualify for IV-E funding⁴.
- 69 percent of children who receive kinship assistance do not qualify for Title IV-E funding⁵.
- White children remain the largest group, both entering care (48.7 percent) and continuing in care (42.1 percent) in 2016. However, disproportionality remains a significant concern for children in out-of-home placement.⁶

IT Related Proposals:

Changes to current eligibility requirements for children in foster care not receiving IV-E assistance will require changes to the MMIS and MAXIS systems. The state share of those costs is reflected in the fiscal detail table.

Results:

The results of this initiative will be measured by gathering and reviewing data that demonstrates the Medical Assistance enrollment of children receiving state-funded Northstar Foster Care and Kinship Care. One year following implementation, 100 percent of children who are receiving state-funded Northstar Foster Care or Kinship Care will be enrolled in Medical Assistance, for all months in which they receive Foster Care or Kinship Assistance.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund				363	363	850	918	1,768
HCAF								
Federal TANF								
Other Fund								
Total All Funds				363	363	850	918	1,768
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33	MA Grants		255	255	828	896	1,724
GF	11	Systems (MAXIS)		79	79	16	16	32
GF	11	Systems (MMIS)		29	29	6	6	12
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

256B.055

⁴ Minnesota Department of Human Services, Fiscal Reporting and Accounting, Title IV-E Ratios – Child Count Details, 07/25/2018

http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=Fiscal_Reporting#titleiv

⁵ Information provided by Children Family Services on 8/23/18.

⁶ [Minnesota's Out-of-home Care and Permanency Report, 2016](#), pg. 3, October 2017.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Expand and Strengthen School-Linked Mental Health (SLMH)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	4,602	4,782	5,293	5,293
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,602	4,782	5,293	5,293
FTEs	2	3	3	3

Recommendation:

The Governor recommends expanding school-linked mental health services in order to serve approximately 7,000 more students. The proposal also provides administrative resources to provide on-going support and technical assistance to grantees, as well as measure the impact of the program.

Rationale/Background:

Many children with mental health conditions lack access to the treatment and supports they need. Untreated mental health conditions can be a significant barrier to learning and educational success. To address this, Minnesota has pioneered efforts to bring mental health services to students through the school-linked mental health program.

Under Minnesota's model of school-linked mental health, which began in 2007, community mental health agencies place mental health professionals and practitioners in partnering schools to provide mental health services to students. These mental health providers also consult with teachers and provide care coordination as well as offer classroom presentations and school-wide trainings on mental health issues. The current grantees provided 16,284 students with school-linked mental health services in 2017. In 2019, school-linked mental health services will be available in 953 school buildings (46% of total public-school buildings) across 288 school districts (52% of total school districts) located throughout Minnesota.

With appropriate identification, evaluation, and treatment, children and adolescents living with mental illnesses can achieve success in family life, in school, and in work. Outcomes data shows that when children receive services through school-linked mental health their mental health symptoms decrease and their overall mental health improves.

School-linked mental health services have also proven particularly effective in reaching children who have never accessed mental health services. Many children with serious mental health needs are first identified through this program, including 45 percent of children who met the criteria for Severe Emotional Disturbances. In addition, the program has been effective in addressing equity in access to mental health services. Students of color receiving school-linked mental health services were significantly more likely to be accessing mental health services for the first time compared to white students.

Proposal:

This proposal seeks to increase access to mental health services for students in Minnesota by expanding school-linked mental health grants by \$4.5 million each year in FY 2020 and FY 2021, and by \$5 million annually in FY

2022 and FY 2023 on-going. With the additional funding, school-linked mental health grantees will be able to serve approximately 7,000 more students over the next two years while sustaining the current reach of services. Under this proposal, grantees will also be able to utilize funding to develop the capacity to deliver school-linked mental health services via telemedicine in order to further expand access.

This increase in grant funding will also be used to train grantee organizations to implement best practices for working with children who have experienced trauma as well as specialized training for providers who serve younger children and their parents. Focusing on building the capacity and workforce in areas that have the most barriers to bringing school-linked mental health to their district, school building and students will continue into the next grant cycle.

In addition, the proposal requests funding for 2.0 FTEs in FY 2020 and 3.0 FTEs on-going in the Behavioral Health Division of the Community Supports Administration at the Department of Human Services. These positions will support the expansion of the program and allow for a greater focus on measuring and improving quality through data analysis, proactive support for grantee provider agencies, and will work collaboratively with other systems and agencies to find efficiencies.

This proposal provides \$30,000 annually to allow staff to travel throughout the state to provide technical assistance and monitor programs; \$50,000 annually for a technical contract with Wilder Research for access to their MN Kids Database to allow providers and staff to document and analyze utilization information; and \$10,000 annually for a statewide conference to provide training and sharing of best practices.

Finally, this proposal provides a clear statutory framework for school-linked mental health services and includes a study and evaluation of the program to assess the school-linked mental health grant program and develop recommendations for improvements. This study will be led by the Department of Human Services in consultation with representatives from the education community, mental health providers, and advocates.

Equity and Inclusion:

The school-linked mental health program has been adjusted in recent years to support an expansion of culturally and linguistically diverse services and providers. This includes the first tribal school-linked program, an agency contracting with state academies for deaf/hearing impaired and blind/visually impaired students, and allowing “practice groups” of providers to become eligible grantees in order to encourage small, culturally-specific providers access to the program to support students in their communities.

These grant dollars are intended to continue to develop and to sustain the statewide infrastructure necessary to ensure that children with mental health conditions, regardless of their insurance status or cultural background, receive evidence-based mental health services from highly-trained mental health professionals.

IT Related Proposals:

This proposal does not impact DHS IT systems.

Results:

Success of this proposal will be measured as follows:

- Increase in the number of school districts and schools accessing mental health services through the grant
- Increase in the number of school districts and schools utilizing telemedicine delivery of mental health services
- Increase in the number of clinicians available to provide mental health treatment in a school setting
- Increase in the number of students of cultural minority groups receiving mental health services through the grant
- Improve early identification and interventions of mental health issues in elementary and middle school settings
- Improve system coordination and access for students who have been expelled or suspended from school

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			4,602	4,782	9,384	5,293	5,293	10,586
HCAF								
Federal TANF								
Other Fund								
Total All Funds								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	15	BH Admin (FTE – 3, 3, 3, 3)	150	415	565	431	431	862
GF	58	Children’s Mental Health Grants	4,500	4,500	9,000	5,000	5,000	10,000
GF	Rev1	FFP @ 32%	(48)	(133)	(181)	(138)	(138)	(276)
		Requested FTE’s						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	15	BH Admin – assumes 9 months in FY20	2	3		3	3	

Statutory Change(s):

245.4661; New Section

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Children's Intensive Services Reform

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,866	5,419	7,129	11,058
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,866	5,419	7,129	11,058
FTEs	0	0	0	0

Recommendation:

The Governor recommends sustaining and expanding access to intensive children's mental health services by continuing to allow state funding to replace lost federal funding for certain children's residential facilities and expanding the state's Psychiatric Residential Treatment Facility bed capacity.

Rationale/Background:

This proposal is driven by both an urgent crisis and by increasing capacity within the current continuum of intensive services for children with the serious mental health issues.

Children's Residential Treatment Services

Since 2001, the Centers for Medicare and Medicaid Services (CMS) has allowed Minnesota to receive federal matching funds on residential mental health treatment for children on medical assistance. Counties are responsible for the non-federal share of this service for children on medical assistance who are not enrolled in managed care.

CMS recently required Minnesota to review children's residential mental health treatment programs with over 16 beds to determine if they qualified as an institution for mental disease (IMD) under federal law. DHS submitted its findings to CMS in April 2018. There are currently 8 children's residential facilities within Minnesota now considered to be IMDs, with a combined total of 363 beds.

When a person enrolled in medical assistance is placed in an IMD, the services they receive can no longer be matched with federal funding. To ensure people residing in an IMD continue to have access to needed care, Minnesota has a program that pays for medical assistance services for individuals when they are in an IMD using state-only funds, known as "Program IM".

Children's residential treatment services, however, had not historically been eligible to utilize Program IM funding. The 2017 legislature approved the use of Program IM funding to offset the lost federal funding for children's residential treatment services, but that authority is time-limited. As of May 1, 2019, the authority to use state-funding for these services expires and counties will be responsible for 100 percent of the cost for children's residential treatment services delivered in a facility that is determined to be an IMD.

Psychiatric Residential Treatment Facilities (PRTFs)

In 2015, the legislature approved children's Psychiatric Residential Treatment Facility (PRTF) services as a new Medical Assistance benefit. PRTFs are intended to serve children who require a more intensive level of care due to serious and complex mental health needs and other conditions.

The first PRTF provider began serving children in 2018 and has forty PRTF beds available. Two additional sites are expected to be operational by January 2019, bringing the total number of PRTF beds in Minnesota to 150. In the short time PRTF services have been available, demand is already outpacing the available bed capacity and there is a waiting list.

There are additional willing providers, but state law currently limits the number of PRTFs in Minnesota to 150 beds across up to six sites. Unlike children's residential treatment facilities, PRTFs are exempt from the IMD regulations under federal law.

Children's Intensive Services Study

In 2017, the legislature also passed one-time funding to support the development of recommendations for creating a more sustainable and community-driven continuum of care for children with serious mental health needs. DHS contracted with Wilder Research to conduct this analysis and a report is due to the legislature in February 2019. The analysis consists of an examination of Minnesota's current continuum and treatment models, interviews with providers and families, existing data from state and national studies, as well as models from other states in order to develop recommendations for Minnesota. Recommendations from this report will be utilized to direct implementation of this proposal.

Proposal:

This proposal implements short-term solutions to address the immediate pressures facing the children's mental health systems while supporting longer-term planning and reforms. This proposal has two components:

First, this proposal extends the authority to use state-funding to offset the lost federal funding for children's residential mental health services provided in a facility determined to be an IMD. This will be effective May 1, 2019, when the current authority to use state funding expires, and continue on-going to ensure sufficient time for longer-term planning and implementation of recommendations from the children's intensive services analysis that is underway.

Second, this proposal increases the current cap of 150 PRTF beds to 300 beds and eliminates the requirement that Minnesota has no more than six PRTF sites across the state. New PRTF providers would be selected through a competitive RFP process.

Medical assistance costs in this proposal include the state share for an increase of 80 new PRTF beds by July 1, 2020, and 70 more by July 1, 2023; and ongoing funding for services provided to children in IMDs beginning July 1, 2019, as well as allowing billing for services provided in May and June 2019.

This proposal also provides start-up funding to support new PRTF providers in bringing services online. The proposal refinances current administrative appropriations resulting from 2015 legislation to offset the annual \$400,000 in startup funds for new PRTFs. These funds can be used for administrative expenses, consulting services, HIPAA compliance, therapeutic resources (evidence-based, culturally appropriate curriculums), and training programs for staff and clients as well as allowable physical renovations to the property.

DHS will utilize current PRTF administrative funding for a contract consultant for a DHS Evidence-Based team to implement new PRTFs based on the findings of 'Children's Mental Health Intensive Services Study' and respond to the identified gaps in the service continuum for children. The consultant will support the DHS team to review and analyze the clinical models of PRTFs and other services for children and families through the evidence-based and

cultural responsivity lenses. The contractor will work with providers to develop an effective way to manage and communicate a statewide waiting list system. The contractor will also develop and implement an evaluation plan for PRTF and other services to facilitate adherence to fidelity expectations.

Equity and Inclusion:

The 'Children's Mental Health Intensive Services Study' contracted to be conducted by Wilder Foundation will evaluate the profile and demographics of children who are admitted to PRTFs and children's residential facilities in Minnesota. This will be used to evaluate equity in our current system and inform implementation of this proposal.

IT Related Proposals:

This proposal does not impact DHS IT systems. The functionality to reimburse both PRTFs and Children's Residential Facilities that are considered IMDs exists today.

Results:

- Average length of stay within a PRTF and CRF.
- Percentage of children getting mental health services who experienced a significant improvement in symptoms based upon the SDQ after 6 months of treatment (based upon teacher reports).
- Evaluate if PRTFs change the trajectory of kids entering the juvenile justice systems.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			2,866	5,419	8,285	7,129	11,058	18,187
HCAF								
Federal TANF								
Other Fund								
Total All Funds			2,866	5,419	8,285	7,129	11,058	18,187
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	15	Behavioral Health Admin	(350)	(350)	(700)	(350)	(350)	(700)
GF	15	Loss of FFP @ 32%	112	112	224	112	112	224
GF	58	Children's Mental Health Grants	400	400	800	400	400	800
GF	33FC	Medical Assistance –Families & children	2,704	5,257	7,961	6,967	10,896	17,863
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

256B.0625; Laws 2017, First Special Session chapter 6, article 8, sections 71 and 72

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Certified Community Behavioral Health Clinics Expansion

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	473	4,226	8,869	9,301
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	473	4,226	8,869	9,301
FTEs	2	4	4	4

Recommendation:

The Governor recommends transitioning Certified Community Behavioral Health Clinics (CCBHCs) from a demonstration project to an on-going service model within Minnesota's continuum of mental health and substance use disorder treatment. This is expected to result in five additional providers becoming CCBHCs during this budget period. The Governor also recommends providing resources to support the continuous improvement and long-term sustainability of this model.

Rationale/Background:

Minnesota is one of eight states participating in a federal demonstration project to test a new model of community-based mental health and substance use disorder care, known as Certified Community Behavioral Health Clinic (CCBHC). CCBHCs provide a comprehensive set of mental health and substance use disorder services for both children and adults including screening, assessment and diagnosis, treatment planning, outpatient and rehabilitative services. CCBHC providers are reimbursed under a daily, bundled, cost-based payment rate.

In the first year of the demonstration, over 17,000 children and adults received services through a CCBHC. Early results are very promising: CCBHCs are improving access to care, reducing wait times, improving coordination, expanding the scope of services and improving their ability to meet individual needs.

Minnesota currently has six CCBHCs participating in the federal demonstration project which began in July 2017 and ends in July 2019. Current state law allows the existing six CCBHCs to continue operating under this model and payment structure after the federal demonstration period ends, as long as federal matching funds are available. Minnesota has an 1115 waiver pending approval with the federal Centers for Medicare and Medicaid Services (CMS) to request that federal funding for this model continue beyond July 1, 2019. This will allow Minnesota to continue this promising model but only for the current six sites.

In addition, Congress recently approved several rounds of grant funding to support additional providers to become certified as CCBHCs and two clinics in Minnesota were awarded funding during the first round. While these new federal grants do not include a continuation or expansion of the current demonstration program, it does signal a willingness on the part of the federal government to allow states to continue testing this model and expanding the scope.

Proposal:

This proposal transitions CCBHC services from a demonstration project to a traditional Medicaid benefit, which is expected to result in five new providers becoming CCBHCs over the next four years. The five additional clinics will be certified in two cohorts.

The first cohort will include the two providers who were recently awarded federal grant funding. The federal grant funding for these two clinics will end on September 30, 2020 at which point they will become part of the state's Medicaid demonstration. The second cohort will be available to providers who receive start-up funding to support their transition to the CCBHC model, which will be awarded through a competitive Request for Proposals (RFP) process. Start-up grants will be awarded in January 2020 and the additional three clinics are expected to be certified and delivering services by January 2021. The costs for the state share of Medical Assistance costs once the new CCBHCs are operational is reflected in the fiscal detail table below.

Experience from the first six sites suggests that these providers will require grants of \$100,000 per CCBHC for the planning process. Since the first two programs received federal planning grants, they will not require state funds for this purpose. \$100,000 in SFY20, and \$200,000 in SFY21 will cover the costs of planning, staff training, and other quality improvements which are required to comply with federal CCBHC criteria for the remaining three sites.

This proposal will also simplify the reimbursement process for CCBHC services. Due to the rapid implementation timeline for the federal demonstration, CCBHCs are currently paid outside of the standard Medical Assistance payment system and DHS contracts with an outside vendor who reconciles claims. This proposal will create a structure for CCBHC payments similar to what is currently used for Federally Qualified Health Centers who receive a similar type of payment and eliminate the need to use an outside vendor to support provider payments. See the "IT Related Proposal" section below for more detail.

Additional DHS administrative resources will be needed to support certification reviews, data reporting, evaluation, rate determination, on-going technical assistance and to support clinic expansion. These positions will provide intensive and time-sensitive planning and coordination needed to develop cost-based rates, certify clinics, measure outcomes, assist providers, gather stakeholder input, and aid providers in participating in an intensive evaluation effort.

This proposal also provides additional funding to support continuous improvement of the CCBHC model. This will include funding for professional and technical contracts, data collection and evaluation, and innovative initiatives such as improving the capacity for CCBHCs to share electronic health records with other community providers in a manner that is secure and consistent with data privacy.

Lastly, this proposal would enact technical updates to the state statute governing CCBHCs.

Equity and Inclusion:

In 2016, DHS used the results of a CCBHC needs assessment, which noted significant demographic changes in different parts of the state, to develop the initial implementation of CCBHC services across eighteen (18) rural, urban and frontier counties. The assessment recognized increasing populations of color and persons who speak languages other than English.

Language barriers present a significant, additional challenge to obtaining care when persons needing treatment for mental health conditions and/or substance use disorder do not have access to treatment services in their native and preferred language. The needs assessment, required when Minnesota established the demonstration project, clearly showed that the current care system in Minnesota was not geared to identify and address the treatment needs of persons who speak languages other than English.

Representatives from these impacted groups have been engaged for consultation in a number of ways and venues:

- Representation on each CCBHC's governing board and/or advisory committee
- Client perception of care surveys administered at each CCBHC
- DHS staff involvement in the MH State Advisory Council, DHS Cultural and Ethnic Communities Leadership Council (CECLC), CCBHC statewide advisory committee, and intentional relationship development with the Veterans Administration Medical Centers and regional Continuums of Care for Ending Homelessness.

IT Related Proposals:

MNIT has determined that changes necessary to transition MMIS from the current complex payment structure to a simplified structure, similar to what is currently used for Federally Qualified Health Centers (FQHCs) will require \$20,000 in SFY 20 and \$9,000 in SFY 21; and additional maintenance costs of \$4,000 in SFY21, and \$6,000 annually on-going, beginning in SFY 22. The estimated duration of IT work is 10 months.

Estimated MNIT Costs

	Hours	Cost	State Share @ 29%
Business Analysis	360	\$ 28,339	
Technical	288	\$ 26,646	
Quality Assurance	193	\$ 15,193	
Project Management	<u>168</u>	<u>\$ 13,225</u>	
Subtotal	1,009	\$ 83,403	\$ 24,187
Contingency Fee		<u>\$ 16,681</u>	
Total		\$ 100,084	\$ 29,024
Annual Maintenance Fee:		\$ 20,017	\$ 5,805

Results:

To measure improvements in provider processes and clinical outcomes for CCBHC clients, 22 federally defined quality measures are required to be reported on. Examples of improvements to be measured include:

- Improved follow-up care after emergency department visit/hospitalization for mental illness
- Improved follow-up care after emergency department visit for alcohol use
- Improved initiation and engagement of alcohol dependence treatment
- Reduced readmission rates

The first-year results show that the performance for majority of the measures listed above has improved compared to the two years prior to CCBHC implementation. For example, for children between the ages of 6 to 21 years old, 84% had a follow-up with a CCBHC within 30 days following a hospitalization for a mental illness. This rate was 78% in 2015 and 80% in 2016. As the CCBHC work on improving their ability to use their Electronic Health Records (EHR) for population health management and clinical quality improvement, we anticipate the performance to continue to improve for these quality measures.

DHS, along with the six CCBHCs identified two ambitious goals to achieve during the CCBHC federal demonstration period in Minnesota. These goals were selected to address the lack of access to a full continuum of mental health substance use disorder treatment, especially in the frontier counties, in an integrated clinic. Improving access to the full array of services and support allows individuals to be healthy and successful in their community.

1. Add new benefits and expand access to existing services.
2. Expand access to communities of color and non-native English speakers.

The preliminary results show that the proportion of encounters and persons served by peers in CCBHCs have increased compared to before CCBHC implementation. The percentage of persons served by telemedicine has also increased during the first year of CCBHC compared to previous years. The number of persons being served did increase compared to previous years; however, the number recipients from communities of color and non-primary English speakers remained similar to previous years.

In addition, the CCBHC model has proven effective in expanding the capacity of providers to deliver services. During the first year of the demonstration, CCBHCs have hired 167 additional staff, an increase of 29% over their previous staffing. This includes psychiatrists, mental health professionals, substance use disorder treatment staff, service coordinators, and peer counselors. Many of these new staff are members of the cultural and linguistic communities that they serve. The current CCBHCs serve 18 counties. In these counties, the CCBHCs have expanded their clinic locations from 22 to 29, as well as providing more community services, such as school-based and crisis services, outside the four walls of official clinic locations.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			473	4,226	4,699	8,869	9,301	18,170
HCAF								
Federal TANF								
Other Fund								
Total All Funds			473	4,226	4,699	8,869	9,301	18,170
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	15	Behavioral Health Admin	519	660	1,179	632	657	1,289
GF	13	Health Care Admin	0	105	105	105	105	210
GF	Rev1	FFP @ 32%	(166)	(245)	(411)	(236)	(244)	(480)
GF	33AD	MA – Adults without children	0	123	123	285	299	584
GF	33FC	MA – Families and children	0	3,370	3,370	8,077	8,478	16,555
GF	57	Adult Mental Health Grants	100	200	300	0	0	0
GF	11	MNIT Costs (MMIS @ 29%)	20	13	33	6	6	12
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	13	Health Care Admin		1		1	1	
GF	15	Behavioral Health – 9 months in SFY20	2	3		3	3	

Statutory Change(s):

245.735; 256B.0625

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Substance Use Disorder 1115 Demonstration Waiver Implementation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	522	(16,613)	(33,579)	(39,702)
Revenues				
Other Funds				
Expenditures				
Revenues				
Net Fiscal Impact = (Expenditures – Revenues)	522	(16,613)	(33,579)	(39,702)
FTEs	4	4	5	5

Recommendation:

Effective July 1, 2019, the Governor recommends establishing new standards for substance use disorder (SUD) treatment providers participating in the state's Medicaid substance use disorder reform demonstration project. The proposal provides a payment rate increase for outpatient and residential SUD treatment providers participating in the demonstration and who are able to meet nationally recognized SUD specific program standards established by the American Society of Addiction Medicine (ASAM) within 24 months.

Rationale/Background:

In 2016, the Legislature directed the Department of Human Services (DHS) to recommend reforms to Minnesota's SUD treatment system. The resulting recommendations, submitted to the Governor and the state legislature in 2017, included adding new SUD services to the Medical Assistance benefit set, permitting direct reimbursement for SUD services in settings outside of treatment programs, and modifying the SUD placement system to allow clients direct access to the SUD provider of their choice following an assessment. The legislature authorized the new SUD services and adopted other statutory changes needed to permit direct reimbursement and modify the SUD client placement and assessment processes.

These reforms are an important first step in ensuring Minnesotans have access to high-quality SUD services; however, more still needs to be done to ensure a true continuum of care. DHS recently completed a legislatively mandated report on the payment structure for Minnesota's SUD continuum. One key finding of that report was that "the current business models in the SUD program are often narrowly focused and do not always promote continuity of care. While a few providers offer multiple levels of care or provide after care to the next level of care, most providers reported delivering only a single level of care and not having formal referral arrangements in place in order to move to less/more intense levels of care."

The 2016 legislation also instructed DHS to examine options for mitigating the impact of the federal "institution for mental disease" (IMD) rule which prohibits the use of federal Medicaid funding for care in behavioral health treatment facilities with more than 16 beds. In 2015, the Centers for Medicare and Medicaid Services (CMS) informed state Medicaid directors of a new opportunity for demonstration projects by waiving certain requirements under Section 1115 of the Social Security Act. Under these demonstrations, states implementing SUD service delivery reforms can receive federal Medicaid funds for enrollees receiving residential SUD treatment in an IMD. DHS analyzed the SUD delivery system and identified changes needed to meet requirements for a waiver of the federal IMD rule based on the existing federal guidance. DHS summarized those changes in its 2017 legislative report including the following:

- development of a comprehensive, evidence based benefit package. The package must include a full continuum of evidence based best practices and incorporate industry-standard benchmarks for defining medical necessity, covered services, and provider qualifications;
- implementation of a SUD specific multi-dimensional patient placement and assessment tool;
- adopting an independent medical review process to ensure services are medically necessary and placements are appropriate;
- completing an assessment of SUD provider access including the availability of providers enrolled in MA and accepting new patients; and
- incorporating nationally recognized SUD specific program standards into existing provider requirements for residential treatment facilities.

In March 2018, DHS submitted a demonstration waiver request to CMS seeking federal Medicaid funds for services to individuals receiving short term residential SUD treatment in an IMD. Based on feedback from CMS and providers, additional clarity in the state law, resources for implementation, and incentives for participating providers are needed to ensure the demonstration project can be successful.

Proposal:

This proposal codifies the provider standards necessary for Minnesota to implement the SUD demonstration waiver upon CMS approval. It also provides funding necessary to issue provider agreements, conduct a waiver evaluation, provide technical assistance, conduct medical reviews, and to establish standards of SUD service delivery that are consistent with ASAM criteria.

The IMD exclusion applies to services provided to individuals under age 65 residing in facilities that are over 16 beds and meet the definition of an IMD. Under this exclusion, no Medicaid payment can be made for services either inside or outside the facility for persons residing in an IMD. An IMD is a hospital, nursing facility, or other institution that provides treatment for people with mental illness¹. While roughly half of the 142 residential SUD treatment facilities licensed by the state are classified as IMDs, due to their relative size, these IMD facilities manage over three-quarters of the state's 4,000 residential SUD treatment beds.

Total spending on covered services for MA eligible individuals receiving residential SUD treatment in IMD facilities reached over \$75 million in FY2017. Approval of the state's pending waiver will provide new federal revenue to Minnesota to finance SUD treatment and other health care costs that are currently covered by state funds. About 2/3 of MA enrollees receiving SUD treatment are in the MA adult expansion group and eligible for an enhanced federal match (93% in 2019). With the enhanced Medicaid match, DHS anticipates that nearly three quarters of the cost of services for people residing in participating residential facilities will be covered by federal funds upon waiver approval.

CMS issued letters to State Medicaid Directors in July 2015 and November 2017 announcing the option for state demonstration projects to waive the IMD exclusion for residential SUD services. Medicaid demonstration waivers are granted at the discretion of CMS. Given that CMS sent multiple letters and approved 22 state waivers of the IMD exclusion for substance abuse treatment, this proposal assumes approval of the waiver. Therefore the proposal recognizes the new federal revenue as savings to the state budget and assumes a July 1, 2020 implementation date.

This proposal also includes rate increases for participating providers: a 15 percent rate increase for the treatment portion of the residential rate and a 10 percent rate increase for outpatient individual and group services,

¹ The IMD exclusion does not apply to services for children up to age 21 receiving treatment in an accredited children's psychiatric hospital or a children's psychiatric residential treatment facility (PRTF).

beginning July 1, 2020; and a 10 percent rate increase for comprehensive assessments, beginning January 1, 2021. These rate increases will apply to Medicaid services only, and not the non-Medicaid CCDTF services.

The Behavioral Health Division will need 3 FTEs dedicated to operationalizing the 1115 waiver and meeting federal requirements. This work includes policy development, provider communication, federal reporting, and completing the CMS required waiver evaluation and statewide assessment of SUD provider access. The proposal requires \$250,000 in FY 2020, \$600,000 in FY 2021 and \$900,000 annually beginning FY 2022 for the required waiver evaluation and access assessment, and to implement new post payment and medical review processes for residential SUD services. The project will also require 1 FTE within HCA's Health Research and Quality Division and 1 additional FTE in the licensing division.

Equity and Inclusion:

In 2015, Minnesota ranked first amongst all states when measuring the disparity-rate ratio of deaths due to drug overdose among American Indians relative to whites. Native American Minnesotans are five times more likely to die from a drug overdose than white Minnesotans. African American Minnesotans are twice as likely to die from a drug overdose as white Minnesotans. Both of these rate disparities—between Native Americans/whites and African Americans/whites—are the greatest rate disparity based on race in the United States.

The ASAM criteria does not directly aim to impact the disparities outline above. However, the ASAM criteria is a strengths-based, person-centered approach to substance use disorder treatment that takes into consideration the entire substance use disorder continuum of care. Overall, moving to the ASAM criteria will allow Minnesota to better ensure that people who need substance use disorder treatment are receiving the right care at the right time and are able move between levels of care without having their recovery disrupted.

IT Related Proposals:

The MMIS system will require changes to implement new rates that would apply to specific providers, beginning January 2020, and a second rate change for outpatient services and the comprehensive assessment that would start January 2021.

Results:

- Increase in people accessing the right level of treatment
- Increased number of people accessing treatment
- Integrated substance use disorder programs and primary care
- Increased engagement and retention of people accessing treatment

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			522	(16,613)	(16,091)	(33,579)	(39,702)	(73,281)
HCAF								
Federal TANF								
Other Fund								
Total All Funds			522	(16,613)	(16,091)	(33,579)	(39,702)	(73,281)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Licensing Admin				107	93	200
GF	13	HRQ Admin	125	111	236	111	111	222
GF	15	Behavioral Health Admin	603	911	1,750	1,211	1,211	2,122
GF	Rev1	FFP @32%	(233)	(327)	(560)	(457)	(453)	(910)
GF	11	MNIT – MMIS @ 29%	27	5	32	5	5	10
GF	33	additional FFP to MA	-	(7,506)	(7,506)	(14,423)	(16,936)	(31,359)
GF	33	MA effects of CD rate increase	-	500	500	716	857	1,573
GF	35	additional FFP to CCDTF	-	(11,275)	(11,275)	(22,009)	(25,970)	(47,979)
GF	35	CCDTF effects of CD rate increase	-	968	968	1,160	1,380	2,540
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Licensing				1	1	
GF	13	Health Care - HRQ	1	1		1	1	
GF	15	Behavior Health	3	3		3	3	

Statutory Change(s):

256B

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Traditional Healing

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	2,493	2,500	2,500	2,500
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,493	2,500	2,500	2,500
FTEs	1	1	1	1

Recommendation:

The Governor recommends \$2.4 million annually in grants to tribal communities to provide traditional healing practices to American Indians and increase the capacity of culturally specific providers in the behavioral health workforce.

This proposal is part of a package of proposals recommended by the Governor to address rising rates of opioid use. The package of proposals is funded by new fees on opioid manufacturers, wholesalers, and entities that handle controlled substances.

Rationale/Background:

American Indians face significant health disparities. Life expectancy is 5.5 years less than other races in the United States, alcohol-related deaths are 6.6 times higher and drug-related deaths are 1.8 times higher when compared to all other races. Recent increases in children involved in child protection due to the drug epidemic has increased the number of American Indian children entering the foster care system and staying in care longer.

Traditional healing is a multi-generational, multi-disciplinary approach to reduce the chronic mental health and substance use disparities experienced by American Indians. Traditional healing is a holistic approach that looks at all aspects of living: emotional, physical, and spiritual to promote health/healing for American Indians. Conventional behavioral health interventions have not yielded the same outcomes within the American Indian population as they have for other populations. However, traditional healing for American Indians has outcomes that are equivalent to the outcomes for conventional interventions in other populations.

Proposal:

This proposal will provide \$2.4 million per year in grants to tribal communities to improve access, coordination and referral processes for traditional healing in Native communities across Minnesota. This proposal would provide grant funding to Tribal Nations across Minnesota and five (5) urban Indian communities. Each of these 16 sites will receive up to \$150,000 to support a full-time traditional healer, increase the capacity of culturally specific providers in the behavioral health workforce and increase access to culturally specific services.

DHS requires one full-time equivalent ongoing beginning in FY 2020 to oversee the initiative. This position will manage contracts with tribal nations and communities, provide oversight, as well as collect and analyze outcome and trend data to support continuous improvement of the program. Additionally, the position will act as a liaison to the Minnesota American Indian Mental Health Advisory Council. DHS and the Council will also monitor the

progress of Arizona, California, New Mexico and Michigan who are pursuing Medicaid funding for traditional healing models and will assess whether a similar approach will also be a good fit for Minnesota.

Equity and Inclusion:

The approach outlined in this proposal seeks to reduce the profound health disparities experienced by American Indians and Alaskan Natives. Planning and implementation will be designed in accordance with the State of Minnesota, Department of Human Services Tribal Consultation Policy. The project will be Tribally-driven and governed by the Minnesota American Indian Mental Health Advisory Council in partnership with the Minnesota Department of Human Services, through its Behavioral Health Division.

IT Related Proposals:

Performance data will be collected and tracked through the Mental Health Information System (MHIS). No new systems work is required.

Results:

DHS will measure the following indicators to understand the impact of the success of the grant funding:

- The number of alcohol/drug related deaths in the American Indian and Alaskan Native communities
- The number of Native people receiving detox services and inpatient and/or residential levels of care
- The number of Native people needing hospitalization(s) and death(s) by suicide
- The number of out-of-home placement, entrance into foster care and/or extended stay in the foster care system within American Indian and Alaskan Native communities
- The number of culturally-specific providers in the behavioral health workforce

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund								
HCAF								
Federal TANF								
Other Fund			2,493	2,500	4,993	2,500	2,500	5,000
Total All Funds								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
OSF	15	BH Admin (FTE – 1, 1, 1, 1)	93	100	193	100	100	200
OSF	57	Adult Mental Health Grants	2,400	2,400	4,800	2,400	2,400	4,800
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	15	BH Admin – assumes 9 months in SFY20	1	1		1	1	

Statutory Change(s):

245.4661; Rider

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Increasing Timely Access to Substance Use Disorder Treatment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	8	8	14	14
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8	8	14	14
FTEs	0	0	0	0

Recommendation:

The Governor recommends allowing the use of Screening, Brief Intervention, and Referral to Treatment (SBIRT), a screening tool to identify individuals in need of substance use disorder (SUD) care, to authorize a limited number of substance use disorder treatment services in order facilitate more timely access to care.

Rationale/Background:

The 2017 legislature approved a package of reforms to modernize Minnesota's system of substance use disorder care. A key element of this reform was streamlining the process for accessing SUD treatment by permitting an individual to go directly to a service provider to receive an assessment for SUD treatment services rather than needing a referral from a county, tribe, or managed care organization. While this was an important step forward, there is still more that can be done to ensure people can access treatment in a timely fashion.

Screening, Brief Intervention, and Referral to Treatment (SBIRT) is an approach to the delivery of early intervention and treatment to people with substance use disorders and those at risk of developing these disorders. This approach has three components: 1) Screening: quickly assessing the severity of substance use and identifies the appropriate level of treatment; 2) Brief intervention: Increasing insight and awareness regarding substance use and motivation toward behavioral change; and 3) Referral to treatment: providing those identified as needing more extensive treatment with access to specialty care.

SBIRT is currently available as a billable service under Medical Assistance and MinnesotaCare, but its use is limited and it can only be used to identify someone in need of substance use disorder service, not to authorize any treatment services to be delivered. The use of SBIRT has the potential to expedite access to services as well as provide interim treatment and support for individuals waiting for an opening for more long-term and intensive treatment.

SBIRT can be provided by a physician, physician assistant, or advanced practice registered nurse. The Department of Human Services is also working with the federal Centers for Medicare and Medicaid Services (CMS) to allow additional providers, including mental health professionals to be reimbursed for administering the screening as well.

Proposal:

This proposal would expedite access to substance use disorder treatment services by allowing SBIRT to establish medical necessity for a combination of two hours of counseling sessions (group or individual), two episodes of peer support, and two episodes of service coordination. Upon engagement with a treatment program, a

comprehensive assessment would be required to inform treatment needs for the client going forward, including the approval of any treatment services beyond those initially approved based on the screen.

This will provide an essential tool to help identify substance use disorder in a person early, address the delays in referral to treatment, and provide support to ensure an easier transition to treatment when clients are most vulnerable. It would also support further integration between primary care, mental health, and substance use disorder care delivery systems.

This proposal assumes that more people will use the SBIRT assessment if it can be used to authorize services, which will result in additional cost to the state. A positive SBIRT assessment, would authorize eligibility for the following:

- two units of peer supports,
- two units of care coordination, and
- two units of treatment sessions using one individual session and one group session for pricing, (although the authorization would be for either, and it would be up to the client which type of treatment session is accessed)

There is no additional cost associated with these services, since the assumption is a brief shift in timing only.

The payment rates for providing SBIRT for 15-30 minutes is \$25.03, and the rate for more than 30 minutes is \$49.56. The anticipated growth in use of the SBIRT is assumed to be modest initially based on current usage and increase in FY22 as an alternative to the Rule 25 assessment which will sunset as a result of the Substance Use Disorder Reform legislation passed in 2017.

This proposal is expected to increase access to Medical Assistance reimbursable assessment services, which will result in increased expenditures as indicated below. The state share of the cost of these additional services paid through Medical Assistance would be \$5,625 in FY 2020, \$7,875 in FY 2021 and \$13,500 in FY 2022 and FY 2023.

	FY 2020	FY 2021	FY 2022	FY 2023
Additional SBIRT Assessments	500	700	1200	1200
Average Cost of Assessments	\$37.5	\$37.5	\$37.5	\$37.5
Total MA Cost	\$18,750	\$26,250	\$45,000	\$45,000
Federal share @ 70% (assumes half are adults w/no kids)	\$13,125	\$18,375	\$31,500	\$31,500
State share – BACT 33	\$5,625	\$7,875	\$13,500	\$13,500

Equity and Inclusion:

In 2015, Minnesota ranked first amongst all states when measuring the disparity-rate ratio of deaths due to drug overdose among American Indians relative to whites. Native American Minnesotans are five times more likely to die from a drug overdose than white Minnesotans. African American Minnesotans are twice as likely to die from a drug overdose as white Minnesotans. Both of these rate disparities—between Native Americans/whites and African Americans/whites—are the greatest rate disparity based on race in the United States.

For comparison, the American Indian population represents 1.5% of the total population of Minnesota; the American Indian population represents 6% of all drug overdose deaths to Minnesota residents. The African American population represents 7% of the total population of Minnesota; the African American population represents 10% of all drug overdose deaths to Minnesota residents.

Preliminary 2016 data show the disparity has continued and worsened. While the white drug overdose mortality rate modestly increased from 10.1 to 10.8 per 100,000 white residents, the American Indian mortality rate increased from 47.3 per 100,000 residents to 61.6 per 100,000 residents, and the African American rate increased

from 20.8 per 100,000 residents to 24.3 per 100,000 residents. Although national 2016 mortality data is not yet available, the disparity rate ratio is likely to remain among the highest in the United States.

The hope is that the use of this tool will increase access for those who need substance use disorder services and reduce barriers to receiving those services, however, this proposal does not directly address the specific disparities outlined above.

IT Related Proposals:

Changes to the MMIS system are necessary to be able to identify when an individual screened positive by SBIRT is authorized for the initial, limited quantity, set of services. There will be claims changes, such as a SBIRT code modifier added to indicate whether it was a positive or negative screen; and then if positive, to approve a certain set of services; a change to limit the amount of service units that are approved based on number rather than date span; and a limit that would prevent a SBIRT from overriding an earlier comprehensive assessment authorization of services.

The system changes will take approximately 1 month to complete for a cost of \$ 5,747.68 (\$1,667 state share).

Process	Estimated Hours	Cost	Total hours/cost	\$ 5,747.68
BA	10	\$ 611.90	State Share @29%	\$ 1,666.92
Development	40	\$ 3,350.00		
Testing	27	\$ 1,785.78		

The ongoing maintenance cost beginning in the year 2021 will be tied into the SUD reform proposal that passed during the 2017 session.

Results:

- Decreased wait time to accessing treatment
- Increased number of people accessing treatment
- Integrated substance use disorder programs and primary care
- Increased engagement and retention of people accessing treatment

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			8	8	16	14	14	28
HCAF								
Federal TANF								
Other Fund								
Total All Funds			8	8	16	14	14	28
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33	Medical Assistance	6	8	14	14	14	28
GF	11	MMIS System Changes (29%)	2		2			
Requested FTE's								
Fund	BACT#	Description	FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21

Statutory Change(s):

254A

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Strategic Response to the Opioid Crisis

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	4,125	8,250	8,236	8,236
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,125	8,250	8,236	8,236
FTEs	1	2	2	2

Recommendation:

The Governor recommends establishing an opioid stewardship advisory council to develop and oversee a comprehensive and effective statewide effort to address the impacts of the opioid crisis in Minnesota. The council will be tasked with making recommendations and providing oversight over the use of funding in the opioid stewardship account. The Governor also recommends targeted investments to county and tribal social services agencies to support child protection activities within communities most impacted this crisis.

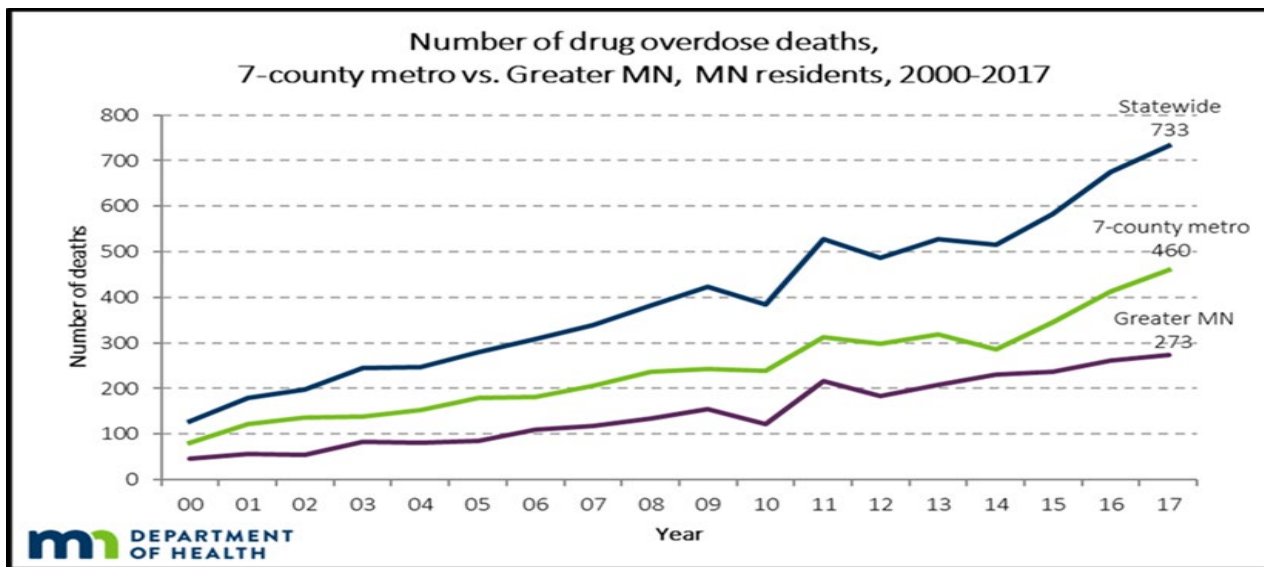
This proposal is part of a package of proposals recommended by the Governor to address rising rates of opioid use. The package of proposals is funded by new fees on opioid manufacturers, wholesalers, and entities that handle controlled substances.

Rationale/Background:

The opioid crisis has had a devastating impact on communities across Minnesota and opioid overdose deaths continue to rise in Minnesota. In 2016, there were:

- 395 total opioid overdose deaths—an 18% increase since 2015.
- 194 overdose deaths that involved prescription opioids.
- 150 overdose deaths that involved heroin.

In 2017, the number of overdose death rose to 773 and as the chart below demonstrates, this problem is not limited to any one area of the state.



In addition, Minnesota has seen an increase in the number of children in out-of-home care across the state. In 2014, there were approximately 26,000 children involved in screened-in child protection reports and by 2017, that number was nearly 40,000 children. Parental drug abuse is the most common primary reason for new out-of-home care episodes, accounting for 29 percent of all new episodes during 2017, and the number of children removed for that reason continues to increase each year. Compounding that problem is the fact that, for a variety of reasons, these cases have historically taken longer to reach permanency. Counties are struggling to pay ever-increasing costs for out-of-home placement, as well as the demands of caseloads that are too high.

The Governor and legislature have taken steps to address the issue. Key initiatives include, the Minnesota State Substance Abuse Strategy, the Opioid Prescribing Improvement and Monitoring Work Group, the Integrated Care for High Risk Pregnant Women Initiative grant funds to expand care for pregnant women and substance exposed infants, funding to increase access to naloxone, and efforts to make disposing unused prescription opioids easier. Minnesota has also received a number of federal grants to support Minnesota’s response to the opioid epidemic. While these efforts are an important start, the scope and impact of this crisis requires even more robust, urgent, and sustained action. This proposal seeks to build upon and expand these existing efforts and ensure there are on-going and sustainable resources available to address opioid abuse.

Proposal:

This proposal establishes an advisory council to provide strategic oversight for the distribution of grant funds generated through fees, which are reflected in separate change pages from the Minnesota Board of Pharmacy. Fees collected by the Board of Pharmacy would be deposited in a fund specifically designated for uses designed to address rising rates of opioid use, including the grant program described in this page. .

Opioid Stewardship Advisory Council

This proposal will create a council to advise on the usage of a portion of funds deposited in the opioid stewardship fund. DHS will administer the grants with the oversight and guidance of the advisory council. The council will review local, state, and federal initiatives and funding related to prevention and education, treatment, and services for individuals and families experiencing and affected by opioid abuse and promote innovation and capacity building to address the opioid addiction and overdose epidemic. It will help ensure that opioid stewardship funding aligns with existing state and federal funding to achieve the greatest impact and support a coordinated state effort to address the opioid addiction and overdose epidemic.

The council will also work to align its efforts with the Results First project administered by Minnesota Management and Budget in order to target resources to the most effective initiatives and to provide on-going evaluation of the projects funding through these resources.

The council will be made up of legislators from both bodies, a representative from other state agencies, substance use disorder providers, advocates, and individual's personal impacted by the opioid crisis, Tribal Nations, as well as representation from law enforcement, social service agencies and the judicial branch. While the members of the advisory council will not receive compensation, they will be reimbursed for their expenses. These costs, as well as costs for space rental and other related costs will be funded through the fund.

Opioid Stewardship Grant Distribution

Funds will be appropriated to DHS from the Opioid Stewardship Fund for administrative services to the council and to administer the grant initiatives. Non-administrative funds are to be appropriated to DHS, with the following amounts to be allocated for these purposes:

- \$4 million per year to county and tribal social services agencies. The Commissioner will work with counties and tribes to determine an allocation formula that addresses the additional out-of-home placement costs related to opioid abuse.
- \$4 million per year for grants based on advisory council recommendations.

Equity and Inclusion:

In 2015, Minnesota ranked first amongst all states when measuring the disparity-rate ratio of deaths due to drug overdose among American Indians relative to whites. Native American Minnesotans are five times more likely to die from a drug overdose than white Minnesotans. African American Minnesotans are twice as likely to die from a drug overdose as white Minnesotans. Both of these rate disparities—between Native Americans/whites and African Americans/whites—are the greatest rate disparity based on race in the United States.

For comparison, the American Indian population represents 1.5% of the total population of Minnesota; the American Indian population represents 6% of all drug overdose deaths to Minnesota residents. The African American population represents 7% of the total population of Minnesota; the African American population represents 10% of all drug overdose deaths to Minnesota residents.

Preliminary 2016 data show the disparity has continued and worsened. While the white drug overdose mortality rate modestly increased from 10.1 to 10.8 per 100,000 white residents, the American Indian mortality rate increased from 47.3 per 100,000 residents to 61.6 per 100,000 residents, and the African American rate increased from 20.8 per 100,000 residents to 24.3 per 100,000 residents. Although national 2016 mortality data is not yet available, the disparity rate ratio is likely to remain among the highest in the United States.

Any work to aid in the prevention, treatment, and mitigation of the impact of the opioid crisis would therefore have immense impacts on the above communities.

IT Related Proposals:

No IT cost related to this proposal.

Results:

It is anticipated that the changes proposed in this proposal will have the following impact on opioid use in Minnesota with the following measureable indicators:

- Reduce opioid overdose related deaths;
- Increase the number of people who receive opioid use disorder treatment and recovery services
- Reduce percentage of people reporting past 12-month pain reliever misuse
- Increased the number of buprenorphine waived physicians

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund								
HCAF								
Federal TANF								
Other Fund			4,125	8,250	8,375	8,236	8,236	16,472
Total All Funds			125	8,250	8,375	8,236	8,236	16,472
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
OSF	15	Behavioral Health Admin (FTE 1,2,2,2)	125	250	375	236	236	472
OSF	59	Substance Use Disorder Grants	0	4,000	4,000	4,000	4,000	8,000
OSF	47	Child & Economic Support Grants	4,000	4,000	4,000	4,000	4,000	8,000
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
OSF	15	Behavioral Health Admin	1	2		2	2	

Statutory Change(s):

151.065; 151.252; and 151.255 (New Section)

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Mental Health Uniform Service Standards

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	736	455	455	286
Revenues	0	0	0	0
Other Funds	0	0	0	0
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	736	455	455	286
FTEs	5	5	5	3

Recommendation:

The Governor recommends a multi-phase, comprehensive, reform and simplification of the regulatory structure for publicly funded mental health services. This initiative will align common standards across different services, eliminate requirements that do not add value or enhance treatment quality, ensure greater consistency in the guidance given to providers and improve accountability for improper billing, maltreatment, or other serious breaches.

Rationale/Background:

The complexity of the regulatory structure is a significant problem facing publicly funded mental health services in Minnesota. Current regulations are complex, overlapping and reside in multiple locations within statute, rule, and other authorities. Some regulations date back to the introduction of federal funding for community mental health centers in the 1950s and have not been substantively updated.

Similar mental health service lines can vary in basic requirements without a clear justification. For example, there are forty-seven different locations in statute, rule, or variances to rule where Minnesota defines what qualifies a person as a “mental health professional.” Among these different locations, there are ten substantively different sets of language, each of which has at least one omission or error.

Various areas within DHS including Provider Enrollment, the Behavioral Health Division, and Licensing are conducting reviews of the same providers, often at different times. Some services are licensed, some are certified by the Behavioral Health Division, and others have no clear oversight. Providers report significant costs associated with hours spent on compliance activities that are duplicative or provide little value. They risk unintentionally being out of compliance and experience confusion among staff in learning the complex system. This also limits the ability of DHS to effectively and consistently regulate these services and support providers in delivering high quality care.

All of these challenges call for a simplification of the regulations that govern these services. Mental health providers need requirements that aren’t duplicative, don’t conflict with one another, and can be readily understood by the people who must follow them. Mental health services share enough commonality to allow for a single framework of basic regulatory requirements and those requirements should have direct connection to Minnesotans equitably accessing high quality services.

Proposal:

This proposal is the first phase of a multi-year project to simplify and align standards for publicly funded mental health services. Under this proposal, several requirements will be unified and streamlined across all mental health service lines, including those that are currently licensed and those that are currently unlicensed.

The goal is to align common standards across different mental health service lines and eliminate requirements that do not add value or enhance treatment quality. This includes provider qualifications, policies and administrative procedures as well as standards for conducting diagnostic assessments and treatment planning. This proposal would also repeal outdated administrative rules governing outpatient mental health services and codify in state law the components that are still relevant.

The only service that will receive substantive changes under this proposal is Mobile Crisis Response. This proposal clarifies the situations in which mobile crisis teams can be expected to respond, giving significant priority to calls made by peace officers contemplating taking a person to a hospital, as well as requests made by urgent and emergency medical care settings that lack specialized mental health resources. Changes in this proposal will also make it easier for a friend or family member to call on behalf of a loved one.

Finally, this proposal directs DHS to develop a plan for a unified licensing structure for publicly funded mental health services that incorporates all services whether they are currently licensed or certified. This plan will also identify ways to further align mental health and substance use disorder service requirements where possible to promote and support integrated models of care. This proposal charges DHS with conducting this work in collaboration with stakeholders and returning in a subsequent legislative session with further recommendations and proposed language. The proposal also requires DHS to develop a licensing fee schedule for this new framework and to solicit community input to set fees in a way that is fair to providers, incentives efficient reviews, and appropriately raises revenue to offset regulatory costs.

To facilitate this transformation, this proposal includes additional staff for the mental health unit within DHS' Licensing Division, as well as policy staff within the Community Supports Administration. This proposal appropriates general funds of \$1.2 million in FY 2020-21 and \$741,000 in FY 2022-23. The proposal funds temporary policy staff (FY 2020-22) who will work to align service standards and licensing needs. The proposal also funds ongoing licensing staff as well as systems changes to create the tools necessary to implement the standards created.

The proposal includes \$50,000 to allow staff to travel and collect stakeholder input. Minnesota's regulations across mental health services and substance use disorder services are currently highly varied. Complex analysis is needed to make sure that opportunities for simplification are maximized without losing important protections to ensure health, safety, and integrity of public funding. Because these trade-offs are important, and changes can have unintended consequences, stakeholders have requested that the Department provide detailed information on what potential changes would be made in each service area. These staff will make that important transparency possible.

Equity and Inclusion:

Racial and ethnic minorities are currently substantially less likely to find a mental health provider who shares their culture. There are many factors contributing to this disparity, but one is the high barrier to entry in providing services compared to some other health care types, such as Personal Care Assistance/Community First Services and Supports. This proposal will reduce some of those barriers to entry by simplifying the regulations that a provider must understand and demonstrate compliance.

Increased availability of training opportunities and proactive technical assistance will be additional resources in supporting newer and more diverse provider organizations in performing high quality work. DHS believes that

these changes will benefit all providers but particularly culturally-specific provider organizations, which tend to be smaller and have fewer resources to address compliance and administrative costs.

Outreach to providers serving Tribal communities and racial and ethnic groups experiencing disparities has been part of this work since inception. The American Indian Mental Health Advisory Committee, and Fond du Lac Human Services have provided significant feedback on which regulations have had unintended consequences in their communities or been particularly onerous to comply with.

Stakeholders have raised concerns with potential unintended consequences of the change that would require background studies for license applicants, controlling individuals, and staff to be conducted pursuant to Chapter 245C, the Human Services Background Study Act. Currently, most mental health providers are using commercially available background checks, which typically do not include arrest information or maltreatment findings. In strengthening the criteria for background checks we may reduce the pool of workers able to be employed. Existing disparities in arrest rates and how the same underlying conduct might be charged or plead down can impact who is excluded from employment in a licensed setting. This can reasonably be expected to have an outsized impact on racial and ethnic minorities seeking to enter the mental health workforce.

To address this, the proposal includes outreach to educate providers and potential workforce members about how to understand their rights for appeal if a disqualification occurs. Minnesota's background study laws provide for many remedies where a person or employer can ask for reconsideration when a person no longer poses a risk to clients.

IT Related Proposals:

The following costs have been determined for changes to the Licensing Division's Electronic Licensing Management System (ELMS) database system to support this new activity. These are complex and varied services, delivered in a variety of residential-, facility- and community-based locations, and the Licensing ELMS database is not currently capable of tracking provider functions across these varied settings. Adequately funding IT systems costs will enable providers to access a web-based application to apply for licensure, submit documentation electronically and request changes to services and license terms electronically. This will ensure that the licensing staff have tools available to regulate them in a consistent, fair and efficient manner.

	Hours	Rate	Cost
Business Analysis	1,965	\$78.72	\$154,684
Development	3,501	\$92.52	\$323,913
Quality Assurance	2,346	\$78.72	\$184,677
Project Management	401	\$78.72	\$31,567
Total	8,213		\$726,841
State Share (50%)			\$363,421

Ongoing maintenance cost per year is \$145,368; State Share = \$72,684.

Results:

DHS will conduct a provider survey starting with the current state of the regulatory system and continuing through implementation of the first phase of development. The Department intends to survey providers throughout the additional phases of this project. Providers will rank the clarity and consistency of the feedback they receive, the level of effort required to schedule and respond to site visits from DHS, and the availability of DHS sponsored training or technical assistance to improve their practice. This will measure the extent to which the transition works for providers, and how time and resources previously used for approving providers is being redeployed in support of improved service quality.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			736	455	1,191	455	286	741
HCAF								
Federal TANF								
Other Fund			0	0	0	0	0	0
Total All Funds			736	455	1,191	455	286	741
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Licensing MH USS Admin	260	314	574	314	314	628
GF	15	Community Integration Admin	289	248	537	248		248
GF	REV1	Administrative FFP @ 32%	(176)	(180)	(356)	(180)	(101)	(281)
GF	11	Systems - ELMS MH USS @ 50%	363	73	436	73	73	146
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Licensing – 1 for 9 & 2 for 6 mo. in FY20	3	3		3	3	
GF	15	Community Care Integration – 10 mo. in FY20	2	2		2		

Statutory Change(s):

This proposal creates a new chapter of law, 245I. Repeals administrative rules as well as sections of state statute that are duplicative of the new chapter of law.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Building an Integrated Behavioral Health Care Continuum

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(16,429)	1,502	542	553
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(16,429)	1,502	542	553
FTEs	0	0	0	0

Recommendation:

The Governor recommends aligning the financial structure for mental health and substance use disorder treatment for people enrolled in Medical Assistance to facilitate integration between the two systems and ensure people with behavioral health needs have access to the full continuum of health care services. The Governor also recommends pursuing strategies to support people with mental health and substance use disorders to access housing to support their long-term recovery.

Rationale/Background:

In Minnesota, the mental health and substance use disorder treatment systems continue to operate largely in silos and often in isolation from the broader continuum of health care. This is due in large part to differences between how the two systems are financed.

Substance Use Disorder Payment

Both mental health and substance use disorder services are covered under Medical Assistance. However, substance use disorder services have an additional layer of complexity – the Consolidated Chemical Dependency Treatment Fund (CCDTF). The CCDTF is the fee-for-service payment mechanism for substance use disorder services, regardless of whether the client is enrolled in Medical Assistance, and counties are responsible for a share of the treatment costs.

In a majority of counties, less than 50% of substance use disorder services are billed to Medical Assistance. However, many clients whose services are billed to the CCDTF appear to be eligible for Medical Assistance. Under this dynamic, the state is not maximizing federal funding and this inefficient use of funding sources burdens state and county budgets. In addition, an individual receiving services only funded through the CCDTF does not have coverage for any other health care service, including mental health care.

Room and Board Funding Across Mental Health and Substance Use Disorder

Payment for room and board for people in residential treatment, which is not eligible for Medical Assistance coverage under federal law, operates in two very distinct ways between mental health and substance use disorder treatment settings.

For residential substance use disorder services, room and board is billed as a distinct service to the CCDTF and the provider receives payment in the same manner as for a treatment service (e.g. provider bills and receives payment). For residential mental health services, the client must be enrolled in the Housing Support Program (formerly known as Group Residential Housing or GRH) through a county financial worker and the client may be

liable to pay a share of the room and board costs. The payment structure for room and board in mental health creates unnecessary complexity for providers, counties, and clients and is reimbursed at a lower rate than substance use disorder treatment.

Housing options following residential treatment

Data shows that many individuals receiving treatment are cycling in and out of residential treatment and homelessness. During state fiscal year 2018, 10,117 people exited residential mental health or substance use disorder treatment. Of those, nearly 1 out of every 8 people exited directly into homelessness. Of those that exited into homelessness, nearly 1 out of every 4 people re-entered a residential treatment facility within the same year.

Proposal:

The goal of this proposal is to promote an integrated continuum of mental health and substance use disorder care that is connected with and facilitates access to other health care services and that supports people to transition to the community when they no longer need intensive treatment.

The proposal has four key strategies to accomplish this goal:

Substance use disorder payment reform

This proposal will align how treatment services are billed and paid for under Medical Assistance across mental health and substance use disorder services. To accomplish this, the county share for substance use disorder services paid for under Medical Assistance will be eliminated.

The current county share of 22.95 percent will still apply to individuals who are not enrolled in Medical Assistance and are receiving substance use disorder treatment that is paid for through the CCDTF. The goal of this change is to encourage counties to support individuals accessing substance use disorder treatment to become enrolled in Medical Assistance. This will also ensure these individuals have coverage for other health care and mental health services they are eligible to access and that the state is maximizing federal financial participation. This change will be effective July 1, 2019.

Align payment for room and board in residential treatment

This proposal seeks to create parity between how room and board is paid for residential mental health and substance use disorder treatment services. To accomplish this, residential mental health treatment will be paid for in the same manner as the current room and board payment system used for residential substance use disorder treatment and at the same payment rate. This will also remove the requirement that some clients pay a portion of their room and board while receiving residential mental health treatment. In addition, the county share for room and board will be eliminated. This change will be effective September 1, 2019.

Presumptive Housing Support eligibility following residential treatment

This proposal provides presumptive eligibility for the Housing Support Program for people leaving residential mental health or substance use disorder treatment. Under this proposal, a qualified professional will utilize a streamlined process to sign off on up to three months of Housing Support eligibility for a client upon discharge from a residential behavioral health program, and to connect the individual with a housing provider if one is available. This change will be effective September 1, 2019.

Align state administrative funding for behavioral health to leverage additional federal funding

This proposal changes how the administration of CCDTF is financed in order to provide greater transparency in CCDTF financing and eliminate recurring excess balances in the special revenue account. This change allows federal Medical Assistance revenues generated by the CCDTF to fully offset the cost of CCDTF services and transitions funding for the administration of substance use disorder services from the CCDTF administrative

special revenue account into the state's general fund. The CCDTF administrative special revenue account will be eliminated with the accumulated balance transferring to the general fund effective July 1, 2019.

This step will allow DHS to streamline how administrative oversight and operations of substance use disorder services are financed. DHS is designated as the state's substance use authority and administrative functions are funded almost exclusively by federal funds, either directly or by way of the CCDTF special revenue account. The current situation limits DHS' flexibility in managing substance use disorder programs and in coordinating administrative budgets across Community Supports and the DHS Central Office as a whole. The refinancing also generates a savings to the general fund in the process.

Equity and Inclusion:

Two of the main person-centered goals of this proposal are to encourage counties to support individuals accessing substance use disorder treatment to become enrolled in Medical Assistance and to connect individuals with a housing provider if one is available when they complete treatment. While there will be a benefit to Minnesotans who have a behavioral health condition being enrolled in Medical Assistance and being connected with housing services, this proposal does not change access to mental health and substance use disorder services overall. Due to this, it is difficult to predict the impact that this proposal will have on equity and inclusion and does not specifically address Minnesota's disparities within mental health and substance use services for non-white residents.

IT Related Proposals:

Changes to the MMIS system will allow residential mental health providers to charge the fund in the same manner substance use disorder facilities currently do. The estimated duration of the project to make these changes is 2 months.

MMIS Changes

Process	Hours	FY20 Costs	FY21 Costs	FY22 Costs	FY23 Costs	Total Costs
Business Analysis	90	\$7,110				\$7,110
Tech	160	\$14,880				\$14,880
QA	108	\$8,532				\$8,532
Project Management	60	\$4,740				\$4,740
Ongoing System Cost*		\$7,052	\$8,463	\$8,463	\$8,463	\$23,978
Total	418	\$42,314	\$8,463	\$8,463	\$8,463	\$59,240

State Share - MMIS 29% \$12,271 \$2,454 \$2,454 \$2,454

Changes to the MAXIS system will automate the process of tracking and notification of presumptive eligibility for people leaving residential treatment settings. The estimated duration of the project to complete these changes is 8-9 months. In the interim, county workers will complete the process manually.

MAXIS Changes

Process	Hours	FY20 Costs	FY21 Costs	FY22 Costs	FY23 Costs	Total Costs
Business Analysis	476	\$37,604				\$37,604
Tech	860	\$79,980				\$79,980
QA	668	\$52,772				\$52,772
Project Management	401	\$31,679				\$31,679
Notices for approx. 500 GRH recipients being closed and 500 vendors		\$500				\$500

State Share - MAXIS 55%	\$133,673	\$26,735	\$26,735	\$26,735
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Results:

- ### Fiscal Detail:

Statutory Change(s):

State of Minnesota

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Expand Transitions to Community Initiative

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	759	1,620	2,319	2,319
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	759	1,620	2,319	2,319
FTEs	0	0	0	0

Recommendation:

The Governor recommends expanding the Transition to Community Initiative in order to help more people transition out of state-operated mental health facilities in a timely fashion once they have completed treatment.

Rationale/Background:

The Transition to Community Initiative was established to reduce the time that individuals remain at the Anoka Metro Regional Treatment Center (AMRTC) or the Minnesota Security Hospital (MSH) after they no longer need the services provided at these two facilities. The initiative, which was established in 2013, provides access to a range of services, including home and community based waivers, flexible grant funding, intensive care coordination, and partnerships with providers and counties to address an individual's unique needs and challenges. By providing additional funding to cover community-based services and address the unique barriers faced by some individuals, the initiative promotes recovery and opens up beds at AMRTC and MSH for other individuals who need them.

The initiative has shown success in helping people with extremely significant barriers to successfully return to the community. Between July 1, 2016 and June 30, 2018, 302 individuals were discharged from AMRTC and MSH received services or support through the Transitions to Community Initiative.

Despite this success, the program has limitations which prevent it from having more of an impact. Currently, the initiative is only available to people at AMRTC and MSH. People in state-operated Community Behavioral Health Hospitals (CBHHs) face similar barriers but cannot access this support. In addition, some people in non-state-operated hospitals who are on the waiting list for AMRTC could be supported to return to their community instead of receiving treatment in a state-operated mental health facility if the right supports were in place. This would create additional capacity for state-operated facilities to serve those who truly need that level of care.

People over age 65 receiving intensive mental health care face an additional set of unique challenges. Programs designed to support individuals age 65 and older are often not sufficient to meet the complex needs of people who require intensive support for their behavioral health challenges. The lack of sufficient resources creates a barrier to an appropriate and timely discharge for this population.

These limitations restrict how quickly individuals can return to the community and limits the capacity of state-operated programs to serve people who need that level of care. In 2017, 410 individuals remained in AMRTC, a CBHH, or MSH when they no longer required that level of care, resulting in a total of 13,133 bed days. Of those, 24 people were over the age of 65 for a total of 1,636 bed days.

Proposal:

This proposal expands the number of people eligible to be served by the Transition to Community Initiative as well as the types of resources that can be accessed. The goal of this proposal is to provide more individuals with the necessary resources, services and supports to leave state-operate facilities (or be diverted from an institutional stay altogether), and return to their community.

Expanding the Transitions to Community program will help reduce the number of individuals who remain in state-operated programs when they no longer require the level of care those programs provide. This will also allow individuals who do need a higher level of care to access it in a more timely fashion. In addition, this will provide relief to counties who are responsible for paying 100 percent of the treatment costs for individuals when they no longer meet medical necessity for care in a state-operated facility.

This proposal expands Transitions to Community Initiative as follows:

Expand eligibility for the Transitions to Community Initiative

The Transition to Community Initiative is currently limited to individuals receiving care at AMRTC or MSH. This proposal expands eligibility for the program to people receiving care at Community Behavioral Health Hospitals. It would also expand eligibility to people who are hospitalized, civilly committed and on the waiting list for admission to Anoka Metro Regional Treatment Center or a state-operated Community Behavioral Health Hospital but who could successfully returned to the community with the necessary resources, services and support.

It is anticipated that the newly eligible clients will begin receiving support through the Transition to Community Initiative in March 2020. DHS anticipates that with these changes the Transition to Community Initiative would be able to serve an additional 110 individuals by 2021.

An additional \$500,000 in grant dollars will be needed annually to support the projected program growth as a result of expanding eligibility. This grant funding will be awarded to grantees via an RFP process and awarded to counties to provide services not otherwise funded that are essential components of individualized treatment plans.

With this proposal, there will also be an increase in the number of individuals served by the Transitions to Community Initiative who access home and community-based waiver services. The increase in home and community-based services waiver costs were calculated based on historical experience with the Transitions to Community Initiative as well as historical data about the population who will be newly eligible under this proposal.

Increased capacity to support individuals age 65 and older

This proposal expands the ability to support people age 65 and older to transition to the community. Specifically this proposal would allow an enhanced individual budget through the Elderly Waiver (EW) program for individuals who have complex needs, require intensive support to live in the community, and are eligible for the transitions to community initiative. The EW program funds home and community-based services for people age 65 and older who require the level of care provided in a nursing facility, but choose to reside in the community. This is the main cost driver in this proposal, but it is necessary in order to address the issue that individual budgets available under EW are often not sufficient to help people over age 65 with complex needs transition to a community setting. Federal approval will be required to make this change.

The EW costs were estimated based on DHS' past experience transitioning a similar population from a state owned psychiatric nursing facility into the community. The Brain Injury and Community Access for Disability and Inclusion waivers now allow people who are over 65 to return to these waivers if they have been enrolled in the past. Data showed that this would apply to about 25% of people over 65 at AMRTC. Since these individuals can move onto a disability waiver and would be covered under the existing Transitions work in current law, they are not accounted for in the fiscal impact for this proposal. The current law EW cap has been adjusted to account for increases tied to projected NF rate increases.

Equity and Inclusion:

The Transition to Community Initiative is a tool for changing the mental health service system toward a more person-centered system. It has shown that the barriers to transition are not in the characteristics of the individuals themselves, but in the flaws in our service system—the gaps in services and funding makes it difficult to respond to each individual's unique needs. The Initiative provides a glimpse of what the future of our person-centered system could look like if we supported people to live integrated lives in the communities of their choice.

IT Related Proposals:

There are no costs to the MAXIS system associated with the proposed expanded eligibility for MSA Housing Assistance. The following costs have been determined for changes to the MMIS system regarding expanding waiver eligibility. As the state share of both the initial and on-going costs round to less than \$1,000, they have not been included in the overall cost of the proposal.

	Hours	Cost
BA Hours	8	\$490
Development Hours	8	\$670
QA hours	5	\$331
Total Hours	21	\$1,491
State Share (29%)		\$432

Ongoing maintenance cost per year is \$300; State Share = \$86.

Results:

To assess the effectiveness of this proposal we will measure the number of individuals, regardless of age, who successfully transition from AMRTC, MSH, CBHH, or off the AMRTC waitlist. Additionally, we will work with our community hospital partners to create a process to identify and measure the effectiveness of diverting individuals from our state-operated facilities via supports, services and resources to community partners.

With this proposal, the Transition to Community Initiative would be able to serve an additional 110 individuals by 2021. These individuals could live successfully in the community with the right supports but would otherwise be unable to be discharged based on insufficient resources and/or services without this proposal.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			759	1,620	2,379	2,319	2,319	4,638
HCAF								
Federal TANF								
Other Fund								
Total All Funds			759	1,620	2,379	2,319	2,319	4,638
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33 LW	MA waivers- EW	217	949	1,166	1,637	1,637	3,274
GF	33 ED	MA elderly and disabled	5	23	28	34	34	68
GF	33 LW	MA waivers- CADL	37	148	185	148	148	296
GF	57	Mental Health Grants	500	500	1,000	500	500	1,000
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

256.478; 256B.092; 256B.49; and 256B.0915.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Community Competency Restoration Task Force

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	125	75	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	125	75	0	0
FTEs	0.50	0.30	0	0

Recommendation:

Effective July 1, 2019, the Governor recommends increasing appropriations to Direct Care & Treatment (DCT) Operation in order to support the Community Competency Restoration Task Force.

Rationale/Background:

The task force will engage stakeholders in a process to analyze current practices given the increasing numbers of mentally ill patients being court ordered for competency restoration. In Minnesota, individuals are admitted to state mental health beds through both civil and criminal court processes. Resources are enormously strained, largely because how patients are committed within Minnesota and pressure from the statute prioritizing admission for individuals in correctional settings.

It is critically important for Minnesota to look at this issue holistically – from the perspective of the person experiencing mental illness and across all the systems. To date, the conversations in Minnesota have focused on who is responsible for the treatment, care and education of these patients, and not focused on how we can look at the entire continuum of care – from the point of law enforcement involvement, incarceration, treatment, admission to community placement and/or return to a correctional facility or other setting.

Minnesota is unique in that there is no statutory language requiring the performance of competency restoration services; no state agency, local government or community provider currently has legal responsibility for these activities. As a result, there is a lack of clarity and understanding regarding the duties of the courts, jails, counties and state-operated services. Together, stakeholders need to come to consensus as to which entity or entities share responsibility for competency restoration and make suggestions to improve competency restoration in Minnesota.

Proposal:

This proposal provides funding to compensate task force members and fund a part-time staff position for 19 months to support the task force.

Equity and Inclusion:

Since the passage of the priority admissions statute in 2013, DHS has experienced a significant increase in civilly committed patients referred to our facilities for admission directly from jail. Specifically, between 2014 (the first full year in which the Priority Admissions law was in effect) and 2018, admissions under the law increased 159%. This increase has resulted in displacement of patients who may have more severe needs but who are in community settings.

This proposal will allow stakeholders to come together to assess competency restoration and the increasing numbers of people with mental illness that are entering the criminal justice system.

Results:

Through this process, we hope to achieve the following:

- Identify current services and resources available for individuals in the criminal justice system who have been found incompetent to stand trial and how these services could be expanded into the jails versus admitting clients into the state system;
- Analyze current trends based on the needs of individuals who are referred by county;
- Conduct case studies to identify risk levels of individuals, service usage, housing status and health insurance status prior to being jailed;
- Obtain information from other states on best practices for serving patients that are in need of competency restoration and ongoing education;
- Identify alternatives for competency restoration services;
- Develop recommendations that will address the growing numbers of people deemed incompetent to stand trial including increasing prevention and diversion efforts, providing timely competency evaluations, reducing the amount of time individuals remain in the system, exploring ways to provide competency restoration services in the community, and clarifying the roles of the counties and the state in providing competency restoration.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			125	75	200	0	0	0
HCAF								
Federal TANF								
Other Fund								
Total All Funds			125	75	200	0	0	0
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	65	DCT Operation - Personnel Costs	45	25	70	0	0	0
GF	65	DCT Operations - Non-Personnel Costs	80	50	130	0	0	0
		Total GF Impact	125	75	200	0	0	0
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	65	DCT Operations	0.50	0.30	0	0	0	0

Statutory Change(s):

None.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Increase Office of Ombudsman for Long-Term Care Staffing

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	892	1,021	1,021	1,021
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	892	1,021	1,021	1,021
FTEs	10	10	10	10

Recommendation:

The Governor recommends \$1.913 million in the FY 2020-21 biennium for the Office of Ombudsman for Long-Term Care. This funding will support an increase in staffing levels which will improve the office's ability to act as consumer advocates for those receiving long-term care services. Currently, staff of the Office of Ombudsman for Long-Term Care are unable to fully meet the demand for services. The Governor recommends the addition of ten full-time equivalents (FTEs), including 9 full-time regional ombudsmen and 1 full-time deputy ombudsman.

Rationale/Background:

The Office of Ombudsman for Long-Term Care is a program of the Minnesota Board on Aging, as required by the Older Americans Act. The Office advocates for person-directed living, which respects individual values and preferences and preserves individual rights. Regional ombudsmen work with consumers, citizens, nursing homes, board and care, hospitals, home care, social service agencies, and public agencies to enhance the quality of life and services for individuals receiving health care and supportive services. The Office's work includes, among other areas, addressing elder abuse in Minnesota long-term care settings, protecting clients from retaliation, working to protect and expand resident rights, and providing information about health laws, assisted living provider standards, and increased protections in housing with services and assisted living.

The ombudsman staff act as independent consumer advocates who investigate complaints, offer information and consultations, and advocate for changes to protect the health, safety, welfare, and rights of long-term care consumers, at no charge to the consumer. The Office provides advocacy in a wide variety of settings, including nursing homes, the five state-run veterans' homes, boarding care homes, housing with services, assisted living, hospitals, and settings where home care and customized living are provided. Complaints investigated by the Office's regional ombudsmen can be initiated from a variety of sources, including consumers, family members, or staff. Regardless who initiates a complaint, the consumer is the client and provides direction to the regional ombudsmen. The Office works to resolve these complaints through mediation, education, and, if necessary, referrals. The Office also provides education about consumer rights to older and vulnerable adults, families, providers, and others, and works to intervene before concerning situations escalate.

The Office does not duplicate or replace the essential role of regulators or law enforcement in holding perpetrators accountable. Rather, Ombudsman staff promote healthy recovery and empowerment of abuse survivors and work to prevent abuse systemically in their regions. The Ombudsman seeks to be a source of support for survivors, ensuring that consumers have access to counseling, medical, and other supportive services.

The Office has seen a substantial increase in complaints regarding critical issues facing older and vulnerable adults. Between October 2016 and September 2017, there was a 43% increase in complaints about abuse, gross neglect, and exploitation (physical, sexual, emotional, financial, and gross neglect). This built upon the increase of 29% seen in these complaints in previous year. Complaints about restraints, activities and social services, diets, environment and safety, staffing, and some other areas each increased by 20% or more between October 2016 and September 2017. Additional staff is needed to address this increase in complaints.

In addition, many ombudsman staff currently spend significant amounts of time traveling. The Older Americans Act mandates that the Ombudsman program provide a statewide presence so that consumers have access to advocacy services. Consequently, many regional ombudsmen are assigned a large geographic regional area of coverage. There are regional ombudsmen in greater Minnesota who spend an average of over 80 hours per month traveling. Much of the work done by regional ombudsmen must be conducted in person in order to meet with facility staff, observe the environment, and communicate effectively with older and vulnerable adults. Providing additional staff will allow ombudsmen to focus more time on representing consumers.

The Office is to ombudsman offices in other states. The number of active beds per regional staff member in the Office is approximately 1/9,000 and the national average for an ombudsman's office is about 1/2,500. The most recent report by the National Opinion Research Center (NORC) at the University of Chicago determined that the number of active beds per staff member in Minnesota was the worst in the country, ranking 52 out of 52. Reducing this disparity of bed to staff ratio will allow staff to handle more casework and assist more consumers in protecting their rights and achieving a higher quality of life.

Proposal:

The proposal will invest in 10 FTEs to fulfill the federal and state duties and requirements of the Office. The FTEs are as follows: 9 regional ombudsmen to receive, investigate, and work to resolve additional complaints from consumers, families, and providers and 1 deputy staff to supervise the work of the regional ombudsmen. The cost will also include space rental for the regional staff, travel and other supplies. Total cost before federal financial participation is \$2.813 million in fiscal years (FY) 2020-21 and \$3.002 million in FY 2022-23.

Equity and Inclusion:

Increased funding will allow the Office to provide advocacy to more older and vulnerable adults facing issues such as abuse. The Office directly represents its clients and, through this work, is aware of the issues facing these individuals. The Office's work will help to reduce disparities for older and vulnerable adults in the use and enjoyment of their housing and services and their integration into the community. The Office promotes these goals by working to address issues affecting clients' quality of life and care and, when appropriate, helping clients to access housing and services in the community.

IT Related Proposals:

There are no information technology impacts to this proposal.

Results:

This proposal seeks to reduce the number of active beds per regional ombudsman, which are currently far above the national average. This funding measure seeks to reduce this disparity by adding full-time regional ombudsmen staff. As stated above, this current ratio is approximately 1 staff to 9,000 beds.

This measure also seeks to increase the number of resident complaints investigated by the office per year to about 6,000. Resident complaints are investigated as part of a case that a regional ombudsman opens and handles. Between October 2016 and September 2017, the number of resident complaints investigated by the office was approximately 3,500.

This proposal further seeks to increase the Office's number of information and consultations to approximately 4,000 (separate from the complaints investigated per month as part of a case). These are contacts to individual clients providing information and consultation about consumer rights, service options, and regulations that apply to long-term care facilities and in-home and community-based services. Between October 2016 and September 2017, staff provided approximately 2,500 of such information and consultations to individuals. In addition, this proposal seeks to increase the number of information and consultations given to others such as providers to approximately 2,000 annually (separate from the complaints investigated part of a case). Between October 2016 and September 2017, staff provided approximately 1,000 of such information and consultations.

Finally, this proposal seeks to increase the number of systemic advocacy cases, which are related to better meeting consumer needs through reform of state and federal legislation and the health care and social services system, to approximately 30 cases annually. Between October 2016 and September 2017, the Office had approximately 20 such cases. These cases address systemic problems affecting multiple clients at a facility.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			892	1,021	1,913	1,021	1,021	2,042
HCAF								
Federal TANF								
Other Fund								
Total All Funds			892	1,021	1,913	1,021	1,021	2,042
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	14	CCOA admin- Regional ombudsman staff, Deputy Director	1,122	1,241	2,363	1,241	1,241	2,482
GF	14	Travel, space rental and other costs	190	260	450	260	260	520
GF	REV1	32 % FFP for CCOA admin	(420)	(480)	(900)	(480)	(480)	(960)
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	14	CCOA admin	10	10		10	10	

Statutory Change(s):

No statutory changes are needed.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Civil and Criminal Coordination for the Protection of Vulnerable Adults

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,456	2,135	2,522	3,127
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,456	2,135	2,522	3,127
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$4.59 million in FY 2020-2021 and \$5.65 million in FY 2022-2023 for the protection of the state's vulnerable adults through grants for adult protective services to safeguard maltreated vulnerable adults and through enhancements to the common entry point known as the Minnesota Adult Abuse Reporting Center (MAARC) to improve civil and criminal investigation coordination.

Rationale/Background:

The Minnesota Adult Abuse Reporting Center (MAARC) is the common entry point operated by the Commissioner of Human Services under Minnesota Statutes, section 626.557. MAARC operates phone and web systems for mandated reporters and the public to report suspected maltreatment of a vulnerable adult. Statute requires reporting to be available 24 hours a day 365 days a year. MAARC is required to make immediate notifications to: law enforcement for allegations which may also be criminal; county agencies for an emergency need for adult protective services for the vulnerable adult, or if the vulnerable adult has not been offered a sexual assault examination; medical examiner and Ombudsman for Mental Health and Developmental Disability; and to the lead investigative agency responsible for investigative response and protection of the vulnerable adult. Lead investigative agencies are counties, Department of Human Services – Office of Inspector General (DHS-OIG), and Minnesota Department of Health – Health Regulation Division (MDH-HRD). Lead investigative agencies and law enforcement are required to coordinate civil and criminal investigation and response to protect vulnerable adult victims and hold perpetrators accountable.

24/7 MAARC IT Support

The total cost (federal and state share) is \$300,000 per year for a total of \$1.2 million over FY 2020-23. The state share is \$150,000 per year for a total cost of \$600,000 over the four years.

MAARC operates 24/7. MAARC requires multiple state technology systems and applications to meet statutory requirements, protect vulnerable adults and coordinate civil and criminal investigation of alleged maltreatment. MN.IT does not have the capacity to provide 24/7 support of the IT system. As a result, non-IT program staff receive notifications from the call center when a systems component (for example, the phone system, SSIS connection through CITRIX, Agile web application, etc.) stops working. This causes a delay in addressing the outage and delays in referring reports to the agencies responsible to respond for protection of the vulnerable adult.

Management dashboard

The total cost (federal and state share) is \$1.624 million over FY 2020-2023. The state share is \$812K over the four years.

MAARC operates under a contract managed by DHS. The MAARC SSIS application does not include real time operations data for management, oversight or the ability to monitor statutory compliance. DHS must pull reports from the SSIS application and depend on reports provided by the contractor as the application has limited reporting ability. MAARC web reporting under Agile Apps has the capability for real time management reporting, but resources are not available to develop reports and dashboards for MAARC management.

DHS waits 24-48 hours for data uploads and is dependent on non-IT program staff visually matching over 2,000 nine-digit numbers for reports submitted to MAARC by the public and mandated reporters with required report referrals to law enforcement, counties and state agencies. DHS is unable to verify that MAARC reports are referred to county and state agencies, as required, for 24-48 hours.

Lack of real time data management poses risks to vulnerable adults and to DHS. Lack of a management dashboard inhibits DHS's ability to manage the contractor and to identify and remediate compliance issues. Lack of real time operations data has resulted in multiple audits, as risks from systems failures or referral errors or omissions were discovered. An operations dashboard supports timely protection of vulnerable adults, timely required referrals, and timely response by law enforcement and lead investigative agencies. Real time management data supports DHS in responsible contract oversight.

Law Enforcement Notification and GIS mapping:

Total cost (federal and state share) is \$1.549 million over FY 2020-2023. The state share is \$817K over the four years.

Immediate law enforcement notification is made by MAARC to over 340 law enforcement agencies. MAARC does not have access to technology to identify which law enforcement agency has jurisdiction for the allegation. The agency is determined by MAARC using information provided by the reporter for the city and county location of the incident and alleged victim. After determining the law enforcement agency with jurisdiction, MAARC enters the email address provided by that agency to send a secure email of the report. Law enforcement then requests and enters the passcode received to review the MAARC report.

Addresses provided by the reporter may not correlate to the law enforcement agency with jurisdiction for the report, which may result in notifying an agency without jurisdiction and delaying an investigation and protection response. Law enforcement must take time to obtain and enter passcodes. Errors can occur impacting law enforcement's ability to open notifications. Law enforcement must coordinate outside of MAARC to notify another law enforcement agency when MAARC refers a report based on information provided by the reporter, but the location was outside of that agency's jurisdiction and other law enforcement agency was responsible.

Mapping technology and application logic for law enforcement notification would support MAARC's correct identification of the law enforcement agency with jurisdiction for the alleged crime and efficient and timely report referral and response. Timely and accurate law enforcement notification is necessary for compliance and for coordination between law enforcement and the lead investigative agency responsible for response to the alleged vulnerable adult victim.

Data Transmission between MAARC and Law Enforcement

Total cost (federal and state share) is \$1.612 million from FY 2020-2023. Total state share is \$806K over the four years.

Law enforcement, as mandated reporters, are required to enter MAARC reports. MAARC is required to immediately notify law enforcement of civil reports which may also be criminal. Law enforcement must re-enter data from an existing incident complaint report into the MAARC web application to meet mandated reporter duty. They also must re-enter data received from a MAARC required notification into an incident complaint report resulting in duplicate data entry and diversion of resources from responding to the vulnerable adult victim and alleged perpetrator.

State Grants

Invests \$7.205 million over FY 2020-2023.

In calendar year 2014, counties were responsible for adult protective services response to approximately 15,000 vulnerable adults who were the subject of 40% of statewide reports of suspected maltreatment. In calendar year 2017, counties were responsible for responding to approximately 53% of MAARC reports, including over 42,000 vulnerable adults. This represents a 95% increase year to year. DHS's coordination and oversight of the MAARC system is resulting in increasing awareness by the public and mandated reporters. Lead investigative agencies such as MDH-HRD and DHS-OIG, are increasingly aware of the need to coordinate with county agencies related to protection needs discovered by these lead investigative agencies during investigation of the MAARC report. Data on referrals by the OIG and MDH for emergency adult protective services are not captured in the data.

Protection of vulnerable adults who have been abused, neglected or financially exploited is accomplished by counties offering the vulnerable adult victim adult protective services. These services are dependent on funding counties receive from the Vulnerable Children and Adults Act, Title XX, state grants for adult protection and county tax revenue. Reform 2020 provided the first state funds (\$3 million) dedicated to county adult protective services in grants to counties based on the number of MAARC reports opened by the county to investigate the maltreatment and offer services to safeguard the vulnerable adult. A 35% increase in vulnerable adults received adult protective services in response to a report of suspected maltreatment in the year following Reform 2020 grant allocations. State adult protective services grants to counties are allocated through the Vulnerable Child and Adult Act (VCAA). Title XX Social Services Block Grant federal funds allocated through VCAA are not stable. These federal block grants are slated for reduction or deletion annually. Federal funding is allocated to states for adult protective services. Statewide county expenditures for adult protection increased from \$3.7 million in calendar year 2014 to \$9.7 million in calendar year 2017.

This proposal creates a new formula to allocate new state grant funds for the sole purpose of adult abuse maltreatment investigations and adult protective services (similar to what was done in 2015 for child maltreatment) from \$1 million to \$2.6 million annually, with increases based on a 10% annual estimated percentage increase for MAARC reports. The new formula provides an opportunity for tribes to take a role as a lead investigative agencies responsible for adult protective services under this statute. The performance measure will be based on percentage of reports screened in based on state policy using the state required structured decision making tool until additional measures are approved by the Council for the Human Services Performance Management System. Performance measures will be used for county and tribal agencies.

Proposal:

In CY 2017 over 50% of the 57,000 reports received by MAARC contained potentially criminal allegations requiring law enforcement notification. MAARC makes required notification to over 350 different law enforcement agencies by sending a secure PDF of the report to the agency, which is then reentered it into their system. Law enforcement, as mandated reporters of suspected vulnerable adult maltreatment, must enter reports into MAARC that already exist in their agency. This proposal supports MAARC issuing immediate notification to the law enforcement agency with jurisdiction for the criminal allegation, timely coordination between law enforcement and civil investigators protecting the vulnerable adult and provides a secure communication method between law enforcement and MAARC.

County agencies were responsible for adult protective services response for over 42,000 vulnerable adults who were the subject of MAARC reports. DHS estimates county agencies expended \$9.7 million for adult protective services. \$3 million in state grants are allocated for adult protective services under Reform 2020. Currently, state grants for adult protective services are not allocated to tribes and no tribal governments act as lead investigative agencies under the Vulnerable Adult Act. Allocations inconsistent with expenditures result in inconsistent responses to vulnerable adults across the state based on their county locations. Response varies from 0-90% of the reports being opened for investigation and adult protective services for vulnerable adults across the state. This proposal supports consistent adult protective services response and outcomes for vulnerable adults regardless of their location in the state.

This proposal includes:

- 24/7 Systems and application support for Minnesota Adult Abuse Reporting Center (MAARC);
- MAARC dashboard for real time IT operations management, compliance and contract oversight;
- GIS mapping to identify the law enforcement agency with jurisdiction for reported allegations;
- Data transmission between law enforcement and MAARC supporting efficient use of resources, reduction in unnecessary data entry and secure transmission between agencies;
- An initial 67% increase in FY 2020 for the dedicated state appropriation for county or tribal response to vulnerable adults who have been abused, neglected or exploited. In FY 2020, \$1.0 million is added to the \$3.0 million state grant base with an ongoing base adjustment of 10% each year through FY 2023. The 10% base adjustment is based on number of reports meeting state policy opened for investigation and services.

Equity and Inclusion:

Tribes are not included in current state grant allocations for adult protective services. No tribes currently provide adult protective services under section 626.557. There is no state funding sources for tribes. This proposal, if passed, would bring equity between county agencies and tribes when a tribe assumes those duties for adult protective services and investigation under section 626.557 from counties.

IT Related Proposals:

This proposal includes resources for MNIT to support the Minnesota Adult Abuse Reporting Center (MAARC).

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	300,000	300,000	300,000	300,000	300,000	300,000
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)	2,582,134	1,939,245	632,036	632,036	632,036	632,036
Total	2,882,134	1,239,245	932,036	932,036	932,036	932,036

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>		<i>Current</i>	<i>Dates</i>
Results	Human Service Performance Management System- Repeat substantiated maltreatment of a vulnerable adult. . Threshold 80%, High performance 95% vulnerable adults do not experience repeat maltreatment.	CY16 95.91%	CY17 95.81%	CY18 96.86%	Data reporting being re-evaluated. Additional measures to be added by the council

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			2,456	2,135	4,591	2,522	3,127	5,649
HCAF								
Federal TANF								
Other Fund								
Total All Funds			2,456	2,135	4,591	2,522	3,127	5,649
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	24/7 MAARC IT support	150	150	300	150	150	300
GF	11	Systems- SSIS 60% state share- VA Common Entry Point- Law enforcement notification	92	92	184	37	37	74
GF	11	MAARC IT costs- 50%- Agile Aps dashboard, Law enforcement- Geo Location map, MAARC web forms	1,214	393	1,607	285	285	570
GF	46	Adult Protection grants	1,000	1,500	2,500	2,050	2,655	4,705
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

256M.40 & 256M.41

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Assisted Living Report Card

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,707	21	1,620	(80)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,707	21	1,620	(80)
FTEs	1.5	2	2	2

Recommendation:

The Governor recommends creating an assisted living consumer and family survey process and report card to establish quality reporting in assisted living and registered housing with services establishments. This proposal has four parts: (1) engage a stakeholder workgroup to help design assisted living quality measures; (2) pilot the measures, including piloting new data collection methods; (3) develop an online report card platform; and (4) fully launch and maintain the report card.

Rationale/Background:

Assisted living is a growing model of support to older Minnesotans who are looking for more accessible places to live that have services that help people live semi-independently. There are three components to quality in assisted living: (1) the assisted living setting which includes the quality and maintenance of the physical building space (provided by the housing with services establishment and governed by landlord-tenant law); (2) home care services (with compliance by the Minnesota Department of Health (MDH) Home Care and Assisted Living Program); and (3) services such as housekeeping or meal preparation. There are approximately 69,000 beds at registered Housing with Services settings in Minnesota, in about 1,700 sites. Many of these providers are enrolled to receive Medical Assistance payments for the services or home care provided within the setting. These three components may be offered by one company/provider, or the housing with services establishment and the arranged home care provider may be separate entities.

Unlike nursing facilities, data on the quality of the services provided in these settings is not easily accessible to the public. Providers have developed some quality information including awards and designations that offer consumers a way to compare one assisted living provider against another. However, the state-generated information related to quality is limited to home care surveys by the Minnesota Department of Health, and the Medicare Home Health Compare tool is limited to Medicare-certified home care providers.

As a payer of assisted living services for those eligible for Medicaid-funded home and community-based services waivers, DHS has an interest in ensuring that services provided in these settings are provided in a quality manner, support positive outcomes for people who live there, and are an effective investment of taxpayer dollars. Minnesota families who pay for assisted living services with their own funds also want to know that they are selecting quality providers and getting a good value for their money.

Proposal:

This proposal creates a report card to increase consumer information about assisted living facilities. The report card will assess all assisted living settings in Minnesota and will include measures from existing data sources, as well as new measures from new data gathered through consumer experience and family satisfaction surveys. Both private pay and Medical Assistance (MA) payer residents and their families would be surveyed starting in FY 2020 using the two surveys. These surveys will then be conducted every other year.

This proposal has four parts:

- 1) Design assisted living quality measures, with stakeholder engagement. This work has already begun through a contract with the University of Minnesota using existing resources. Measure development will continue, with stakeholder engagement, and conclude in late 2019.
- 2) September 2020: Pilot the measures.
- 3) January 2021: Develop an online report card platform to display the measures.
- 4) September 2021 to August 2022: Fully launch all measures, including those based on consumer and family survey results, and report results through the online report card.

Funding in this proposal will pay for:

- Quality measure development, including the facilitation of the stakeholder engagement process;
- Contract oversight;
- Implementation of new data collection through consumer and family surveys;
- Translation of quality measurement data into report card ratings; and
- Resources to develop, implement, and maintain a report card website.

As evidenced in the [Nursing Home Report Card](#), surveys of assisted living residents will increase transparency for assisted living consumers and their families, increase consumer information about the products available, and incent providers to increase quality.

This proposal will include contract costs for the resident experience survey and the family satisfaction survey. The resident experience survey will include an estimated 31,000 in-person interviews and 16,000 paper surveys delivered in-person with optional in-person interviews. The family survey will include a mailed survey for one family or friend for each resident which could include up to 50,000 surveys and 2,000 follow-up phone interviews.

The proposal costs will also include report card measure development including stakeholder development, testing of data collection instruments and ongoing refinement and development as new data becomes available through surveys and regulatory work. In addition, two FTE's will be needed for this initiative. The first FTE will analyze data from surveys and regulatory collection from the Minnesota Department of Health. The second FTE will develop the survey, measure development, and manage the contract.

In addition, grant funding was appropriated during the 2013 legislative session for developing the initial infrastructure for Home and Community Based Services report cards. The initial development of the report cards was granted, through the Minnesota Board on Aging, to the Area Agencies on Aging who pulled existing data on home and community-based service providers into the www.minnesotahelp.info website, developed online "finder" search tools highlighting features of providers, and tested the use of an online consumer review tool. The ongoing funding from this appropriation is \$1,000,000 a year. This proposal will repurpose these existing funds as administrative funds to develop the first Home and Community Based Services report card for assisted living. To accomplish this, it is necessary to contract directly with a research entity to research, develop, and statistically analyze quality measures. Once the measures are established, these funds will be used to support ongoing data analysis to regularly update the measures and to support the development of measures for additional Home and Community-Based Services Report Cards.

Equity and Inclusion:

DHS will build equity considerations into the design of the assisted living quality measures, with support from an outside contractor.

IT Related Proposals:

MNIT will build a website tool for the public to view the results of the report card ratings. The work is estimated to take two years to fully complete the website and is estimated to cost a total \$421,000 in development costs. The state share of this cost is 50%.

Results:

The report card is a data-driven project. DHS will be able to track the improvement of assisted living providers by a wide array of provider characteristics and quality measurement results. The report card will provide data over time, which will allow DHS to understand trends in assisted living services delivery.

As with the Nursing Home Report Card, DHS plans to develop value based payment, or pay for performance, strategies. Through these strategies, public payment for customized living services delivered in Housing with Services settings could be varied based on a provider's quality measurement results.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			1,707	21	1,728	1,620	(80)	1,540
HCAF								
Federal TANF								
Other Fund								
Total All Funds			1,707	21	1,728	1,620	(80)	1,540
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	14	CCOA admin- includes contract for survey, data and FTE's	2,827	347	3,174	2,822	322	3,144
GF	11	MNIT	105	105	210	21	21	42
GF	REV1	Admin FFP for CCOA admin @ 32%	(905)	(111)	(1,016)	(903)	(103)	(1,006)
GF	53	Aging grants- existing grants	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(2,000)
GF	14	CCOA admin transfer	1,000	1,000	2,000	1,000	1,000	2,000
GF	REV1	Admin FFP @32%-- transferring grants to admin	(320)	(320)	(640)	(320)	(320)	(640)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	14	CCOA admin -2 FTE's	1.5	2.0		2.0	2.0	

Statutory Change(s):

None

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Licensed Home and Community Based Services (245D) Unit Funding

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds - SGSR				
Expenditures	1,192	1,192	1,192	1,192
Revenues	(1,192)	(1,192)	(1,192)	(1,192)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	10.0	10.0	10.0	10.0

Recommendation:

The Governor recommends adequately staffing the Licensing Division's Home and Community-Based Services (HCBS) unit so that it is able to complete on-site licensing reviews once every three years. The proposal would also allow the Department to respond in a timely manner to licensing violations, appeals of licensing actions, and provider requests for technical assistance. Timely response to licensing violations and performing ongoing monitoring on a three-year schedule are keys to ensuring the safety and integrity of waiver services provided to Minnesotans. It would also bring the Department into compliance with its federal waiver plan.

Licensing fees would be increased to offset the costs of this proposal. HCBS providers pay fees in accordance with a fee schedule listed in Minnesota Statutes Chapter 245A.10, Subd. 4(b). Those fees range from \$200 to \$18,000 based on the provider's annual revenue from public programs. The current fee schedule is regressive: the license fees for the smaller providers are a much larger percentage of their public program revenue than is the case for the larger providers. Under this proposal, all licensed HCBS providers would see an increase in fees, but the percentage increase would be less for the smaller providers earning less in revenue. Conversely, the larger providers would see fee increases of larger percentages.

Rationale/Background:

In 2012 and 2013, the Legislature enacted new and comprehensive home and community-based services licensing standards that combined 19 services, many of which were previously unlicensed, under one statewide license governed by standards in Chapter 245D, and shifted responsibility for certain licensing and maltreatment investigative functions from the counties to the State. Specifically, the Legislature recognized that because many waiver services were unlicensed, consumers did not have basic protections consistently applied or enforced, due to county variations in enforcement activities of these unlicensed services. Therefore, the Legislature transferred oversight of all licensed home and community-based services and maltreatment complaints from the counties to the state so that concerns about the quality of care or allegations of maltreatment of vulnerable adults receiving licensed waiver services are sent to DHS to investigate and take appropriate action. As a result, the number of licensed providers increased from 650 to 1,250 when new licensing standards took effect in 2014; the number of service recipients increased from 12,000 to 32,000.

In 2013, the Department advanced a fee structure that was not enacted; instead, the Legislature adopted a three-year interim license fee schedule for providers with a full conversion to fees based on revenues beginning in calendar year 2017. During the transition period to the fee schedule based on revenues, providers previously licensed under Minnesota Statutes, chapter 245B, paid an annual license fee for calendar years 2014, 2015, and

2016 equal to the total license fees paid under chapter 245B for calendar year 2013, which ranged as high as \$74,000; previously unlicensed providers paid a license fee based upon revenue.

The interim fee schedule was also supplemented by a general fund appropriation. This appropriation was envisioned to be temporary until the Department completed a legislatively mandated cost-study report and proposed a new fee structure if warranted. Following the completion of the report, the Governor's budget proposed a new licensing fee structure in 2016 that would have funded the unit at a level to complete biennial visits. This proposal was not adopted, and the General Fund appropriation was made part of the Division's base funding. The Governor again proposed a new licensing fee structure in 2017 sufficient to fund 245D licensing activities at a two-year monitoring cycle, but again the licensing fee structure was not adopted. Provider trade associations opposed the new licensing fee structure each time.

The interim fee schedule expired in July 2016; beginning with calendar year 2017, all providers pay a fee based upon their revenue. However, with the significant increase in the number of licensed providers, the General Fund appropriation and the revenue-based fee schedule established in 2013 do not adequately fund the Department's work related to HCBS licensing activities under Chapter 245D so that the Department can inspect providers at least every three years. Moreover, in its federally approved waiver plans, the Department stated that it will inspect providers at least every three years. If no changes are made, the current fee schedule only allows for reviews of all providers once every four or five years.

Since the inception of HCBS licensed services on January 1, 2014, the number of services have expanded from 19 services to 26 services. The number of license holders has also increased significantly from 1,256 in fiscal year 2014 to 1,560 licenses at the end of fiscal year 2018 -- a growth of 24% -- and the number continues to increase in the first quarter of SFY19. In addition to the license holder's statewide program license, many license holders also have a significant number of facility licenses that fall under the HCBS license. For the year ending 2017 there were 310 day service facilities where people can receive a number of employment services and 3,566 community residential settings where people reside in corporate group homes receiving 245D services. Additionally, there are approximately 430 adult foster homes that are the homes of the license holders and persons receive 245D services from these individuals who also hold 245D licenses. Community residential settings and adult foster homes are routinely inspected by county agencies with a focus on the physical plant; however, the Department's licensors also visit a percentage of these settings to ensure the services are provided according to 245D standards. Day service facilities require ongoing site inspections from the Department. In short, more than 1,600 licensed providers deliver services to more than 33,000 disabled adults and children in more than 4,000 licensed settings or in the service recipient's own home. These additional settings licenses add complexity to the monitoring review.

As the number of providers and service recipients increases, so too does the number of licensing related complaints that the Licensing Division must respond to. Licensing complaints for 245D licensed providers increased by 16% from 2015 to 2017 and the number that warranted an onsite investigation after initial assessment doubled. The Licensing Division is struggling to meet the demands of investigating complaints while also staying current on scheduled monitoring reviews. With current staffing levels, providers are only reviewed on a 4.8 year cycle unless a poor compliance history warrants additional licensing reviews.

With this proposal, the Department would be able to provide licensing reviews at a 3-year interval. The Department would also be able to meet in a more-timely manner the additional needs of providers including technical assistance and training, application reviews and approvals, complaint investigations, and sanction activity related to providers with significant compliance issues.

Proposal:

This proposal would provide adequate resources for the Department's Licensing Division's HCBS section to meet federal waiver plan, statutory, and policy requirements applicable to programs licensed to provide services under Minnesota Statutes Chapter 245D.

Currently, the Department conducts on-site reviews of 245D license holders on average of once every 4.8 years. Under this proposal, the Department would conduct an on-site review of each 245D license holder at least once every three years. Providers with licensing compliance concerns, including conditional licenses, would continue to receive heightened monitoring and assistance from the agency.

The table below shows the current and proposed fee schedules. As indicated in the table:

- Providers with annual revenue up to \$5 million would see a 20% increase in fees. While still regressive, the new fee structure would be less regressive than the current model. Under the proposed plan, the average annual license fee would range from 0.16 – 2.4% of this group's annual revenue from public programs.
- Providers earning over \$5 million in annual revenue would see their fee increase by 29% to 300%. While the percentage increase may appear significant, the average annual license fee for those large providers would range from 0.12 – 0.18% (less than one percent) of large providers' annual revenue from public programs.

Equity and Inclusion:

Licensing activity related to 245D supports the provision of quality services to persons with disabilities and to seniors age 65 and older.

There are no anticipated negative effects to the identified group. We anticipate a significant positive impact to persons receiving services as more frequent licensing activity should increase compliance with health, safety, and rights standards.

The additional FTEs would support the current number of license holders. The Department will assess each year the census of providers related to the number of licenser FTEs.

IT Related Proposals:

The Licensing Division created an online application and provider dashboard to facilitate electronic review of documents, pre-licensure requirements and provider requests for variance and change in terms. The proposal includes \$200,000 annually to fund HCBS IT maintenance and improvements.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Projected</i>
Quantity	License review cycle	4.8 years	3 years
Quantity	Number of Licensed Providers Visited Annually	300 to 400 per year	800 per year
Quantity	Percentage of all licensed waiver providers reviewed or visited annually	20% to 25%	50%
Quantity	Number of Community Residential Settings monitored annually	200 per year	800 to 900 per year
Quantity	Number of Day Services Facilities monitored, annually	70 per year	150 per year

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
SGSR Expenditures			1,192	1,192	2,384	1,192	1,192	2,384
SGSR Revenue			(1,192)	(1,192)	(2,384)	(1,192)	(1,192)	(2,384)
Total All Funds			0	0	0	0	0	0
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
SGSR	11	Licensing HCBS 245D Activities	992	992	1,984	992	992	1,984
SGSR	11	Licensing IT systems costs for HCBS services	200	200	400	200	200	400
SGSR	REV1	245D HCBS Providers Licensing Fees	(1,192)	(1,192)	(2,384)	(1,192)	(1,192)	(2,384)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
SGSR	11	Licensing FTEs	10	10	10	10	10	10

Statutory Change(s):

N/A

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Adult Day Center Oversight Improvements

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	134	135	135	135
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	134	135	135	135
FTEs	2.0	2.0	2.0	2.0

Recommendation:

The Governor recommends \$135,000 per year ongoing to add 2.0 FTE adult day center licensors to provide additional support to the adult day center licensing activity.

The Department of Human Services (DHS) Licensing Division currently has 2.0 FTE licensors working with licensed adult day center services. The current base budget for adult day center licensure is \$210,000 per year.

Rationale/Background:

DHS licenses adult day centers according to standards in Minnesota Statutes Chapter 245A, the Human Services Licensing Act, and Rule 223.

Adult day centers were historically developed to serve seniors who needed supports – often located in or adjacent to a nursing home or hospital. Over time, centers have been developed independent of hospital or nursing homes and are now provided in an integrated manner in neighborhoods and communities. In addition, adult day centers have expanded their service base beyond seniors who needed supports to serve persons with disabilities. This has led to a significant increase in the number of licensed centers in the past two years. At the end of 2016, there were 165 licensed centers. As of December 1st, there were 210 licensed centers. This is an increase of 27% in just under 2 years.

Along with the increase in the number of licensed centers has been an increase in the number of centers that show substantial concerns regarding non-compliance with licensing standards. This has increased the severity of licensing sanctions that DHS has taken with some centers, which requires substantial amounts of staff time. This concern regarding non-compliance was highlighted in a report from the Office of Inspector General (OIG), U.S. Department of Health and Human Services (May 2018 A-05-17-00009). Based on information provided by the state, the federal OIG visited 20 adult day centers and found non-compliance at all centers. While the nature and severity of the non-compliance varied greatly, DHS recognized and agreed with many of the federal OIG's conclusions. Of particular concern was the identification of the lack of observable services during their visits. DHS has focused on these centers and others with similar concerns; however, the number of licensors limits the amount of action and support that DHS can provide.

Previously, two FTEs were adequate to provide the required licensing activity and oversight when there were far fewer centers and there were not the substantial compliance concerns that exist today. However, with the growth in the number of programs and significant concerns about non-compliance in areas related to health and safety, DHS is unable to adequately provide oversight within desired timeframes.

This proposal would allow DHS to provide licensing reviews at a 2-year interval. Current staffing supports a 4-year licensing review cycle.

Proposal:

This proposal would provide adequate staffing to meet statutory and policy requirements of licensing activity related to adult day centers. With this proposal, DHS' Home and Community-Based Services Licensing section would be able to conduct on-site reviews of licensed adult day centers at least once every two years. Adult day centers with licensing compliance concerns, including conditional licenses, would continue to receive heightened monitoring and assistance.

This proposal has a net General Fund impact of \$135,000 per year to add 2.0 FTE adult day center licensors to provide additional support to the adult day center licensing activity and provide biennial reviews of adult day care centers.

The additional FTEs will support the current number of license holders. DHS will assess each year the census of adult day centers related to the number of licensor FTEs.

Equity and Inclusion:

Licensing activity related to adult day centers primarily supports the provision of quality services to seniors who need supports and persons with disabilities.

There are no anticipated negative effects on the impacted group.

IT Related Proposals:

N/A

Results:

<i>Name of Measure</i>	<i>Current</i>	<i>Projected</i>
License review cycle	4 years	2 years
Number of regular on-site reviews conducted annually	50	100
Percent of adult day centers that receive regular on-site reviews annually	25%	50%

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			134	135	269	135	135	270
Total All Funds			134	135	269	135	135	270
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Licensing Adult Day Center Activities	198	199	397	199	199	398
GF	REV1	Administrative FFP @ 32%	(64)	(64)	(128)	(64)	(64)	(128)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Licensing FTEs	2	2	2	2	2	2

Statutory Change(s):

N/A

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Simplify & Streamline the Home & Community-Based Waiver System

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,180	(91)	(3,061)	(1,765)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,180	(91)	(3,061)	(1,765)
FTEs	11.5	14.5	12.5	9.5

Recommendation:

The Governor recommends initiating a strategic redesign of the Disability Waiver Service System to promote equity, program sustainability, and increased personal authority for Minnesotans with disabilities receiving services, while updating management strategies for increased efficiency and accountability.

Rationale/Background:

Over 47,000 Minnesotans with disabilities live, work, and engage with their community with support from disability home and community-based services waiver programs administered by the Minnesota Department of Human Services (DHS), and counties and tribes. The four disability waivers – the Brain Injury (BI), Community Alternative Care (CAC), Community Access for Disability Inclusion (CADI), and Developmental Disabilities (DD) waivers – have different eligibility criteria, different services, distinct administrative requirements, and different resource allocation methods. While the programs provide critical supports, people with disabilities and other stakeholders agree that the disability waiver system is complex and could be easier to understand and use.

The 2017 legislature required the state to conduct two studies to:

- 1) Identify efficiencies, simplifications, and improvements through reconfiguring the waiver program structures (Minnesota Laws 2017, Article 18, section 2, Subd. 7(h)); and
- 2) Recommend an individual budgeting model for disability waiver recipients, linking a person's needs to the amount spent in their service plan (Minnesota Laws 2017, Article 18, section 2, Subd. 7(c)).

Together these studies are known as the Waiver Reimagine project. DHS contracted with the Human Services Research Institute to identify ways to make the waiver programs easier to understand, more efficient to administer, more equitable and more person-centered.

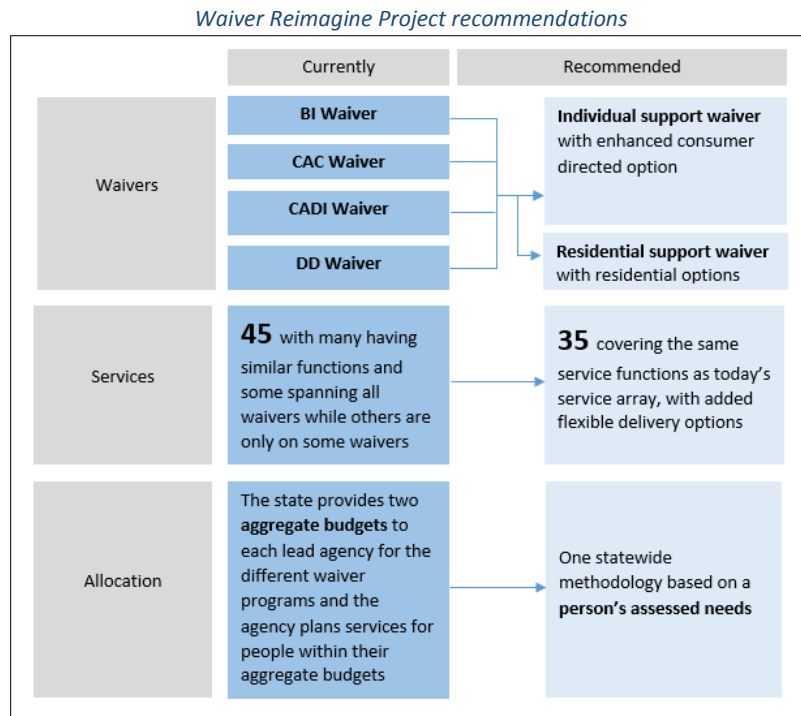
Throughout 2018, DHS and stakeholders worked to develop the project recommendations. Central to the project was extensive stakeholder engagement across the state and comprehensive research spanning the state, counties, and tribes. The project team conducted over 30 meetings and 14 focus groups that collected feedback from people with disabilities, families, advocates, providers, and lead agencies in every county in Minnesota.

The project also conducted a comprehensive review of the possible HCBS federal funding sources available to states, successes and challenges experienced by other states that attempted similar efforts, and data analyses of Minnesota's existing services that support people with disabilities.

Based on the work during this period, the project recommended:

- Combining the four disability waivers into a two waiver structure that reflects support needs based on the type community living setting an individual resides in;
- Standardizing and simplifying the services available under the new two-waiver structure so that service options are understandable to people and families; and
- Allocating resources using an individual budget allocation method that links a person's needs to a range of service plan costs.

The [Waiver Reimagine legislative report](#), which was released in January 2019, provides a detailed explanation of the project, including the analysis, stakeholder engagement, and recommendations. The figure below illustrates the differences between the current waiver system and the Waiver Reimagine recommendations. Together these recommendations will provide a streamlined, understandable system.



Given the scope of these changes, DHS recommends implementing the recommendations in a two-phase process. Both phases would require legislative and administrative activity. The first phase, beginning in fiscal year 2019, would prepare the system for the transition to a new waiver structure and finalize implementation plans. The second phase will require legislative changes during the 2021 legislative session and federal approval of program changes. The table below illustrates the high level tasks in each phase:

Phase 1: FY2019-2021	Phase 2: FY2022-2023
<ul style="list-style-type: none"> Continued stakeholder engagement Statute, rule, policy, and waiver plan review and modification Technical system development Streamline services available Enhance resources available to people and families about their supports Finalize budget allocation method 	<ul style="list-style-type: none"> Seek legislative approval in 2021 session Seek federal approval post 2021 session Continued stakeholder engagement Prepare a communication and technical assistance plan Implement a transition to new waiver and allocation structure

Proposal:

This proposal makes crucial changes to the four disability waivers to begin implementation of Waiver Reimagine Project recommendations. This proposal will:

- Streamline services available under the existing four disability waivers to align the service menu and to prepare for future reconfiguration;
- Finalize and prepare for implementation of an individual budget methodology;
- Require the preparation for aligning the four disability waivers into a consolidated two-waiver structure;
- Develop strategies for value-based payment and integrated support models; and
- Enhance resources available to people and families about their supports.

Streamlining the service menu

This transformational shift begins to implement the Waiver Reimagine project recommendations to simplify the service system for people with disabilities and their families and prepare the service delivery system for phase two of a new waiver structure. The table below summarizes these changes.

Services	Summary of Changes
Residential Services	Currently services have different names under the different waivers. This proposal: <ul style="list-style-type: none"> • Consolidates 6 services into 4 based on where it takes place: corporate, family, and single-unit • This includes a new service (Integrated Community Supports) to support people in single-unit settings such as apartments and tiered standards for Customized Living to comply with federal standards • Requires a study on the rate methodology for family foster care services
Day Services	Currently services have different names under the waivers and some waivers do not include all service functions. This proposal: <ul style="list-style-type: none"> • Consolidates 4 services into 3 based on function: basic health/social needs (adult day); develop/maintain life skills (day support); and develop general work skills (prevocational services) • To comply with federal standards, discontinues the use of Adult Day for new recipients and incorporates time limits for prevocational services • Modifies the rate methodology for all services to align with cost research
Individual Support Services	Currently services within each waiver and across different waivers have very similar functions. This proposal: <ul style="list-style-type: none"> • Consolidates 7 services into 3 based on function: support with daily living; support with skills and training development; and support with skills and training development that includes assisting a person's family • Enables remote and shared provision of services

This proposal streamlines services available across the four waivers, clearly defines services based on the setting it is provided in, adds innovative new service options, and makes service choices easier to understand. This proposal decreases the number of services that provide similar types of support, improving program understanding for people with disabilities, their families, service providers, and lead agencies.

These changes will impact program spending under the disability waivers. All service changes will be implemented on January 1, 2021, except for implementation of Integrated Community Supports (ICS) on the CAC and DD waivers will occur on January 1, 2023. This proposal includes two temporary FTEs to manage service consolidation and develop communications; one FTE to support implementation of ICS in conjunction with federal requirements, four temporary FTEs to support provider enrollment and assistance to providers, and one licenser.

Disability waiver reconfiguration

This proposal takes preliminary steps toward consolidation of the BI, CAC, CADI, and DD waivers into two home and community-based services waivers:

- One waiver that serves individuals living independently or at home with family, including a Consumer-Directed Community Support option; and
- One waiver that serves individuals living in residential settings.

In order to implement this reconfigured structure, the state must update existing systems; identify and adapt statutes, rules, and policies; develop a proposed waiver plan for submission to CMS; and continue engaging with lead agencies, service providers, and people with disabilities about this change.

Beginning July 1, 2019, this proposal allocates resources to continue developing this reconfiguration plan, with the requirement of providing an implementation proposal to the Legislature in the 2021 session. This proposal includes 3 FTE for planning future waiver redesign. These FTE's will conduct research and analysis of existing systems, statutes, rules, and policies. These FTE's will also communicate, conduct outreach and engagement, and train counties, providers, individuals receiving services, and their families. Funding will also include \$100,000 per year for planning and resource costs. There is also 1 temporary FTE (through 2023) to help coordinate federal requirements and work with CMS.

Individual Budget Model

In conjunction with waiver reconfiguration, this proposal provides planning resources to transition the resource allocation methodology from a lead agency budget model to an individualized budget model across all waiver programs. Beginning July 1, 2019, this proposal provides resources for this development and a requirement for a final implementation plan to the legislature by January 2021.

The recommended individual budgeting methodology that determines a service cost range for each person based on their assessed needs and living arrangement will replace the current Consumer-Directed Community Supports (CDCS) methodology. The model promotes transparent and flexible budgeting to provide valuable information to each person with disabilities and, as appropriate, their family about their budget range as they plan for services.

Budget model development will be done in conjunction with other changes identified in this proposal. To implement the recommended individual budgeting methodology, the state must:

- Update existing technical systems to calculate and store the budget based on the MnCHOICES assessment and community support plan;
- Update existing systems to provide individuals online access to view their budget and support plans;
- Rebase the initial budget methodology to incorporate changes that occur with the MnCHOICES 2.0 assessment, and service rates;
- Identify and adapt policies;
- Develop and submit waiver plan amendments to CMS; and
- Continue engagement with lead agencies, service providers, and people with disabilities to plan for, implement, and evaluate this change

This proposal includes necessary resources for implementation. . This includes 2 temporary FTEs to conduct research and coordinate with counties on allocations, waiver management system transition, outreach to individuals and stakeholders on impact and implementation of individual budgeting. This also includes contract funding to finalize the budget model and conduct annual reliability and validity testing.

Value-based payment strategies

As the state prepares for a transition to a new waiver structure, this proposal will require the Commissioner to conduct a study on value-based payment strategies for fee-for-service home and community based services. This proposal requires an October 2020 report detailing identified strategies to increase the quality, efficiency, and effectiveness of services and supports through integrated systems and outcome-based payment methodologies.

Supporting people and families

This proposal enhances the resources available to people as they plan for their services and lives by providing the following tools and support:

- **Access to service and life planning resources-** better connect people with disabilities and families who support them to planning resources.
- **Benefits planning-** Increase funding dedicated to optimizing the statewide capacity for individualized benefits planning services for people who receive disability-based public assistance benefits.
- **Regional support for person-centered practices-** to extend and expand regional capacity for person-centered practices to align policy and practices, by building on work that began in 2015.

Enhancing the resources available to people with disabilities and their families, this proposal also includes:

- \$50,000 per year to expand the Disability Hub for families, \$50,000 per year for Life Course materials, \$100,000 for small innovation grants for families in FY 2020 and \$200,000 ongoing; and .5 CSA FTE on an ongoing basis to provide staff dedicated to supporting families
- \$600,000 in additional funds each year for the Disability Hub to support benefits planning. These grants are eligible for 50% FFP due to the work related to eligibility.
- Grant funding to support regional cohorts for person-to-person planning and 1 CSA FTE to administer the grants. In FY 20-21, there will be two regional cohorts and then it is expanded to five cohorts by FY 2023. Regional cohorts will receive multi-year training, coaching and mentoring to use person-centered and collaborative safety practices in ways that benefit people served, employees, organizations, and communities to achieve systems change with measurable positive outcomes.

The full impact of the changes concerning the competitive workforce factor will occur when the banding period ends. This analysis is based on the February Forecast, which assumed that the banding period would end on December 31, 2019.

Equity and Inclusion:

This proposal affects over 47,000 Minnesotans with disabilities across the state who receive home and community-based services on the BI, CAC, CADI and DD waiver programs. This proposal implements strategies that will promote equitable distribution of resources across the state by streamlining the system to make it easier to navigate and restructuring the system to be centered around people's needs. We are committed throughout the restructuring of the home and community-based services system to create improved opportunities to measure and address disparities people receiving waiver services experience.

The individual budget model developed through this proposal will enhance equity across the state by distributing waiver service dollars based on a person's individual needs, regardless of waiver program and regional location.

This proposal will enhance the authority, flexibility, and accountability people with disabilities and their families' exercise over their services by providing information about the budget available as well as providing resources that people can choose to use to help them plan for services. These strategies will support all people with disabilities and families by providing more information to help them plan for their future and choose the right service at the right time.

IT Related Proposals:

This proposal will require programming changes to MMIS and the MnCHOICES Support Planning Application. This proposal requires systems changes in MMIS to incorporate new procedure codes, frameworks, and edits. Also, systems changes are needed for creating new procedure codes and updating rule and logic in MMIS service agreements and claims and updating all reporting requirements for federal reporting.

The funding will also include building an individual portal for support planning and building merged categories for individual budgeting in MNCHOICES.

MNCHOICES is assumed to have a 50% state share, MMIS has a 29% state share and other systems are assumed to have a 50% state share.

Results:

This proposal will result in increased access to the right service at the right time. Changes in service access will be measured through standardized access measurements defined and established through the Home and Community Based Services Access Project currently being conducted through calendar year 2018.

This proposal also seeks to improve the experiences of people with disabilities accessing disability waiver programs as measured through the National Core Indicators and LTSS Improvement Tool efforts.

This proposal will provide resources to people with disabilities and their families to assist in planning their future and making decisions about their services. Surveys and website data will be conducted to determine the usage and effectiveness of tools.

This proposal will expand the capacity to provide quality benefits planning and as a result will help reduce the barrier of fear of the impact work could have on benefits many people face. The following performance measures would be implemented: increase the number of people who have more monthly income and equal or better healthcare coverage after benefits counseling; increase the number of people who are interested in work and have community employment as a goal in their service plan; and increase the number of people who have a benefit plan associated with working.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			2,180	(91)	2,089	(3,061)	(1,765)	(4,826)
HCAF								
Federal TANF								
Other Fund								
Total All Funds			2,180	(91)	2,089	(3,061)	(1,765)	(4,826)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33	MA LW- Individualized Home Supports	0	218	218	995	3,564	4,559
GF	33	MA LW-SLS 15 minute	0	190	190	1,860	2,294	4,154
GF	33	MA LW- Pre-Voc requirement	0	110	110	1,098	1,375	2,473
GF	33	MA LW- Day Services Framework changes	0	(550)	(550)	(5,195)	(6,817)	(12,012)
GF	33	MA LW - Repeal future ILS Specialist Service	(195)	(3,034)	(3,229)	(3,989)	(4,429)	(8,418)
GF	33	MA LW - Remove DT&H Partial Day Unit	0	(34)	(34)	(316)	(120)	(436)
GF	15	CSA admin- Disability Services	2,165	1,862	4,027	1,328	1,328	2,656
GF	55	Disability Grants	1,074	1,286	2,360	1,398	1,510	2,908
GF	13	Health Care Administration- Federal relations, provider relations	139	458	597	465	142	607
GF	11	Licensing	0	0	0	114	99	213
GF	REV1	FFP @ 32%	(1,037)	(1,042)	(2,079)	(910)	(802)	(1,712)
GF	11	Systems	34	445	479	91	91	182
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	13	HCA admin	2	5		4	1	

GF	11	OIG Licensing				1	1	
GF	15	CSA admin	9.5	9.5		7.5	7.5	

Statutory Change(s):

245A, 245D, 252, 256B

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: DWRS Competitive Workforce Factor

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,803	39,010	52,510	16,877
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,803	39,010	52,510	16,877
FTEs	0	0	0	0

Recommendation:

The Governor recommends incenting recruitment and retention of the direct care workforce through modifications to the Disability Waiver Rate System (DWRS). This proposal will enable the state to better address the current unprecedented challenges experienced by service providers in attracting and retaining quality direct care staff for disability home and community based services waivers by investing in wage and benefit increases to direct care staff, as well as enabling the rate formulas to keep pace with changing economic conditions.

Rationale/Background:

In 2013, the Minnesota legislature authorized the Department of Human Services to implement a statewide rate setting methodology for disability waiver services. The new system (Disability Waiver Rate System or DWRS) established a consistent formula in statute for setting rates for disability waiver programs - Brain Injury (BI), Community Alternative Care (CAC), Community Access for Disability Inclusion (CADI), and Developmental Disability (DD) waivers. Minnesota was under a corrective action plan with the federal Centers for Medicare and Medicaid Services (CMS) due to inconsistent rate setting methods throughout the state. Failure to comply with the corrective action plan jeopardized all federal funding of the disability waivers. Implementation of the DWRS, as well as other changes required by the corrective action plan, brought Minnesota's four disability waivers into federal compliance.

Under the direction of CMS, DWRS established rate formulas (called frameworks) that are based on the statewide average costs required for Home and Community Based Services (HCBS) waivers. These rate frameworks ensure that the state pays the appropriate value for the service and that people have equal access to needed services throughout the state. State statute details the rate setting frameworks, including the value of each cost component used to calculate rates. Cost components vary by service and include factors such as staff wages, employee benefits, employer-paid taxes, paid time off, indirect staff time, and program expenses.

After implementation of this system in 2014, the state conducted in-depth analysis on the cost of providing home and community based services waivers, the impact of the implementation of DWRS, and the changing economic conditions related to the direct care labor market. This proposal is a result of that analysis. After implementing this cost-based, prospective reimbursement model, the solutions in this proposal were identified as data-based mechanisms in the payment structures that could address challenges experienced in the direct care workforce in order to promote equitable service access to people across the state.

Proposal:

Qualified and available direct care staff are the cornerstone of home and community-based services that help people live and work in their homes and communities. As the demand for long term services and supports grows with shifting demographics and the supply of direct care staff decreases with the changing economy, the state should enact solutions that attract and retain workers in the labor market.

This proposal modifies existing language in the rate setting for Minnesota's disability waivers to provide data-based solutions to the state's workforce challenges. This proposal will achieve the following outcomes:

- **Address challenges in the direct care workforce by investing in wage and benefit increases to direct care workers**

The average wage paid to direct care staff is significantly lower than the average wage of workers in competing occupations. This proposal adds a Competitive Workforce component of 4.70% to service rate formulas dedicated to increasing direct care staff compensation. This change will enable the state to better address challenges in attracting and retaining quality direct care staff to meet the demands of people needing support across the state.

- **Enable the rate formulas to keep pace with economic changes**

This proposal adjusts the frequency that rate formulas are adjusted according to changes in inflation from every five years to every two years. This change will help the state address challenges in retaining and attracting direct care workers by enabling the rate formulas to regularly keep pace with the quickly changing economy.

- **Enable the state to assess HCBS direct care labor market trends and provider costs over time**

This proposal recommends an annual Direct Care Workforce Report that will assess the health of the labor market over time. This proposal also makes changes to current legislative reports on the DWRS rate formulas to add important outcome measures related to rate setting, provider costs, and the changing economy.

Altogether, the components of this proposal will result in service rates that improve compensation to recruit and retain a qualified direct support workforce and help ensure that rate formulas support access to needed services across the state.

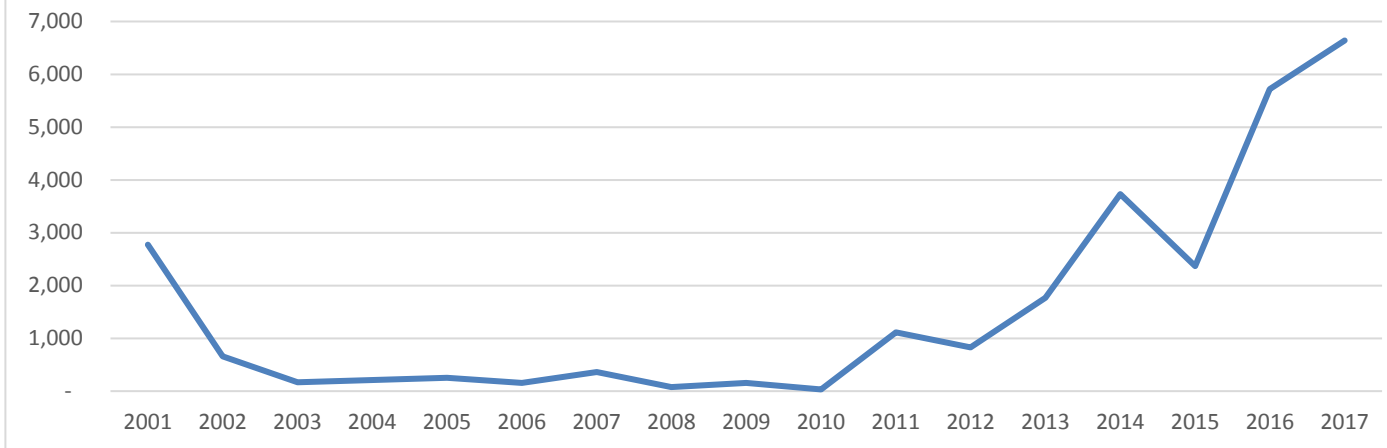
Competitive Workforce Factor

This proposal will help the state of Minnesota address challenges in attracting and retaining qualified direct care staff in the home and community based service industry by incentivizing direct care staff compensation increases. The direct care workforce is not keeping pace with the growing demand of an aging population and persons with disabilities who need services and supports. Minnesota has about 135,000 persons in the direct care/support professions and will need an additional 59,000 in the coming years to meet the demand of service needs.

In addition to the growing demand for services due to demographic changes in the state, supply in the direct care labor market is particularly impacted by changes in the economy. While other industries may have the capacity to be agile in responding to changing economic conditions, the direct care industry is heavily reliant on human capital and revenue, especially in disability services, based exclusively on government-set funding. In many instances, service providers are competing for workers with other industries that are able to offer more incentives, while the job of direct care work may be more challenging than competing occupations.

Vacancies in the direct care labor market are drastically increasing. The graph below details the estimated vacancies from MN Department of Employment and Economic Development's [Job Vacancy Survey](#). This graph shows the estimated job vacancies over time in Minnesota for employees classified under the Bureau of Labor Statistics code for Personal Care Aides, which many times includes PCA staff, staff in day services, and staff in residential services.

Job Vacancies in MN, 4th Quarter BLS Code 39-9021 Personal Care Aides



While this data includes all jobs designated in this category and goes beyond the services paid for and provided under the disability waivers, it illustrates the current condition of the industry in Minnesota. The risk of not having an adequate labor pool for the direct care workforce of home and community based services provided under the disability waivers could dramatically impact people's lives and limit their ability to receive care in their homes and communities.

The state has been concerned about these challenges in the direct care workforce for several years and many people have worked together to recommend strategic solutions. In 2016, DHS hosted a [Direct Care/Support Workforce Summit](#) of over 200 people comprised of direct care workers, persons receiving support, provider organizations, advocates, higher education, and state and local government. Of the solutions identified, increasing staff wages was the top solution. Staff wages in the direct care field are low and many times are comparable to or below other industries with fewer demands of the employee.

In March 2018, the Cross-Agency Direct Care and Support Workforce Shortage Working Group submitted a recommendations report to the Olmstead Subcabinet. This report laid out a strategic vision for tackling the crisis in the direct care and support workforce. In July 2018, the group submitted a [work plan](#) that recommended defined strategies. The content of this proposal, increasing direct care staff wages and benefits and providing a mechanism to track and analyze the direct care workforce, were two proposed strategies in the work plan.

The Disability Waiver Rate System (DWRS) sets rates for most services provided under the disability waivers. The DWRS rate frameworks are composed of average costs incurred by providers across the state. The costs incorporated in the rate frameworks include factors such as direct care staff wages, employee benefits including health insurance, service costs, and administrative costs. The primary driver in the rate calculation is the direct care staff wage. This value is based on the statewide average hourly wage for applicable occupations, per Bureau of Labor Statistics data. These wages in the frameworks range from \$12.27 to \$33.42. The wage value in residential services is \$13.53 and the wage in day services is \$15.30. The weighted average wage in the frameworks across all services is \$14.03.

This proposal will incorporate a new factor to the rate formulas, a Competitive Workforce Factor, which will increase the direct care staff wage value to a level that is competitive with the average wage paid to employees in other competing industries. This factor is based on research published in the work plan submitted to the Olmstead subcabinet. This research compared all Bureau of Labor Statistics occupation codes that have the same education, experience and training requirements as direct care staff in home and community based services. The analysis found that the average direct care staff wage is 11.35 percent lower than the average wage for all

occupations with the same classifications. This research suggests that competing industries may have modified compensation to align with inflation over time, whereas the direct care service industry has had slower growth in compensation.

Beginning January 1, 2020, or upon federal approval, whichever is later, rate calculations will include a Competitive Workforce Factor applied directly to the direct care wage value in the framework in order to move direct care staff wages closer to the average wage of competing occupations. This change will occur on a rolling basis as service agreements renew.

As a prospective rate model based on statewide average data, there is currently no requirement for providers to attribute the rate formula's component values as their actual cost drivers. This means that the wage and employee benefit values that determine the provider agency's rate are not necessarily the wage rates and benefits that provider agencies pay their direct care staff. It also means that any legislated increase to the rate calculations, such as the automatic inflationary adjustments largely based on wage increases, will increase the dollars received by the provider agency but may not necessarily result in changes to compensation received by direct care staff. This proposal requires providers paid with rates determined under Minn. Stat. §256B.4914 to develop a plan identifying any increased revenues from the competitive workforce factor and explaining how those funds will be allocated. This plan must be publicly available to all employees of the company and made available to the commissioner, upon request. This proposal requires providers to use additional revenues from the competitive workforce factor to increase wages and benefits of direct care staff.

In order to monitor whether the increased compensation will result in positive outcomes to the direct care labor market, DHS will monitor wage changes over time using the workforce analysis described below. This analysis will evaluate how competitive workforce funding investments impacted the wage and benefits provided to employees.

This proposal will provide recommendations to the legislature for rebasing the Competitive Workforce Factor in conjunction with inflationary updates occurring in DWRS. Rebased recommendations will incorporate (1) analysis of provider-submitted workforce data about the effects of the competitive workforce factor on wages and benefits and (2) a biennial analysis utilizing Bureau of Labor Statistics wage data for direct care staff and comparable occupations. The goal of implementing this factor is to narrow the gap between wages and benefits in the direct care industry and competing occupations, with the understanding that the impact on individual service rates may vary. Because there are many factors at play in the economy, this renewed analysis could result in rebasing the factor, as authorized by the legislature.

Inflationary Updates

In addition to adding the Competitive Workforce factor, this proposal will help the state of Minnesota address challenges in retaining and attracting direct care workers by enabling the rate formulas to regularly keep pace with the rapidly changing economy over time.

Under current law, DWRS rate formulas are updated once every five years according to inflationary changes. While this requirement enables rates to be re-based over time, the five-year cycle does not support an agile response to rapidly changing economic and business realities that service providers often experience in the marketplace.

This proposal will modify the inflationary updates to occur once every two years beginning July 1, 2022, using data available the year prior. Utilizing older data will enable the adjustment to be estimated and published prior to the adjustment occurring, contributing to the stable ability to conduct business planning. The table below summarizes how this change compares to current law:

	Current Law	Proposed Change
Next Update	July 1, 2022	July 1, 2022
Frequency	5 Years	2 Years
Data	Most Recently Available (data published 3/2022)	Available on December 31, two years prior (data published 3/2020)

This change will result in smaller, more frequent adjustments than what occurs under current law. This change will encourage service rates to keep pace with the changing economy, and it will support providers in anticipating projected revenue and executing more frequent wage increases for direct care staff.

This proposal will also provide a technical clarification that will align DWRS statute to the re-basing requirements in Minnesota's federal waiver plans.

Assessing Labor Market Measures Over Time

This proposal will ensure that the state is able to effectively assess the health of the direct care labor market over time, provider costs under DWRS, and measure the effectiveness of the Competitive Workforce factor investments.

In order to assess the health of the home and community based service industry's direct care workforce and the efficacy of the Competitive Workforce Factor, this proposal will require DWRS providers to submit workforce data in an annual Direct Care Workforce Report. The data collected will include labor market indicators such as average wages, number of workers, benefits paid, and job vacancies. The department will be required to publish findings on the health of the direct care workforce each November beginning November 15, 2020. To ensure statistically significant data analysis, providers who do not comply with work force reporting requirements will be subject to a temporary stop payment action until reporting is provided.

This proposal will also make changes to legislative reports required for the Disability Waiver Rate System. This proposal adds the following measures to the list of required report components: a time-series evaluation of labor market measures, evaluation of the Competitive Workforce Factor, and evaluation of the Support Needs Factor. This proposal also modifies the effective date for the next legislative report to align with the data collection on labor market trends and the legislative budget cycle. This section of the proposal includes administrative costs for conducting a survey on annual labor market workforce data and also compiling the report.

The full impact of the changes concerning the competitive workforce factor will occur when the banding period ends. This analysis is based on the February Forecast, which assumed that the banding period would end on December 31, 2019.

Equity and Inclusion:

17% of people on the disability waivers identify themselves as a race or ethnicity other than white. Providing the opportunity for increased staff wages may improve the diversity of direct care staffing, as more people are drawn to the field, and improve retention of qualified staff. Providing the opportunity for increased staff wages increases the ability for people with disabilities to access and be included in their communities, with appropriate supports.

IT Related Proposals:

This proposal will require programming changes to the Rate Management System within the MNCHOICES Support Plan and Microsoft Excel service framework. This proposal will also require adaptation to provider cost reporting systems. The expected FFP rate is 50%.

Results:

The home and community based service industry is able to attract and retain more employees, leading to increased access to quality services and supports that people need.

This proposal will increase compensation to direct care staff employees. Increased compensation will increase the likelihood of staff wanting to work in the industry. Outcomes will be measured through the Direct Care Workforce Report where the department will assess the compensation paid to direct care staff, turnover of direct care staff, and vacancies in the industry. Changes in service access will be measured through standardized access measurements defined and established through the Home and Community Based Services Access Project. **Service rates will keep pace with economic changes in the market over time.**

This proposal will help ensure that the rate formulas keep pace with changing labor and business costs over time by incorporating more frequent inflationary adjustments. Provider service costs will be measured through provider cost reporting required under DWRS statute. The inflation-adjusted cost components will be compared these findings and modifications to the cost components will be incorporated into reports submitted to the legislature at least once every four years.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			1,803	39,010	40,813	52,510	16,877	69,387
HCAF								
Federal TANF								
Other Fund								
Total All Funds			1,803	39,010	40,813	52,510	16,877	69,387
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33	MA LW	1,649	38,911	40,560	52,411	16,778	69,189
GF	11	MnCHOICES Systems	69	14	83	14	14	28
GF	15	Community Supports Admin	125	125	250	125	125	250
GF	Rev1	Admin FFP @ 32%	(40)	(40)	(80)	(40)	(40)	(80)
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
			0	0	0	0	0	0

Statutory Change(s):

256B.4914

Department of Human Services

FY2020-21 Biennial Budget Change Item

Change Item Title: Nursing Facility Value-Based Reimbursement and Property Payment Reform

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(1,808)	(9,975)	(22,463)	(33,895)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(1,808)	(9,975)	(22,463)	(33,895)
FTEs	3	3	3	3

Recommendation:

The Governor proposes the following changes to nursing facility rates:

- Revising Value Based Reimbursement (VBR) rate limit formulas to create an incentive for better quality and limit rate growth for poorer performing facilities, establish a cap on the annual rate growth of the other operating rate, eliminate a hold-harmless clause, and continue suspension of the Critical Access Nursing Facility provision.
- Requiring nursing facilities to conduct an additional assessment following the end of therapy treatment to reclassify that resident into the appropriate Resource Utilization Group (RUG) for the remainder of the required quarterly assessment.
- Reforming the property payment rate setting system for nursing facilities enrolled as Medical Assistance providers in Minnesota. The intent is to implement a new property payment rate system that will be more equitable, transparent as well as encourage providers to maintain and improve the existing nursing facility buildings.

Rationale/Background:

Value Based Reimbursement Updates

In 2015, the Minnesota legislature enacted major reform to nursing facility reimbursement through Medical Assistance (MA). This system is referred to as Value Based Reimbursement (VBR). This proposal is based on initial analysis of the effects of VBR on quality adjusted payment limits and the growth rate of direct care costs, which is a sub-set of operating costs.

VBR incorporates pay for performance by setting nursing facilities' care-related payment rate limits based on quality. The formula used to set the care-related spending limits uses the median of care-related costs of nursing facilities in the seven-county metro area, multiplied by a factor representative of their composite quality score. The quality score is computed using the most recent available data on three quality measures from the Minnesota Nursing Home Report Card: Resident Quality of Life interviews (50% of score); Minnesota Clinical Quality Indicators (40% of score) and State Inspection Findings (10% of score).

Under the current rate calculation methodology, most nursing facilities are significantly under their care-related spending limits. With the gap between actual costs and the facility specific rate limit, there is no incentive for the facility to improve its quality performance as they are being reimbursed for all their direct care costs regardless of the quality of their services. This proposal modifies the quality incentive with two approaches effective January 1, 2020. The details of the proposed modifications can be found in the Proposal section of this document.

Removal of Therapy Incentive for Medical Assistance from the Minnesota Case Mix

Minnesota law establishes a Resident Reimbursement Classification system based on the assessments of residents of nursing homes and boarding care homes to determine a resident's clinical and functional status. These resident assessments are used to determine a case mix classification for a resident for purposes of determining the daily rate that the facility charges for the resident's care.

The assessment intervals for determining the resident's case mix classification are specified by statute. Each resident receives a quarterly assessment, every 90 days. Residents assessed at a higher therapy RUG at the beginning of a quarterly assessment may not need or receive therapy after a certain point into the quarter after the assessment, but will remain in (and be billed for) that therapy group for the entire 90 days regardless of how many days therapy is actually provided. While this proposal affects the MA budget, it also affects what private pay residents will pay for nursing home care. The number one complaint by private paying residents to the Minnesota Department of Health (MDH) Case Mix Section is having to pay for services at a higher level when the services are not provided.

Nursing Facility Property Payment Reform

The current property rate system is extremely complex and allows for multiple avenues to adjust a facility's property rate. As a result, there have been many special legislative requests for individual nursing facilities creating a customized daily property rate. These property rates are based on factors that are not applied equally across all nursing facilities because they are not standard formula-driven calculations. It is not a transparent approach and results in inequities and variations within the property rate system.

There are two major areas of inequity. First, the property rate is based on costs and appraisal values that are largely out of date, between 12-22 years for the base rates. Second, the additions to the property rate received by individual nursing facilities for projects and bed modifications vary due to the complications of the formula. The current property system is difficult to administer, and is not easy for consumers, stakeholders, or providers to understand.

In addition, the system does not allow additional property funds to be used in the most efficient manner. For example, the current system rewards large remodeling projects with higher rates than rates for a complete replacement of an existing nursing facility. The current property system does not properly recognize interest costs, depreciation and adjustments to the rate for changes in the use of space as a result of some construction projects.

The proposed changes are intended to reduce the average age of nursing facilities in Minnesota (which is reflective of how many major portions of the facility have been upgraded or improved); and improve quality of life for residents due to more private rooms, more common spaces such as activity rooms, day spaces, a library, etc. The current property rate system is not supportive of needed property improvements and, as a result, nursing facilities are not incented to make these improvements.

Proposal:

Value Based Reimbursement Updates to the Quality Incentive

Proposed Revision 1: First, the proposal changes the method in determining a facility's quality performance. Under current statute (256R.16), the commissioner may adjust the methodology for computing the total quality score with five months advance notice. Under this authority, this proposal establishes a more robust methodology of determining the total quality score by adding a short-stay quality component (consumer experience survey and hospitalization rate) and expanding the number of quality indicators used in the calculation for long-stay (family satisfaction survey). In order to account for differences between facilities, DHS determined a weighted average quality score that considers the amount of short stay and long stay residents served on an annual basis.

Proposed Revision 2: The proposal lowers the quality-related limit on care related costs. Facilities with a quality score of 70 would have a limit established at the metro median cost level. A quality score of 60 would receive 80% of the metro median cost and a quality score of 80 would receive 120% of the metro median cost. Another feature of this proposal is the recognition that a major component of care-related costs are worker salaries. It is common for salary levels to differ substantially between rural and urban settings. In order to address this, the proposed approach adjusts the limit for each facility according to the Medicare county wage index. This approach incentivizes quality improvement for facilities in rural areas without creating a competitive disadvantage in hiring and recruiting workers for facilities in urban areas.

In 2019, under current law, only 2.5% of nursing facilities are limited by the quality incentive and another 3.5% of nursing facilities are protected by the 5% stop loss. This stop loss feature retained from current law, establishes a floor of a 5% drop of the quality limit from year to year, and will serve as a phase-in feature. The table below demonstrates the increase in numbers of NFs who will have costs limited by the quality incentive.

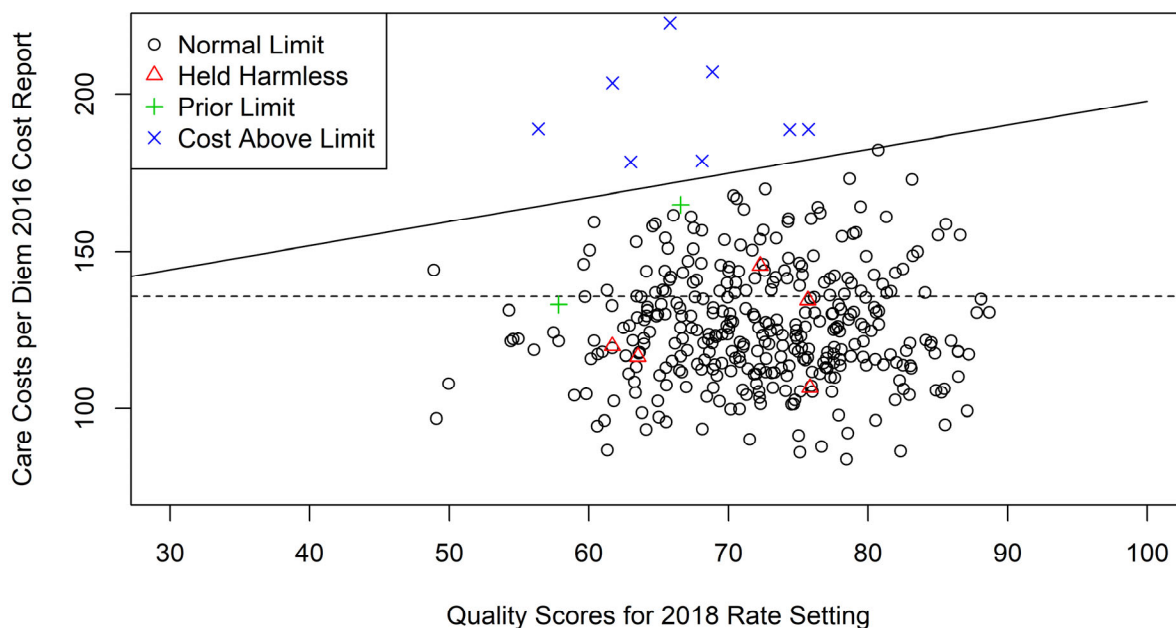
Rate Year	2019	2020	2021	2022	2023
% of facilities below limit	97.5%	94.4%	88.0%	78.3%	76.9%
% of facilities above limit	2.5%	1.9%	2.5%	11.1%	18.9%

The tables below reflect the current baseline in quality and the proposed change:

Current Baseline: There are only eight facilities that exceeded the quality adjusted payment limit as indicated by the “Xs” above the diagonal line with the quality adjusted payment limit for rates established January 1, 2018.

Most nursing facilities are significantly under their care-related spending limits and would need to increase their spending significantly to reach their limits as currently defined. With the gap between actual costs and the facility specific rate limit, there is no incentive for the facility to improve its quality performance as they are being reimbursed for all their direct care costs regardless of their quality of services.

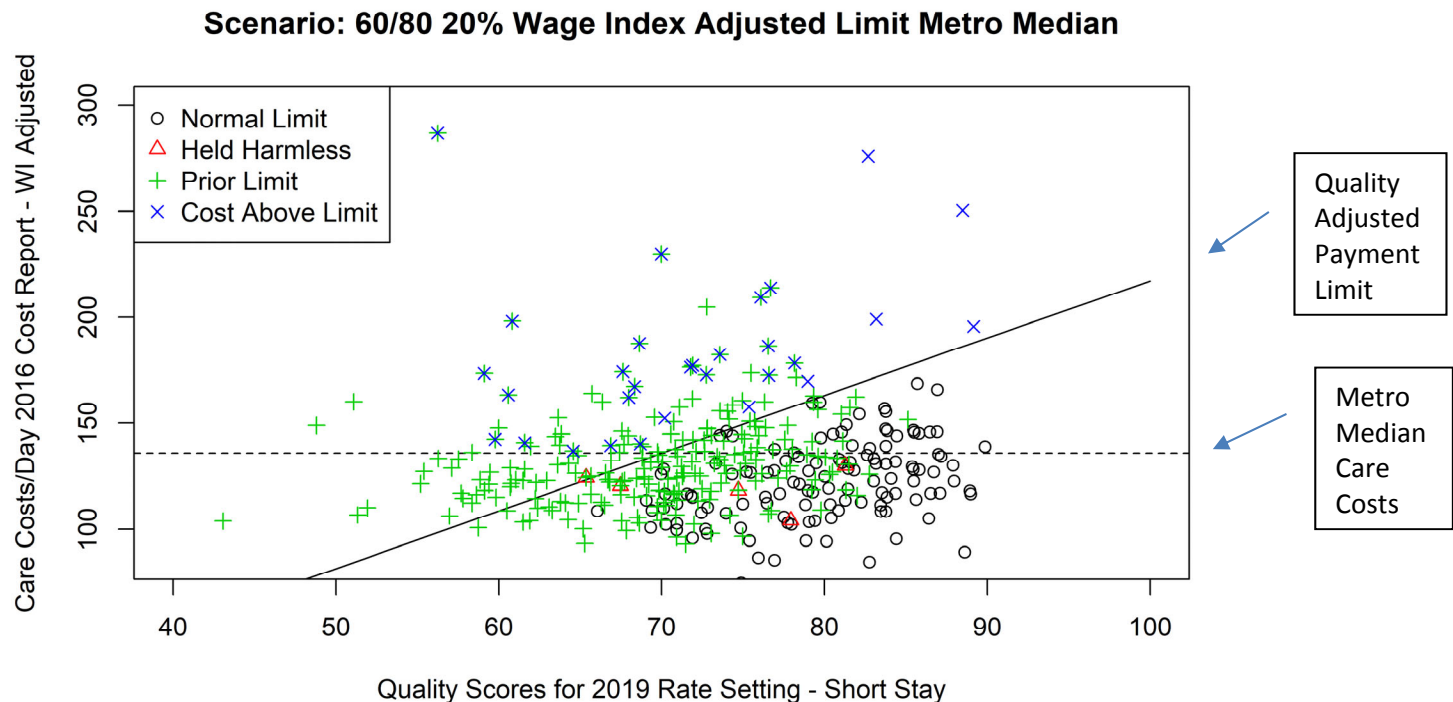
Baseline: Current Rate Calculation



60/80 20 Percent Wage Index Adjusted Limit (Metro Median):

This scenario demonstrates a quality score of 60 with costs 20% below the median and a quality score of 80 with costs 20% above the median. The costs are divided by the Medicare county Wage Index factor in order to make them comparable in terms of salary costs.

Points below the line indicate facilities whose costs are below the quality limit and are therefore not impacted. The X's noted on the graph indicate a facility with costs exceeding their rate. The +s indicate facilities whose actual limit is higher than the quality line due to the limit on rate reduction from prior year (a rate cannot be reduced by more than 5% of the current metro median cost). A triangle indicates that the actual rate is higher due to the hold harmless provision. The +s above the line indicate that costs exceeded the quality adjusted payment limit.



Other Operating Rate

Under VBR, the other operating rate component pays for dietary staff, housekeeping, laundry, utilities and administrative costs. The seven-county metro area median other operating daily cost is determined and then multiplied by 105%. The resulting amount is the other operating rate paid to all nursing facilities in the state. This proposal assumes the other operating rate grows over time at the same rate as the total operating rate which is forecasted to be 6.4% to 7.0%. This proposal would cap the annual growth rate of the other operating rate to the published Skilled Nursing Facility Market Basket Index which is currently 3.05%. The goal of this change is to slow the rate of growth within operating costs and promote operating efficiency. The effective date of this change is January 1, 2020.

Continued Suspension of Critical Access Nursing Facility Program (CANF)

Legislation enacted in 2012 authorized the creation of the CANF program with a goal to preserve access to nursing facility services in isolated areas and under financial distress by establishing rates based on actual costs and other rate enhancement features. In 2015 with the enactment of VBR, which implemented full rebasing of payment rates to facility costs, the partial rebasing under the CANF program was not of value and the program was suspended for two years and no CANF funds were available between January 1, 2016 and December 31, 2017.

This proposal continues to suspend CANF funding for four years from January 1, 2020 through December 31, 2023.

Other Features of VBR

VBR contains a hold harmless clause which states that facilities at least receive the rate they had for the year prior to the implementation of the new VBR system. The analysis shows that the hold harmless clause is no longer needed as very few facilities continue to benefit from it, and these facilities have had adequate time to adjust to the new reimbursement system. This proposal would eliminate the hold harmless clause effective January 1, 2020.

The Value based reimbursement portion of the proposal which includes the quality incentive, the operating price cap, and the CANF suspension, produces savings. The proposal also contains an investment in administrative resources for two auditors to ensure an effective implementation of the changes and timely issuance of annual rate notices.

Removal of Therapy Incentive for Medical Assistance from the Minnesota Case Mix

This change, effective January 1, 2020, impacts the Minnesota's Resident Reimbursement Case Mix Classification statute. The change will require nursing facilities to conduct an additional assessment following the end of therapy treatment to reclassify that resident into the appropriate RUG for the remainder of the required quarterly assessment period. There will be savings to MA because the number of days in a higher and more expensive RUG classification will be shortened and the remaining days where therapy is not being provided will be paid at a lower, less expensive RUG classification level.

Nursing Facility Property Payment Reform

This change replaces the current property reimbursement system with a fair rental value based system for determining the daily property rates for nursing facilities. It will rebase each nursing facility's property rate using a recent valuation of their property. A fair rental value system establishes a price for the use of a space, based on an appraised value of the property. The price is established without consideration of the actual accounting cost to construct or remodel the property. The goal of using a fair rental value system to set property rates for nursing facilities is to determine a fair price (property payment rate) to pay for lodging Medical Assistance (MA) residents. The intended results are to simplify and create transparency in property rate setting, reduce inequities of the current system, move to a value based payment system and create incentives to maintain and/or invest in replacement buildings.

Current property rates will be preserved via a hold harmless provision that will phase out over six years. The number of nursing facilities in a hold harmless status will decrease each year as the market value catches up to their current rate or the hold harmless rate is phased out. Year 1 – full hold harmless (HH); Year 2 – 20% new fair market value rate (FMV)/80% HH; , Year 3 – 40% FMV, 60% HH; Year 4 – 60% FMV, 40% HH; Year 5 – 80% FMV, 20% HH; Year 6 – 100% FMV.

DHS will contract with an appraisal firm to update the fair market value of all nursing homes on an annual basis for purposes of setting the annual property rate. The appraisal firm will conduct an on-site re-appraisal for one third of the nursing homes each year and those homes who have completed a major construction project. The appraisal firm will provide DHS with an updated market value for the remaining two-thirds of the nursing homes each year, utilizing an appropriate market value indexing system. Rates will be established based on a 5.5% rate of return and will be limited by square feet per bed and a dollar value cap per bed, assuming a 90% occupancy rate. Medicaid will pay a 10% add-on for medically necessary single bed rooms.

A number of mechanisms allowing for a property rate adjustment under the current system such as planned closure rate adjustments, bed layaways, relocations and consolidations and construction projects under the moratorium threshold will be eliminated. The actions themselves will still be allowable but it will not trigger a

property rate adjustment. The fair market value system will account for these actions through the re-appraisal process and capacity changes rather than a cost-based rate calculation. The new system will preserve the current moratorium exception process. This process is a competitive application process for major construction projects exceeding an established threshold. The proposal contains an investment of \$1.5 million dollars to fund future moratorium exception projects. Total investment for transitioning to a new fair rental value property system is \$4.7 million for FY20/FY21 and \$900,000 for FY22/FY23. One additional staff position is needed to implement and provide ongoing program administration. The proposed fair rental value system will also have an annual administrative cost of \$225,000 in FY 2020 to \$265,000 in FY 2023 to hire an appraisal firm for on-going valuation of the nursing facilities.

Interaction with Elderly Waiver and Alternative Care Programs:

Monthly budget limits for Elderly Waiver (EW) and Alternative Care (AC) program participants increase every January 1st based on the weighted average impact of Home and Community Based Service rate increases or nursing facilities operating payment increases, whichever is greater. Since this proposal results in a decreased rate of growth in nursing facility operating payments, monthly budget limits for EW and AC would also increase at a slower rate than under current law, resulting in savings in both of these programs. The overall state share savings for the Elderly Waiver is about \$713,000 in FY 2023 and state share savings is about \$69,000 for the Alternative Care program in FY 2023.

Equity and Inclusion:

The VBR reform proposed changes do not impact any identifiable racial or ethnic group differently than the general population of nursing facility residents. The proposal supporting modification to the formula that limits the reimbursement of care-related expenditures in ways that are more sensitive to individual nursing facilities. The impact will be positive if the revised formula incentivizes nursing facilities to improve the quality of care they provide to residents. The ongoing funding mechanism for reimbursing direct care costs is built into VBR and is tracked using quality indicator performance measures.

There are no specific groups that are impacted by the change to therapy assessments. There will be positive benefits for anyone that is in a RUG group who has been paying a higher daily rate for services that were no longer being provided within the quarterly assessment window because their daily rate will decrease. This is a sustainable change and will be tracked through Case Mix Review audits and MA payment summaries.

The property reform proposal will most directly affect persons in nursing facilities with disabilities that require upgrades to the physical plant for purposes of building accessibility for ADA compliance (wider doorways, toilets, showers, larger dining rooms), for accommodation of mobility devices such as wheelchairs and scooters, ability to install ceiling lifts for bariatric patients, etc. The ability to increase private rooms may expand access to a more diverse resident population by being able to better meet accommodation and service needs.

Approximately 5.5% of nursing facility residents self-identify as belonging to one or more non-white racial/ethnic groups. Twenty nursing facilities have a proportion of minority residents of 25% or greater and nearly all 20 of those facilities are in Hennepin County in older facilities. A more transparent and equitable property rate system will incent more facilities to upgrade their facilities and improve quality of life for their residents.

IT Related Proposals:

No infrastructure, hardware, software or training changes are anticipated for this proposal. Some programming changes are needed related to the quality incentive, limit on other operating rates and establishment of a fair rental value property rate and will involve about 120 hours of a programmer's time.

Results:

We will track results of this proposal using the following measures.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Dates</i>
Quantity	Medicaid Therapy RUG group paid days.	24% of all therapy days paid by MA	CY2020 – CY2023
Quantity	Actual other operating costs compared to the established rate	Annual Cost Report	Cost Report Years 2019 - 2023
Quality	Quality Measures (Report Card)	See Below*	2016-2022
Quality	Annual Appraised Property Values	2016 Values**	2021 – 2023

*The quality indicators are publically shared data, individual by nursing facility, via the Minnesota Nursing Home Report Card website (<http://nhreportcard.dhs.mn.gov/>). DHS, per statute, is required to analyze the impact and outcomes of the VBR payment system.

**DHS will contract with an appraisal firm to update the fair market value of all nursing homes on an annual basis for purposes of setting the annual property rate. The appraisal firm will conduct an on-site re-appraisal for one third of the nursing homes each year and those homes who have completed a major construction project. The appraisal firm will provide DHS with an updated market value for the remaining two thirds of the nursing homes each year, utilizing an appropriate market value indexing system.

Fiscal Detail:

The fiscal impact of each individual budget change item is noted in the table below:

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Quality Incentive	(180)	(1,530)	(5,024)	(8,049)
Operating Price Cap	(2,469)	(8,881)	(15,624)	(22,409)
Suspend CANF	(615)	(1,500)	(1,500)	(1,500)
Add Therapy Assessment	(575)	(1,397)	(1,384)	(1,377)
Property Reform	1,634	3,060	1,095	(164)
TOTAL w/o AC and Admin	(2,205)	(10,248)	(22,437)	(33,499)

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			(1,808)	(9,975)	(11,782)	(22,463)	(33,895)	(56,358)
HCAF								
Federal TANF								
Other Fund								
Total All Funds			(1,808)	(9,975)	(11,782)	(22,463)	(33,895)	(56,358)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33 LF	Medical Assistance	(2,205)	(10,248)	(12,453)	(22,437)	(33,500)	(55,937)
GF	33 ED	MA costs- Interaction with Elderly and Disabled	0	(71)	(71)	(329)	(643)	(972)
GF	33 LW	MA LW Costs- Interaction with Long term Care waivers	0	(8)	(8)	(37)	(71)	(108)
GF	34 AC	AC costs- Interaction with AC	0	(9)	(9)	(34)	(69)	(103)
GF	14	CCOA admin- three FTE	348	301	649	301	301	602
GF	14	CCOA admin - Appraisal Firm Contractor	225	225	450	245	265	510
GF	REV1	FFP @ 32% for CCOA admin	(183)	(168)	(351)	(175)	(181)	(356)
GF	11	Systems- other- 50% FFP	7	3	10	3	3	6
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	14	CCOA admin	3	3		3	3	

Statutory Change(s):

MS 256R, MS 256B, MS 144A, MN Rule 9549

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Self Directed Worker Union Contract

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	\$16,805	\$19,672	\$18,813	\$20,094
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	\$16,805	\$19,672	\$18,813	\$20,094
FTEs	0	0	0	0

Recommendation:

The Governor recommends allocation of funds to meet obligations under the contract between the State of Minnesota and the Service Employees International Union (SEIU) negotiated for FY 2020-2021. The total investment for this proposal for FY 2020-21 is \$36.5 million and in FY 2022-23 is \$38.9 million.

Rationale/Background:

The 2013 Legislature authorized collective bargaining for individual providers of direct support services. (Laws of Minnesota 2013, chapter 128, article 2). In August 2014, workers in self-directed programs in the state voted to form a union. The union includes workers in the Personal Care Assistance (PCA) Choice program, and the other self-directed programs, Consumer Directed Community Supports, and the Consumer Support Grant. This union's exclusive representative is the Service Employees International Union (SEIU).

The state completed negotiations for a new contract in January 2019 with SEIU. This request funds contractual obligations for FY 2020-2021 based on the terms of the negotiated contract. While SEIU does not represent all Personal Care Assistance workers, Federal Medicaid requirements do not allow differential payment rates based on union membership.

M.S. §179A.54 states that individual providers of direct support services, as covered under section 256B.0711, subdivision 4, shall be considered executive branch state employees for the sole purpose of collective bargaining. The current contract between the State of Minnesota and these workers' exclusive representative, SEIU, will expire June 30, 2019. This request is to fund contractual obligations for FY 2020-21.

Proposal:

This proposal includes increased rates for wages and benefits for individual providers, as well as additional funding for training. There are 29,000 workers covered by the collective bargaining agreement.

The proposal:

- Increases the minimum wage floor in state fiscal year 2019 to \$13.25/hour
- Increases paid time off (PTO) accrual rate to 1 hour for every 40 hours worked
- Establishes holiday pay at time and a half for hours worked for 3 additional permanent holidays, for a total of 5 holidays.

Costs for increasing wage floors, holiday pay, and PTO requirements are incorporated into the Medical Assistance payment rate for the Personal Care Assistance program, and the budgets for Consumer Directed Community Supports, Alternative Care and the Consumer Support Grant. This represents a 2.37% rate increase on July 1, 2019 to pay for the wage and PTO costs negotiated in the agreement and to pay time and a half for hours worked on the additional 3 holidays permanently added in FY 20-21 contract. The FY 18-19 contract included these holidays on a one time basis.

Effective July 1, 2019, for service recipients who are eligible for 12 or more hours of PCA services per day (as described in Minnesota Statutes 256B.0652) and whose workers have additional training, this proposal gives a 7.5 % increase to the rate for the Personal Care Assistance services, and the budgets for Consumer Directed Community Supports, Alternative Care and the Consumer Support Grant. Prior to this contract, the enhanced rate was negotiated at 5%. Because the 5% enhanced rate has already been implemented, no significant IT or administrative resources are necessary to increase the rate from 5% to 7.5%

An additional \$375,000 in FY 2020 and \$375,000 in FY 2021 is allocated for stipends to pay for training. Each stipend is \$500; the stipends are available for individual providers who have completed designated, voluntary trainings made available through or recommended by the State-SEIU committee. This training is capped at 1,500 individual providers in fiscal year 2020.

This proposal allocates \$125,000 in FY 2020 and \$125,000 in FY 2021 to the State-SEIU committee to pay for expenses associated with developing additional new worker orientation.

This proposal allocates \$125,000 for administrative costs in FY 2020, including Disability Services Division grant administration costs and costs for HCA to adjust contracts mid-year. In FY 2021, \$75,000 is allocated for grant administration to the Disability Services Division. This funding is one time only.

In addition, the proposal adjusts the 2017 legislative tracking for PCA negotiations to match the final negotiations that occurred after the end of the 2017 legislative session. At the end of the 2017 legislative session, the legislature reduced the total value of the original negotiations that had occurred in early 2017. To allow for new negotiations with the union, the end of session rider language for the negotiations permitted transfer authority between the different budget activities. However, the language did not include all transfers. The tracking has been corrected to match the final contract agreement for 2017. This is a budget neutral change.

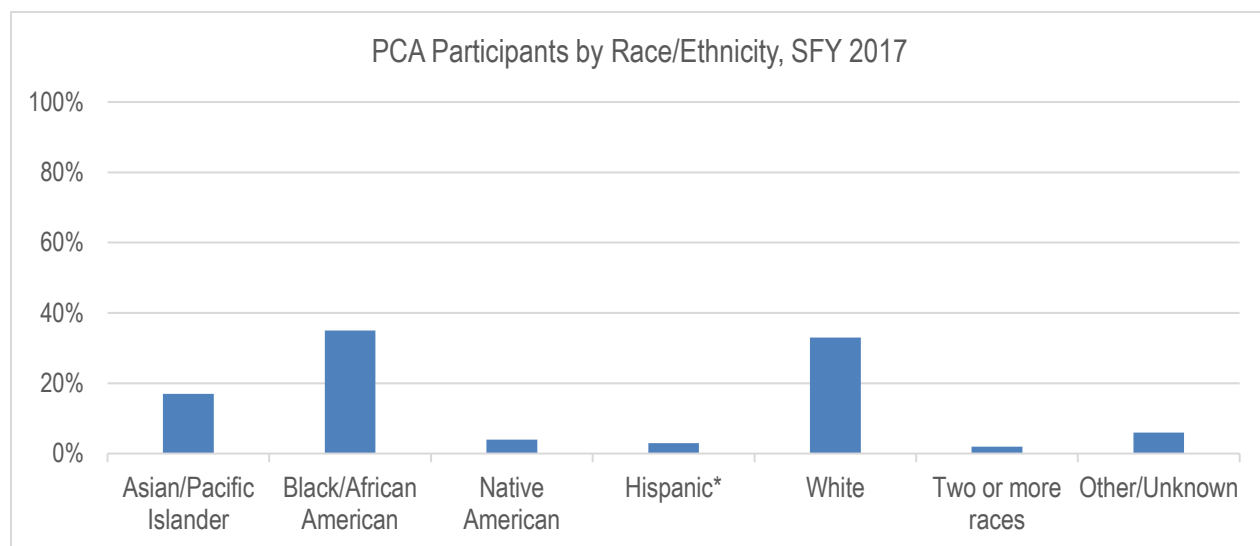
This table shows the breakout of costs for the different components in the union contract:

Self-Directed Union contract- 2020-2021						
	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
13.25/hour minimum wage	14,783,098	14,802,629	29,585,727	15,427,649	15,580,622	31,008,271
Paid time off- 1 hour for every 40 worked	750,411	751,403	1,501,814	783,129	790,895	1,574,024
Holiday pay at time and a half worked for 3 additional holidays	2,176,192	2,179,067	4,355,259	2,271,075	2,293,594	4,564,669
Complex needs- 7.5% for 12+ hours	501,622	770,333	1,271,955	788,732	808,060	1,596,792

Self-Directed Union contract- 2020-2021						
	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
Training- grants for stipends	375,000	375,000	750,000	0	0	0
Training-orientation	125,000	125,000	250,000	0	0	0
Administrative costs to administer grants and actuarial costs	125,000	75,000	200,000	0	0	0
Interactive effects, FFP, payment delay	(1,491,875)	54,132	(1,437,743)	81,098	82,173	163,271
Total	17,344,448	19,132,564	36,477,012	19,351,683	19,555,344	38,907,027

Equity and Inclusion:

The PCA program is one of the most diverse long-term service and support programs in Minnesota and has been growing more diverse over time. In January 2017, 61% of program participants were people of color or Native American. Approximately 33% of PCA recipients were non-Hispanic white, compared to an estimated 80% of Minnesotans statewide. The graph below illustrates PCA participants by race and ethnicity.



* Hispanic includes people of all races

The PCA program is vital to ensuring that people are able to live and receive services in the communities of their choice and avoid institutionalization to meet long-term care needs. Because the people that use PCA services are diverse, changes made to wages and benefits for PCA providers via the contract negotiations will positively impact an extremely diverse community. Increased wages and benefits allow people to retain the individual provider of their choice and attract more providers into the pool of direct support workers.

IT Related Proposals:

No additional IT costs are needed for the enhanced rate increase from 5% to 7.5% for those PCA recipients receiving 12 or more hours of services. The systems funding was received in the 2017 legislative session.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			16,805	19,672	36,477	18,813	20,094	38,907
HCAF								
Federal TANF								
Other Fund								
Total All Funds			16,805	19,672	36,477	18,813	20,094	38,907
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33 LW	MA for PCA, Consumer Support grants, CDCS	16,759	18,582	35,341	19,352	19,555	38,907
GF	55	Disability grants- grants for stipends	375	375	750	0	0	0
GF	55	Disability grants- grants for training orientation	125	125	250	0	0	0
GF	15	Community Supports Administration	75	75	150	0	0	0
GF	13	Health Care administration-actuarial costs	50	0	50	0	0	0
GF	REV1	FFP for admin costs	(40)	(24)	(64)	0	0	0
GF	15	CCA admin- Reverse 2017 SEIU tracking and include the correct amounts based on tracking	(293)	(293)	(586)	(293)	(293)	(586)
GF	33 LW	MA LW- Reverse 2017 SEIU tracking and include the correct amounts based on tracking	(11,710)	(11,710)	(23,420)	(11,710)	(11,710)	(23,420)
GF	15	CCA admin- updated tracking for 2017 based on SEIU agreement	241	164	405	241	164	405
GF	11	Provider enrollment systems- updated tracking for 2017 tracking	52	46	98	52	46	98
GF	33 LW	MA LW- updated tracking for 2017 session based on SEIU agreement	10,973	12,123	23,096	10,973	12,123	23,096
GF	55	Disability Grants- updated tracking for 2017 session based on SEIU agreement	87	87	174	87	87	174
GF	34	Alternative Care- updated tracking for 2017 session based on SEIU agreement	111	122	233	111	122	233
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
			0	0	0	0	0	0

Statutory Change(s):

This proposal requires session law and/or riders.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota Sex Offender Program Funding (DC41)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	9,758	9,758	9,758	9,758
Revenues	(1,758)	(1,758)	(1,758)	(1,758)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8,000	8,000	8,000	8,000
FTEs - Maintained	84.00	84.00	84.00	84.00

Recommendation:

Effective July 1, 2019, the Governor recommends increasing appropriations to the Direct Care and Treatment (DCT) Minnesota Sex Offender Program (MSOP) by \$19.5 million for the FY 2020-21 biennium and \$19.5 million for the FY 2022-2023 biennium. These new resources will:

1. Provide clinical and operational services to the increased number of clients who have been Court ordered to Community Preparation Services (CPS), a less restrictive alternative setting on the St. Peter campus.
2. Provide Reintegration Services to clients that have been provisionally discharged to assure close supervision and a successful community transition.
3. Provide MSOP with the ability to charge Counties 25% for the Cost of Care for clients that are Provisionally Discharged from MSOP.
4. Maintain 84.00 FTEs.

This request represents approximately a 9.1% increase to the MSOP General Funds base funding for the FY2020-FY2021 biennium.

Rationale/Background:

Under current law, MSOP is required to provide sex offender specific treatment for individuals that receive a civil commitment as a sexual psychopathic personality and/or a sexually dangerous person. In the last five years, growth in the number of new clients civilly committed has stabilized. Meanwhile, the number of clients progressing through treatment and being court ordered for transfer to the Community Preparation Services (CPS) program continues to increase. Additionally, the number of clients receiving a court order for provisional discharge is increasing as well. As of January 31, 2019, there were 36 individuals with court orders to be transferred to Community Preparation Services (CPS) yet still waiting transfer, 21 clients living in the community on Provisional Discharge Orders, and 3 clients that have Provisional Discharge Orders waiting to be discharged to a community setting.

When an individual is Provisionally Discharged from MSOP, MSOP is required by statute to provide supervision, aftercare and case management services. MSOP must also act as the designated agency to assist with establishing client eligibility for public welfare benefits and it must provide all necessary services, including those services exclusively available through county government. At present, there is no statutory language that establishes or specifies a county share for the cost of these services. The statute only addresses county responsibility for Cost of Care during the time a client is housed at the MSOP facility.

An additional constraint for MSOP are resources for Reintegration Services. There are a limited number of supervised housing options in the community for clients court-ordered for Provisional Discharge from MSOP. Further, as of December 2018, approximately, 70 municipalities have enacted residency restrictions that prohibit clients from locating in those communities. It is anticipated that additional municipalities will enact these restrictions. Frequently, these restrictions are enacted shortly after learning that a sex offender, who is provisionally discharged from MSOP or released from prison, plans to locate in that municipality. As a result of these residency restrictions, MSOP has begun partnering with private owners to lease properties so that provisionally discharged clients can obtain placement in a supervised setting outside of the St. Peter campus, so that these individuals may safely reintegrate into the community.

In order to assist clients in safely and successfully reintegrating back into society, clients initially live in a supervised setting for a period of time after being provisionally discharged; this process better prepares clients for eventual independent living. DHS opened one supervised transitional home for 4 clients staffed by trained and experienced MSOP employees for clients provisionally discharged to the community in 2018. At this facility, each client is assigned a Reintegration Agent who closely monitors the client to assure conditions of provisional discharge are being followed.

Proposal:

Effective July 1, 2019, this proposal provides funding for Community Preparation Services (CPS) and Reintegration Services that have not received any base appropriation funding. Changes within the MSOP program over recent years has increased the professional staffing levels in order to comply with court requirements. This has resulted in an increase in the cost per position. To staff within available funding, the program has needed to reduce the number of direct care positions. This proposal would appropriately fund Community Preparation Services (CPS) and Reintegration Services allowing current program resources to again be available for new commitments into the program.

This proposal also expands the county cost of care responsibility to include individuals on provisional discharge. Unlike provisionally discharged individuals from other programs within DCT, MSOP has the responsibility for aftercare and case management of these individuals and not the county of financial responsibility. This proposal would expand the cost of care statute to add a 25% county cost of care liability for individuals provisionally discharged to the community.

Equity and Inclusion:

- This proposal will provide a positive impact in recruitment efforts for MSOP, and thus more cultural responsiveness in working with clients. It provides the opportunity to increase the ability to have, and maintain, a diverse workforce to meet the needs of the current clients in MSOP.
- Targeted recruitment initiatives with funding will improve efforts and the opportunity to partner with culturally specific organizations, tribal and historically Black colleges, Lesbian, Gay, Bi-Sexual, and Transgender organizations, Veterans, and Persons with Disability services in addressing additional staffing needs.
- Provide the opportunity to reduce disparities in the hiring process by addressing affirmative action goals.

Many of the culturally specific services on the St. Peter campus are currently located inside the secure perimeter. This proposal would increase access to available services outside the secure perimeter.

Since this community setting will be less-restrictive than either campus, this proposal will provide more opportunity for access to a variety of community-based resources and activities. In addition, reintegration staff will assist individuals with connecting with more resources in their communities that better align to their preferences.

IT Related Proposals:

N/A

Results:

Because this recommendation funds existing activities, current performance indicators and outcome measures will be used as there should be no change in activities.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			8,000	8,000	16,000	8,000	8,000	16,000
HCAF								
Federal TANF								
Other Fund								
Total All Funds			8,000	8,000	16,000	8,000	8,000	16,000
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
1000	64	MSOP Services	9,734	9,734	19,468	9,734	9,734	19,468
1000	65	DCT Operations	24	24	48	24	24	48
		Total	9,758	9,758	19,516	9,758	9,758	19,516
1000	REV2	Cost of Care Collections	(1,758)	(1,758)	(3,516)	(1,758)	(1,758)	(3,516)
		NET GF Impact	8,000	8,000	16,000	8,000	8,000	16,000
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
1000	64	MSOP Services – FTE's Maintained	84.00	84.00		84.00	84.00	

Statutory Change(s):

MS 246B.10

Department Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota State Operated Services (MSOCS) Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,594	3,729	3,729	3,729
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,594	3,729	3,729	3,729
FTEs Maintained	20.3	46.5	46.5	46.5

Recommendation:

Effective July 1, 2019, the Governor recommends an operating adjustment of \$5.3 million for the FY20-21 biennium and \$7.5 million for the FY22-23 biennium from the General Fund to the Direct Care and Treatment (DCT) Minnesota State Operated Community Services (MSOCS) program to provide on-going funding for previously approved salary, insurance, and pension increases for the program.

This funding is needed to continue to provide services to over 1,000 individuals throughout the state.

Rationale/Background:

Minnesota State Operated Community Services (MSOCS), which is part of Community Based Services (CBS) within Direct Care and Treatment, provides residential and vocational support services for people with disabilities.

Services include:

- **Residential Services** for individuals with mental illness, intellectual disabilities or related conditions. The program supports approximately 450 individuals annually; and
- **Vocational Services** for individuals with mental illness, intellectual disabilities or related conditions. In FY18 the program supported 671 individuals in the community through supported or customized employment

MSOCS is an enterprise program that operates on collections from individually determined rates for services provided to clients. The Disabilities Waiver Rates Management System (RMS) must be used to calculate rates based on the service framework. State salary and other personnel costs consistently exceed the maximum allowed under RMS rate setting process. DHS is unable to change rates to as costs, such as employee salaries, grow.

Proposal:

This proposal seeks to provide an operating adjustment to support the financial sustainability of the MSOCS program. The operating adjustment will help fill the gap between the cost of operating the program and the revenue generated by the program.

To further mitigate operating losses, MSOCS is in the process of transitioning its services to support individuals consistent with the DCT strategic vision and who require an exceptional level of care. This plan includes:

- Transitioning programs supporting individuals that no longer require MSOCS level of care to private community-based providers
- Consolidating residential homes that have had long-term vacancies to allow for more effective use of the properties and/or staffing resources available
- Working with counties to fill vacancies within other MSOCS residential homes
- Consolidating vocational services sites to reduce the number and size of the sites as more individuals are being supported in community jobs so less day treatment space is required
- Creating new programs for individuals who have exceptional needs and have been unable to secure other placements in a community setting

Approximately 85-90% of total operating costs for MSOCS is for staff salary and benefits. The table below shows the projected increase in State Salary Expense for the MSOCS program.

SWIFT Salary Projections as of 11/21/2018

	Base FY19	FY20	FY21
Regular Salaries	\$ 66,223	\$ 66,376	\$ 67,212
Fringe Benefits	\$ 30,293	\$ 31,734	\$ 33,033
Total	\$ 96,516	\$ 98,110	\$ 100,245
Increase from Base		\$ 1,594	\$ 3,729
Average Salary		\$ 78	\$ 80
FTEs Maintained		20.32	46.52

Average Salary is based on 1,250.50 Filled FTEs as of 11/21/2018

Equity and Inclusion:

This proposal impacts all cultural, racial, and ethnic groups, as well as lesbian, gay, bi-sexual, transgender individuals, persons with disabilities, and their families currently being provided services and those who in the future may or may not meet the changing criteria for services.

The changes could provide the opportunity to have more culturally specific homes to meet the needs of clients that require special needs such as those individuals whose primary or preferred language is not English, refugees, or other diverse populations that has specific communication and cultural needs.

IT Related Proposals:

N/A

Results:

The operating adjustment will provide funding that will:

- Support the financial stability of the program;
- Increase the ability of MSOCS to serve more challenging individuals in order to reduce inappropriate hospital or jail stays; and
- Provide stability for the individuals living in MSOCS programs while MSOCS transitions to be a provider for individuals who cannot or will not be supported by private providers

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			1,594	3,729	5,323	3,729	3,729	7,458
HCAF								
Federal TANF								
Other Fund								
Total All Funds			1,594	3,729	5,323	3,729	3,729	7,458
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	62	Community Based Services	1,594	3,729	5,323	3,729	3,729	7,458
		FTE's Maintained						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	62	FTEs Maintained	20.3	46.5		46.5	46.5	

Statutory Change(s):

Rider

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Increase Bed Capacity within DCT's Minnesota Specialty Health Services (MSHS) Programs

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	4,352	4,352	4,352	4,352
Revenues	(19,068)	(6,068)	(6,068)	(6,068)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(14,716)	(1,716)	(1,716)	(1,716)
FTEs	15.95	15.95	15.95	15.95

Recommendation:

Effective July 1, 2019, the Governor recommends increasing appropriations to the Direct Care & Treatment (DCT) Mental Health & Substance Abuses Services (MHSATS) in order to fully utilize the licensed bed capacity and enhance the services provided to individuals in two of its four Intensive Residential Treatment Services (IRTS) facilities. This increased appropriation is offset by returning collections currently deposited to the State-Operated Services Account to the state General Fund.

Rationale/Background:

Direct Care & Treatment operates four (4) Intensive Residential Treatment Services (IRTS) sites located in Brainerd, Wadena, Willmar and St. Paul-Como. Each site is licensed as a 16-bed program. The Brainerd site specializes in services for individuals with neurocognitive conditions. Services provided are billed to medical assistance and insurance, when it is available. Room and board is billed to group residential housing, when individuals qualify, or to the individual, if they do not qualify. Collections received for Brainerd, Willmar and Wadena are deposited into the State-Operated Services Account, which is a dedicated revenue account in accordance with Minnesota Statute, section 246.18, subdivision 8. Collections for the St. Paul-Como site are deposited into the General Fund. Operating funds for the Brainerd, Wadena and St. Paul-Como sites are provided through a General Fund appropriation; funding for the Willmar site is provided through an appropriation from the State-Operated Services Account.

As of December 2018, all four of the sites are operating at a staffed capacity of 12 beds, as a result of both funding levels and the staffing mix required to work with the challenging population being served. The Willmar site has operated at the same funding level since 2013, when a bill was passed, to keep the site open. There has been no additional funding to cover cost of living increases to offset additional staff costs.

Proposal:

This proposal will: 1) increase the funding for two IRTS facilities to allow the sites to operate at full capacity with appropriate staffing; 2) appropriate funding from the General Fund for the Willmar site; 3) move collections from the State-Operated Services Account to the General Fund; and, 4) transfer any remaining balances within the State-Operated Services Account to the General Fund.

This proposal is intended to simplify the funding of the programs and allow for the operation of two of the facilities at the full bed capacity. Operating these sites at full bed capacity will increase available discharge locations for clients who need a residential level of care, freeing up hospital beds for those that need a hospital

level of care. This proposal will also provide additional program funding to increase staffing ratios at these two sites to better serve individuals, increase clinical efficacy, and provide regulatory required individualized care and treatment. The IRTS programs are a vital part of the Direct Care & Treatment care continuum, serving as a step down from Anoka-Metro Regional Treatment Center (AMRTC) and the Community Behavioral Health Hospitals (CBHHs). Increasing the bed capacity at the IRTS will allow more flexibility and timeliness in discharges from hospital level of care.

Equity and Inclusion:

This proposal will provide Direct Care & Treatment an opportunity to recruit and maintain a diverse workforce to better reflect the patients served, such as by partnering with community-based culturally-specific organizations. It will also enable Direct Care & Treatment to provide more programming into evenings and weekends, as well as increase emphasis on person-centered and culturally competent services.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			(14,716)	(1,716)	(16,432)	(1,716)	(1,716)	(3,432)
HCAF								
Federal TANF								
Other Fund			0	0	0	0	0	0
Total All Funds			(14,716)	(1,716)	(16,432)	(1,716)	(1,716)	(3,432)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
1000	61	MHSATS – MSHS/IRTS	4,102	4,102	8,204	4,102	4,102	8,204
1000	65	DCT Operations - Transitions	250	250	500	250	250	500
1000	REV2	Cost of Care Collections	(6,068)	(6,068)	(12,136)	(6,068)	(6,068)	(12,136)
1000	TRN	Transfer In	(13,000)	0	(13,000)	0	0	0
2000	61	SOS Special Rev Account	(2,713)	(2,713)	(5,426)	(2,713)	(2,713)	(5,426)
2000	65	SOS Special Rev Account	(250)	(250)	(500)	(250)	(250)	(500)
2000	REV2	SOS Special Rev Account	6,068	6,068	12,136	6,068	6,068	12,136
2000	TRN	Transfer Out	(13,000)	0	(13,000)	0	0	0
		Net GF Impact	(14,716)	(1,716)	(16,432)	(1,716)	(1,716)	(3,432)
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
1000	61	MHSATS – MSHS/IRTS	37.00	37.00		37.00	37.00	
2000	61	SOS Special Rev Account	<u>(21.05)</u>	<u>(21.05)</u>		<u>(21.05)</u>	<u>(21.05)</u>	
			15.95	15.95		15.95	15.95	

Statutory Change(s):

Repeal MS statutes 246.18, Subd. 8

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Repeal 2010 Rider Language

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends repealing Minnesota Session Law to eliminate outdated language related to Direct Care and Treatment operations. This is a no-cost proposal.

Rationale/Background:

Laws of 2010 First Special Session Chapter 1, Article 25, Section 3. Subdivision 10 includes language specifying that “[n]otwithstanding any contrary provision in this article, this rider shall not expire.” All items that provided direction to DHS have been completed. This rider, however, also included a requirement that DHS continue to operate the Direct Care & Treatment (DCT) Dental Clinics at the same level of staffing, in the same locations, and provide the same level of services as provided as in effect on March 1, 2010. Accordingly, this rider restricts DHS from relocating and/or expanding services to meet the needs of the individuals served by the DCT clinics including in-home and tele-dentistry.

Removing the rider will allow Direct Care & Treatment Dental Clinics to provide additional services and serve an increased number of individuals with developmental and mental health disabilities. Staffing used in 2010 did not include a mix of dental professionals that are needed today to provide home-based care or specialized care that would greatly benefit the individuals served by Direct Care & Treatment. The rider also restricts the possibility of participating in co-locating and creating a public/private collaboration that could reduce costs while providing enhanced care to individuals. Lastly, this proposal would create an opportunity to locate services closer to their targeted populations.

Proposal:

This proposal would remove language that was put in place to direct the Commissioner to:

- Provide funding for the Mankato Crisis service. (This funding is now handled through a mental health grant.)
- Continue to lease space in the former Eveleth transition site until another tenant could be found or the lease expired. (The lease has expired and a new tenant was found.)
- Convert the Community Behavioral Health Hospitals in Wadena and Willmar to Intensive Residential Treatment Service. (This conversion was completed.)
- Continue to operate the DCT dental clinics at the same level of care and staffing in effect on March 1, 2010 and seek a cost-based medical assistance rate. (Cost-based payment rate was approved.)

- Convert the Minnesota Neurorehabilitation Hospital in Brainerd to a neurocognitive psychiatric extensive recovery treatment service. (The facility was converted to a Neurocognitive Intensive Residential Treatment Service.)
- Convert the Minnesota Extended Treatment Options (METO) to community-based services. (This conversion is complete.)
- Not move beds from Anoka-Metro Regional Treatment Center to the psychiatric nursing facility in St. Peter. (No beds were moved.)
- Implement changes to save a minimum of \$6,006,000 beginning in fiscal year 2011. (Changes were implemented.)
- Seek certification or approval from the federal government for the new services under paragraph (a) that are eligible for federal financial participation and deposit the revenue associated with these new services in the account established under Minnesota Statutes, section 246.18, subdivision 8, unless otherwise specified. (Collections from the services provided at the Wadena, Willmar and Brainerd Intensive Residential Treatment Services are deposited in the specified account.)
- Finally, Section (e) of this rider states: Notwithstanding any contrary provision in this article, this rider shall not expire.

Accordingly, the only portion of this rider that continues to apply is the section relating to the Direct Care & Treatment Dental Clinics that restricts the program from changing, moving or providing additional services. Repealing the Rider would allow the Dental Clinics to provide enhanced services, relocate, if necessary, and to provide services in client homes.

Statutory Change(s):

Repeal Laws of 2010 First Special Session Chapter 1, Article 25, Section 3. Subdivision 10 (e).

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Service Delivery Transformation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	10,000	10,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	10,000	0	0
FTEs				

Recommendation:

The Governor recommends \$20 million in FY 2020-21 to transform the human services delivery system in order to provide a more integrated, person-centered user experience for all Minnesotans served by the system. The Department of Human Services will work in partnership with counties, tribal nations and other partners and providers of human services on service delivery redesign, program simplification and alignment, and long-term implementation planning. This funding will leverage, on average, 68% federal funding (federal financial participation, or FFP) that is currently available to states. For eligible activities, every \$10 dollars spent in state funds, DHS is able to leverage an estimated \$27 to \$35 in federal funds.

The development and implementation of an integrated delivery system will include cross-cutting simplification efforts with the goal of improving people's experience with the human services system, leading to more equitable outcomes across all services. These efforts will also result in efficiencies in both the delivery of services as well as the technology that supports it. The results of this initiative will be:

- Simplified, more timely and improved access to human services programs so that families and individuals are able to achieve positive outcomes
- Lessened administrative burden to counties, tribal nations and state agencies, allowing more time to be spent working to improve services for Minnesotans
- Active and intentional engagement with counties, tribal nations, the legislature and people served in identifying barriers to access, and alignment of priorities for simplification, and modernization of the human services system

Rationale/Background:

Currently, Minnesota's human services programs are delivered through siloed service delivery models, funded by separate budgets and supported in individual and complex technology systems that are more than 20 years old. The way services are provided, and the information technology (IT) systems used to support delivery, are fragmented and cumbersome to navigate for both participants and staff. This outdated approach to service delivery, focused on programs rather than people, relies on aging technology that is becoming increasingly difficult and expensive to maintain. It is also funded through highly targeted budgets that prevent integration. The current model does not meet today's demands by Minnesotans for an integrated and easily accessible human services delivery system, and continues to perpetuate inequitable and disparate outcomes for Minnesotans.

More than one million Minnesotans participate in state programs and depend on aging systems to connect them to the services they need. Over 30,000 county, tribal nation, and state staff and 200,000 providers use these systems to deliver and pay for services. The siloed nature of service delivery results in a fragmented experience

for the people receiving services. The drive toward integrated, person-centered delivery of services is intended to help individuals and families achieve positive outcomes and ultimately to build healthier communities.

Current policies, statutes, federal regulations and budgets have all contributed to the siloed and complex-nature of the programs we have in place today. Transforming the service delivery system is a huge undertaking, which will require dedicated resources to design and implement, while maintaining capacity to sustain existing systems. The current DHS IT systems have technical limitations and cannot fully support an integrated and modern access experience for people served and workers at the state, counties, and tribal nations.

This proposal is being brought forward to ensure that all Minnesotans touched by the human services system receive person-centered, community-based services designed to improve equitable outcomes. An indicator of delivering on this vision is the human services system's increased capacity to work across organizations, people, and programs to achieve a shared enterprise vision for service delivery transformation, while simultaneously building capacity to consider the diverse and unique needs of the people being serve.

Proposal:

In the spring of 2017, DHS partnered with the Minnesota Association of County Social Service Administrators (MACSSA) and White Earth Tribal Nation to set a vision for how human services should be delivered in Minnesota. The group's work resulted in the "Integrated Services Business Model", which will guide the transformation of how people experience the human services system. Integrated service delivery is research-driven, focused on person-centered and multi-generational approaches, and grounded in root-cause analysis. It is an outcome-based way of designing services to make people's lives better.

Establishing and introducing a large-scale redesign of the service delivery system is a multi-phase endeavor, which will take several years and require dedicated resources at each phase. Lessons learned from previous systems development attempts and research involving other states that have modernized and integrated services show the importance of having a clear understanding of the business needs and goals prior to starting IT projects. Thus, the Department of Human Services and its partners will focus on the foundational work needed to lay the framework for our shared vision of an integrated human service delivery system. The work completed in the next biennium will result in detailed foundational work that will guide multi-year phased efforts to implement our future state.

This request includes \$8.8 million over the biennium to fund foundational activities necessary to pursue an integrated service delivery system. These foundational activities will lay the framework for the agency and our partners to begin to change our operational model, including:

- Cultural change management, stakeholder engagement, communications and training
- Establishment of architecture and standards for business, data, technology and security
- Business readiness and program simplification activities related to the service delivery transformation
- Evaluation and continuous improvement of our decision making structure
- Development of evaluation, performance and outcomes measurement and data analytics
- Development of a long-term roadmap and funding strategy
- Identifying and defining baseline technology needs

These activities are the framework and foundation to service delivery transformation and all other business improvement and system development in the future. Specifically, business readiness efforts will strategically plan for, rethink, redesign and simplify the state's human services delivery system infrastructure, processes and enabling technologies. In coordination with business readiness efforts and to prepare for the future, dedicated efforts will pursue simplification and alignment of program policies and practices, consistent with the new vision for the human services delivery system. The deliverables of these business planning activities will provide the foundation for systems modernization.

While foundational activities are being completed and a long-term modernization plan is established, approximately \$11.2 million of the \$20 million for the biennium will be invested to continue to address system improvements related to defect and compliance fixes. The majority of the fixes will be spent on the Minnesota Eligibility Technology System (METS) which is the enrollment and eligibility information technology (IT) system for all of Minnesota's insurance affordability programs — Medicaid, MinnesotaCare and qualified health programs with advanced premium tax credits. It also interfaces with other systems to provide the necessary information required for payment or coverage.

The results of this initiative will be:

- Greater compliance with state and federal regulations, and
- A reduction in the burden to processing entities that use METS and currently must perform onerous manual workarounds to achieve accurate results

The dollars received through this request will be used to sustain a portion of the state share of DHS and [MN.IT@DHS](#) staff and contractors. This proposal represents a decrease in the current level of spending on IT projects and includes business-led efforts to develop a unified vision of a human services system that meets the needs of Minnesotans. The IT modernization projects funded through this request will support continued improvements to systems to reduce identified pain points for the end user.

Equity and Inclusion:

All groups of people will be positively impacted by this proposal. Some of the key guiding principles of the new business model include racially and culturally appropriate efforts to support an equitable service delivery system, utilizing a person-centered framework, using the “social determinants of health” to identify root causes of an individual or family's need for services, and using a multi-generational approach which takes into account the needs of the whole family. In developing the new business model, stakeholder feedback was gathered from representatives of impacted groups. In addition, the new business model's ongoing development and implementation will be intentionally inclusive, and offer opportunities for broad stakeholder input and collaboration, including people served and advocates. Overall, the change to the business model will drive promises to reduce or eliminate disparities for all groups.

IT Related Proposals:

This proposal includes non-IT related activities as well as IT related activities. It is estimated that \$11.2 million over the biennium will be dedicated to systems improvement efforts. An additional \$8.8 million will be directed for work at DHS, counties, tribal nations and other providers of services to engage in service delivery transformation efforts that are in preparation for, but prior to, IT development work occurring. The table below reflects \$5.6 million annually, which is the state share of funding that is estimated to be directly attributable to IT systems development and user support.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll	3,307	3,307	0	0	0	0
Professional/Technical Contracts	1,757	1,757	0	0	0	0
Infrastructure						
Hardware	189	189	0	0	0	0
Software						
Training	3	3	0	0	0	0
Enterprise Services	210	210	0	0	0	0

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Staff costs (MNIT or agency)	134	134	0	0	0	0
Total	5,600	5,600	0	0	0	0
MNIT FTEs						
Agency FTEs						

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Reduction in staff time to perform manual workarounds			
Quality	Improvements in the processes, functionalities and integration of existing systems; improving the coordination of services across programs.			
Results	Measureable improvements in client outcomes resulting from cross-program coordination based upon the social Determinants of Health			

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			10,000	10,000	20,000	0	0	0
HCAF								
Federal TANF								
Other Fund								
Total All Funds			10,000	10,000	20,000	0	0	0
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
1000	11	Direct Appropriation – Transfer to Systems Account to spend	10,000	10,000	20,000	0	0	0
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

N/A

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Enhanced Program Integrity for Nonemergency Medical Transportation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	31	(935)	(1,005)	(1,078)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	31	(935)	(1,005)	(1,078)
FTEs	3	4	4	4

Recommendation:

The Governor recommends new program integrity measures for the Nonemergency Medical Transportation (NEMT) program in response to state and federal audit findings.

Rationale/Background:

NEMT provides Medical Assistance enrollees with the safest, most appropriate and cost-effective mode of transportation to get to and from medical appointments.

In September 2017, the federal Office of Inspector General finalized an audit of Minnesota's NEMT program that showed that over 75% of NEMT rides that were audited did not comply with either state or federal requirements. Of the rides that did not meet the requirements, the ride either lacked sufficient documentation, lacked any documentation, or did not have a corresponding Medical Assistance service to warrant the trip.

These findings were consistent with an evaluation the Minnesota Office of Inspector General conducted of the NEMT program in 2014. As a result of the federal 2017 audit, the state had to pay \$1.9 million dollars, the federal share of improper reimbursement, to the Centers for Medicare and Medicaid Services.

Proposal:

This proposal seeks to improve the integrity of the NEMT program through two strategies:

First, DHS would issue a request for proposal to contract with an entity to perform on-going integrity audits of the NEMT program to ensure fee-for-service providers are complying with state and federal standards. The audits would include, but are not limited to, review of driver documentation, confirmation of a medical appointment, and confirmation of distance traveled.

Second, the proposal would also provide resources to DHS to enroll individual NEMT drivers. This would ensure each driver is meeting the program requirements and allow DHS to enforce actions as necessary on an individual driver rather than an entire company. Data from DHS shows that approximately 82% percent of NEMT claims in FY 2017 occurred on the same day as a claim for another health care service, and that rides occurring the same day as a health care service accounted for 90% percent of the total spending on fee-for-service NEMT. This estimate assumes that additional oversight and ongoing audit activity will prevent NEMT providers from billing the MA program where the ride does not accompany a health care service resulting in a 10 percent reduction in payments to NEMT providers.

The fiscal impact of this proposal includes the cost of a vendor contract for ongoing audits of the NEMT program for MA fee-for-service, the cost of 4 FTE to enroll individual NEMT drivers, and IT changes to MMIS to implement the proposal. Total state MA fee-for-service expenditures on NEMT services for families and children is expected to reach \$35 million in FY2020-21. This proposal is expected to reduce total spending by \$2.2 million or 6% in FY2020-21.

In addition, this proposal clarifies that DHS does not need to verify that every single requirement is met within the Special Transportation Certification overseen by the Department of Transportation (MnDOT). As of July 1, 2016, all NEMT providers are required by law to be certified as Special Transportation Service providers. In reviewing the requirement, there have been questions whether DHS is supposed to confirm a provider is certified by MnDOT or if DHS is supposed verify that the provider has fulfilled each individual requirement to obtain a certificate. This proposal would clarify that DHS is required to verify that a provider is certified by MnDOT, not verify every component of the certification requirements.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of NEMT Claims with Proper Documentation	25%		

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			31	(935)	(904)	(1,005)	(1,078)	(2,085)
HCAF								
Federal TANF								
Other Fund								
Total All Funds			31	(935)	(904)	(1,006)	(1,078)	(2,085)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33 FC	MA Grants	(432)	(1,806)	(2,238)	(1,879)	(1,952)	(3,832)
GF	13	Health Care Admin (Contract)	557	1,119	1,676	1,123	1,123	2,246
GF	REV1	FFP @ 32%	(178)	(358)	(536)	(359)	(359)	(719)
GF	11	HCA Admin (FTE-Systems Fund)	78	109	187	109	109	218
GF	11	Systems state share (MMIS @ 29%)	6	1	7	1	1	2
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	13	HCA Admin	3	4		4	4	

Statutory Change(s):

256B.0625

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: SIRS & CCAP Investigation Expansion

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	526	400	400	400
Revenues	500	500	500	500
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	26	(100)	(100)	(100)
FTEs	4.0	4.0	4.0	4.0

Recommendation:

The Governor recommends expanding the Department's capacity to investigate and prevent fraud in the Medical Assistance (MA) program. The proposal requests funding to add 4 FTE staff to the Office of Inspector General's Financial Fraud and Abuse Investigation Division (FFAID) that oversees MA providers. The Governor also recommends additional funding for a case tracking system to track a case from initiation to conclusion in FFAID.

Rationale/Background:

FFAID at the Department of Human Services is responsible for supporting program integrity in Minnesota's public assistance programs, including its MA program. Working with law enforcement, business partners, and regulators, FFAID identifies, investigates, and prevents suspected cases of fraud and abuse.

MA, the Department's largest program, provides coverage to approximately 1.1 million low-income Minnesotans each month, ensuring that many of the state's most vulnerable residents have the health care they need. CCAP helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. The program serves approximately 15,000 families and 30,000 children each month. Strengthening the Department's capacity to oversee these programs increases accountability and helps ensure that funds are spent effectively for the people we serve. Program integrity measures also decrease the risk and potential harm to recipients who do not receive necessary services, are exposed to unnecessary or inappropriate services, or may be subject to coercion and exploitation.

In 2017, approximately \$11.4 billion in state and federal funds were paid to 230,000 Medicaid providers. During 2017, SIRS recovered \$14.3 million in overpaid state and federal funds. SIRS also terminated, suspended or stopped payments to 189 MA providers who had been paid \$21.2 million the preceding 12 months. In addition, FFAID's child care investigations unit has received hundreds of tips and leads involving suspected cases of overbilling and other misuses of CCAP funds. As of December 2018, 171 child care centers had been assessed \$382,000 in identified CCAP overpayments, and more than \$1.6 million in restitution has been court-ordered in cases with convictions. Nevertheless, attaining recoveries from providers who commit program violations or misuse public funds is difficult and rarely occurs, resulting in multimillion-dollar losses to MA and CCAP that could otherwise be used for the children, families, and individuals we serve. By strengthening the capacity of the Office of Inspector General to oversee financial and administrative accountability in MA and CCAP, the Department will be able to better safeguard the integrity of these important public programs.

Proposal:

First, this proposal will strengthen the Department's capacity to prevent, detect, and investigate fraud by expanding FFAID's Surveillance and Integrity Review Section (SIRS) that oversees Medical Assistance providers.

Specifically, this proposal adds 4 investigators in SIRS. The additional investigators in SIRS will increase its investigative capacity, which will allow SIRS to conduct more investigations and cover more provider types in MA that warrant surveillance, investigation, and intervention.

The Child Care Assistance Program (CCAP) investigations unit within FFAID is also in need of a system to record, track and report on its investigative activity. The case tracking system is already utilized by the BCA and will strengthen FFAID's fraud prevention and investigation activities for CCAP.

Each MA investigator is expected to yield \$125,000 per year in state recoveries and receives a federal financial participation allocation. The case tracking system for CCAP is estimated to cost \$355,000 for the first year of implementation, and \$105,000 each year thereafter. After recoveries and FFP are taken into account, this proposal will cost approximately \$26,000 in General Fund dollars for FY 2020 and will result in net savings to the General Fund of \$100,000 per year thereafter.

Equity and Inclusion:

There are no anticipated negative effects.

IT Related Proposals:

N.A.

Results:

SIRS investigations yield recoveries which are returned to the General Fund. One performance measure for this proposal is the increase in federal and state funds recovered by SIRS because of this proposal.

Additionally, Providers found to have committed significant program violations because of fraudulent or abusive conduct are terminated or suspended from the public program. Recovering funds paid to these providers is very difficult, but by removing them from the program, fraudulent payments are stopped. An increase in program integrity staff will increase the number of fraudulent providers removed from public programs. A well-recognized benefit to program integrity activity is the prevented loss of funds associated with terminating, suspending, and/or implementing a payment withholds. This means that 180 former MA providers were no longer able to obtain millions of dollars of public funds.

DHS/GO Specific Considerations:

N.A.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			26	(100)	(74)	(100)	(100)	(200)
HCAF								
Federal TANF								
Other Fund								
Total All Funds			26	(100)	(74)	(100)	(100)	(200)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	4 FTEs, Salary, Fringe and Overhead	773	588	1,361	588	588	1,176
GF	REV 1	FFP @ 32% of Total Costs	(247)	(188)	(435)	(188)	(188)	(376)
GF	REV 2	Recoveries – State Share	(500)	(500)	(1000)	(500)	(500)	(1,000)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
			4.0	4.0		4.0	4.0	

Statutory Change(s):

N.A.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Fraud Prevention Investigations Expansion

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(15)	(173)	(173)	(173)
Revenues	0	0	0	0
Other Funds				
Expenditures	(7)	(9)	(9)	(9)
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(22)	(182)	(182)	(182)
FTEs	1.0	1.0	1.0	1.0

Recommendation:

The Governor recommends increasing funding to the Department of Human Services (DHS) for the Fraud Prevention Investigation grant program by \$425,000 per year to provide counties with additional resources to investigate recipient fraud in human services programs. This will enable counties to hire additional fraud investigators. The increased funding request includes \$425,000 for county grants, which will be matched with federal funds of \$311,000, increasing grant funding for the program by \$736,000 per year. This would be an increase to the total grant funding for county investigations to approximately \$3.9 million.

The Governor further recommends adding one FTE in the Office of Inspector General's Financial Fraud and Abuse Investigation Division (FFAID) to assist in monitoring the grant and to provide training to the counties.

Rationale/Background:

Through the Fraud Prevention Investigation (FPI) program, the Office of Inspector General's Financial Fraud and Abuse Investigation Division (FFAID) works with counties to investigate recipient fraud. The division currently administers a \$3.2 million (\$1.9 million state funds, \$1.3 million federal funds) annual grant that funds investigator positions in counties and regions covering 79 of Minnesota's 87 counties.

Current funding for the FPI program has been stagnant for a number of years, preventing the expansion of FPI program activities conducted by counties. In several FPI regions in the state, one investigator is responsible for investigations in multiple counties. Increased funding in this area will allow for additional staffing in regions where investigators are spread thin, in more populated counties where the caseload is greatest, and to expand into some counties that have not been a part of the program. By having additional funding for recipient investigations, counties can: 1) react more quickly to reports of public benefit fraud, 2) complete investigations in a more timely manner, and 3) stop benefits sooner to those who are not eligible.

In accordance with Minnesota Statutes, section 256.983, the program has operated on a cost-neutral basis for 29 years. When all program benefits are considered, the program has returned at least \$4 for every dollar spent on the program. This trend is dependent upon county human services workers making fraud referrals to investigators when they see conflicting information or suspect that fraud is occurring. The cost savings are also dependent upon having investigator positions filled. Turnover in these positions reduces overall benefits derived until the positions can be filled and new staff is trained.

All Minnesota counties are statutorily required (256.986) to submit to DHS a state fiscal year plan to coordinate county duties related to the prevention, investigation, and prosecution of fraud in public assistance programs. The state partners with grant and non-grant funded counties, helping to stretch the limited funds used to conduct investigations. This is done through training, monitoring work products, and assuring that grant programs are run

cost effectively, as required by state statute. Resources that counties contribute to maintain investigative programs include the hiring and supervision of additional employees, as well as providing technological resources, equipment, office space, grant oversight, additional training and vehicles.

Proposal:

This proposal will add \$425,000 in state funds to the FPI grant program. With the federal match, it will increase grant funding by \$736,000, for a total ongoing budget for county grants of approximately \$3.9 million. Grant funds will increase the number of investigators in a given county or region, and fund positions in counties that are not currently participating in this program. One additional FTE is needed to assist DHS with grant oversight and training.

This proposal would allow for the hiring of approximately seven additional FPI investigators in counties. This number assumes an average of \$100,000 in personnel costs per FPI investigator under the grant. The average takes into consideration that the cost of an FPI investigator varies significantly across the state. For example, an investigator who is a sworn peace officer has a much higher cost than a non-sworn investigator. Additionally, there is a significant difference in the personnel costs in greater Minnesota compared with the metro area.

This proposal will also allow FFAID to hire one FTE to assist in grant oversight and training to counties. There are currently two staff in FFAID overseeing this grant as well as providing training around the state and fielding questions from investigators, and it will be necessary to fund one additional FTE at DHS to perform these duties for a larger group of investigators.

The costs in this proposal are offset by benefit savings from unpaid claims that were determined to represent real or potential fraud. In FY 2020, the overall net fiscal impact is projected to be \$22,000 in savings to the General Fund, which assumes total savings of approximately \$518,000 as the additional investigators are brought onboard in the first year. By FY 2021, all new investigators would be onboard and total projected savings are \$689,000 across multiple public assistance programs. This results in total savings of approximately \$689,000, and a net fiscal impact of \$182,000 in savings to the General Fund in FY 2021 and each year thereafter.

Equity and Inclusion:

There are no anticipated negative effects or groups impacted.

IT Related Proposals:

N.A.

Results:

As described above, a key result of the FPI grant program is the benefit savings derived from unpaid claims that were determined by investigators to represent real or potential fraud. Other benefits of FPI grant funding include the identification of overpayments. As illustrated in the chart below, FPI investigators identified \$7.5 million in overpayments across multiple assistance programs in FY 2017. Considering the totality of benefits, FPI program grants historically return at least four dollars for every dollar of state and federal funding.

Figure 5: Recipient fraud investigations - Overpayments identified

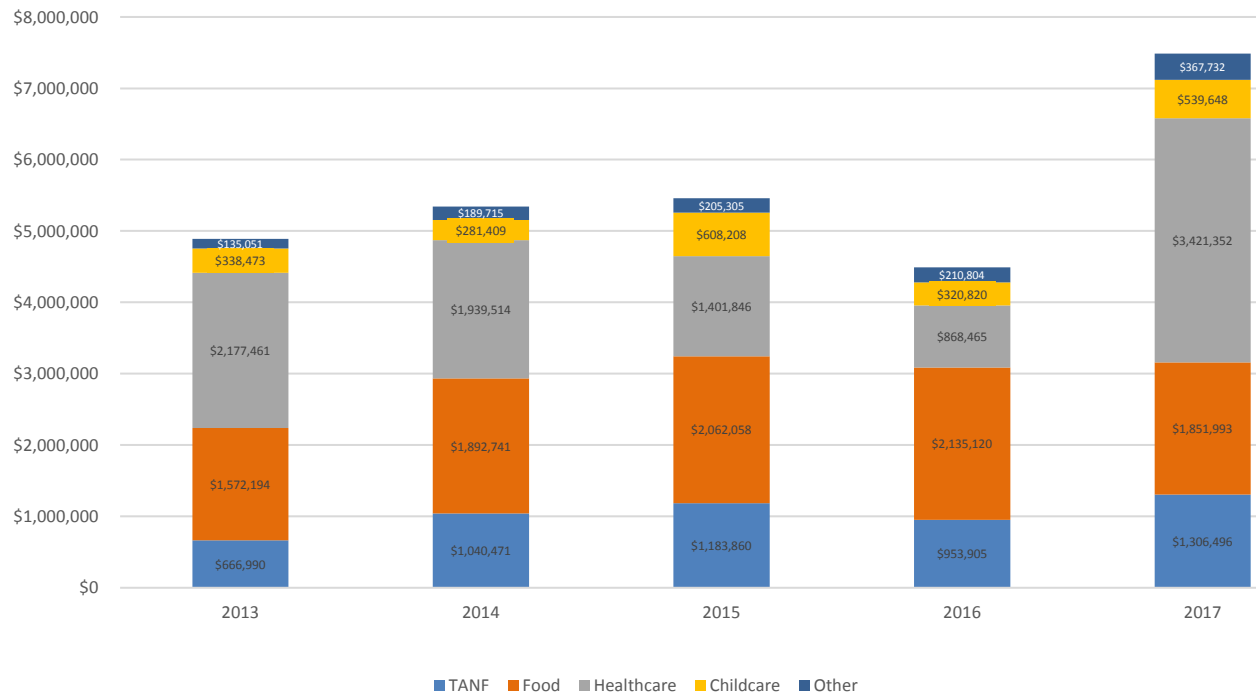


Table 14: Recipient fraud – overpayment totals

Program	2013	2014	2015	2016	2017
TANF	\$666,990	\$1,040,471	\$1,183,860	\$953,905	\$1,306,496
Food	\$1,572,194	\$1,892,741	\$2,062,058	\$2,135,120	\$1,851,993
Health Care	\$2,177,461	\$1,939,514	\$1,401,846	\$868,465	\$3,421,352
Child Care	\$338,473	\$281,409	\$608,208	\$320,820	\$539,648
Other	\$135,051	\$189,715	\$205,305	\$210,804	\$367,732
Total	\$4,890,169	\$5,343,850	\$5,461,277	\$4,489,114	\$7,487,221

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			(15)	(173)	(188)	(173)	(173)	(346)
Health Care Access Fund			(7)	(9)	(16)	(9)	(9)	(18)
Total All Funds			(22)	(182)	(204)	(182)	(182)	(364)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	1.0 FTE Salary, Fringe and Overhead	104	121	225	121	121	242
GF	11	County FPI Grants	425	425	850	425	425	850
GF	REV 1	FFP @ 32% of Salary, Fringe and Overhead	(33)	(39)	(72)	(39)	(39)	(78)
GF	21	TANF Cash	(118)	(157)	(275)	(157)	(157)	(314)
GF	33	Federal Medical	(197)	(263)	(460)	(263)	(263)	(526)
GF	33	State Medical	(13)	(17)	(30)	(17)	(17)	(34)
GF	22	Child Care (MFIP)	(30)	(40)	(70)	(40)	(40)	(80)
GF	42	Child Care (BSF)	(17)	(23)	(40)	(23)	(23)	(46)
GF	23	General Assistance (GA)	(26)	(34)	(60)	(34)	(34)	(68)
GF	24	Minnesota Supplemental Aide (MSA)	(22)	(29)	(51)	(29)	(29)	(58)
GF	25	Housing Support	(88)	(117)	(205)	(117)	(117)	(234)
HCA F	31	MinnesotaCare	(7)	(9)	(16)	(9)	(9)	(18)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	1.0 FTE	1	1		1	1	

Statutory Change(s):

N.A.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Electronic Visit Verification

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	192	716	(2,721)	(4,614)
Revenues		0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	192	716	(2,721)	(4,614)
FTEs	2.0	3.0	11.0	9.0

Recommendation:

The Governor recommends requiring providers of personal care and home health services to use an electronic visit verification system that meets implementation requirements and standards developed by the commissioner of human services. Effective January 1, 2020, use of electronic visit verification will be federally-mandated for providers of personal care services, including home and community-based services that support activities of daily living or instrumental activities of daily living delivered in a person's home. Effective January 1, 2023, use of electronic visit verification will be mandatory for home health service providers.

Rationale/Background:

In 2016, the federal government passed the 21st Century Cures Act, requiring electronic visit verification. The 2017 Legislature required DHS to establish implementation requirements and standards for an electronic service delivery documentation system to comply with the 21st Century Cures Act (Laws of Minnesota, 2017 First Special Session, Ch. 6, art 3, s 49). The Commissioner was required to convene stakeholders to review the requirements and report information to the legislature based on the stakeholders' feedback, to establish the electronic service delivery system requirements and standards. The [report](#) was submitted to the chairs and ranking members of the legislative committees with jurisdiction over human services with recommendations in January 2018.

The 2017 legislation (Laws of Minnesota, 2017 First Special Session, Ch. 6, art 3, s 49) requires that the Department of Human Services ensure that the electronic visit verification requirements are minimally disruptive to the person receiving services, minimally burdensome to the provider (both administratively and financially) and consistent with existing policies related to covered services, including flexibility of service use, quality assurance and effective methods for fraud prevention when balanced with the burden on providers and recipient.

Based on the feedback heard during the stakeholder engagement process, the Department of Human Services determined that the hybrid model with a data aggregator meets the widest range of needs, minimizes burden and provides the greatest flexibility to providers, service recipients and workers. This approach allows providers to select an electronic visit verification system that works best for their business, while maintaining accountability to the state. Allowing for flexibility in vendor selection encourages innovation, competitive pricing and technological advances among vendors.

The hybrid model allows providers who have already invested in an electronic visit verification system to continue using their investment, while providers who have not yet purchased a system can elect to use the state system or another vendor of their choosing based on their needs and finances. Choosing to offer an existing, off-the-shelf electronic visit verification system rather than developing its own will better position the Department of Human

Services to respond to federal requirements. Providing a state-selected vendor option allows smaller providers with less capacity or interest in choosing their own system to meet electronic visit verification system requirements with minimal burden. The hybrid model also provides agencies the opportunity to select an electronic visit verification system that they feel will be most amenable to their workers, in order to better recruit and retain staff in an era of workforce shortage. Over time, providers who select the state's electronic visit verification system may experience the added benefit of having a workforce and group of service recipients that are accustomed to using the state system, thus lessening the burden of training individuals to use their system.

Finally, the hybrid model supports agreed upon values that any electronic visit verification system in Minnesota not disrupt services, allow flexibility of service location and scheduling and provide adequate training for users of the system. Service users can elect to work with an agency that offers a system that best meets their individual needs.

Proposal:

This proposal seeks to implement federally-mandated systems that will alter the way that personal care services are documented and verified in Minnesota. Electronic visit verification will affect both people receiving personal care services, direct support workers and agencies that employ the support workers.

The 21st Century Cures Act requires that six data elements be electronically verified:

- the type of service provided,
- the person who provided the service,
- the person to whom the service was provided,
- the date of the service,
- the time in and time out of the person providing the service, and
- the location where the service was provided.

Only those personal care services (beginning in 2020) and home health services (beginning in 2023) electronically verified will be eligible for the full Medicaid match, whether administered as fee-for-service or managed care. The 21st Century Cures Act requires that states implement this requirement in a manner that is minimally burdensome, takes into account existing best practices and existing use of electronic visit verification systems in the state, ensures training for providers of these services, is compliant with HIPAA privacy and security law, takes into account a stakeholder process and doesn't impede provider selection, worker selection, or the manner in which services are delivered.

This proposal recommends implementing a hybrid model of electronic visit verification within the state, which gives providers the option of using their own visit verification system or using a state-contracted system. The hybrid model includes both a state-approved electronic visit verification system and a single statewide data aggregator.

In the hybrid model, providers have the option of using their own electronic visit verification system as long as it meets the requirements set by the 21st Century Cures Act and standards established by the commissioner. Or, the provider may elect to use a vendor under contract with DHS. The state option would provide "off-the-shelf" electronic visit verification system to all providers who do not have or do not wish to develop their own system. This involves the state contracting with one or more electronic visit verification vendors to develop and operate a system that meets the requirements outlined in the 21st Century Cures Act. The state would be responsible for configuring the system(s) to meet specific requirements, enrolling and training providers. The vendor(s) would be responsible for ongoing maintenance, updates, and technical assistance to providers to ensure compliance with the Cures Act.

The second component of a hybrid electronic visit verification system is a statewide data aggregator. The aggregator compiles data from providers using their own system of choice as well as providers using the state-contracted option. The aggregator provides a single repository of data that supports post-payment review of claims for personal care services and home health services subject to electronic visit verification. Potential future enhancements to the aggregator could enable pre-payment review to identify non-reimbursable claims due to potential fraud, waste, abuse or error. A third party aggregator allows the state to get the most capability to identify fraud, waste, abuse and errors from an electronic visit verification system, without requiring the state to create and install expensive new technology, since the collection and normalization of the data is handled by a third party.

The appropriation from the 2017 legislative session covers the initial costs for purchasing a system and also partially provides the operational costs for the system into the future. However, the overall costs operationalizing the electronic visit verification system were not included in that appropriation. Since the 2017 session, other options have been reviewed. This proposal includes a contract with one or more electronic visit verification vendors to develop and operate a system as identified through a request for proposals process starting in FY 2020. The contracted vendor would be responsible for configuring the system to meet specific requirements, enrolling and training providers. In addition, the vendor would be responsible for ongoing maintenance, updates and technical assistance to providers.

It is expected that most providers will opt to use the state contracted vendor, so the contract would also provide funding for subscription costs for providers who use the vendor. The cost of using vendor managed electronic visit verification systems is typically based on volume and transaction. A transaction may be a phone call or other technology used to log-in and out when the worker begins and ends work. This analysis estimates electronic visit verification subscriptions at \$.21 per transaction. The number of transactions will likely increase over time, since the program caseload and number of providers is projected to continue growing. The Department of Human Services will pursue federal approval of an enhanced federal financial participation rate of 75 percent for the costs of system operation and maintenance for the state-operated system as well as 90 percent federal funding for the cost of design, development and installation of the state-operated system. The costs in the fiscal note assume that we will receive both the 90% and 75% federal participation rates for development and implementation. Other states have received these federal financial participation rates to develop their electronic visit verification systems.

This proposal also includes grant funding of \$500,000 in FY 2021 and \$500,000 in FY 2022. This funding is a onetime cost that will help offset the electronic visit verification costs for those providers who use a different vendor other than the state contract. This funding will also offset increased costs for providers using systems that come into compliance as a result of the contracts with existing system providers. The number of providers served would grow over time as existing systems are upgraded. These providers would be required to follow an application process as determined by the commissioner.

The proposal would also include administrative costs to administer the contracts and grants. Included is one FTE for training and outreach to individuals and families starting in FY 2021, and two FTE's for administering the grants and contracts in the Community Supports Administration for the Disabilities Services Division starting in FY 2020. As part of the implementation, the Provider Help Desk in the Health Care Administration would need two FTE's in FY 2022 to handle the increased questions from providers. These FTE's are not ongoing beyond FY 2022. A permanent FTE would be needed in the Operations Data Integrity unit of the Health Care Administration to provide data analytics in FY 2022. With the increase in auditable data, the Surveillance, Investigations and Review Unit within the Office of Inspector General will need three investigators for increased activity, a data analyst focused on electronic visit verification data and claims, and a supervisor for the unit starting in FY 2022.

The Centers for Medicare and Medicaid Services (CMS) have also indicated that electronic visit verification devices used by providers are not eligible for FFP. This analysis assumes that an additional 15% of the total cost of using the system would need to be 100% state funded. It assumes that all of the maintenance, tracking and administering the devices would still be done by the vendor.

The automatic reporting features and enhanced ability for payment reviews using electronic visit verification data is expected to reduce inappropriate service payments due to record keeping inaccuracies, administrative errors and fraud by 1%. This estimate is based on the experience and projections of other states implementing electronic visit verification systems. The costs included in this proposal have also accounted for the appropriation received in the 2017 legislative session.

Equity and Inclusion:

Minnesota's PCA program, which will be subject to electronic visit verification, is the most diverse long-term service and support programs in Minnesota and is growing more diverse each year. In January 2017, 61% of people receiving PCA services were people of color or Native American. Approximately 33% of people receiving PCA services were non-Hispanic white, compared to an estimated 80% of Minnesotans statewide. According to fiscal year 2016 data, 36.1% of home and community-based services recipients in Minnesota identified themselves as non-white. Any changes to home and community-based personal care services will have an impact on communities of color.

Compliance with the federal electronic visit verification requirement will ensure the financial stability of this foundational long-term care service. Implementation of electronic visit verification will improve information about the delivery of services authorized for people with disabilities and older adults and reduce errors and fraud in the billing of these services. Personal care services are essential to achieving community inclusion for the diverse populations that rely on them to live, work and enjoy life in the communities of their choosing.

The hybrid model allows for flexibility for providers of all sizes – from small businesses to national health care providers – to implement electronic visit verification that is affordable and works with the existing systems unique to that provider. The selection of the vendor for the state-approved data collector will depend heavily on the vendor's ability to provide a system that is minimally disruptive for people receiving the service and financially manageable to ensure that providers from diverse ethnic and cultural groups are able to continue providing personal care services to members of that particular community.

IT Related Proposals:

This proposal will require work in the MMIS system for claims and internal reporting. However, the primary IT-related work for the electronic visit verification system will be done by a contracted vendor. The costs noted below are the full cost (federal and state). Note- The costs in FY 2020 and FY 2021 are covered by the 2017 appropriation for systems costs for EVV so an additional appropriation is not needed for IT work in those two fiscal years.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts		725,000	430,000	75,000	75,000	75,000
Infrastructure		78,645	6,060,272	10,598,455	10,598,455	10,598,455
Hardware			894,791	1,561,793	1,561,793	1,561,793
Software						

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Training						
Enterprise Services						
Staff costs (MNIT or agency)	50,000	269,708	269,708	58,547	58,547	58,547
Total	50,000	1,073,353	7,654,771	12,293,795	12,293,795	12,293,795
MNIT FTEs	.5	2.5	2.5	0	0	0

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Measurement</i>
Quality	Avoid financial penalty imposed on all Medicaid-funded personal care and home health services.	Continue to receive a full 50% federal match on personal care and home health services.
Quality	All providers are using electronic visit verification	100% of required providers will use electronic visit verification by 2023

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			192	716	908	(2,721)	(4,614)	(7,335)
HCAF								
Federal TANF								
Other Fund								
Total All Funds			192	716	908	(2,721)	(4,614)	(7,335)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Mn.IT Vendor Contract				1,441	4,065	5,506
GF	55	Disability Grants		500	500	500	0	500
GF	15	CSA Admin	283	425	708	425	425	850
GF	11	SIRS Admin				640	640	1,280
GF	13	HCA Admin				340	130	470
GF	REV1	Admin FFP @ 32%	(91)	(136)	(227)	(450)	(383)	(833)
GF	33	MA LW		(57)	(57)	(4,377)	(7,395)	(11,772)
GF	33	MA ED		(15)	(15)	(1,174)	(1,984)	(3,158)
GF	34	Alternative Care		(1)	(1)	(66)	(112)	(178)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	OIG Admin				5.0	5.0	
GF	13	HCA Admin				3.0	1.0	
GF	15	CSA Admin	2.0	3.0		3.0	3.0	

Statutory Change(s):

Session Law is needed to require electronic visit verification. This change may also require modifications to M.S. §256B.0659 and §256B.0653. Minnesota Stat. §256B.0705 is repealed.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Child Care Assistance Program – Provider Registration and Oversight

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	71	82	0	0
Revenues				
Other Funds				
Expenditures				
Revenues				
Net Fiscal Impact = (Expenditures – Revenues)	71	82	0	0
FTEs	.75	1	0	0

Recommendation:

The Governor recommends investing \$153,000 in FY 2020-2021 for one full time employee to plan for improvements to provider registration and oversight for the Child Care Assistance Program (CCAP). This proposal would result in a plan for addressing recent audit and report recommendations related to provider registration and program oversight.

Rationale/Background:

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP serves approximately 15,000 families and 30,000 children each month. Over 60 percent of the children served are ages 5 or younger. Over 67 percent of all children served are children of color or American Indian children. An average of 3,265 providers are paid each month for serving children receiving CCAP. CCAP is administered by county and tribal agencies.

Two audits related to CCAP program integrity concerns were conducted in 2018. The Office of the Legislative Auditor (OLA) conducted a special review of the Child Care Assistance Program and the Office of Inspector General. The Department of Human Services also hired a consulting firm, PFM, to assess procedures and give recommendations. Findings for the audits and a report by PFM were released in March 2019.

This proposal will help address the following audit recommendations to ensure public dollars are spent responsibly:

- Implement an electronic record-keeping system, eventually linked to billing.
- Require electronic billing and direct deposit for all registered centers.
- Strengthen tracking and controls for users submitting bills through MEC² PRO.
- Move provider registration and MEC² PRO enrollment to DHS.
- Strengthen provider registration controls.

Proposal:

This proposal provides funding for one full-time employee in the Children and Family Services Division at the Department of Human Services to plan for improvements to CCAP provider registration and oversight.

The primary areas that the employee will explore include:

- Options for the use of electronic attendance record keeping systems. Currently providers are allowed to use paper or electronic methods to maintain attendance records.
- Options to improve monitoring of billing practices, including the possibility of requiring electronic billing and/or direct-deposit. Currently some providers bill using an electronic system (MEC² PRO), and others bill using paper billing forms. Providers choose to be paid via warrant (i.e. check) or direct-deposit.
- Options to centralize registration for CCAP providers. Currently providers register with the county or tribal agency that they receive payment from. If a provider serves families living in various counties, the provider must register with each family's county or tribal agency.

The employee will be charged with the following activities:

- **Research and stakeholder engagement:** Other states have implemented electronic attendance record keeping systems and can provide guidance and information about how their systems work and what lessons they learned. Further, currently provider registration is done at the local agency level. Local agencies would have significant insight and information about how to make the transition to state-wide provider registration. Finally, child care providers who would be impacted by these changes should be consulted and engaged early in the process for information about how to effectively implement and avoid unintended consequences.
- **Planning:** These requirements will require new staffing and resources at the state level. The employee in this position will be charged with developing planning and implementation proposals for how the department would move forward with each of these changes (e.g., how would this work, what resources are needed, how changes would be implemented, etc.).
- **Legislative report development** The department will report back to the Legislature in early 2021 with findings, which will inform possible statute changes and funding requests in the 2021 session to implement changes.

Equity and Inclusion:

In 2018, 68 percent of all children served by the Child Care Assistance Program (CCAP) were children of color, specifically African-American, Asian/Pacific Islander, Hispanic/Latino, multiple races, and American Indian children. Of all children served, 53 percent are African-American. Accordingly, any impact on children and families receiving child care assistance, and/or the providers who serve them, is likely to disproportionately impact African-American children.

Attendance record keeping and billing are responsibilities of the child care provider. Changes to attendance record keeping and billing may have a negative impact on providers who serve children with low incomes, including children of color and American Indian children. If new methods for billing and/or attendance record keeping are not well-researched, this could increase negative impacts for children and providers.

Stakeholder engagement is essential to minimize unintended consequences and to explore solutions to program integrity concerns addressed in recent reports. Stakeholders must be involved to better understand impacts of new technology, requirements, and/or procedures.

Results:

The OLA and PFM reports recommended these changes to improve child care assistance program integrity. This proposal will help achieve greater accountability and ensure that tax dollars are spent responsibly.

By undertaking a planning period, DHS will more fully understand what is needed to centralize provider registration and update billing methods and electronic attendance record keeping, which could streamline processes for child care providers and enhance the department's ability to provide oversight. It will also allow time for important stakeholder input.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			71	82	153	0	0	0
HCAF								
Federal TANF								
Other Fund								
Total All Funds			71	82	153	0	0	0
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	12	Children and Family Administration(1 FTE through FY 21)	105	120	225	0	0	0
GF	REV1	FFP @ 32%	(34)	(38)	(72)	0	0	0
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
			.75	1		0	0	

Statutory Change(s):

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Strengthening Oversight of the Child Care Assistance Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,023	1,071	1,211	1,211
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,023	1,071	1,211	1,211
FTEs	10	10	10	10

Recommendation:

The Governor recommends funding to add 10 FTE staff to the Office of Inspector General (OIG) to strengthen the state's oversight of the Child Care Assistance Program (CCAP).

Rationale/Background:

The Financial Fraud and Abuse Investigations Division (FFAID) in the Office of Inspector General (OIG) is responsible for supporting program integrity in Minnesota's public assistance programs, including CCAP. Working with law enforcement, business partners, and regulators, FFAID identifies, investigates, and prevents suspected cases of fraud and abuse. Fraud, waste, and abuse in Minnesota's public programs – including its CCAP program – costs millions of dollars every year, diverting funds that could otherwise be used for the people we serve.

CCAP helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. The program serves approximately 15,000 families and 30,000 children each month. Strengthening the Department's capacity to oversee this program increases accountability and helps ensure that funds are spent effectively for the children and families who truly need them. Program integrity measures also decrease the risk and potential harm to recipients who do not receive necessary services, are exposed to unnecessary or inappropriate services, or may be subject to coercion and exploitation.

Obtaining recoveries from providers who commit fraud is difficult and rarely occurs, resulting in multimillion-dollar losses to public programs. By strengthening the data analytic capacity of the OIG to intervene in suspected cases of fraud and abuse, the Department will be able to better safeguard Minnesota's CCAP program.

The Licensing Division is responsible for licensing and regulating child care centers in Minnesota. Child care center licensors help to ensure that child care centers provide healthy, safe and developmentally-appropriate services to children. Through the course of their work, licensors identify programs that are struggling to provide services that meet the minimum licensing standards. Sometimes they are the same programs that are committing CCAP fraud. Whenever licensors recognize potential indicators (red flags) of fraud, they report that information to FFAID staff.

Historically, licensors strived to visit child care centers for an on-site visit every other year; however, the Licensing Division lacked adequate staffing to complete biennial reviews while also addressing licensing complaints and assisting new applicants through the complex process of obtaining a license. In the past year, the Licensing Division has instituted quarterly visits for programs on a conditional license that are struggling to meet licensing standards. These more frequent visits allow the Department to provide ongoing technical assistance and monitor their progress in making the required changes to have their full license reinstated. In 2017, the Minnesota

Legislature provided funding for additional licensors and now requires that child care centers have at least one unannounced visit each year. However, the Licensing Division lacks the resources to visit new centers at regular intervals during the first year of operation.

Finally, FFAID contracts with the BCA for two law enforcement officers to conduct criminal investigations of child care providers in the CCAP program. With only two agents, the criminal investigative capacity in CCAP is limited.

Proposal:

This proposal will strengthen the state's capacity to oversee CCAP by expanding the OIG in the following ways:

First, FFAID will add two data analysts to strengthen the Department's ability to identify, detect, and prevent fraud and abuse in Minnesota's CCAP program. By strengthening the Department's capacity for data analysis, this proposal will allow the Department to leverage fraud and abuse data analytics for both preventive and retrospective activity. The Department is increasingly reliant on automated systems to administer public programs and to prevent, detect and take corrective action on fraudulent and abusive behavior. At the same time, those that commit fraud and abuse are becoming more technology and billing savvy, allowing them to exploit weaknesses within the DHS payment system and within program policies. Adding data analytic capacity will provide needed assistance in finding fraud and allow the CCAP Investigations Unit within FFAID to focus its limited resources in areas with the greatest risk of fraud.

Second, this proposal will allow the Licensing Division to conduct more frequent inspections to ensure the health and safety of children in care, provide technical assistance for newly-licensed programs, monitor struggling programs more closely, and evaluate whether the program should be referred to FFAID for further evaluation. Specifically, funding to hire eight additional staff would allow licensing staff to conduct quarterly visits for newly-licensed centers during the first twelve months of operation and also for existing centers who are either on conditional status or have a recent history of significant noncompliance with licensing requirements. In all cases it will allow the Department to provide the programs with a significantly higher level of technical assistance to help them succeed and sufficient monitoring to identify issues, including potential fraudulent activity, before it flourishes.

The additional technical assistance and licensing visits that will result from this proposal will benefit the prospective and newly-licensed centers in complying with licensing regulations and program rules and will contribute to greater oversight of CCAP.

This proposal also allows for an increase to an existing BCA contract, which would fund two additional law enforcement officers who would conduct criminal investigations in CCAP cases.

Fiscal Impact:

This proposal adds 2 CCAP Data Analysts and 8 FTEs in the Licensing Division, for a total of 10 FTEs in the OIG. The 8 FTEs for the Licensing Division are made up of five licensors, one supervisor, one administrative support staff, and one data analyst, who will assist with monitoring, determining whether a program should receive heightened monitoring, and tracking measurable outcomes of the unit. These FTEs will cost \$673,354 for FY2019 and \$721,790 every year thereafter.

Currently, there is \$310,000 allocated to contract with the BCA for two law enforcement officers. An additional \$350,000 is being requested to increase the BCA contract to add two additional law enforcement officers who will conduct criminal investigations in CCAP cases.

Equity and Inclusion:

The Department is committed to balancing program integrity with equitable and inclusive policies for the people we serve. This proposal seeks to address program integrity issues in CCAP by bolstering the oversight capacity of

the Department of Human Services and its Office of Inspector General, while ensuring that child care centers needing technical assistance from the Department, but who are not displaying signs of fraudulent behavior, receive the support and guidance they need to remain licensed rather than be referred to FFAID.

IT Related Proposals:

N/A

Results:

Providers found to have committed significant program violations because of fraudulent or abusive conduct will be suspended or disqualified from the program. Recovering funds paid to these providers is very difficult, but by removing them from the program, fraudulent payments will be stopped. This proposal will increase the number of fraudulent providers removed from the program, ensuring that CCAP funds are being spent on the children and families who truly need them.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			1,023	1,071	2,094	1,211	1,211	2,422
HCAF								
Federal TANF								
Other Fund								
Total All Funds			1,023	1,071	2,094	1,211	1,211	2,422
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	10 FTEs, Salary, Fringe and Overhead	990	1,061	2,052	1,201	1,201	2,402
GF	REV 1	FFP @ 32% of Total Costs	(317)	(340)	(657)	(340)	(340)	(680)
GF	11	MN Department of Public Safety BCA Contract (2 Law Enforcement Investigators)	350	350	700	350	350	700
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
			10.0	10.0		10.0	10.0	

Statutory Change(s):

N/A

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Federal Compliance with Outpatient Pharmacy Rule

Fiscal Impact (\$000s)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
General Fund					
Expenditures	70	1,534	1,489	1,485	1,558
Revenues	0	0	0	0	0
Other Funds					
Expenditures	164	2,050	2,165	2,334	2,524
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	234	3,584	3,654	3,819	4,082
FTEs	0	0	0	0	0

Recommendation:

Effective April 1, 2019, the Governor recommends modernizing the fee-for-service Medical Assistance reimbursement for outpatient prescription drugs to more accurately reflect their costs and the cost of dispensing them. These changes will bring Minnesota into compliance with the federal 2016 Covered Outpatient Drugs final rule.

Rationale/Background:

In March 2016, the Centers for Medicare and Medicaid Services (CMS) finalized a new administrative rule on covered outpatient drugs. The rule, which applies to fee-for-service Medical Assistance, is intended to ensure that pharmacy reimbursements more accurately reflects what pharmacies pay to acquire and dispense drugs.

The rule requires that prescription drug reimbursement not exceed the actual acquisition cost of the drug plus a professional dispensing fee. Actual acquisition cost measures a pharmacy's actual cost to obtain a prescription drug from a wholesaler or manufacturer. Both the acquisition cost and the dispensing fee must be based on a survey or other reliable supporting data.

The rule also changed how pharmacy providers who have access to discounted drug pricing through the 340B program are reimbursed. The 340B program allows disproportionate share hospitals, critical access hospitals, family planning clinics and federally qualified health centers to purchase drugs at a significant discount. The federal Health Resources and Service Administration (HRSA) establishes a ceiling price which is the maximum price a manufacturer can charge for a medication sold to a 340B provider. Under the new rule, reimbursement cannot exceed the HRSA 340B ceiling price plus a professional dispensing fee for 340B procured medications.

The rule became effective in April 2017 and states were given a grace period to come into compliance. Minnesota is currently one of only four states not in compliance with the rule. The state faces the potential loss of an estimated \$190 million per year in federal matching funds if we do not come into compliance.

Proposal:

This proposal updates Minnesota's pharmacy reimbursement formula for outpatient prescription drugs under fee-for-service Medical Assistance to comply with federal requirements. The new reimbursement methodology would be effective April 1, 2019.

This proposal updates the reimbursement methodology for outpatient pharmacy services under fee-for-service Medical Assistance in the following ways in order to comply with the federal rule:

- Requires the medication itself be reimbursed for the actual acquisition cost according to nationally recognized benchmarks. The proposal would also provide a 2 percent add-on payment to cover the cost of the provider tax that is applied to pharmacy wholesalers and passed on to pharmacy providers, subject to federal approval.
- Increases the professional dispensing fee for pharmacy providers from \$3.85 to \$10.48 (based on survey data from a similarly situated state, Indiana). This proposal also establishes ongoing cost-of-dispensing surveys for Minnesota, which would be conducted every three years. Survey results will be reported to the legislature to inform future updates to the dispensing fee to help ensure fees reflect the actual cost.
- Aligns the reimbursement for drugs purchased through the federal 340B program with the federal rule's requirement that medications purchased through the 340B program be reimbursed at the provider's cost. This proposal also includes a supplemental payment of \$1.5 million per year (state share) to mitigate the impact on hospital providers that are most impacted by this change.

The proposal also changes how the state manages a particularly expensive class of prescription drugs, hemophilia clotting factor, in order to achieve savings to offset the cost of coming into compliance with the federal rule. This proposal repeals a statute prohibiting DHS from managing hemophilia clotting factor on the state's Preferred Drug List. Once this prohibition is eliminated, the state could achieve savings through supplemental drug rebates and/or shifting the market to less expensive, therapeutically appropriate alternatives. Currently, there is no incentive for drug manufacturers to offer DHS discounts as they don't have to compete to have their drugs listed as preferred because of this prohibition. Removing the prohibition is expected to prompt manufacturers to offer supplemental drug rebate offers.

This proposal assumes the continuation of the 2 percent increase to payment rates to providers and managed care organizations to offset the cost of paying the provider tax on Medical Assistance and MinnesotaCare expenditures, as proposed in a separate Governor's budget recommendation.

The total fee-for-service reimbursement for pharmacy services was approximately \$245 million in 2017. Based on modeling of claims data using the existing methodology compared to the new methodology, it is estimated that the higher dispensing fee, reimbursement at actual acquisition cost, and the 2 percent add-on to offset provider tax payments will result in a 4.06 percent increase to overall fee-for-service pharmacy spending. The cost will be offset by a projected 1.95 percent reduction in pharmacy spending due to the savings associated with changing 340B reimbursement to the HRSA ceiling plus a professional dispensing fee and a 0.22 percent reduction from managing hemophilia clotting factor. The result is net increase of 1.89 percent in outpatient pharmacy payments.

DHS will also need additional contracts with vendors to record 340B pharmacy data in order to perform the new pricing calculations and to conduct a cost of dispensing survey every three years.

Equity and Inclusion:

This proposal updates the reimbursement methodology for outpatient drugs under Medical Assistance. It is not anticipated that these changes will expand or restrict access to prescription drugs for Medical Assistance enrollees. However, hospitals that participate in the 340B program and dispense high-cost medications (e.g. HIV/AIDS medications), will be disproportionately impacted by these changes. This proposal includes funding to help mitigate these impacts to ensure that it does not create barrier to accessing care for enrollees.

IT Related Proposals:

System changes to the MMIS claims system will be needed to pay for prescriptions using the new pricing methodology. The cost of these changes is reflected in the fiscal detail.

Results:

This proposal brings Minnesota into compliance with federal requirements.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 19	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			70	1,534	1,489	3,023	1,485	1,558	3,043
HCAF			164	2,050	2,165	4,215	2,334	2,524	4,858
Federal TANF									
Other Fund									
Total All Funds			234	3,584	3,654	7,238	3,819	4,082	7,901
Fund	BACT#	Description	FY 19	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33	MA Grants	(4)	1,454	1,452	2,906	1,448	1,444	2,892
HCAF	33	MA Grants	164	2,050	2,165	4,215	2,334	2,524	4,858
GF	11	Systems (MMIS @ 29%)	15	3	3	6	3	3	6
GF	13	HCA Admin (Contract)	87	113	50	163	50	163	213
GF	REV1	FFP @ 32%	(28)	(36)	(16)	(52)	(16)	(52)	(68)
Requested FTE's									
Fund	BACT#	Description	FY 19	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

256B.0625 and 256B.064.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Updating Durable Medical Equipment Payment Methodology

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(4,742)	(2,910)	(566)	(696)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(4,742)	(2,910)	(566)	(696)
FTEs	0	0	0	0

Recommendation:

The Governor recommends modifying the payment methodology for durable medical equipment under Medical Assistance to align with federal law that limits the amount of federal matching funds available to pay for certain products. The Governor also recommends modifications and reforms to how payment rates are calculated for items that are not subject to the new federal limits in order to simplify the payment structure and provide greater transparency.

Rationale/Background:

For several years, Medicare has competitively bid for durable medical equipment, prosthetics, orthotics and supplies. In doing so, Medicare has recognized savings by lowering their rates. Federal legislation was passed directing the Centers for Medicare and Medicaid Services (CMS) to cap federal financial participation under Medicaid at the aggregate value that would have been paid for certain durable medical equipment products had they been paid at the Medicare rate. The 21st Century Cures Act passed in December of 2016 moved up the effective date for this provision to January 1, 2018.

Under this new federal law, DHS is required to provide an annual analysis of durable medical equipment to show CMS whether the state pays more than the Medicare rate. Minnesota currently pays rates in excess of the Medicare competitively bid rates and must recover overpayments from providers beginning in 2019 in order to comply with the new federal payment limits. Due to the timing of claim payments, this analysis will be performed up to 18 months after a provider has been paid. The model of paying more than the Medicare rate and later recovering the overpayment creates financial uncertainty for the state and providers. In 2017, the legislature approved the use of state funding to replace the lost federal funding for one specific type of ventilator, and therefore that item is not subject to payment recoveries.

In addition, current state law does not define a payment methodology for durable medical equipment that do not have a Medicare rate. The rates are based on a methodology outlined in administrative rule and are calculated in a complex manner that is based on a percentage of billed charges. As billed charges have no correlation to a provider's acquisition cost, this methodology is inefficient, unpredictable and administratively complex. Reforming the calculations to be based on provider costs, rather than billed charges, will ensure that DHS purchases equipment efficiently. Stating the calculation in state law ensures transparent rate setting for all parties.

Proposal:

This proposal changes the Medical Assistance reimbursement formula for durable medical equipment that is also covered by Medicare to pay equivalent to the Medicare rate. Aligning the Medical Assistance rate with the

Medicare rate is one way to bring Minnesota into compliance with federal law and eliminates the risk that providers may experience take backs. This proposal does not change the state law providing supplemental state funding for the specific ventilator rate that was addressed in 2017.

This would reduce payment for durable medical equipment starting in FY 2019 and reduce the value of recoveries in the forecast starting in FY 2021. The fiscal effect of this proposal is the state share of the difference between the savings from lower durable medical equipment payments offset by the cost of no longer recovering payments over the Medicare limit. Projected fee for service Medical Assistance expenditures for durable medical equipment are expected to reach nearly \$171 million in FY 2020-21. This change in payment timing and the reimbursement formula are expected to reduce expenditures in the FY 2020-21 biennium by roughly \$8.2 million or 4.7 percent.

This proposal also simplifies the reimbursement formula for products that don't have a Medicare rate. The new methodology would be based on the provider's costs, not billed charges, to ensure the state pays a fair, predictable and efficient rate. At this time, DHS cannot provide the cost impact of rebasing durable medical equipment that do not have a Medicare rate as we do not have provider cost data to compare against current rates.

Equity and Inclusion:

This proposal is not anticipated to adversely impact any particular group of individuals in need to durable medical equipment. DHS will be monitoring any impact on access as a result of these changes.

IT Related Proposals:

This proposal would require changes to the payment rates loaded in the MMIS system.

Results:

A decrease in the number of DHS member help desk calls concerning enrollee access to DME.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			(4,742)	(2,910)	(7,652)	(566)	(696)	(1,262)
HCAF								
Federal TANF								
Other Fund								
Total All Funds			(4,742)	(2,910)	(7,652)	(566)	(696)	(1,262)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33 ED	MA Grants	(4,054)	(2,494)	(6,548)	(501)	(616)	(1,117)
GF	33 AD	MA Grants	(20)	(14)	(34)	(2)	(3)	(5)
GF	33 FC	MA Grants	(673)	(403)	(1,076)	(64)	(78)	(142)
GF	11	Systems state share (MMIS @ 29%)	5	1	6	1	1	2
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

256B.766 and 256B.767.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Medical Assistance for Employed Persons w/Disabilities Federal Conformity

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	33	7	7	7
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	33	7	7	7
FTEs	0	0	0	0

Recommendation:

The Governor recommends updating state law governing Medical Assistance for Employed Persons with Disabilities (MA-EPD) to conform to components of the Medicaid state plan amendment approved by the federal Centers for Medicare and Medicaid Services (CMS) regarding continued eligibility and the treatment of assets when an individual reaches age 65 and is no longer working.

Rationale/Background:

The Medical Assistance program contains a category of eligibility known as “Medical Assistance for Employed Persons with Disabilities” (MA-EPD) that encourages people with disabilities to become employed by allowing them to keep more of their assets, via disregards, while maintaining the health care services that allow them to work.

In 2012, the Minnesota Legislature responded to concerns from consumers and advocates that:

- Once a person retired and wanted to maintain Medical Assistance coverage they had no choice but to spend their assets and retirement savings down to the \$3,000 asset standard (\$6,000 for a couple) under the “elderly” category of eligibility.
- Once a person reached the age of 65, they became ineligible for MA-EPD even if they wanted to continue working.

In response, the law governing MA-EPD was revised to:

- Allow people to stay in MA-EPD after age 65 if they continued working; and
- To provide the same disregards they had in MA-EPD category as they retired and moved to the “elderly” category of eligibility. This “portable” disregard would only apply to people who had been continuously enrolled in MA-EPD for two years before their 65th birthday.

DHS consulted with CMS several times prior to enactment of these changes and CMS confirmed that this approach was permissible under federal law. There were also other states that had similar disregards already approved. Based on that information, the new policy was implemented in 2012, and the state plan amendment was submitted to CMS for approval.

However, upon submission of the state plan amendment CMS raised concerns that resulted in years of discussion and negotiation. Ultimately, CMS approved portions of the state plan amendment with some modifications and disapproved other elements. DHS has requested a formal reconsideration of the disapproved state plan amendment.

Proposal:

This proposal would amend state law to comply with the approved state plan components that are most consistent with the original legislative intent. DHS will continue to apply the policy of the other state law provisions that were not approved by CMS until the appeal is resolved.

This proposal changes state law to:

1. Amend the 24-month rule to state that the enrollee only has to be enrolled in MA-EPD for any 24 consecutive months, rather than the 24 consecutive months prior to turning age 65, and
2. Require MA-EPD enrollees to designate assets as an Employment Incentive Asset Account (EIAA) while they are enrolled in MA-EPD in order for the assets to be disregarded from counting toward the Medical Assistance asset limit when the enrollee stops working and moves from MA-EPD to the Medical Assistance for people age 65 and older eligibility category.

This proposal affects the rules for assessing assets for MA eligibility of former MA-EPD enrollees. It could lead to some individuals losing months of MA eligibility, and to other individuals gaining months of MA eligibility. Periods of eligibility loss or gain relative to current law are likely to be short as assets may be spent down to address health care or long-term care needs during a period of ineligibility. Given the limited scope of impact, and without any evidence of whether the net impact is more likely to be positive or negative, we assume a negligible fiscal impact on total months of MA eligibility and MA program expenditures. The costs reflected in the fiscal detail are related to IT systems updates to implement these changes.

Equity and Inclusion:

MA-EPD is designed to encourage individuals with disabilities to work and allows them to earn additional income and assets while maintain their health care coverage.

IT Related Proposals:

This proposal requires systems updates to MAXIS.

Results:

This proposal conforms state law to the approved Medicaid state plan amendment.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			33	7	40	7	7	14
HCAF								
Federal TANF								
Other Fund								
Total All Funds			33	7	40	7	7	14
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Systems state share (MAXIS @ 55%)	33	7	40	7	7	14
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s): 256B.056

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Background Study Federal Compliance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	120	161	161	161
Revenues	0	0	0	0
Other Funds				
Expenditures				
Revenues				
Net Fiscal Impact = (Expenditures – Revenues)	120	161	161	161
FTEs	2.3	2.3	2.3	2.3

Recommendation:

The Governor recommends \$281,000 in FY 2020-21 to pay for the search of up to three additional databases for child care background studies. This change is required by federal law as a part of the Child Care Development Block Grant. The funding allows providers to continue to pay the current background study rate.

The General Fund dollars will pay for the new study elements for an estimated 15,000 child care providers per year who are not currently affiliated with a licensed, certified, or enrolled program. Each check will be good for five years.

This proposal also brings the state into compliance with FBI standards for obtaining out-of-state records for all DHS background studies.

Rationale/Background:

The federal Child Care and Development Block Grant was reauthorized in 2016. This is Minnesota's primary source of federal funding for the Child Care Assistance Program (CCAP). As a part of the new law and regulations, states were required to expand health and safety requirements for licensed child care programs and providers who receive CCAP. Included within the health and safety changes were new standards for background studies.

In 2017 and 2018, the Legislature made changes to state law to bring Minnesota into compliance with the federal law. As a result, providers are now receiving studies that include a search of five of the eight required databases. The remaining three were not available or reasonable to implement at the time of other legislative changes.

Currently, Minnesota is working under the last available waiver to come into federal compliance. All child care providers will need to have a fully federally compliant study by the end of 2020. This proposal requires providers who have already had an enhanced study to acknowledge receipt of a revised privacy notice, but they would not need to submit a new study or re-pay.

For all DHS background studies, the FBI has strict protocols for the use and dissemination of data they possess. This proposal requires DHS to obtain the source record for any potentially disqualifying crime from the court or law enforcement entity in another state, which will bring Minnesota into federal compliance.

Proposal:

This proposal requires child care providers to have a fully federally compliant study by 2020. The provider types include: licensed child care centers, licensed family child care programs, legal non-licensed providers, and certified license-exempt centers. The three additional name-based searches that must be conducted include:

- The National Crime Information Center
- National Sex Offender Registry
- For anyone who lives outside of Minnesota or who has lived outside of the state in the last five years, a search of the criminal and sex offender databases in the other state(s).

These searches are required of:

- Individuals who are employed by a child care program or who are supervising children in a program
- Household members over the age of 18 in licensed family child care programs and legal non-licensed child care providers.

These searches, especially of the out-of-state criminal and sex offender registries, cannot easily be automated. When communicating with other states, there are typically four postal service-based exchanges of information that must be completed by the study subject, DHS staff, and the other state.

This proposal also includes two policy changes related to compliance with federal child care law. The first change clarifies that a child care worker cannot have direct contact until the Minnesota criminal and, for adults, the FBI check, is completed. The second change updates the definition of who needs a study as it relates to supervision and contractors.

For FBI compliance, when an FBI check is required by law and a rap sheet is returned to DHS, this proposal requires that the Department obtain the source record for any potentially disqualifying crime directly from court or law enforcement entity that created it. This is currently done on about 84% of studies where out of state information is used to disqualify a person. DHS anticipates a 20% increase in work to obtain these records because of these changes.

Searching the three child care databases is expected to take about 4,200 hours annually – or about 2 FTEs. These FTEs will cost approximately \$148,000. There is also an estimated \$75,000 in annual fees that DHS needs to pay to other states to complete these checks. In total, the child care changes will cost about \$213,000 annually.

In order to comply with the FBI requirements, this proposal estimates a 20% increase in the number of out of state records that will need to be requested and provides funding for one-third of an FTE to manage this increase. This one-third of an FTE will cost about \$23,000 annually.

Equity and Inclusion:

None.

IT Related Proposals:

System changes to NETStudy 2.0 will be needed.

Results:

These additional checks will improve protections for hundreds of thousands of children served throughout the state.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			\$120	\$161	\$281	\$161	\$161	\$322
HCAF								
Federal TANF								
Total All Funds			\$120	\$161	\$281	\$161	\$161	\$322
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Background Studies FTE	\$102	\$162	\$114	\$162	\$162	\$173
GF	11	Background Studies Fees to Other States	\$75	\$75	\$150	\$75	\$75	\$150
GF	REV1	FFP	(\$57)	(\$76)	(\$133)	(\$76)	(\$76)	(\$151)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11		2.3	2.3		2.3	2.3	

Statutory Change(s):

MS 245C

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: False Claims Act Compliance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends legislation which would bring Minnesota into compliance with the Federal False Claims Act, preserving Minnesota eligibility for the federal financial incentive.

Rationale/Background:

In January of 2017, Minnesota was notified by the U.S. Department of Health and Human Services (DHHS), Office of Inspector General, that Minnesota's False Claims Act did not qualify for the federal incentive because the potential penalty is fixed in statute, and because this penalty is lower than is federally required. Minnesota's current penalty is defined in statute as not less than \$5,500 and not more than \$11,000 per false or fraudulent claim. The federal penalty, which is currently in the range of \$10,781 to \$21,563 per false claim, is tied to the Federal Civil Penalties Inflation Adjustment Act of 2015, which may cause the penalties to fluctuate from year to year. This proposal allows Minnesota to remain eligible for the federal financial incentives without the need for changes in legislation every time there are changes to the penalties at the federal level due to inflation.

Minnesota is currently eligible for the Federal Financial Incentive, due to the Department of Health and Human Services giving Minnesota a grace period until December 31, 2018. This means that for any action brought by Minnesota under the Minnesota False Claims Act, the federal share is reduced by 10% and that money is retained by Minnesota. Changes to the False Claims Act must happen during the 2019 legislative session because Minnesota will be out of compliance and therefore not eligible for the 10% federal financial incentive as of January 1, 2019.

Proposal:

This proposal seeks to amend Minnesota's False Claims Act so it will always comply with the Federal False Claims Act penalty requirements, allowing Minnesota to be eligible for the federal financial incentive.

Equity and Inclusion:

There are no groups that are specifically targeted by this proposal. This proposal will benefit all Minnesotans.

IT Related Proposals:

N.A.

Results:

While it is difficult to predict when and if Minnesota will submit claims under the Federal False Claims Act, this proposal will ensure that the state continues to qualify for the federal financial incentive in the event that claims are submitted.

Statutory Change(s):

15C.02

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Create Separate Skilled Nursing Visit Code

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(29)	(276)	(260)	(244)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(29)	(276)	(260)	(244)
FTEs	0	0	0	0

Recommendation:

The Governor recommends complying with federal HIPAA codes and billing requirements by creating billing code for home health agencies to bill Medical Assistance (MA) for a skilled nurse visit performed by a licensed practical nurse (LPN).

Rationale/Background:

In 2017, Minnesota was notified that a single procedure code for skilled nursing visits was noncompliant with current Health Insurance Portability and Accountability Act (HIPAA) procedure codes. Separating the RN and LPN billing codes is essential to ensure ongoing compliance with federal procedure code requirements for skilled nursing visits and provides cost savings.

Proposal:

This proposal will bring Minnesota into compliance with the appropriate use of federal HIPAA compliant codes and the 8371 Minnesota Uniform Companion Guide by using separate procedure codes for RN and LPN services for skilled nurse visits. Currently, home health agencies are billing for both RN and LPN skilled nurse visits under one code. Home health agencies will continue to utilize the current code when an RN provides the nursing services during a skilled nurse visit. This proposal seeks to activate a second code and create a different rate for LPN skilled nurse visits. The rate for a LPN will be lower than the rate for a RN skilled nurse visit, so this proposal will result in savings. Currently, the rate is \$75.02 per skilled nurse visit. The LPN rate will be 84% of the RN rate, or \$63.01 per visit. This proposal will impact Medical Assistance state plan home health costs, through fee-for-service and through managed care, as well as Alternative Care.

There will be a systems impact for changes in the Medicaid Management Information System (MMIS). MNIT estimates that it will take 9 months to implement so the savings are reduced in FY2020. This proposal does not have any impact to local government.

Equity and Inclusion:

This proposal impacts people with disabilities and older adults that receive skilled nurse visits. These visits are a vital component to ensuring people with complex health needs are able to live in communities of their choosing and still receive services from nurses to avoid institutionalization. Splitting skilled nurse visit codes provides savings and ensures ongoing compliance with federal rules.

IT Related Proposals:

This proposal will impact the MMIS system and will have a total cost of \$67,525 in FY 19 and \$13,505 of ongoing maintenance costs to add a new procedure code for billing LPN skilled nurse visits. The existing code will only be used to bill for RN skilled nurse visits. The work to create the new code is currently estimated to last 9 months, following approval. The MMIS state share is 29% of the total cost.

Results:

DHS will monitor the implementation of this proposal by monitoring the proportion of the number of paid units between LPN and RN's.

For comparison, paid units for Skilled Nurse Visits are provided in the table below:

Skilled Nurse Visits, Paid Units		
Payer Type	FY2015	FY2016
Fee for Service	176,100	164,605
Managed Care	381,867	384,725
Total	557,967	549,330

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			(29)	(276)	(305)	(260)	(244)	(504)
HCAF								
Federal TANF								
Other Fund								
Total All Funds			(29)	(276)	(305)	(260)	(244)	(504)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	33	MA LW	(11)	(63)	(74)	(59)	(55)	(114)
GF	33	MA ED	(35)	(195)	(230)	(182)	(168)	(350)
GF	34	Alternative Care	(3)	(22)	(25)	(23)	(25)	(48)
GF	11	Systems (MMIS)	20	4	24	4	4	8
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

Uncodified law directing the Department to establish and implement a Skilled Nursing Visit code specific to LPNs.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Modernization of the Telephone Equipment Distribution Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends implementing the recommendations made in the 2018 Department of Human Services (DHS) legislative report, “Modernizing Minnesota’s Telephone Equipment Distribution (TED) Program.”¹ The recommendations include adding new telecommunications products to be offered through the program and adding two new services to assist program participants who have hearing loss, combined hearing and vision loss, speech disabilities and physical disabilities.

This request has no impact on the General Fund. The TED program is funded through the Telecommunications Access Minnesota (TAM) special revenue account. The impact on the TAM account is estimated to be less than \$21,000 per year. It is not expected to result in an increase to the telephone surcharge amount needed to fund the TAM account.

Rationale/Background:

Many people with communication disabilities² do not have ‘functionally equivalent’ access to Minnesota’s telecommunications services. Several factors are at play: telephone equipment isn’t designed for people with communication disabilities, modern telephone service provided through cell phones and the internet are not readily and affordably available in all areas of the state, and assistive devices such as hearing aids that could improve communication for many people with hearing loss are expensive.

The TED program was established as one avenue to improve that access by providing specialized telephone equipment. To be eligible for the TED program, a person must 1) be deaf, deafblind, hard of hearing, or have a speech or physical disability that affects communication abilities over the telephone, 2) meet income guidelines, 3) have telecommunications services in place or be applying for telecommunications services, and 4) be a resident of Minnesota.

The statutes creating the TED program were established in the late 1980s when the telephone service landscape looked much different than it does today. As the telecommunications industry evolved, DHS and the Commission of Deaf, DeafBlind and Hard of Hearing received many comments from people with communication disabilities about their frustration with inequitable access to telecommunication services. The TED program has seen

¹ “Modernizing Minnesota’s Telephone Equipment Distribution Program”; https://mn.gov/dhs/assets/2018-01-modernizing-TED-report_tcm1053-323922.pdf

² For purposes of the TED program, these are people who are deaf, deafblind, hard of hearing, or who have speech or physical disabilities that affect their ability to effectively use telecommunications.

declining numbers of participants in part due to the equipment options offered in the TED program but also due to the difficulty people have accessing affordable cell phone and internet service.

As the department responsible for delivering the TED program, DHS began to strategize about modernizing the TED program to reach more of the Minnesotans who could be eligible for the program and find benefit from it. DHS started a pilot program to test the effectiveness of distributing smartphones and tablets. Tablets can be useful for visual telecommunications for people who use sign language. Planning for phase two of the pilot will be soon underway.

At the same time, the 2015 legislature asked DHS to conduct an analysis of its Deaf and Hard of Hearing Services. In FY16, DHS conducted two studies and produced a report for the legislature analyzing the services of the Deaf and Hard of Hearing Services Division (DHHSD), including the TED program.³

The 2017 legislature then asked DHS for a follow-up report with specific recommendations and recommended statute language for modernizing the TED program. DHHSD worked with the Commission of Deaf, DeafBlind and Hard of Hearing to create the January 15, 2018 report and recommendations.⁴ Commerce Department staff provided subject matter expertise as the recommendations were being developed but Commerce was not involved in deciding the final recommendations.

This proposal expects to impact the number of people who apply for and participate in the TED program. Since FY11, the TED program has seen a steady decline in the number of new program participants. With the addition of more modern equipment and a service to assist people in applying for discounted telecommunication service programs, TED expects to reach a broader audience who can benefit from and are eligible for the program.

DHS/Commerce/Public Utilities Commission (PUC) connection

Minnesotans pay a surcharge on telephone lines. The surcharge is deposited in the TAM account. Each year, the surcharge amount is determined by the PUC, depending on how much money is needed in the TAM account. As administrator of the TAM account, the Commerce Department determines the total amount of funding needed in TAM for the coming year and recommends a surcharge amount to the PUC.

Commerce is responsible to create an interagency agreement with DHS to fund the TED program. Each spring, DHS submits a TED budget to Commerce. Commerce submits the TED budget to the PUC within its comprehensive package of TAM account expected costs.

The TAM fund pays for the TED program, Minnesota Relay Services, Relay Outreach, Rural Real-Time News Captioning grants, Accessible News for the Blind, operational costs of the Commission of the Deaf, DeafBlind and Hard of Hearing, coordinating technology accessibility and usability in MN.IT, captioning of live legislative activity streaming, and administrative costs for Commerce to oversee the fund.

Proposal:

This proposal updates an existing program by expanding the products and services offered in the Telephone Equipment Distribution (TED) program.

Specifically, the TED program would:

- Offer telecommunications interconnectivity products. These are products that act as bridge for improving communications such as a Bluetooth streamer that connects to hearing aid, a communication app for a smart phone, or other sound amplifying devices that allow a person with a communication disability to use effectively use telecommunications.

³ The 2015 report is available at https://mn.gov/dhs/assets/2017-01-dhhs-report_tcm1053-275360.pdf.

⁴ The 2017 report is at https://mn.gov/dhs/assets/2018-01-modernizing-TED-report_tcm1053-323922.pdf.

- Offer multi-functional alerting devices. These are devices that flash a light or vibrate when a specific sound occurs, such as a ringing telephone. Alerting devices have become more sophisticated over time and most provide several functions. They not only send alerts for phones but also for ringing doorbells, smoke detector alarms, carbon monoxide alarms, etc.
- Introduce program participants to assistive technology used in other aspects of daily life, outside of telecommunications. While meeting with program participants about telephone equipment, the TED program staff will educate participants about assistive technology and assess their needs to determine communication equipment that could be useful in other situations; for example, personal listening devices ('pocket talkers') for one-to-one conversations or TV sound amplification devices.
- Assist program participants in applying for programs that offer discounts on monthly telecommunications service.

The impact on DHS will be minimal. TED is able to realign staff responsibilities to provide the additional services in this proposal because the work required for these changes is closely aligned to the current work of the TED program. No new positions are needed to accomplish this work. Funding for the interconnectivity products, multi-functional alerting devices, and outreach costs to inform the public about program changes will come from special revenue funding.

The TED program is funded through the Telecommunications Access Minnesota (TAM) special revenue account. The impact on the TAM account is estimated to be less than \$21,000 per year. Base funding for the TED program in State Fiscal Year 2019 is just under \$1.5 million.

DHS estimates this proposal, on its own, would not result in a need to increase in the current surcharge. Even if an impact to the surcharge was expected, no additional legislative action would be needed because the current surcharge is well within the limitation established in law. The maximum amount allowed per telephone line is twenty cents (\$.20) and the current surcharge is \$.05 per line.

The estimated costs to the special revenue account are for purchasing equipment to provide to participants, for outreach and website modifications, and for the DHS indirect charge.

TED costs (in thousands)	FY 20	FY 21	FY 22	FY 23
Interconnectivity	10	8	8	8
Multi-functional devices	6	5	5	5
Outreach, website updates	3	3	3	3
DHS indirect	2	2	2	2
Total	21	18	18	18

The implementation date for the program changes will be October 1, 2019, to allow time for DHS and Commerce to negotiate changes to the TED Interagency Agreement and for the PUC to approve the Agreement and review the surcharge.

Equity and Inclusion:

Persons who are deaf, deafblind, hard of hearing, or who have speech or physical disabilities that affect their ability to use telecommunications equipment will be impacted by this change. This proposal will give them more options for equipment that is designed to provide functionally equivalent access to telecommunications services.

Communication disabilities present barriers to interpersonal, social and professional relationships; engagement in the family and community; and the acquisition of information and knowledge. As a result, people with communication disabilities frequently experience lack of inclusion and inequitable access to services that are readily available to others.

The population of people with communication disabilities has representatives from all racial and ethnic groups, Lesbian, Gay, Bisexual and Transgender groups and Veterans. About 10% of new TED participants in FY17 were members of a non-white racial or ethnic group. This proposal will reduce the disparity in telecommunications access experienced by people with communication disabilities.

This budget change item will be easily sustainable in the long term. The ongoing cost of this proposal is expected to fall within the scope of current law governing the TAM special revenue account. In law, the telephone surcharge that funds the TAM account has a maximum limit of twenty cents (\$.20) per telephone line. The current surcharge is \$.05 per line. DHS estimates this proposal on its own would not result in an increase in the current surcharge.

IT Related Proposals:

This proposal has no IT related costs.

Results:

Since the TED program began in 1988, over 38,000 Minnesotans have been served. Some receive an assessment and equipment once and do not need follow-up services. Others need follow-up training on their equipment, accessories, or a repeat assessment and new equipment when their telecommunications needs change. It is common for a person's needs to change over time due to, for example, a hearing loss that becomes more severe.

TED is experiencing declining numbers of new participants each year because a) most of the current equipment TED offers are for landlines and the use of landlines has dropped dramatically, b) monthly phone/internet service costs for wireless devices are too expensive for some people who fall within TED's income guidelines, and c) over-the-counter telecommunications devices have become more affordable and are 'worth the cost' for people who do not want to do the paperwork to apply for TED.

At the same time, the people who join the TED program find the equipment useful. 65% of TED participants who joined the program three years ago continue to use the equipment they received. 19% needed further services such as a re-assessment, extra training on their equipment, or replacement equipment.

DHS is starting the second phase of a TED pilot program to test whether it should distribute advanced wireless devices such as the iPhone and iPad. 86% of participants in the first phase reported having increased independence because of communication access the devices provide. The second phase will provide additional data to help DHS and the Department of Commerce decide the role of these devices in the TED program.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of new program participants	563	524	FY16 to FY17
Quantity	Number of participants needing additional services or equipment	1337	1358	FY16 to FY17

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Date</i>
Quality	Percent of current participants still using TED equipment after 3 years	65%	FY17
Quality	Percent of current participants needing re-assessment and/or other additional services after 3 years	19%	FY17
Results	Percent of advanced communications pilot program participants who report increased independence as a result of having their TED product	86%	FY17

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund								
HCAF								
Federal TANF								
Other Fund – Telecommunications Access Minnesota			0	0	0	0	0	0
Total All Funds								
Fund	BACT#	Description						
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
			0	0	0	0	0	0

Statutory Change(s):

Minn. Stat. §237.50 – 237.53.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Greater Minnesota Sign Language Interpreting Services Capacity

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	211	211	211	211
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	211	211	211	211
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$211,000 per year from the general fund to increase the availability of sign language interpreting services in Greater Minnesota communities. This funding would expand several existing grant programs.

This proposal increases the total Deaf and Hard of Hearing Services (DHSS) Division grants base by 7.9%. The specific increase to Greater Minnesota interpreting service capacity building activity is 110%.

Rationale/Background:

Minnesota's sign language interpreter referral agencies process and fill tens of thousands of requests for interpreters every year. Despite their best efforts, some Greater Minnesota communities still struggle to find enough interpreters to fill all the requests they receive. This results in a lack of communication access for people who use American Sign Language (ASL) in many aspects of daily life including medical appointments, human and social services, banking, community involvement, etc. In many communities outside of the Twin Cities, the demand for sign language interpreters is sporadic and unpredictable, which results in a sporadic and unpredictable income for interpreters. Because the demand is not sufficient to support full-time work, there is not an adequate supply of interpreters residing and working in Greater Minnesota.

The current annual base funding for Deaf and Hard of Hearing Services grantsspecific to interpreting service capacity building in Greater Minnesota is \$191,000. The total base grant funding for Deaf and Hard of Hearing Services is \$2,675,000 per year.

[Minnesota Statute 256C.233, subd. 2](#) requires the Department of Human Services (DHS) Deaf and Hard of Hearing Services Division to assess the supply and demand statewide for interpreter services and build the base of service providers across the state. The Minnesota legislature provides grant funding to DHS to develop programs and services that address the interpreting services supply issues. In the early 1980's, state grant funding was used to subsidize the interpreter referral process. With the passage of state and federal laws requiring reasonable accommodations, the demand for sign language interpreters increased. Referral agencies became self-sustaining by charging fees for their referral services. State funding was no longer needed to ensure the existence of referral services because they could operate on the fees they generated.

In larger metropolitan areas, the demand for interpreting services is relatively consistent because of the concentrated populations of people who are deaf, deafblind, and hard of hearing. This consistent demand makes

it possible to have a readily available supply of interpreters who can make a full-time living providing interpreting services.

In many areas of Greater Minnesota, the demand for interpreting services is less consistent due to smaller numbers of people who are deaf, deafblind, and hard of hearing. With inconsistent demand, fewer interpreters are available and referral services have difficulty finding qualified interpreters to fill the requests they receive.

DHS focuses the grant funding provided by the legislature on creating innovative solutions for increasing the availability of interpreting services to people in all corners of the state. DHS currently has a contract with one provider to offer several programs and services that have had successful results.

DHS receives data about the program and services provided by the current grantee. Its grantee is one of nine referral agencies offering services in Greater Minnesota. To get a more comprehensive look at Greater Minnesota, DHS contacted the other eight interpreter referral services providers and requested data related to their interpreting service requests in Greater Minnesota. Of the eight providers contacted, three sent data and a fourth sent anecdotal information. One agency processed 12 requests in FY17 and a second processed 57. A third agency managed over 3,700 requests in FY17. The state's current grantee processed over 7,300 requests for interpreting services in Greater Minnesota in FY17 and over 10,000 in FY18.

For the agencies that provided DHS with data, they were able to find interpreters for 94% of the requests they received in FY17 in Greater Minnesota. Over 11,000 requests were processed and only 629 went unfilled. This is an excellent result for many of the people in Greater Minnesota who need interpreting services but more is still needed. The 629 unfilled requests may have been for a young mother who is deaf and needed to take her infant son to the emergency room, or an older person whose first language is ASL who has a chronic medical condition and needs regular follow-up care, or a father of a growing family who needs interpreting services at his workplace to be able to keep his job.

Education to Excellence (E2E)

The E2E program was developed to help prepare K-12 interpreters for community interpreting work. Interpreting in K-12 classrooms requires a significantly different skill set compared to community interpreting. K-12 interpreters are an excellent resource within a community who, if only occasionally are available for community interpreting, are part of the solution for filling community interpreting needs.

The E2E program matches an educational interpreter with a Deaf Mentor and a community interpreter mentor to learn the differences between roles and responsibilities of educational interpreting and community interpreting. The mentors also help the interpreters develop the specific skills needed for working with a wide range of people and community settings.

Since the fall of 2016, 40 interpreters from areas around Moorhead, Duluth, Brainerd, and Faribault have received training through E2E. They provided interpreting services for a total of 1,370 community assignments in Greater Minnesota.

The 1,370 filled assignments are those received and processed through the one agency that holds the DHS grant. Because it is common for interpreters to work for more than one referral agency, it is possible the E2E participants have also worked through other referral agencies and filled even more than the 1,370 assignments tracked through the current grant.

The current grantee has processed a total of over 24,000 requests for interpreting services in Greater Minnesota for the 2 ½ year time period the E2E program has been in place.

Developing Deaf Interpreters (DDI)

DDI started in FY18. The purpose is to prepare deaf people to obtain the Certified Deaf Interpreter credential. Ten Deaf people from locations throughout Greater Minnesota joined the training program. Eight completed the first year (phase one) and took the knowledge portion of the national professional certification exam. Five (63%) passed the knowledge exam. They will begin accepting limited types of interpreting assignments in Greater Minnesota during FY19 while they complete the second year of training to prepare for the performance portion of the exam. Minnesota currently has 7 Certified Deaf Interpreters who work primarily in the Twin Cities.

A Deaf Interpreter works alongside a 'hearing' sign language interpreter. Deaf Interpreters are native ASL signers or have native-like ASL fluency and extensive understanding of Deaf Culture and the world experience of a person who is Deaf. They have the ability to do deep translations for individuals who are deaf and monolingual, or use an atypical sign language, or come from other countries with little exposure to any sign language, or have limited language skills of any sort. They also frequently provide interpreting services for people who are deafblind.

Interpreting work involves much more than word-for-word, or in this case word-for-sign, translation. Successful communication and understanding requires a message to be delivered in a language or communication system the person understands and within a cultural and experiential framework familiar to the person. For a person who does not have a strong language or experiential base, a Certified Deaf Interpreter is able to interpret and reframe a message in a way that a hearing interpreter without the same 'lens' would not be able to.

12-Step Meeting and Funeral Access

12-step groups such as Alcoholics Anonymous are not mandated under the Americans with Disabilities Act (ADA) or Minnesota human rights laws to provide reasonable accommodations for their participants with disabilities. While 12-step groups welcome all people as members, it is uncommon that a self-sustaining 12-step group can afford the ongoing cost of interpreting services for a member who is deaf and uses sign language. When no other funding source can be found, this grant pays for the interpreting services.

From FY16 to FY18, the demand for this funding has increased 66%. In FY18, 178 requests for interpreting services were received and 177 were successfully filled. Four consumers utilized the funding, attending an average of 44 meetings per person per year.

For funerals, the ADA applies in some situations but not all. This program pays for the interpreting services in those situations that are not covered by the ADA. In FY18, 45 requests for interpreting services were received and 43 were successfully filled.

Travel Cost Support

Many entities are responsible to provide reasonable accommodations under the Americans with Disabilities Act and Minnesota human rights laws. In rural communities with only sporadic demand for interpreting services, there often are no locally-based professional interpreters. In the more remote areas of the state, travel costs can be prohibitive to bring in an interpreter after paying for the interpreting time itself.

This program pays for an interpreter's travel time and costs as long as the entity responsible for providing the accommodation is willing to pay for the actual interpreting service. The vast majority (98% in FY18) of the time, travel costs associated with filling an interpreting request are paid by the entity that is responsible to provide the interpreting services. For the remaining 2% of interpreting requests that relied on the Travel Cost Support, the funding needed increased by 29% from FY17 to FY18.

Video Remote Interpreting (VRI) Education

VRI is an alternative method of providing interpreting services in some situations when an in-person interpreter is not available. VRI services are currently available in Minnesota but there is a general lack of understanding about when this is a viable alternative and how to effectively use interpreting services through video technology.

VRI has both opportunity and limitations. The opportunity is getting on-demand interpreting services when needed regardless of whether an interpreter lives nearby. At the same time, there are significant limitations:

- 1) VRI is a two-dimensional presentation of a three-dimensional language. It requires extra visual and cognitive processing and communication adaptations to be used effectively.
- 2) VRI requires high quality internet service or cell phone service to transmit the most clear video and audio information. Not all areas of Minnesota have the quality needed available.
- 3) VRI limits the interpreting process. In many situations the interpreter needs to see all the participants to be able to understand the communication interactions and effectively interpret. VRI also has limitations in 'high stakes' situations such as emergency rooms, legal testimony, etc., where the level of emotional stress is high due to the nature of situation.

Many individuals who use sign language are reluctant to use VRI because they do not have enough information about how it works and in what situations it could be a successful alternative to an in-person interpreter. Entities that hire interpreters need information about the limitations of VRI so that they do not rely on it as a single solution for meeting their obligation to provide reasonable accommodations.

Interpreting Student Internship Stipends

If an interpreting student can develop a professional network by completing their college internship in Greater Minnesota, it may lead to job opportunities after graduation. Minnesota has three interpreter education programs, all located in the Twin Cities area. Each of Minnesota's programs requires students nearing graduation to complete an internship. It is generally easiest for interpreting students to complete their internships in the Twin Cities areas. The cost of commuting or temporarily relocating to a place outside the Twin Cities is a barrier to drawing students to Greater Minnesota. The goal of offering stipends is to draw more students to Greater Minnesota.

Proposal:

This proposal expands the successful programs that were created with grant funding and adds two new services designed to increase Greater Minnesota's capacity to fulfill the interpreting service needs of people living in Greater Minnesota who use American Sign Language (ASL).

Expanded programs:

Education to Excellence (E2E) (\$42,000 per year for both E2E and E2E- Speciality). This proposal adds funding to the E2E program so that interpreters in additional communities in Greater Minnesota have the opportunity to develop competency in community interpreting. DHS expects to prepare an additional seven interpreters per year and fill an additional 504 requests for interpreting services in Greater Minnesota per year.

Education to Excellence—Specialty is the second phase of the E2E program. It launched in FY19. In this phase, interpreters work with mentors to focus on developing the skills and language needed to interpret in highly specialized community settings such as medical, legal and mental health. This proposal provides funding to allow this second phase to be offered each year rather than every other year. DHS expects to prepare between ten and 15 interpreters per year for specialty community interpreter work. This program began in fiscal year 2019 teaching the speciality of medical interpreting.

Developing Deaf Interpreters (DDI). (\$17,000 per year) Additional funding will allow two phases of DDI to be offered each year. Phase 1 is preparing for the written knowledge and professional code of conduct exam of the national certification process; Phase 2 is preparing for the skills demonstration exam. DHS expects six Deaf Interpreters to participate in Phase 1 and six more to participate in Phase 2.

12-Step Meeting and Funeral Access. (\$41,000 per year for 12-step meetings access, funeral access and travel cost support) This proposal increases the available funding so that more people in Greater Minnesota communities can benefit from interpreting services in these situations. DHS expects at least four more people to

participate in 12-step meetings each year. In fiscal year 2018, 4 people were served in the program and they participated in an average of 45 meetings per year.

Travel Cost Support. This proposal increases the funding for this activity. Based on the increase in the demand for travel cost supports from FY 17 to FY18, DHS expects to subsidize travel costs for at least 22 more interpreting requests in Greater Minnesota.

New services:

Video Remote Interpreting (VRI) Education. (\$49,000 per year) This proposal will fund the development of VRI educational materials and delivery of information and training activities to consumers and purchasers of sign language interpreting services in Greater Minnesota.

Interpreting Student Internships. (\$62,000 per year) This proposal will provide stipends to Minnesota residents who are college students majoring in sign language interpreting in a Minnesota college or university and who need to complete an internship as part of their graduation requirements through an accredited institution. Stipends would range between \$2,500 and \$7,500 per student depending on the length of the internship and would be available to up to 8 students per year to offset the internship expenses. Stipends will also be available to internship site hosts to offset their costs of hosting an intern. A part-time liaison will work with each university's internship placement staff to assist with the extra arrangements needed for a Greater Minnesota internship and will oversee stipend allocations and use.

Equity and Inclusion:

Persons who are deaf, deafblind, and hard of hearing in Greater Minnesota will be positively impacted by this change by increasing access to sign language interpreting services.

People with hearing loss who use sign language often face barriers in interpersonal, social and professional relationships, engagement within their family and community, and the acquisition of information and knowledge. When there is insufficient availability of interpreting services, they frequently experience lack of inclusion and inequitable access to services that are readily available to others.

The population of people who are deaf, deafblind, and hard of hearing includes people from all racial and ethnic groups, those who identify as LGBTQIA, and veterans. This proposal will reduce the disparity in communication access often faced by people who are from these diverse groups and who are also deaf, deafblind, and hard of hearing.

IT Related Proposals:

This is not an IT related proposal.

Results:

The various programs and services in this proposal are designed to have a positive impact on one broad performance measure – the number of successfully filled requests for sign language interpreters in Greater Minnesota. Successfully filled means an interpreter accepted the request and delivered the interpreting service. While grant funding does not pay for the day-to-day operations of an interpreter referral service, it impacts the number of requests that are filled by preparing interpreters for community-based work and paying for interpreting service costs that fall outside the scope of communication access laws.

Expanded programs:

For the current grantee, the overall rate of filled requests improved from 96% in FY16 to 97% in FY18. The number of requests they received increased by 54% over that same time period. In FY18, the grantee received 10,256 requests for interpreting services in Greater Minnesota.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Greater Minnesota interpreting assignments filled by E2E participants	314	504	FY16 to FY18
Quality	Percent of E2E participants who report the program met or exceeded their expectations	100%	100%	FY16 to FY17
Results	Percent of Greater Minnesota 12-step meetings that had interpreting services when services were requested	100%	99%	FY16 to FY18
Results	Percent of Greater Minnesota funerals that had interpreting services when services were requested	79%	96%	FY16 to FY18

New services:***Video Remote Interpreting (VRI) Education***

Performance measures will include:

- Number of people who are deaf, deafblind, hard of hearing who participate in VRI educational activities
- Number of purchasers of interpreting services who participate in VRI educational activities
- Percent of participants who would refer others to the educational activities
- Percent of participants who are purchasers of interpreting services who demonstrate improvement in their understanding of best practices for use of VRI

Interpreting Student Internships

Performance measures will include:

- Number of students receiving internship stipends and number of internship sites
- Percent of participating interns who would recommend the program to others
- Percent of participating interns who have a positive response when asked if they would consider working in Greater Minnesota after graduation
- Percent of participating interns who work at least part time in Greater Minnesota after graduation

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			211	211	422	211	211	422
HCAF								
Federal TANF								
Other Fund								
Total All Funds			211	211	422	211	211	422
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	54	Greater MN interpreting services	211	211	422	211	211	211
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
			0	0	0	0	0	0

Statutory Change(s):

No statutory change is required.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Early Intensive Developmental & Behavioral Intervention Criminal Background Studies

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	20	20	20	20
Revenues	(20)	(20)	(20)	(20)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends including Early Intensive Developmental and Behavioral Intervention (EIDBI) autism benefit service providers within the background study requirements of Minnesota Statutes Chapter 245C, including a requirement for provider staff to undergo a background study through the commissioner's NETStudy system, the new fingerprint based system for conducting background studies.

Rationale/Background:

Currently, EIDBI providers are excluded from the NETStudy system if they do not also provide other services that require background studies subject to the requirements under Chapter 245C. As a result, many of these providers are on their own to find a source to conduct background studies for prospective staff. Further, if a staff person is identified as having a criminal background, state exclusion criteria under 245C.15 do not currently apply – only federal criteria describing certain crimes involving Medicaid fraud and other financial crimes may be applied.

Proposal:

This proposal adds EIDBI providers to the list of providers subject to the background study requirements and restrictions in Chapter 245C, and requires them to use the NETStudy system (the department's uniform system for conducting background studies) to complete staff background studies under that chapter.

As a result, providers and DHS will have clear exclusion criteria to apply to persons who have criminal backgrounds that would otherwise prohibit them from working directly with children and vulnerable adults. It will also identify a single source for EIDBI providers that is a timely, trusted, and responsible resource for background studies.

EIDBI service providers will need to be informed of this change and trained to use the NETStudy system to implement this proposal. Since the number of providers are small, the costs for the training can be completed within existing resources.

Additional administrative and staff resources will be needed to compensate for the increased workload of the NETStudy system. However, the cost is budget neutral as the proposal recovers the cost of the

background studies through a per-study fee paid by EIDBI service providers. The fee will be \$32 per transaction.

Equity and Inclusion:

- Children and young adults with autism spectrum disorder and related conditions will be directly impacted by this proposal; they will be protected by applying 245C background study and criminal background disqualification criteria to prospective staff. The EIDBI Advisory Group and other parent advocates have been consulted in the development of this proposal.
- The anticipated positive impact is fewer people with disqualifying criminal backgrounds will be able to access children and vulnerable adults with autism spectrum disorder and related conditions who may not be in a position to defend themselves or report maltreatment.
- Ongoing funding for department staff and administrative costs will be reimbursed via background study fees paid by EIDBI service providers.

IT Related Proposals:

This is not an IT-related proposal.

Results:

The following information will be collected from NETStudy, DHS Provider Enrollment, and SIRS audits.

- **Quantity:** How many prospective EIDBI staff persons were subject to a background study during any given year?
- **Quality:** How many of these prospective staff persons were identified as disqualified due to criminal background, and proactively blocked from working with children and vulnerable adults?
- **Result:** Have prospective staff with disqualifying criminal histories been identified and prevented from having access to children and vulnerable adults as a result of applying 245C criteria?

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund								
HCAF								
Federal TANF								
Other Fund			0	0	0	0	0	0
Total All Funds			0	0	0	0	0	0
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
SR	11	Background study expenses	20	20	40	20	20	40
SR	REV	Background study revenue	(20)	(20)	(40)	(20)	(20)	(40)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

Amend Minnesota Statutes 245C.03, 245C.10, 256B.0949

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: HIV Statute Language Updates

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends improving access to Minnesota's healthcare coverage program for low-income Minnesotans living with HIV or AIDS to assure eligible individuals can access and maintain healthcare coverage. This proposal impacts (1) individuals who opt out of employer-sponsored insurance due to out-of-pocket costs and (2) individuals who are on Medical Assistance and MinnesotaCare and are subject to cost-sharing requirements under Minn. Stat. § 256B.0631, subdivision 2. This proposal is budget neutral because it reallocates state insurance grant dollars without a need for additional funding.

Rationale/Background:

Minnesota primarily purchases insurance and drugs for low-income people living with HIV or AIDS through its Ryan White HIV/AIDS Program (Ryan White) Part B AIDS Drug Assistance Program, which is administered by the Department of Human Services (DHS). The HIV/AIDS healthcare coverage program authorized under Minn. Stat. §256.9365 supplements the Ryan White Program to fill gaps in coverage. A gap currently exists between the state and federal programs, resulting in some people not receiving coverage for insurance premiums and prescription drug copays, despite their eligibility for state and federal programs.

The federal Health Resources Services Administration (HRSA) requires states to either eliminate drug copays or track them as program income with a sliding scale fee and cap charges to ensure clients have access to necessary medications. Cost-sharing was eliminated for non-Medical Assistance and non-MinnesotaCare AIDS Drug Assistance Program clients effective January 2018. In order to eliminate copays at the point of sale for Medical Assistance and MinnesotaCare clients, DHS has launched long-term administrative and IT system projects. To ensure access to prescription drugs in the interim, DHS began a retroactive reimbursement process for clients.

The gap in health care coverage has impacted eligible individuals without access to medical care and treatment for their HIV or AIDS diagnosis. Such care includes routine testing for viral load and CD4 counts. This testing often gets skipped due to costs or shifted to uncompensated care by clinics and doctors, despite necessity. Managing viral suppression is essential in reducing the transmission of HIV. It also is essential in achieving improved health outcomes for people living with HIV and AIDS. A study done with AIDS Drug Assistance Program enrollees in San Diego showed that viral suppression was achieved by more patients enrolled in health insurance than only in the drug assistance program (85.5% vs 78.7%). Reaching this percentage of clients through direct reimbursement for their premiums costs would improve their ability to achieve and/or maintain viral suppression.

Align Eligibility Requirements

The current eligibility requirements in the state's healthcare coverage program, which include an asset test, need to be updated to align with the Affordable Care Act and Minnesota's expansion of the Medicaid program. In addition, a goal of [the HIV/AIDS Unmet Need and Rebate Funds Use Report](#) submitted to the 2015 Minnesota Legislature, was to expand the income requirements for the Minnesota Ryan White Part B AIDS Drug Assistance Program, from 300% to 400% of the Federal Poverty Guidelines. This report was the result of input from community stakeholders to prioritize spending of 340B drug rebate funds that accumulated in the AIDS Drug Assistance Program. The AIDS Drug Assistance Program has not collected asset limit documentation from clients since the Affordable Care Act was implemented in 2014.

Expand Insurance Premium Assistance

Nearly 20% of AIDS Drug Assistance Program clients are eligible for employer sponsored insurance, but opt out due to unaffordable out-of-pocket costs. This leaves them uninsured and only able to access the prescription drug assistance under AIDS Drug Assistance Program. DHS will utilize an existing grant program, the Health Insurance Premium Program, to reimburse AIDS Drug Assistance Program clients for out-of-pocket insurance premiums using state grant funding.

Drug Copays and Medical Assistance/MinnesotaCare Cost-Share Relief

In order to comply with HRSA guidance related to prescription drug co-pays, the DHS AIDS Drug Assistance Program eliminated copays. Copays were eliminated for non-Medical Assistance and non-MinnesotaCare AIDS Drug Assistance Program clients effective January 2018. Eliminating copays for clients on MA or MinnesotaCare will be implemented in two phases.

In the first phase, DHS will utilize the Health Insurance Premium Program, to reimburse AIDS Drug Assistance Program clients for out-of-pocket drug copays using available state funding. Under this phase, patients pay their copays at the point of sale and are reimbursed upon submitting records of the purchase. Patients are reimbursed with state HIV/AIDS funds because HRSA guidelines prohibit federal Ryan White grant dollars and AIDS Drug Assistance Program 340B drug rebate dollars to be used to reimburse clients directly. In the second phase, DHS will implement an administrative solution to ensure clients do not have any out-of-pocket drug copay at the point of sale, allowing seamless access to prescription drugs. In the second phase, the AIDS Drug Assistance Program and 340B drug rebates will pay for those costs as it will not require direct reimbursement to clients. Development of the phase two solution is currently underway.

Proposal:

This proposal modifies spending in an existing program under Minn. Stat. § 256.9365, to purchase health insurance for low-income Minnesotans living with HIV or AIDS by: 1) aligning statutory eligibility requirements with federal standards and current practice; 2) addressing gaps in coverage for the purchase of health insurance and prescription drugs; and 3) meeting compliance with federal requirements for full coverage of prescription co-pays. This proposal is effective July 1, 2019.

This proposal aligns with federal guidance by clarifying that persons eligible for the Minnesota's HIV/AIDS program are not subject to the cost-sharing requirements under Minn. Stat. § 256B.0631, subdivision 2.

Currently, the state insurance appropriation, which is about \$1.1 million per year, is used for the purchase of health insurance premiums. Staff, payment for services, and all other program costs are covered by the Ryan White Part B grant and through the AIDS Drug Assistance Program 340B drug rebate funds. All dollars spent at the state level are for direct client benefit and access.

This proposal will reallocate some of the state appropriation to pay for co-pays for those individuals whose co-pays are not currently being paid. This will not result in additional costs for the general fund, as more spending will be shifted and occur in the federal Ryan White and the rebate program.

Equity and Inclusion:

In Minnesota, of people living with HIV or AIDS, 55% are men who identify as same gender loving, 53% are people of color, 37% are African American or African born, and 33% are over the age of 55. Any changes to expand access to the insurance premium assistance or drug cost-sharing will have significant impact on people of color, LGBTQIA, and aging populations.

IT Related Proposals:

It is estimated that there will be no system costs. However, any costs that might be identified would be funded through the federal AIDS Drug Assistance Program 340B drug rebate funds.

Results:

This proposal will:

- Increase the number of people living with HIV in Minnesota eligible for the Ryan White Part B and AIDS Drug Assistance Program who are insured. As of September 2018, 22% were uninsured.
- Increase the number of people living with HIV in Minnesota retained in care and virally suppressed.

Statutory Change(s):

Amend Minnesota Statute § 256.9365.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Semi-Independent Living Services Grant Program Funding Restructuring

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends reducing the Semi-Independent Living Services (SILS) state grant program contribution required of Minnesota counties and tribes from 30 percent to 15 percent. This proposal is budget neutral and does not have a fiscal impact on the state's general fund.

Rationale/Background:

The SILS state grant program supports adults with developmental disabilities in the community by funding training and assistance in managing money, preparing meals, shopping, hygiene, and other activities. The SILS program provides less intensive and less expensive community living supports than those offered through the Developmental Disabilities (DD) waiver to people who do not meet the eligibility requirements for waiver services. Minnesota counties and tribes administer the SILS program.

SILS currently requires a 30 percent contribution of local funds by the lead agency (county or tribe) that authorizes these services. DHS has learned that lead agencies do not always have funds for the 30 percent match. Without a 30 percent local funding match, lead agencies cannot access the state funding to administer the SILS program. As a result, people who may otherwise receive SILS may not receive the minimal supports to help them retain housing and employment.

Proposal:

This proposal seeks to incentivize use of the SILS state grant program, which supports adults with developmental disabilities in ways that enable them to achieve personally-desired outcomes and lead self-directed lives. The SILS program provides minimal supports that allow people to live independently.

This proposal will increase equitable statewide access to SILS by reducing the amount of local funds counties and tribes must contribute, from 30 percent to 15 percent. Within current funding, the state's share of program funding would increase from 70 percent to 85 percent.

The SILS grant is an existing program, and this proposal does not change current program policies. The current base general fund appropriation for the SILS program is about \$8.3 million a year.

As seen in the table below, over \$2 million of the fiscal year 2017 SILS program allocation was unspent, due to underutilization. This proposal is budget neutral as the increased State share of funding, from 70 percent to 85 percent, will draw from the available unused state allocation funds.

Year	SILS State Funds Used	SILS Local Contribution	Unspent SILS State Allocation
FY 2017	\$5,946,367	\$2,547,077	\$2,381,995

Equity and Inclusion:

The SILS state grant program supports adults with developmental disabilities by funding training and assistance services that support community living. The 30 percent lead agency contribution currently required under SILS creates geographic service access inequities. This contribution is paid using local funds and, depending on other local budget pressures, a lead agency may not have funds for the SILS program. As a result, residents of some lead agencies may access SILS services while others may not.

IT Related Proposals:

There are no system costs associated with this proposal.

Results:

The performance measures for the SILS grant program are:

Type of Measure	Name of Measure	Previous	Current	Dates
Results	Unspent SILS State Allocation	N/A	\$2,381,995	FY2017

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			0	0	0	0	0	0
HCAF								
Federal TANF								
Other Fund								
Total All Funds								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
			0	0	0	0	0	0
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

This proposal will require changes to [Minn. Stat. §252.275](#)

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Community First Services and Supports Eligibility for Pregnant Women

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends authority to use state-only funding to provide Community First Services and Supports (CFSS) for a small category of people who are eligible under Minnesota Statute §256B.055, subd. 6. This authority ensures that all those eligible for PCA now, will also be eligible for CFSS when implemented. It also allows for CFSS to be implemented without building an interface between MMIS, METS and MAXIS, shortening the implementation timeline. This proposal does not have a fiscal impact.

Rationale/Background:

CFSS is designed to offer participants more choice, control, and flexibility with their services and supports needed to live in the community. Similar to Personal Care Assistance (PCA) services, CFSS offers assistance with activities of daily living (ADLs), instrumental activities of daily living (IADLs), health-related tasks, and back-up systems to assure continuity of services and supports based on assessed functional needs for people who require support to live in the community. Unlike Personal Care Assistance (PCA) services, CFSS offers permissible services and supports associated with a participant's assessed need or goal. When implemented, CFSS will replace the PCA program and the Consumer Support Grant.

Originally CFSS was designed to include three federal authorities, ensuring that all people currently eligible for PCA would remain eligible for CFSS: (1) a state plan amendment under § 1915(k) of the Social Security Act; (2) A state plan amendment under § 1915(i) of the SSA; and (3) a demonstration project waiver under § 1115 of the SSA. Expanded financial eligibility criteria, under the Affordable Care Act, resulted in the majority of eligible recipients falling into two of the original authorities: 1915(k) and 1915(i). A small eligibility category of pregnant women with incomes between 150% and 278% FPG would be eligible, only under the 1115 authority.

Proposal:

This proposal seeks authority to use state-only funds to ensure CFSS eligibility for pregnant women who: (1) do not have an institutional level-of-care and (2) meet all statutory CFSS eligibility requirements. This proposal also reduces the time required to implement CFSS by pursuing an option that eliminates the need for a federal waiver.

While the Department needs legislative authority to use state-only funds to pay for services for this population, the number of people impacted is projected to be so small that any additional cost would be negligible. Recent research from 2016 and 2017 found approximately three people that might have been impacted by this proposal. Given the small number of people potentially impacted, this proposal will not have a measureable impact on the Medical Assistance forecast.

Equity and Inclusion:

The PCA program is one of the most diverse long-term service and support programs in Minnesota and is growing more diverse each year. In January 2017, 61% of people receiving PCA services were people of color or Native American. Approximately 33% of people receiving PCA services were non-Hispanic white, compared to an estimated 80% of Minnesotans statewide. The transition from PCA to CFSS will occur for these groups generally, but the changes in this proposal will not affect these communities any differently from other groups receiving PCA.

Results:

DHS will monitor the implementation of this proposal as we transition from PCA to CFSS.

Statutory Changes

Amend [256B.85, Subd. 3.](#)

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Updating Indian Health Services Provider Payments

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	9	2	2	2
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	9	2	2	2
FTEs	0	0	0	0

Recommendation:

The Governor recommends modifying the payment formula for Indian Health Centers serving people who are enrolled in both Medical Assistance and Medicare to be consistent with how other similar providers are reimbursed.

Rationale/Background:

For people dually eligible for Medicare Part B and Medical Assistance, Medicare is the primary payer for most health care services outside of long term care. State Medicaid programs provide varying levels of support for Medicare premiums and cost sharing. For services provided to dually eligible individuals in Minnesota, Medicare pays 80 percent of the Medicare allowed amount and Medical Assistance pays the remaining 20 percent on what are commonly referred to as “crossover claims.”

In 2011, the legislature modified the treatment of Medicare Part B claims for dually eligible individuals by limiting the total payment to the Medical Assistance rate. On average Medical Assistance rates for most services are lower than amounts paid by Medicare, and the new limit reduced the amount Medical Assistance paid for cost sharing on crossover claims. In 2015, the legislature exempted federally qualified health centers and rural health centers from this limit, restoring Medical Assistance payment of the full Medicare cost sharing amount. Indian Health Service (IHS) providers have a similar payment methodology to federally qualified health centers and rural health centers and had been expected to be included in the exemption. However, due to a drafting error, the language did not include IHS providers.

Proposal:

The proposal would make a change to the Medical Assistance statute to add Indian Health Centers to a payment limit exemption for cost sharing on Medicare part B cross over claims. This would align the treatment of IHS providers with how similar claims are treated for Federally Qualified Health Centers and Rural Health Centers. This proposal corrects the error and adds IHS providers to the exemption as was originally intended. This will allow all three similarly situated provider types to be treated consistently.

All Medical Assistance covered services provided by an IHS are 100 percent federally funded. As such, restoring payment of the full Medicare cost sharing amount for services to duals has no impact on the state funding for Medical Assistance. Removing the limit on crossover payments to IHS providers will require minor change to DHS claims payment systems. The cost of the necessary systems changes is reflected in this estimate.

Equity and Inclusion:

This proposal corrects an unintended disparity in how Indian Health Centers are reimbursed compared with other similar providers.

IT Related Proposals:

This proposal will require a minor change to MMIS.

Results:

This proposal will result in Indian Health Centers receiving reimbursement in a manner that is equitable with other similar providers.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			9	2	11	2	2	4
HCAF								
Federal TANF								
Other Fund								
Total All Funds			9	2	11	2	2	4
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Systems (MMIS @ 29%)	9	2	11	2	2	4
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

256B.0625

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Improving Medical Assistance Benefit Recovery

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(19)	16	13	(108)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(19)	16	13	(108)
FTEs	0	0	0	0

Recommendation:

The Governor recommends improving the state's ability to ensure that Medical Assistance serves as the payer of last resort through implementation of an electronic case management system and improved data sharing between the Department of Human Services (DHS) and the Department of Public Safety (DPS).

Rationale/Background:

Under federal law, Medical Assistance serves as the payer of last resort. This means that other insurers or programs must pay their share of costs before a Medical Assistance payment is made. This is known as "third party liability" or TPL. Federal law requires states to take steps to ensure that medical providers bill third parties first before requesting payment from Medical Assistance. If a state has paid claims and later discovers the existence of a liable third party, the state must attempt to recover the money from the liable third party. When a recovery is made, the federal and county shares are reimbursed and the remainder is returned to the state general fund.

Minnesota currently recovers or cost-avoids over \$900 million annually through TPL related activities but there are opportunities to expand this work and generate additional savings for the state budget. DHS currently manages over 10,000 cases related to this work. There is currently no electronic management system in place to track, maintain and monitor cases, and the majority of Minnesota's TPL activities involves paper and/or manual processes. This limits the effectiveness and efficiency of this work. Sophisticated web-based case management systems are available that track and house all TPL activities and are being put in place by other states. Implementation of an electronic case management system will make the work more efficient and increase recoveries.

Another opportunity for improving the state's TPL activities relates to situations in which a Medical Assistance enrollee is involved in a motor vehicle accident and there is an insurance settlement to cover their related health care costs. DHS currently identifies these cases primarily through required legal notification once an attorney has been retained by the injured party or through Medical Assistance payment data. These processes can take months after the initial date of injury and medical treatment, and by then the medical payment may have been exhausted by other sources. Additionally, providers have a year to bill Medical Assistance from the date of service. This time lag may mean that settlement discussions are occurring before DHS is aware of the injury. Obtaining this information more quickly increases the opportunity for the state to join in legal settlements before they are final. Improving the timeliness of motor vehicle accident information will result in some additional revenue to the state.

Data sharing is useful for identifying potential new recovery cases proactively and efficiently when there is an accident. Federal Medicaid regulations require an exchange of data for the purpose of determining the legal liability of third parties for health care costs, particularly from State Motor Vehicle Accident Report files.ⁱ State law (Minnesota Statute 256.015, subdivision 7) authorizes DPS to share motor vehicle accident data with DHS for the purposes of complying with federal Medicaid rules regarding third party liability, but this law does not explicitly authorize DPS to share Social Security data with DHS. In 2009, DPS began sharing motor vehicle accident data for this purpose, but the data shared included a large volume of duplicate names and birth dates. Accurate data matches are not possible without a unique personal identifier.

Permitting DHS access to personal identifiers within motor vehicle accident data would accelerate tort recoveries and allow DHS to participate in more settlements. The data received would come from Accident Reports and driver's license records, which house the Social Security numbers. DPS has confirmed that there would be no information provided through the MNLARS system and no DHS data would be matched with that system.

Proposal:

This proposal provides funding for DHS to purchase and implement an electronic case management system for the state's TPL activities in order to improve the efficiency and effectiveness of this work. DHS will solicit estimates with vendors through state contracting processes to modify and develop code to implement the case management system. This proposal assumes the state will implement the first phase of the electronic system by January 1, 2021.

The first phase would address global case management needs for tort, estate recovery, and cost effective health insurance activities. This systems improvement project is eligible for enhanced federal funding, and the tracking reflects the anticipated state share for the vendor contract. The second phase would update functionality to include case management of the cost-effective health insurance program and additional case management functionality for estate recovery, both of which are completed by counties, that is giving counties the ability to work in this system. The third phase would add the capacity to process third party insurance electronically.

Implementation of a case management system for these recovery efforts will make this work more efficient and should ensure increased recoveries and more effective oversight of DHS staff and the work of partners. The overall cost of the case management system for development and implementation is estimated at \$2.1 million for the first phase, and \$1.5 million for each of the second and third phases. We assume a 90% federal match so the costs reflected in the proposal are state share only.

This proposal will also allow DPS to exchange motor vehicle accident data that include the last four-digits of an individual's Social Security number with DHS through an existing secure web portal on a biweekly basis. DHS will match the data against Medical Assistance enrollee eligibility data. Once the match is complete, DHS will destroy the data received from DPS. Permitting DHS access to personal identifiers within motor vehicle accident data will accelerate tort recoveries and allow DHS to participate in more settlements.

DHS assumes that the accelerated collections will result in an increase in FY2020 collections for no fault insurance recoveries from motor vehicle accidents equal to 25 percent of the FY2017 total and an ongoing increase of 15 percent of the FY2017 amount resulting from additional accident data. Additional accelerated collections are assumed for medical claims in tort cases in FY2020 collections equal to five percent of the FY2017 total and an ongoing increase of 2.5 percent beginning in FY2021.

Equity and Inclusion:

This proposal seeks to improve the state's ability to ensure that Medical Assistance is the payer of last resort. The proposal does not impact an enrollee's ability to access services.

IT Related Proposals:

This proposal does not require any changes to DHS IT systems, but may require some configuration and integration with the new TED case management system. DPS has previously provided DHS with a file containing motor vehicle accident information. This proposal will allow for the exchange of a personal identifier within the motor vehicle data which can be added to the existing DPS file.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	MA Recoveries			
Quantity	MA Recoveries from Motor Vehicle Accident Settlements			

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			(19)	16	(3)	13	(108)	(95)
HCAF								
Federal TANF								
Other Fund								
Total All Funds			(19)	16	(3)	13	(108)	(95)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	REV2	MA Recoveries	(229)	(134)	(363)	(137)	(137)	(274)
GF	11	HCA Admin (Contract)	210	150	360	150	29	179
		Requested FTE's						
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

256B.015

ⁱ 42 CFR 433.138(d)(4)(ii).

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clarify and Strengthen Provider Screening and Enrollment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	143	147	151	155
Revenues	(143)	(147)	(151)	(155)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends strengthening and clarifying provider enrollment, reenrollment, revalidation, and background studies requirements for Medical Assistance providers to support implementation of federal provider screening requirements, to improve the ability to identify and address potential waste and to improve the efficiency of the screening and enrollment process.

Rationale/Background:

DHS has authority to impose sanctions, payment withholds, suspensions or terminations when a provider is non-compliant with specific requirements. However, it's unclear if this ability applies to issues that arise during enrollment or reenrollment. This limits the Department's ability to take action.

Strengthen PCA Provider Requirements and Revalidation Processes

Personal Care Assistance (PCA) agencies are required to have bonds and insurances as a condition of participation in the PCA program. This includes a surety bond that ensures a benefit to the State of Minnesota if the provider fails to comply with program rules. However, not all providers maintain bonds and insurances on a continued basis.

In addition, DHS must currently perform a review of PCA agencies once every year, known as the "annual review", and must complete a full revalidation for providers at least once every five years. The annual review provision requires PCA agencies to respond to annual review requests within 30 days. Agencies that fail to respond in that time period are subject to suspension or termination of enrollment. Experience shows that few agencies are able to respond within 30 days and suspension or terminations result in interruptions to service authorizations, which creates conflict for recipients. Further, annual review is no longer necessary because the provider screening requirements of the Affordable Care Act (ACA) require more stringent screening processes.

Electronic Communication of Screening and Enrollment Actions

Currently, DHS is required to provide notice via certified mail for provider screening and enrollment actions. Communicating the same information both electronically and by mail is a duplicative and inefficient process that does not serve DHS or the provider and often leads to confusion.

Background Studies

Historically, it was very easy for "high risk" providers to submit paperwork, become enrolled, and start billing without having any employed qualified staff, or the capacity to operate a legitimate business. However, under updated federal provider screening regulations, states are required to conduct fingerprint-based criminal history record checks through the FBI on owners and managerial officials of providers that have been categorized, either

by federal Centers for Medicare and Medicaid Services (CMS) or by a state, as “high risk” for fraud, waste or abuse.

High risk providers with owners and managerial officials who have been convicted of a crime related to their involvement in Medicare, Medicaid, or CHIP within the previous 10 years are ineligible to enroll as a provider in Medicaid. While authority already exists in federal regulation to conduct the fingerprint-based criminal background checks through the FBI, state law has not been updated. Additionally, the “fitness criteria” – or what defines a crime related to involvement in federal health care programs –are not adequately defined in federal regulation.

Proposal:

This proposal makes the following updates and clarifications to provider enrollment, reenrollment, revalidation, and background studies requirements:

Strengthen Enforcement of Federal Law

Federal law requires DHS to screen all Medical Assistance providers during initial enrollment, reenrollments, as well as during revalidation. This proposal would clarify the activities performed during the screening of providers and standardize the timelines for providers to comply as well as the frequency of ongoing screenings. These changes are technical updates to support implementation of the federal screening requirements and to provide clarity to providers and a more consistent experience across service lines.

DHS currently has the authority to impose payment withholds, fines, suspensions, or terminations when a provider is non-compliant with specific requirements of being an enrolled provider. However, Minnesota law is unclear if this ability applies to issues that arise during enrollment or reenrollment. This limits DHS’ ability to take action. This proposal adds clear legislative authority for the Provider Enrollment area to collect or stop the payment of Medicaid funds when a provider is found to have been non-compliant with enrolment, reenrollment or revalidation requirements. This change will allow DHS to take action when issues are first identified during the enrollment process.

Strengthen PCA Provider Requirements and Revalidation Processes

This proposal requires PCA agencies to maintain bonds and insurances for each practice location and adds clear statutory authority to deny payments during times of non-compliance or to suspend and terminate providers who display patterns of noncompliance with the bond and insurance requirements. These changes are intended to give DHS clearer authority to both stop a provider’s ability to receive payment when a bond and insurance has lapsed, to recapture money paid during times required bonds and insurances were or are not in force, as well as terminate enrollment for habitual offenders.

This proposal also updates the PCA review and revalidation process to require revalidation every three years and eliminates the annual review process. This proposal will also require PCA provider agencies to submit a written record of grievances and resolution of the grievances that the personal care assistance provider agency has received to DHS upon request. Grievances are currently part of the annual review process and this would allow DHS to continue to review grievances more frequently, as issues arise, without waiting for the next revalidation. It will also allow for more frequent in-depth reviews of provider agencies. This will increase work in DHS’ provider enrollment area. DHS currently collects a fee in the amount of \$569 per provider for enrollment and reenrollment or revalidation from certain provider types. The amount is set by CMS, and deposits are dedicated to DHS to pay for screening and enrollment activities.

Electronic Communication of Screening and Enrollment Actions

This proposal clarifies that DHS has the authority to electronically communicate actions related to screening and enrollment, as is current practice, and would eliminate the requirement to also send notice by mail, unless a provider does not have a MN-ITS account. MN-ITS is the electronic communications system DHS uses to communicate with providers.

Background Studies

This proposal clarifies that background checks will be conducted under the provisions in Minnesota law under Chapter 245C and provides the authority for DHS to submit fingerprints to the FBI for the national record check. This proposal will result in additional background studies which, because they include an FBI check, will include offenses in other states. Including a national record check through the FBI in the background study will provide the state a more complete criminal history on providers seeking to enroll as a provider in Minnesota Health Care Programs which have been designated as a high-risk to commit fraud, waste and abuse.

Ultimately this proposal will limit the risk of harm to which Minnesotans participating in DHS program services are exposed by ensuring providers with disqualifying criminal histories are not able to enroll as providers. The expanded background checks prevent these fraudulent providers from even starting operations or billing DHS. Additionally, this proposal brings Minnesota into compliance with Federal Regulation under Title 42, Part 455, Subpart E, Section 455.434.

This proposal also clarifies the fitness criteria by leveraging the NetStudy 2.0 process. It uses the disqualification criteria in Chapter 245C as the fitness criteria for enrollment as a provider in Minnesota Health Care Programs.

Equity and Inclusion:

Providers impacted by this proposal represent a broad and diverse group who serve a broad and diverse group of vulnerable citizens. The increased screening of these providers will help to assure more thorough vetting of high-risk providers who are ultimately approved to provide services to some of Minnesota's most vulnerable citizens.

IT Related Proposals:

The provider enrollment aspects of this proposal have no impact on DHS IT systems. The background studies portion of this proposal requires updates to the DHS background study system.

Results:

These changes are intended to result in increased program integrity, allow the department to establish a baseline measurement for compliance over time, implement additional process improvements upon identifying trends and areas of potential fraud waste and abuse, utilize current infrastructure already in place and streamline processes already known and used by the provider population. The increased screening of high-risk providers will assure more thorough vetting of those who are providing services to some of Minnesota's most vulnerable citizens.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund								
HCAF								
Federal TANF								
Other Fund								
Total All Funds								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
SRF	EXP	Provider screening and enrollment	143	147	290	151	155	306
SRF	REV	Enrollment and Revalidation Fee	(143)	(147)	(290)	(151)	(155)	(306)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

256B.04; 256.0659; 256B.0949; and 245C

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Aligning Application Assistance Payments

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends aligning incentive payments to organizations that help people enroll in health care coverage so that payments are consistent regardless of the type of health care coverage the person is eligible for.

Rationale/Background:

Currently, entities providing application assistance receive an incentive payment when they successfully enroll an individual in Medical Assistance, MinnesotaCare, or a Qualified Health Plans (QHP). Under current state law, organizations receive a \$25 payment for people who successfully enroll in Medical Assistance and \$70 for people who successfully enroll people in MinnesotaCare or a QHP.

In FY 2018, approximately 600 navigators across the state of Minnesota provided application and renewal assistance to about 61,137 Medical Assistance and MinnesotaCare enrollees. The disparities between these two incentive payments unfairly impact organizations assisting people to enroll in Medical Assistnace.

Proposal:

This proposal reallocates existing DHS administrative funds, from a Special Revenue Fund with a balance of \$2.3 million, to increase the incentive payments from \$25 to \$70 per application for organizations providing application assistance for Medical Assistance. This would align the payment structure to provide consistent incentive payments for successful enrollment in Medical Assistance and MinnesotaCare. This proposal reallocates existing funds within the DHS administrative budget.

Equity and Inclusion:

Equalizing this payment amount will fairly pay organizations to reach out to and assist all populations of uninsured people in Minnesota, and is intended to improve access to affordable care and reduce the percentage of Minnesotans lacking health insurance.

IT Related Proposals:

This proposal does not impact DHS IT systems.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of MA enrolles receiving application assistance from a navigator	52,509	N/A	FY2017

Statutory Change(s):

Rider

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Rebasing Inpatient Hospital Payment Rates

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	22	4	4	4
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	22	4	4	4
FTEs	0	0	0	0

Recommendation:

The Governor recommends several updates to the process of rebasing of inpatient hospital payment rates under Medical Assistance, which is required every two years. This proposal helps to better align inpatient hospital payments, streamline the payment, simplify the system and rates for hospitals, and extend the commissioner's authority to use policy adjusters when developing inpatient hospital rates. It also allows Hennepin County Medical Center (HCMC) to maintain its level of payments associated with disproportionate share hospital (DSH), preventing an unintended loss of about \$5 million or 40 percent of their current DSH payments.

This proposal is effective for hospital discharges that are on or after July 1, 2019.

Rationale/Background:

Section 256.969 Minnesota Statutes requires DHS to rebase inpatient hospital rates every two years. Rebasing is the process used to recalculate payment rates using more current cost data. The next rebasing is due to be implemented July 1, 2019 for Prospective Payment System (PPS), Critical Access (CAH) and Long Term Acute Care (LTAC) hospitals. This will be the third rebasing of the rates since the new methodology was first implemented in November 2014.

Proposal:

This proposal addresses an unintended consequence of current law that would reduce payments to Hennepin County Medical Center (HCMC) by about \$5 million. HCMC currently qualifies for the disproportionate share hospital (DSH) factor applied to hospitals that have a very high Medicaid Inpatient Utilization Rate for rebasing. The qualifying threshold of three standard deviations above the statewide mean is specified in statute. Based on utilization data, HCMC will not meet the three standard deviation threshold in this rebasing. This would cause a significant reduction to payments made to a safety net hospital that serves a considerably higher proportion of Medicaid patients than any other hospital in the state. However, if the threshold were lowered to 2.5 standard deviations, HCMC would qualify and would still be the only hospital that would qualify. This allows HCMC to maintain its level of payments associated with DSH.

This proposal extends the commissioner's authority to use policy adjusters when developing inpatient hospital rates. DHS' authority to use policy adjusters expires after this rebasing. The authority was included in the establishing legislation with a sunset date because hospitals were unsure how DHS would use the policy adjusters. We have now been through two rebasings and are in the midst of the third and we have had no complaints about our use of the policy adjusters from advocates or hospitals. Moreover, policy adjusters are essential to setting

accurate payment rates, particularly to ensure that mental health, births, and other services important to the Medicaid population are supported and accessible throughout the state.

This proposal includes a per claim charge limit on inpatient payments so that DHS would not pay more than a hospital bills for that claim. The statute currently imposes a payment limit of aggregate charges, however, limiting a claim payment to 100 percent of billed charges is a standard payer rule and applies to most other provider types. This will align inpatient hospital payments to the same standard applied to other services and a general best practice which is to pay either the payment rate as established under the inpatient payment methodology or the providers total billed charges, whichever is lower.

This proposal incorporates the current \$20 add-on for a screening into the base payment rates for birth stays rather than paid as a separate add-on. This will streamline the payment methodology, as well as simplify the system and reconciliation of claims payment for hospitals.

IT Related Proposals:

This proposal requires systems changes.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			22	4	26	4	4	8
HCAF								
Federal TANF								
Other Fund								
Total All Funds			22	4	26	4	4	8
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Systems state share (MMIS @ 29%)	22	4	26	4	4	8
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

This proposal will require changes to 256.969 (multiple subdivisions)

Department of Human Services

FY20-21 Biennial Budget Change Item

Change Item Title: Investing in and Modernizing Payments for Safety Net (FQHC) Providers

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Health Care Access Fund				
Expenditures	0	1,363	748	1,080
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	1,363	748	1,080
FTEs	0	1	1	1

Recommendation:

Effective January 1, 2021, the Governor recommends modernizing the payment methodology for Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) in order to accurately account for and cover the cost of all Medical Assistance (MA) services and reduce administrative burden for both providers and payers.

This proposed change has a health care access fund cost of \$1,363,000 in the 2020-21 biennium and \$1,828 million in the 2021-2022 biennium.

Rationale/Background:

FQHCs and RHCs are nonprofit community health care providers. They are located in communities identified as having elevated poverty, higher than average infant mortality, and access to fewer practicing physicians. These centers are open to all residents regardless of insurance status or ability to pay and play a critical role as part of the safety net provider community that primarily serve enrollees on state Medicaid programs. FQHCs and RHCs tailor services to fit the special needs and priorities of their communities and provide services in a linguistically and culturally appropriate manner. There are currently 76 FQHC and 110 RHC delivery sites in Minnesota. FQHCs and RHCs served 175,000 recipients in 2014. This proposal also aligns payment rate methods under the state's basic health program (BHP), MinnesotaCare, simplifying rate development and establishing uniform payment structure and administration within that program. Making these adjustments helps to keep cost sharing down for MinnesotaCare enrollees.

Federal law requires state Medicaid programs to pay FQHC and RHC providers using a prospective payment system (PPS) cost-based rate methodology, which is based on 1999 and 2000 costs/visits and then adjusted for inflation. The basis of a prospective payment is to make a single payment per day to a clinic on any day where there is a face to face encounter involving services. A prospective payment in effect divides the allowable costs of a clinic by the expected number of qualifying encounters to establish the encounter rate. This prospective encounter rate structure provides clinics with a level of stability and predictability with respect to their payments. The prospective encounter rate payment applies to services delivered to MA enrollees in both fee-for-service and managed care delivery systems.

States also have the option to offer alternative payment methodologies (APMs) in place of PPS as long as they pay at least what the center or clinic would receive under PPS. Under current law, Minnesota has three different APMs. DHS is required each year to ensure the APM payments to each provider are equal to or greater than the payments the provider would have received under the PPS methodology. The current APMs, because they generally build off of the original PPS rate, are based on very old costs and apply historical restrictions established

by Medicare that can reduce the per encounter payment rate. The historical costs and calculated rates are trended forward annually for inflation. However, costs within FQHCs and RHCs have changed dramatically since the PPS was originally established.

DHS and FQHC and RHC providers agree the current methodologies do not adequately reflect current health care cost trends and results in payment rates that may not accurately reflect a clinic's costs. This causes financial hardship to these provider groups. The current payment system also presents significant operational challenges for providers and DHS. The encounter payments, particularly those for services delivered to managed care enrollees, have been administratively challenging for both DHS and the clinics.

The 2015 Legislature requested recommendations for a new APM for FQHCs and RHCs that cover the cost of all MA services. DHS, in collaboration with FQHC and RHC providers, developed a report which details the recommendations for a new APM rate structure which could be adopted upon enabling legislation.

Proposal:

This proposal replaces the three existing APM options with a single new APM designed to cover the cost of all MA encounter generating services. This new payment methodology will bring greater transparency to the actual costs of and payments made for services provided by FQHC and RHC clinics, modernize and clarify the processes for establishing and updating rates, and promote greater efficiency and accountability for both DHS and providers.

The new rate methodology established by this proposal reflects current health care costs and trends and accounts for increases in the average length of a visit due to more complex care management models. It will allow providers to more easily calculate potential rate changes that result from changes in service and will encourage providers to expand services. In addition, a workgroup will be formed to discuss future performance measurements and reasonable cost containment measures.

The proposal also ends the payment of cost based rates to FQHC, RHC, and Indian Health Service (IHS) providers for MinnesotaCare starting in 2021. The federal requirement to pay cost based rates applies to Medicaid programs and does not apply to MinnesotaCare since its transition from a Medicaid waiver program to a federal BHP in 2015. Under the federal funding mechanism of the BHP the state receives a fixed payment amount per person instead of a federal Medicaid match. This transition aligns the payment method with the federal funding mechanism of the BHP, aligns payment rates across all populations in MinnesotaCare, and prevents the implementation of the new APM (and other cost based rates) from increasing cost sharing for MinnesotaCare enrollees. The MinnesotaCare program's 94% actuarial value requires enrollees to pay 6 percent of costs of services under the program. Cost sharing for MinnesotaCare is reviewed and adjusted annually.

The new FQHC/RHC rate methodology for Medical Assistance will be effective for services provided on and after January 1, 2021 and will be rebased every two years beginning in January 2022.

Equity and Inclusion:

Minnesota is among the healthiest states in the nation and enjoys relatively high rates of health insurance coverage. However, when compared with white people in Minnesota, people of color and American Indians residing in the state experience significant disparities in health status and in rates of health insurance coverage. While the majority recipients enrolled in Medical Assistance are white, people of color, especially African Americans and American Indians make up a disproportionate share of total program enrollment. Over 60 percent of African Americans and American Indians residing in the state were enrolled in public health care programs in July 2014. In 2015, Minnesota boasted the fifth lowest rate of un-insurance in the country at 4.3 percent. However, the rates of un-insurance for African Americans and American Indians residing in the state was roughly double the statewide average, and the rate for Hispanics was about three times the state average. Because Minnesota's health care programs play a significant role in providing health care coverage to racial and ethnic

minority populations in the state, DHS has the opportunity to play a larger role in reducing health disparities in the state.

On average, 62 percent of the people served by FQHCs and RHCs are from communities of color. They provide quality care, reduce disparities and improve patient outcomes. The Institute of Medicine and the Government Accountability Office have recognized health centers as models for screening, diagnosing, and managing chronic conditions such as diabetes, cardiovascular disease, asthma, depression, cancer and HIV. Their efforts have led to improved health outcomes and lowered the cost of treating patients with chronic illness. (<http://nachc.org/wp-content/uploads/2016/03/MN16.pdf>)

The proposed modernization and simplification of the payment rate methodology ensures these organizations are paid their costs for treating this diverse and often medically complex population while continuing to provide high quality, cost effective care and improving health outcomes.

IT Related Proposals:

Recent legislative action permitting DHS to carve these provider payments out of managed care and back in to fee-for-service established much of the PPS logic in to the claims payment systems. With this work already completed, the new rate methodology detailed in this proposal will require only minor changes to DHS claims payment systems. The cost of making these changes is included in the fiscal detail section.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Ratio of MA Payments to Costs	NA	NA	

Statutory Change(s):

256B.0625, subdivision 30, 256L.11, subdivision 2a

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund								
HCAF				1,363	1,363	748	1,080	1,828
Federal TANF								
Other Fund								
Total All Funds				1,363	1,363	748	1,080	1,828
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
HCAF	33	MA Grants		1,285	1,285	5,395	6,017	11,412
HCAF	11	Systems (MMIS @ 29%)		15	15	3	3	6
HCAF	13	HCA Admin (FTE)		93	93	109	109	218
HCAF	REV1	Admin FFP @ 32%		(30)	(30)	(35)	(35)	(70)
HCAF	31	MinnesotaCare Grants		0	0	(4,724)	(5,014)	(9,738)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
				1		1	1	

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Child Care Federal Compliance and Fees for Certified License-Exempt Centers

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(72)	(73)	(73)	(74)
Revenues	0	0	0	0
Other Funds				
Expenditures	84	75	75	76
Revenues	(72)	(73)	(73)	(73)
Net Fiscal Impact = (Expenditures – Revenues)	(60)	(71)	(71)	(72)
FTEs	0	0	0	0

Recommendation:

The Governor recommends implementing an administrative fee to support regulatory activities for certified license-exempt child care centers (certified centers). The certified centers would pay a \$200 initial application fee and a \$100 annual renewal fee. Revenues from the new fee would refinance the General Fund appropriation needed for this activity. The Governor also recommends several changes to the regulations affecting certified centers, some of which are required to achieve compliance the Federal Child Care and Development Block Grant Reauthorization Act of 2014.

Rationale/Background:

Minnesota Statutes 245H.12 requires the Commissioner of Human Services to provide recommendations on administrative fees for Certified License-Exempt Child Care Centers (certified centers) to the legislative committees with jurisdiction over health and human services policy and finance by February 15, 2019. The statute requires the Commissioner to consult with stakeholders in the development of the administrative fee recommendation.

The proposed \$200 initial application fee and \$100 renewal fee are reasonable, especially when compared to the fees for licensed Child Care Centers which pay a \$500 application fee and between \$200 and \$1,100 in renewal fees, based upon the center's capacity.

Certified centers are a new service class for the Department – one that has been added to comply with federal law. Many of these centers have operated for years without oversight from the Licensing Division, because they were legally exempt from licensure. Under federal law, these centers are required to have some oversight by the Department, and thus the certification was added to Minnesota law in 2017 and the Department began certifying centers in the fall of 2018.

The requirements to be a certified center are significantly less than the requirements to be a licensed child care center, resulting in shorter, simpler applications and inspections. As such, the Department has fewer staff dedicated to the regulation of certified centers, and these staff are in lower job classifications than the staff hired to regulate the licensed child care centers. The Department's certified center staff conduct initial and renewal application reviews, inspect the certified centers, and conduct investigations of possible certification requirement violations. Staff in the Department's Licensing Division Intake and Maltreatment Investigation section triage calls with complaints against certified centers and investigate any allegations of maltreatment.

As the Department has begun to certify centers, gaps in the statute have become evident. The Department lacks the authority to issue variances for background study disqualifications for certified center staff as it has for

licensed child care center staff. The current statute also fails to provide certified centers with any due process rights in the case that their application for certification is denied.

In addition, there are a few additional changes to statute needed to fully comply with the Federal Child Care and Development Block Grant Reauthorization Act of 2014 – for certified centers as well as for licensed family child care and licensed child care centers. These gaps have only become evident as the federal Office of Child Care has finalized its rules and begun reviewing states' statutes to ensure compliance.

In accordance with state statute, the Department consulted with stakeholders as it developed its fee proposal and it has been well received. The vast majority of staff from certified centers with whom we have spoken appreciate that the proposal recognizes the differences between certified centers and licensed centers and provides certified centers with lower fees and more flexibility in meeting requirements than typically provided to licensed child care centers. Nevertheless, a few of the smallest certified centers that have very few children who participate in CCAP raised concerns about being required to pay any fee, especially when combined with the cost of paying for background studies for any new staff they hire.

Proposal:

This proposal recommends that certified centers pay a \$200 initial application fee and a \$100 annual renewal fee, which generates approximately \$140,000 in State Government Special Revenue per biennium. This proposal would appropriate this SGSR revenue to the Department for this activity and reduce the General Fund appropriation for this activity by an equal amount.

In addition, the proposal brings certified centers into compliance with federal law by requiring all staff and unsupervised volunteers to have health and safety trainings, including pediatric First Aid and CPR, before having unsupervised direct contact with children. It establishes a process for centers newly applying for certification to obtain inspections by the Fire Marshal, using the same process and \$50 fee in place for licensed child care centers. (As part of the transition to legally unlicensed centers becoming certified, the Department has covered the fees for fire inspections.)

Other provisions for certified centers are included to meet federal requirements: including prohibiting certain kinds of corporal punishment and ensuring that certified centers have analyzed the risks presented by known hazards.

The proposal allows the Department to grant variances to certified center staff for background study disqualifications that mirrors the Department's authority for child care center staff.

This proposal also establishes due process rights for certified centers in the instance that an applicant is denied certification or the center loses certification due to maltreatment. While a center can continue to operate without certification, the center cannot participate in Minnesota's Child Care Assistance Program and receive child care assistance payments.

The proposal includes two new health and safety requirements that the state should establish for certified centers: (1) that they supervise the children in their care and (2) that they use positive behavior guidance. Adding this language is not expected to be burdensome for providers, because allows for significant flexibility; adding the language will simply give the Department clear authority to hold providers accountable in cases that they fail to meet these minimum expectations.

In addition, the proposal includes changes to statute for license providers required for the State to fully comply with the Federal Child Care and Development Block Grant Reauthorization Act. Over the last year, the federal administration has clarified that many of the training requirements apply more broadly than the Department initially understood. As such, this proposal requires all staff, caregivers, substitutes, emergency substitutes, and unsupervised volunteers to take health and safety trainings, including pediatric CPR and First Aid, before having unsupervised contact with children and on an ongoing basis. It also requires all these individuals and helpers to

take courses in child development on a regular basis. The proposal also adds an item to the current requirements for a provider's emergency plan that has also been identified as needed to comply with federal law.

In addition to items required for federal compliance,

For Licensed Family Child Care Providers, this proposal:

- Eliminates confusion by aligning family child care standards with the current State Fire Code
- Provides more flexibility in use of substitutes, by measuring use in terms of hours instead of whole days, and allowing a variance in cases in which more time is needed
- Clarifies that cell phones can be used to meet the requirement to have a working telephone, as long as it remains charged, and override the requirement that emergency numbers have to be posted by the phone
- Reduces county liability to remove a barrier to counties providing variances to licensed family child care providers, as another step towards increasing consistency
- Reorganizes and consolidates training requirements to add clarity

For Licensed Child Care Centers, this proposal:

- Restructures training requirements for staff, conforming with federal law and bringing the number of hours more into alignment with other states
- Allows more flexibility in supervising school-age children,
- Allows the use of reusable water bottles and cups for water under certain conditions (instead of requiring the use of single-use cups)
- Allows more flexibility in who can transport children
- Clarifies the circumstances under which a cell phone can be used as the child care center's primary telephone and removes the requirement that emergency numbers be posted

In addition, this proposal includes a provision to expand access now:

- Allows for the expansion of Special Family Child Care already in statute, by clarifying standards for and broadening who is eligible to provide this type of licensed child care

This proposal would generate the following fee revenue:

Fiscal Year	Initials	Revenue	Renewals	Revenue	Total
2019	700	\$0	0	\$0	\$0
2020	10	\$2,000	695	\$69,500	\$71,500
2021	10	\$2,000	700	\$70,000	\$72,000
2022	10	\$2,000	705	\$70,500	\$72,500
2023	10	\$2,000	710	\$71,000	\$73,000
2024	10	\$2,000	715	\$71,500	\$73,500

This revenue would be appropriated to the Department for this activity, and the General Fund appropriation for this activity would be reduced by an equal amount, after accounting for a small modification to an IT system required to track this new fee.

Equity and Inclusion:

The proposed fee is low enough so that it should not pose an undue financial burden for the vast majority of the certified child care centers. Several of the policy changes will further equity and inclusion, by providing the Department with the authority to grant variances for offenses that could be disqualifying and otherwise prevent staff from serving children, even when safeguards can be put in place to ensure that children are protected. In addition, the few ways in which the proposal increases health and safety standards will benefit children that attend certified, license-exempt child care centers.

The additional flexibility for Special Family Child Care is likely to provide additional options for licensed child care in communities of color and indigenous communities and therefore benefit these communities.

Aligning the standards for licensed family child care providers with the current Fire Code may help prospective family child care providers obtain licenses, because they will not be required to ensure that their homes are in compliance with a standard that is higher than otherwise required by the Fire Code.

IT Related Proposals:

The Licensing Division uses the Electronic Licensing Management System (ELMS) database, a web-based licensing system, to manage the application, onboarding, licensure, and certification process for some of the service classes. The Department needs IT to increase ELMS database capability to process, manage and track license-exempt centers. Therefore, this request includes that the Department to be adequately funded for IT system costs in order to ensure license-exempt centers are able to access licensing web-based application system for certification. Additionally, the Licensing Division certification staff will be equipped to support, guide and manage license-exempt centers during the certification process.

The total estimated IT costs include initial system changes cost of \$12,000 in FY 2020, and annual maintenance costs of \$2,000 in subsequent fiscal years after system implementation phase is complete.

Results:

This proposal will generate revenue to cover part, but not all, of the Department's administrative costs for the Certified Centers regulatory program. General Fund dollars will subsidize this activity, as is the case with the Department's other service classes.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			(72)	(73)	(145)	(73)	(74)	(147)
HCAF								
Federal TANF								
SGSR			12	2	14	2	2	4
Total All Funds			(60)	(71)	(131)	(71)	(72)	(143)
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	Reduction of GF Appropriation for Licensing Division	(72)	(73)	(145)	(73)	(74)	(147)
SGSR	REV2	Administrative Fees for Certified License-Exempt Centers	(72)	(73)	(145)	(73)	(74)	(147)
SGSR	11	Increase in SGSR Appropriation for Licensing Division	72	73	145	73	74	147
SSGR	11	ELMS IT System for Certified License-Exempt Centers	12	2	14	2	2	4
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

245A.02, 245A.14, 245A.151, 245A.16, 245A.40, 245A.41, 245A.50, 245A.51, 245A.66, 245C.02, 245C.30, 245H.01, 245H.03, 245H.07, 245H.09, 245H.10, 245H.11, 245H.12, 245H.13, 245H.14, 245H.15, 466.03, and new sections 245A.52 and 245A.53

Change Item Title: Prohibition on Imputation of Income to Incarcerated Child Support Payers

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	5	1	1	1
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5	1	1	1
FTEs	0	0	0	0

Recommendation:

The Governor recommends prohibiting the imputation of income to child support payers who are incarcerated due to nonpayment of child support in order to achieve federal compliance. Programming changes to the state's automated child support system (PRISM) are required to implement this change.

Rationale/Background:

When calculating child support, the court may impute income to either or both parents. Imputed income is income that a parent does not actually receive, but that a court finds the parent could earn. To address whether it is appropriate to impute, a court must decide whether the parent is voluntarily unemployed or underemployed. Because incarceration is not voluntary, since 2007 Minnesota law has specified that an incarcerated person must not be considered voluntarily unemployed for purposes of determining child support. However, state law includes an exception to this prohibition for cases when a child support payer is incarcerated due to nonpayment of support.

Unlike Minnesota, other states have considered incarceration for any reason to be “voluntary” unemployment and have imputed income to incarcerated parents when setting child support orders. This often resulted in the accrual of high arrears balances during incarceration, and the inability of the parent to pay that balance upon reentry. To address this issue, the federal government released an update to federal rules in 2016 that barred this practice. Though Minnesota’s law already substantially complies with this new rule, the federal Office of Child Support Enforcement has indicated that because of the statutory exception, the Minnesota State Plan will be considered non-compliant unless there is a statutory change. The deadline for Minnesota to comply was December 2019.

There are no data regarding the frequency and length of incarceration for nonpayment of child support in Minnesota. However, because of the resources involved and the harshness of the remedy, incarcerating payers through a contempt proceeding is a last resort, and child support workers report that incarceration for nonpayment is rare. Additionally, because the processes for setting or modifying child support take time, a payer would need to be incarcerated for a significant amount of time for this provision to be relevant. Accordingly, it is very unlikely that a child support order imputing income to the payer would be set during an incarceration for nonpayment.

Proposal:

Effective upon enactment, this proposal would prohibit the imputation of income to child support payers who are incarcerated due to nonpayment of child support, bringing the state into full federal compliance on this issue. This

proposal will not change the amount of support owed by payers or collected for child support recipients or the state (for public assistance reimbursements) given the unlikelihood of a child support payer having income imputed while incarcerated for nonpayment of support.

The entire cost of this proposal is due to necessary programming changes to ensure relevant PRISM forms and pleadings generated for court proceedings to set and modify child support reflect the statutory change. While changes to PRISM will take time, implementation can occur upon enactment. The department will issue implementation guidance to our county partners and workers will need to manually alter pleadings and court forms to reflect the new law until PRISM changes have been completed. The department has consulted our county partners on this proposal and have not received any concerns.

Equity and Inclusion:

This proposal is not intended to address equity and inclusion issues. It is unlikely this proposal will make a change to current practice, this proposal is unlikely to have any impact on equity and inclusion issues.

IT Related Proposals:

This proposal requires MN.IT to change PRISM generated forms. The entire cost is \$13,902, with a state share of \$4,727, for these changes to be made to PRISM. A total of \$2,782, with a state share of \$946, is also needed for ongoing MN.IT administration costs to complete and maintain updates to PRISM forms that reference the exception.

Results:

Because very few people are incarcerated for nonpayment of child support, and any potential incarceration would be briefer in time than it would take to obtain an order for support that imputes income, it is not anticipated to have a noticeable impact on caseload, performance measures or child support payers. Rather, it will bring Minnesota into federal compliance with the new rules.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			5	1	6	1	1	2
HCAF								
Federal TANF								
Other Fund								
Total All Funds								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	11	System (PRISM) State Share 34%	5	1	6	1	1	2
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

518A.42, subdivision 3.

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Homelessness Management Information System Support

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	680	680	680	680
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	680	680	680	680
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$680,000 annually to the Department of Human Services, in partnership with Minnesota Housing, to support the ongoing cost of the Homelessness Management Information System, a local information technology system that is required to receive state and federal homelessness resources.

Rationale/Background:

HMIS is a local information technology system operated by the Department of Human Services and used to collect data, both at the client-level and community level. The HMIS collects information from all homeless service providers throughout the state, regarding more than 20,000 homeless beds across the state. These beds include emergency shelters, transitional housing programs, permanent supportive housing providers, homeless prevention programs, and other service providers in contact with people experiencing homelessness, such as outreach programs and drop-in centers.

Data reported within the HMIS includes individual client demographic (gender, age, ethnicity) and household information (housing status, services provided, income). Centralizing data in one place allows service providers, regional planning bodies and state agencies to look at both client outcomes at the program level and evaluate service-use patterns across the entire network of providers to ensure that all resources are being invested in the most efficient services and targeted to the most appropriate populations. It provides a clearer picture of people who experience homelessness, their needs, and how that population changes over time. HMIS allows programs to manage data in a secure and standardized environment that also offers an aggregate view of state-wide efforts to end homelessness.

The state is required to maintain the HMIS system to receive federal homelessness funding. The state receives more than \$40 million per year in federal homelessness funds. Additionally, all service providers that receive state homelessness resources are required to use the system.

Proposal:

The additional funding will pay for a portion of the costs of operating the state Homeless Management Information System (HMIS) by the Department of Human Services. It will support integration of data between HMIS and other key state data assets and enhance existing HMIS capacity to help providers target state and federal homelessness resources more strategically. Currently, HMIS is supported by local Continuum of Care organizations, federal grantees and service providers.

Equity and Inclusion:

Households of color and people with disabilities are disproportionately represented in the homeless population. Equity remains an area of focus for the HMIS Governing Board as HMIS is being used to support regional Equity and Inclusion projects such as Supporting Partnerships for Anti-Racist Communities (SPARC) which disaggregates data to focus on systemic racism in homelessness response systems.

Results:

We know from many [examples across the country](#) that when communities use their data well, they make the most progress to prevent and end homelessness. With this additional funding, Minnesota will be positioned to target resources to prevent and end homelessness even more effectively and efficiently.

Current measures include:

- Bed Coverage
- Data Quality, specifically universal data element completeness
- HUD performance measures:
 - Length of time homeless
 - Returns to homeless
 - Number of homeless persons
 - Job and income growth
 - First time homeless
 - Stabilizing people experiencing homelessness
 - Housing placement and retention

The above result and performance measurements reflect key data points that the state and federal government use as indicators of success when making funding decisions. The ability to enter, extract and analyze HMIS data, and use it as evidence to either continue making investments in effective programming or to shift resources to better target both populations and activities is vital. Underperformance in this area puts the federal funding (more than \$40 million) at risk.

State staff, community partners and the HMIS system administrator have developed a [governing infrastructure](#) to ensure data is protected and all security measure meet and/or exceed requirements. This governing body and committee structure are also charged to ensure data quality and integrity, which is regularly reviewed and reported to the governing board.

Furthermore, philanthropic partners recently announced an investment in a data analyst position at Minnesota Housing and the Office to Prevent and End Homelessness to work with HMIS and other data systems to focus and drive statewide efforts to prevent and end homelessness.

Statutory Change(s):

NA

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund			680	680	1,360	680	680	1,360
HCAF								
Federal TANF								
Other Fund								
Total All Funds			680	680	1,360	680	680	1,360
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
GF	56	HMIS PT Contract	1,000	1,000	2,000	1,000	1,000	2,000
GF	REV1	Administrative FFP @ 32%	(320)	(320)	(640)	(320)	(320)	(640)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Vulnerable Adult Protection—Current Operations Improvements

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Department of Health				
General Fund				
Expenditures	7,438	4,302	5,800	5,369
Revenues	0	0	0	0
State Government Special Revenue				
Expenditures	1,103	1,103	0	0
Revenues	0	0	0	0
Department of Human Services				
General Fund				
Expenditures	1,093	0	218	218
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	9,634	5,405	6,018	5,587
FTEs	38	38	30	30

Recommendation:

The Governor recommends appropriations from the general fund and state government special revenue fund for the Minnesota Department of Health and the Department of Human Services to continue necessary current operations improvements to the regulatory activities, systems, analysis, reporting and communications that contribute to the health, safety, care quality, and abuse prevention for vulnerable adults in Minnesota.

Rationale/Background:

Two sets of recommendations were released in early 2018, one from the Office of the Legislative Auditor and one from Governor Dayton's Elder Abuse Prevention workgroup, on how specific programs within the Health Regulation Division (HRD) should implement new systems, staffing, processes and reporting practices that would contribute to the health, safety, and quality assurance of care at healthcare facilities for vulnerable adults.

The recommendations identified and addressed concerns over the rise in maltreatment allegations in Minnesota; the inability of certain programs at MDH to meet statutory requirements; outdated processes and IT systems; and inadequate staffing and funding to ensure timely notifications in addition to the analysis, reporting and communications activities that support stronger public transparency, accountability and engagement.

Proposal:

This proposal takes a comprehensive, division-wide approach to vulnerable adult health, safety, care quality and abuse prevention and focuses on four components: regulatory capacity, case management, data analysis and reporting, and communications and engagement.

The request drives more efficient management of existing financial resources and increases the capacity of subject matter experts within MDH and partner agencies to implement needed changes. It identifies opportunities for cross-agency systems partnership and builds on existing IT systems and data reporting to inform enhancements. This proposal stabilizes necessary funding for program activities and IT systems that respond to stakeholder service expectations and regulatory requirements. It also creates a new business intelligence capacity that supports robust cross-agency data analysis, reporting, and stakeholder communications that vulnerable

adults and their families demand and the Office of Legislative Auditor recommended. Additional request details are described below:

1. **Regulatory capacity** – Funding increases and program improvements are needed to better meet state and federal statutory requirements. This component includes needed funding for licensing, certification, investigations and inspections.
 - a. **State and federal regulatory work requirements**, including increased complaints activity. Federal cost participation in MDH regulatory work varies according to the type of work and the type of facility, and is based on standards and guidance set by the Centers for Medicare and Medicaid Services (CMS). CMS reimbursement requires a financial match from state funds to equitably share costs. This proposal will increase available general fund resources for the required state match for Health Care Facility Licensing and Certification work by \$3 million each year, beginning in FY 2020. Of the \$3 million annual request, \$2.4 million per year is for state licensing activities, and \$0.6 million per year is for the required state match for Medicaid-funded work.

Current funding for the state share is inadequate to meet the demands of our regulatory work. The number of federal complaints, especially from nursing homes, has been increasing in recent years along with the increasing number of residents in such facilities. This growth has increased the workload and the need for state matching funds. Over the past year, revisions to current cost sharing agreements with CMS were made to correctly account for state work and state financial share requirements. As a result, both the proportion of state costs and the volume of work for the state have increased, but the allocations used to pay the state financial match have not kept pace. Without a corresponding increase in allocations, Minnesota will not be able to fully meet state and federal requirements for health care facility licensing and certification work; the allocation shortfall is a constraint to accomplishing the required workload.
 - b. **Home Care and Assisted Living Program survey activities**. This proposal increases the SGSR appropriation by \$1.1 million each year in the FY 2020-21 biennium for the Home Care and Assisted Living Program (HCALP) to add one additional survey team to improve the frequency of home care provider inspections. Current law requires that each provider be inspected once every three years. MDH is only able to meet this requirement with 30 percent of the providers. An additional survey team, along with Continuous Improvement efforts, will significantly improve our inspection rate. This funding increase can be accommodated within existing fee revenues; no fee increase would be necessary. This funding increase is only for the FY2020-21 biennium, based on the impact that the Governor’s Vulnerable Adult Regulatory Reforms proposal would have on the number of home care providers.
2. **Case Management** – HRD currently relies on a 15-year-old electronic system to manage our work around inspections, investigations, enforcement, time-reporting and federal reimbursement. This creates a significant operational and financial risk for the agency. Continued use of this legacy system perpetuates an inefficient, expensive and paper-based process and restricts the ability to innovate and gain critical efficiencies. The current system cannot store documents or manage workflow and is extremely limited in the ability to extract stored data. These limitations severely impact the ability of the Health Regulation Division to provide information to the public, analyze operations, coordinate state and federal activities, and forecast future needs.

Creating a modern, centralized framework for case management that integrates existing systems and technology would mitigate the risks posed by the legacy system and further support the continuous improvement activities underway to protect vulnerable adults. The framework will be based on DHS’s Social Services Information System (SSIS) for case management. It will integrate existing IT systems for electronic

licensing and document management, and incorporate a single entry point with the Minnesota Adult Abuse and Reporting Center (MAARC), the state's abuse allegation reporting system. The case management system will be aligned with a public reporting website where visitors can search, sort and compare information about providers.

- a. The new, integrated **MDH case management system** would be built in two phases over four years for a total estimated cost of \$ 6.5 million including MDH and DHS costs. The first biennium request (\$ 3.3 million for FY 2020-21) for the new case management system will include:
 - i. **Connection to DHS through SSIS for maltreatment investigation** case management
 - ii. **Implementation and integration of in-house IT systems** across the division for electronic licensing and document management, with the goal to leverage existing systems and minimize unnecessary redundancy
 - iii. **Development of a time-reporting module** to support federal reporting across multiple HRD programs
 - iv. **Access to data and new business intelligence** gathered through the adoption of SSIS and optimized workflows of programs responsible for prevention of abuse, neglect and maltreatment
 - v. **Evaluation of the functionality of the integrated systems**, including additional needed requirements and develop a plan for optimization in Phase 2 (\$2.8 million in FY 2022-23)
 - b. Creation of a **common landing page and functional enhancements for MAARC and nursing home self-reports** (\$250,000 for 2020-21 biennium, \$60,000 for the 2022-23 biennium). All reporters will start their required online reports through an updated drop-down menu on the MAARC landing page. The revised drop-down menu on the MAARC page will direct nursing home self-reports to the existing NHIR login page. This user-friendly approach will create a unified user experience with updated policy guidance, yet still ensure that required data elements and timelines are met. Improvements include more robust data collection and reporting through additional data elements and enhanced data transfer capabilities. This work will be done in collaboration with the Department of Human Services.
 - c. Building a **public reporting website** where visitors can search, sort and compare information about providers. \$1.6 million for 2020-21 biennium, \$0.5 million annual support and maintenance thereafter.
- 3. Data analysis and reporting** – Enhanced capacity to support timely notification of maltreatment complaints, respond to the growing number of complex data practices requests, and generate robust analysis and reports to drive continued improvement and public engagement. (4.75 FTEs, \$1.2 million for the FY2020-21 biennium)
- 4. Communications and engagement** – Dedicated resources to support work groups and committees, stakeholder engagement, and develop more effective online content and other materials for key audiences. (2 FTEs, \$0.4 million biennial request)

\$ in thousands	FY 2020	FY 2021	FY 2022	FY 2023
Regulatory Capacity: State Licensing	3,013	3,013	3,013	3,013
Regulatory Capacity: Home Care and Assisted Living (SGSR)	1,103	1,103		
IT: MDH Case Management System	2,220		1,600	1,169
IT: DHS Case Management System	1,093		218	218

\$ in thousands	FY 2020	FY 2021	FY 2022	FY 2023
IT: Single Entry Point for Abuse Allegation Reporting	175	75	30	30
IT: Reporting Website	1,077	504	447	447
Data Analysis and Reporting	744	501	501	501
Communications and Engagement	209	209	209	209
Total GF (MDH)	7,438	4,302	5,800	5,369
Total SGSR (MDH)	1,103	1,103		
Total GF (DHS)	1,093		218	218
Grand Total	9,634	5,405	6,018	5,587

Equity and Inclusion:

This proposal addresses substantial needs within the Health Regulation Division for modernization and capacity building that directly affect the quality and safety of services and facilities for vulnerable adults across Minnesota. To the extent that facility quality and safety affect health disparities and access to care for underserved persons and communities, including racial and ethnic groups, LGBTQ persons and populations, veterans, persons with disabilities and chronic health concerns, or other underserved communities, this proposal supports access and quality health care for all Minnesotans. Additionally, the health department as part of its regulatory responsibilities, enforces federal and state law to ensure that facility residents are protected from discriminatory policies and practices that affect the ability of Minnesotans to receive health care.

IT Related Proposals:

This proposal makes \$5.9 million in information technology improvements and upgrades over the 2020-21 biennia. The projects relate to creating the case management framework and establishing a MAARC single entry point and other website improvements.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Federal standard: inspect each nursing home at least every 15.9 months	100%	100%	FFY14 FFY15
Quality	Total onsite Vulnerable Adults Act investigations completed within 60 days	40%	31%	SFY13 SFY14
Quantity	Inspect each temporary home care license within the first twelve months	100%	100%	SFY17 SFY18
Quantity	Inspect each licensed home care provider at least once every three years	29%	30%	SFY17 SFY18
Quality	Enforcement Actions (licenses denied or issued with conditions)	3	26	SFY17 SFY18

Statutory Change(s):

Minnesota statutes 144A.474, Subds. 9, 11

Department of Human Services

FY 2020-21 Biennial Budget Change Item

Change Item Title: Head Start Background Studies

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	51	8	8	8
Revenues	(51)	(8)	(8)	(8)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends that statutory authority be given to the Minnesota Department of Human Services (DHS) to add Head Start programs that are license-exempt and not receiving Child Care Assistance Program (CCAP) funds and Tribal Head Start programs to the list of programs that can use DHS's background study system, which currently serves DHS licensed Head Start and other individuals working licensed early childhood programs. This brings these Head Start Programs into compliance with federal requirements.

Rationale/Background:

- Head Start programs must fully implement a new federally required background check process no later than September 30, 2019.
- DHS amended legislation two years ago to meet new Child Care Development Block grant background study requirements that will also meet the Head Start performance standards but some Head Start programs are not currently eligible to have access to the system.
- This proposal is built on analysis and collaboration between Minnesota Department of Education (MDE) and DHS. DHS provided the amended language for their background check system services. DHS welcomes the change and recognizes the improvements to the system and improvement in implementation of background checks for all Head Start programs.
- The background studies would increase revenues to DHS, but because the fees only cover the cost of doing the studies, the proposal is revenue neutral.

Proposal:

This proposal would provide DHS the statutory authority to add Head Start programs that are license-exempt and not receiving CCAP funds and Tribal Head Start programs to the list of program that can use DHS's background study system. Head Start programs often have a mix of locations that are licensed and licensed exempt within one Head Start grantee agency. If accepted, this legislative proposal will allow a Head Start grantee agency to use one background study process for all of their staff and locations.

This proposal would streamline administration of the background check process for all Head Start grantee agencies though access to the DHS background study system that is compliant with Head Start federal requirements for background studies. This will result in a reduction of paperwork, lessen hiring delays and strengthen the ability to move staff across Head Start sites when needed.

It is critical for federal compliance of the Head Start performance standards that this proposal be adopted in 2019. MDE's Head Start Collaboration Office continues to hear from programs that this proposal is a critical fix.

Equity and Inclusion:

This proposal supports Head Start programs that are license-exempt or tribally licensed serve children and families who live in poverty and American Indian children. As Head Start programs provide services to low-income families, this proposal will support low-income families by removing administrative barriers on providers that can stymie staffing classrooms.

Results:

Currently about 60 percent of Head Start programs do have access to the DHS background study system. This change will allow all Head Start programs to use the DHS background study system and meet federal Head Start performance standards.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
General Fund								
HCAF								
Federal TANF								
Other Fund								
Total All Funds								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
SRF	11	Provider screening and enrollment	51	8	59	8	8	16
SRF	REV	Enrollment and Revalidation Fee	(51)	(8)	(59)	(8)	(8)	(16)
Requested FTE's								
Fund	BACT#	Description	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23

Statutory Change(s):

M.S. 245C.02

Program: Central Office Operations

Activity: Operations

AT A GLANCE

- Conducts more than 15,000 administrative appeals per year (CY 2017)
- Reviews and approves more than 6,000 contracts of different types and amendments per year
- Provides human resource management for about 7,140 state staff and about 4,100 county staff
- Resolves more than 100 requests for disability accommodations, investigates over 50 employment discrimination complaints, and resolves over 300 complaints relating to service delivery per year
- Sponsors development, accreditation, and engagement opportunities for all 7,140 DHS employees
- Promotes continuous improvement and accountability across the 11 essential human services in all 87 counties.
- Licenses approximately 21,000 service providers.
- Conducts more than 8,800 recipient and 700 provider fraud investigations resulting in over \$7.4 million and \$12.9 million in identified overpayments (CY2017) respectively. To the extent we can realize recoveries, they are returned to county state and federal funding sources.
- Receives 4,340 maltreatment and 3,774 licensing reports; investigates 737 maltreatment allegations and 1,227 licensing reports (FY2017).
- All funds spending for Operations activities for FY 2017 was \$101 million. This represents 0.6 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The Operations area within the Department of Human Services (DHS) serves external customers, internal staff, and ensures integrity in spending of public resources. To external customers, we license service providers and conduct background studies – key activities that keep Minnesotans safe and protect our most vulnerable citizens. We also provide appeals processes, tribal, county, and community relations, and communication resources.

To internal staff, we provide human resources services, financial management, legal services, technology planning and facilities management.

Finally, we work to ensure the prudent use of public dollars by investigating, preventing, and stopping fraudulent uses of state and federal money.

SERVICES PROVIDED

Our Compliance Office is responsible for legal and compliance activities throughout the agency:

- The **Appeals Division** conducts administrative fair hearings for applicants and recipients appealing the denial, reduction, sanction or termination of benefits in cash and food programs, health care programs, social services programs and residential programs. We also hold administrative hearings when a state or county agency has determined a person committed program fraud, maltreated a child or vulnerable adult, or believes a person should be disqualified from having access to or working with vulnerable populations in a program licensed by the department.
- The **Contracts, Purchasing and Legal Compliance Division** is the agency wide facilitator of DHS goods and services acquisitions including agency-wide asset management, commodities procurements, professional and technical services, and services delivered directly to program clients through grant contracts. The

Division provides legal analysis and advice regarding contract development and vendor and grantee management.

- The **Internal Audits Office** tests, analyzes, evaluates and maintains the overall internal control environment at DHS. The Office has of three primary functions: Internal Audits, Program Compliance and Audits, and the Digital Forensics Lab. Our staff conducts audits of DHS grantees, contractors, vendors, and counties.
- The **General Counsel's Office** provides legal advice, counsel, and direction for all of DHS' legal activities.
- The **Management and Policy Division** oversees prevention, providing counsel on ethics, risk management, business continuity, records management, agency internal administrative policies, Commissioner Delegations of Authority, and policy bulletins.

Our **External Relations Office** oversee and provides direction to communications and key stakeholder relation efforts across the agency.

- Our **Office of Indian Policy** helps implement and coordinate programs with Tribes and provides ongoing consultation for program development for the delivery of services to American Indians living both on and off reservations. This office promotes government-to-government relations, and works to enhance tribal infrastructure, reduce disparities, and design effective programs.
- Our **Communications Office** leads agency communications efforts. We respond to inquiries from the news media and prepare information that helps the general public understand the agency's services and human services policies.
- Our **Legislative Relations** area participates in all aspects of legislative session planning and activities. We serve as a resource to managers and staff regarding the legislative process, prepare information for lawmakers, budget recommendations and position statements, as well as monitoring, tracking and analyzing legislative bills.
- Our **Community Relations** area supports, develops, and facilitates relationships between DHS and the community.
- Our **County Relations** area takes a lead role in the agency's relationships with Minnesota's 87 counties. These counties administer most of the human services system that the agency oversees.

Our **Human Resources Division** provides human resources management services for 7,140 staff at the agency and for approximately 4,100 county human services employees. This division provides staffing, health, safety, compensation, job classification, labor relations, management consulting, benefits administration, workers compensation and employee assistance services to managers and employees. The division is also responsible for the agency's continuous improvements training and initiatives, and for recycling, facilities management, mail processing, security, information desk services, and vehicle management.

Our **Office for Equity, Performance, and Development** helps DHS to maintain and cultivate a diverse and inclusive workforce, ensures that DHS uses equitable practices in employment and service delivery, provides consultation on performance measurement and continuous improvement, data analytics, survey development, and strategic planning, and promotes employee development, learning, and engagement.

The **DHS Office of Inspector General** (<http://mn.gov/dhs/general-public/office-of-inspector-general/>) manages financial fraud and abuse investigations; licenses programs such as family child care, adult foster care, and mental health centers; and conducts background studies on people who apply to work in these settings:

- Our Licensing Division (<https://mn.gov/dhs/general-public/licensing/>) licenses residential and nonresidential programs for children and vulnerable adults to ensure that the programs meet the requirements and the law. These programs include child care centers, family child care (via counties), foster care, adoption agencies, and services for people with developmental disabilities, chemical dependency, and mental illness. Our staff also completes investigations of maltreatment of vulnerable adults and children receiving services licensed by DHS.

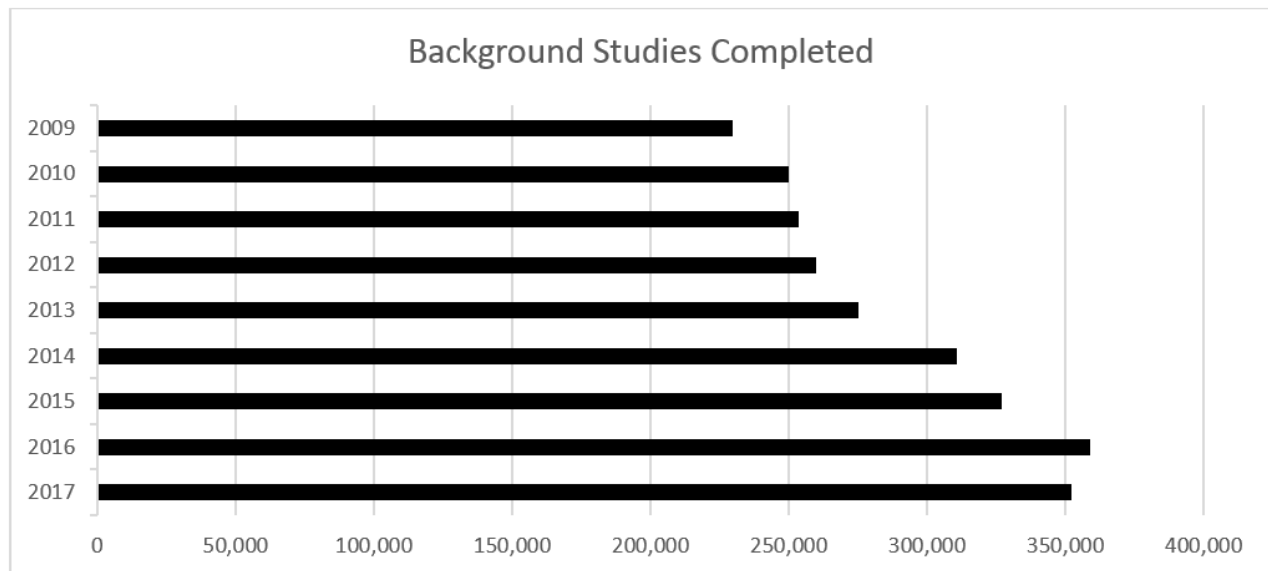
- Our Background Studies Division (<https://mn.gov/dhs/general-public/background-studies/>) annually conducts over 350,000 background studies on people working with children or vulnerable adults.
- Our Fraud Investigations Division (<http://mn.gov/dhs/general-public/office-of-inspector-general/fraud-investigations/index.jsp>) oversees fraud prevention and financial recovery efforts in health care, economic assistance, child care assistance, and food support programs.

Our **Office of the Chief Financial Officer** provides fiscal services and controls the financial transactions of the agency, including the Central Office and Direct Care and Treatment. Core functions include preparing budget information, paying agency obligations, providing federal fiscal reporting, conducting patient revenue generation and collections, administering the Parental Fee program, processing agency receipts and preparing employees' payroll. The Reports and Forecasts Division (<http://mn.gov/dhs/general-public/publications-forms-resources/reports/financial-reports-and-forecasts.jsp>) is responsible for meeting federal reporting requirements for economic assistance programs, Minnesota Health Care Programs, and the Supplemental Nutrition Assistance Program. Our staff provides forecasts of program caseloads and expenditures, provides fiscal analyses of proposed legislation affecting these programs, and responds to requests for statistical information on the programs.

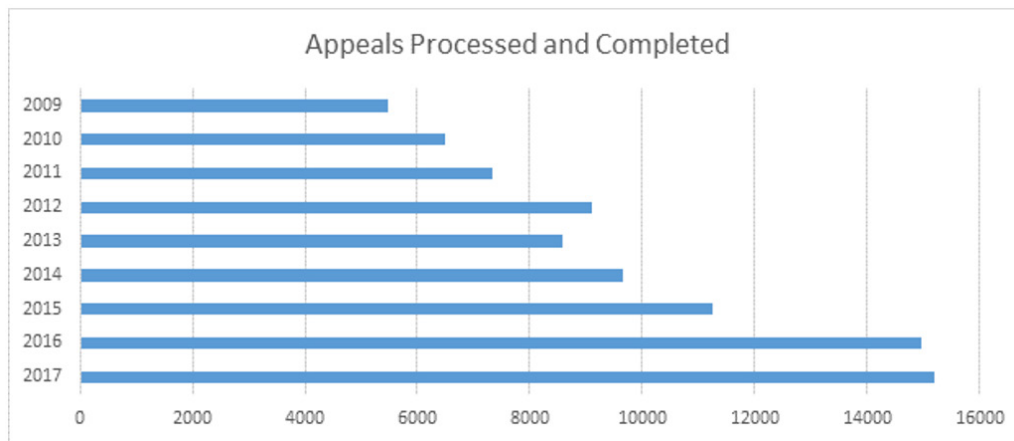
The **Business Solutions Offices** works across the agency and with external stakeholders to partner with MNIT in providing technology systems that support the delivery of human services. Staff in this office develop the business architecture to support system design, serve as the business owners for enterprise applications, coordinate the submission of federal funding applications, align data strategies, work throughout the agency and with external stakeholders on business readiness efforts and implement governance oversight for information management and technology work of the agency.

RESULTS

Number of background studies completed annually: Individuals who provide direct contact services to clients



Number of Appeals processed and completed by fiscal year



Operations' legal authority is in several places in state law: M.S. chapter 245A (Human Services Licensing); chapter 245C (Human Services Background Studies) and sections 144.057, 144A.476, and 524.5-118; and chapter 245D (Home and Community-Based Services Standards), M.S. Chapter 43A, sections 43A.19, 43A.191 (Affirmative Action), M.S. Chapter 363A (Human Rights), M.S. Chapter 402A (Human Services Performance Management).

Additional statutes give the agency authority to investigate fraud: M.S. sections 119B.125, 152.126, 256.987, 256D.024, 256J.26, 256J.38, 609.821, 626.5533, and chapter 245E (Child Care Assistance Program Fraud Investigations).

M.S. sections 626.556 and 626.557 authorize the agency's work conducting background studies and investigating reports related to maltreatment of minors and of vulnerable adults.

M.S. chapter 256 (Human Services) provides authority for many of the agency's general administrative activities. M.S. sections 256.045 to 256.046 give authority for the agency's appeals activities.

NOTE: MN.IT spending, which previously was reported under Operations, is now reflected on its own budget activity page.

Operations

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	49,912	53,540	63,057	71,493	69,709	69,916	91,866	89,656
1200 - State Government Special Rev	4,346	4,205	3,777	4,533	4,173	4,173	5,449	5,440
2000 - Restrict Misc Special Revenue	7,743	8,771	7,959	8,828	9,370	9,373	9,389	9,353
2001 - Other Misc Special Revenue	15,917	26,842	26,647	31,284	30,108	29,969	30,108	29,969
2360 - Health Care Access	4,262	5,582	5,996	6,916	6,811	6,811	7,722	8,758
3000 - Federal	2,580	2,593	1,742	6,874	6,891	2,591	6,891	2,591
3001 - Federal TANF	104	99	99	100	100	100	100	100
Total	84,864	101,631	109,276	130,028	127,162	122,933	151,525	145,867
Biennial Change				52,809		10,791		58,088
Biennial % Change				28		5		24
Governor's Change from Base								47,297
Governor's % Change from Base								19

Expenditures by Category

Compensation	51,611	60,226	64,800	72,492	75,044	70,608	79,461	75,101
Operating Expenses	31,273	37,974	42,717	57,451	51,870	52,077	71,391	70,093
Grants, Aids and Subsidies	57	90	124				425	425
Capital Outlay-Real Property	1,367	251	3					
Other Financial Transaction	556	3,090	1,632	85	248	248	248	248
Total	84,864	101,631	109,276	130,028	127,162	122,933	151,525	145,867

Full-Time Equivalents

553.16	617.74	658.75	654.75	634.44	623.81	669.79	660.41
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Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		928		5,375				
Direct Appropriation	115,577	114,291	137,610	138,055	133,002	133,047	155,159	152,787
Transfers In	9,825	17,250	13,337	27,537	11,093	11,093	11,093	11,093
Transfers Out	75,036	78,891	82,516	99,474	74,386	74,224	74,386	74,224
Cancellations		39						
Balance Forward Out	454		5,375					
Expenditures	49,912	53,540	63,057	71,493	69,709	69,916	91,866	89,656
Biennial Change in Expenditures				31,098		5,075		46,972
Biennial % Change in Expenditures				30		4		35
Governor's Change from Base								41,897
Governor's % Change from Base								30
Full-Time Equivalents	353.37	392.74	437.85	437.85	420.40	411.20	452.70	444.75

1200 - State Government Special Rev

Balance Forward In		57		372				
Direct Appropriation	4,389	4,149	4,149	4,162	4,174	4,174	5,450	5,441
Transfers In				12	24	24	24	24
Transfers Out				13	25	25	25	25
Cancellations		0						
Balance Forward Out	43		372					
Expenditures	4,346	4,205	3,777	4,533	4,173	4,173	5,449	5,440
Biennial Change in Expenditures				(241)		36		2,579
Biennial % Change in Expenditures				(3)		0		31
Governor's Change from Base								2,543
Governor's % Change from Base								30
Full-Time Equivalents	35.74	40.80	36.18	36.18	34.76	34.02	45.51	44.77

2000 - Restrict Misc Special Revenue

Balance Forward In	4,394	5,044	3,609	1,806	85	13	85	13
Receipts	7,833	7,463	7,282	7,488	9,688	9,773	10,507	10,553
Transfers In	722	926	784	799	877	880	77	80
Transfers Out	681	1,071	1,912	1,180	1,267	1,267	1,267	1,267
Balance Forward Out	4,525	3,590	1,805	85	13	26	13	26

Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	7,743	8,771	7,959	8,828	9,370	9,373	9,389	9,353
Biennial Change in Expenditures				273		1,956		1,955
Biennial % Change in Expenditures				2		12		12
Governor's Change from Base								(1)
Governor's % Change from Base								(0)
Full-Time Equivalents	71.79	81.80	74.76	74.76	74.76	74.76	67.06	67.06

2001 - Other Misc Special Revenue

Balance Forward In	2,125	1,950	2,272	2,343	3,032	3,493	3,032	3,493
Receipts	18,114	18,894	17,704	22,965	21,795	21,795	21,795	21,795
Transfers In	1,259	12,126	13,406	13,826	14,227	14,088	14,227	14,088
Transfers Out	3,622	3,844	4,392	4,818	5,453	5,453	5,453	5,453
Balance Forward Out	1,959	2,284	2,343	3,032	3,493	3,954	3,493	3,954
Expenditures	15,917	26,842	26,647	31,284	30,108	29,969	30,108	29,969
Biennial Change in Expenditures				15,172		2,146		2,146
Biennial % Change in Expenditures				35		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	36.62	44.18	53.65	53.65	53.38	53.31	53.38	53.31

2360 - Health Care Access

Balance Forward In		317		118				
Direct Appropriation	9,793	10,503	21,019	21,118	20,709	20,709	21,620	22,656
Transfers In	309	219	119	131				
Transfers Out	5,560	5,423	15,024	14,451	13,898	13,898	13,898	13,898
Cancellations		34						
Balance Forward Out	280		118					
Expenditures	4,262	5,582	5,996	6,916	6,811	6,811	7,722	8,758
Biennial Change in Expenditures				3,069		710		3,568
Biennial % Change in Expenditures				31		6		28
Governor's Change from Base								2,858
Governor's % Change from Base								21
Full-Time Equivalents	34.22	34.23	34.32	34.32	33.15	32.53	33.15	32.53

Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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3000 - Federal

Balance Forward In	41	6	6	11				
Receipts	2,545	2,593	1,747	6,863	6,891	2,591	6,891	2,591
Balance Forward Out	6	6	12					
Expenditures	2,580	2,593	1,742	6,874	6,891	2,591	6,891	2,591
Biennial Change in Expenditures				3,443		866		866
Biennial % Change in Expenditures				67		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	20.52	23.17	21.19	17.19	17.19	17.19	17.19	17.19

3001 - Federal TANF

Balance Forward In		0	0					
Receipts	104	99	99	100	100	100	100	100
Balance Forward Out	0	0	0					
Expenditures	104	99	99	100	100	100	100	100
Biennial Change in Expenditures				(4)		1		1
Biennial % Change in Expenditures				(2)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.90	0.82	0.80	0.80	0.80	0.80	0.80	0.80

Program: Central Office Operations

Activity: Children & Families

mn.gov/dhs/people-we-serve/children-and-families/

AT A GLANCE

- Provides child support services to more than 346,000 custodial and non-custodial parents annually and 240,000 children
- Provides child care assistance to more than 29,000 children in an average month
- 1563 children were either adopted or had a permanent transfer of legal custody to a relative in 2017
- Facilitates Supplemental Nutrition Assistance Program (SNAP) payments to more than 429,000 Minnesotans every month
- All funds administrative spending for the Children and Families activity for FY 2017 was \$45.4 million. This represented 0.27 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

Children and Families administers, and provides administrative support to counties, tribes and social service agencies for programs that provide child safety and well-being services, and for economic assistance programs serving low-income families and children.

These services help ensure that low-income people receive the support they need to be safe and help build stable families and communities. Programs administered in this area seek to:

- Keep more people fed and healthy by increasing nutrition assistance participation,
- Keep more children out of foster care and safely with their families,
- Decrease the disproportionate number of children of color in out-of-home placements, and
- Increase access to high quality child care.

Our statewide administration of these programs ensures that federal funds are used according to federal regulations, resources and services are distributed equitably across the state, and quality standards are maintained.

SERVICES PROVIDED

The Children and Family Services Administration is organized into five principal Divisions:

- Child Safety and Permanency,
- Child Support,
- Community Partnerships and Child Care Services,
- Economic Assistance and Employment Supports, and
- Management Operations.

In the Children and Families Services Administration our staff provides administrative direction and supports to counties, tribes and community agencies. Our work includes:

- Researching, recommending and implementing statewide policy and programs,
- Managing grants,
- Training and giving technical assistance to counties, tribes and grantees,
- Evaluating and auditing service delivery, and

- Conducting quality assurance reviews to make sure that effective services are delivered efficiently and consistently across the state.

Our areas of responsibility include administering several forecasted programs: the Minnesota Family Investment Program (MFIP) and Diversionary Work Program, and MFIP Child Care Assistance. Our staff also supports grant programs that provide funding for housing, food and child welfare services. We also administer the federal Supplemental Nutrition Assistance Program (SNAP). We review approximately 2,600 SNAP cases annually to see if benefits and eligibility were determined correctly. In addition, we review overall county and tribal administration and management of SNAP in 30-35 agencies each year. We provide oversight of statewide child welfare services that focus on ensuring children's safety while supporting families. We ensure that core safety services focus on preventing or remedying neglect, and providing basic food, housing and other supports to the most at-risk adults and children. In 2015, we provided more than 950 classroom and over 3,800 on-line trainings for county staff on SNAP, family cash assistance and child care assistance.

Funding for our programs comes from a combination of state and federal dollars. Major federal block grants that support programs in our Administration include Temporary Assistance for Needy Families, the Child Care and Development Fund, the Social Services Block Grant and the Community Services Block Grant. Funding from these four federal sources totaled \$458 million in federal fiscal year 2017.

RESULTS

We provide administrative support to a broad array of programs and services for low-income families and adults and children.

Key Measures for programs serving families and children:

<i>Type of Measure</i>	<i>Description of Measure</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Quality	Percent of children not experiencing repeated abuse or neglect within 12 months of a prior report	94.3%	94.5%	91.8%	91%
Quality	Percent of all children who enter foster care in the previous year that are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months	60%	56.1%	50.6%	47.5%
Quality	Percent of all children in foster care who had been in care between 12 and 23 months on the first day of the year that were discharged to permanency within 12 months of the first day of the year	50%	44.8%	48.1%	51.2%
Quality	Percent of all children in foster care who had been in care for 24 months or more on the first day of the year that were discharged to permanency within 12 months of the first day of the year	17.4%	23.1%	25.2%	28.8%

Data for quality measures provided by Children’s Research Unit at the Department of Human Services.

The two key measures in MFIP/DWP are:

- The **Self-Support Index (S-SI)**, which is a results measure. The S-SI shows the percentage of adults eligible for MFIP or DWP in a quarter who have left assistance or are working at least 30 hours per week three years later. Customized targets are set for each county or tribe using characteristics of the people served and local economic conditions. State law requires the Department of Human Services to use the Self-Support Index to allocate performance bonus funds. The chart following shows that about two-thirds of participants have left MFIP or DWP and/or are working at least 30 hours per week three years after a baseline period.

<i>Year ending in March of:</i>	<i>S-SI</i>
2016	68.0%
2017	65.9%
2018	64.6%

- The federal Work Participation Rate (WPR), which is a measure of quantity. The WPR shows parents engaging in work and specific work-related activities. We calculate an estimated WPR for counties, county consortiums and tribes monthly, and it is annualized to allocate performance bonus funds. (Beginning in calendar year 2016, the bonus will be based solely on the S-SI.) The chart following shows the WPR for 2015 to 2017.

<i>Federal Fiscal Year</i>	<i>WPR</i>
2015	37.9%
2016	39.4%
2017	38.9%

Another employment-related, state-mandated performance measure tracked is:

- **MFIP/DWP Median Placement Wage**, a quality measure that reflects the number of people getting jobs and the median wage. The chart shows the statewide median hourly starting wage. (Tribes are not included.)

<i>Calendar Year</i>	<i>Median Placement Wage Per Hour for MFIP Clients</i>	<i>Median Placement Wage Per Hour for DWP Clients</i>
2015	\$11.00	\$11.00
2016	\$11.50	\$11.50
2017	\$12.00	\$12.00

Children & Families

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	8,186	9,781	10,582	11,597	11,055	10,963	13,888	14,706
2000 - Restrict Misc Special Revenue	136	55	160	795	62	62	62	62
2001 - Other Misc Special Revenue	20,791	20,404	22,244	25,861	23,604	23,337	23,604	23,337
3000 - Federal	10,960	13,192	12,066	16,420	16,710	16,308	16,710	16,308
3001 - Federal TANF	2,038	2,013	1,848	2,582	2,582	2,582	2,582	2,582
Total	42,110	45,445	46,900	57,255	54,013	53,252	56,846	56,995
Biennial Change				16,600		3,110		9,686
Biennial % Change				19		3		9
Governor's Change from Base								6,576
Governor's % Change from Base								6

Expenditures by Category

Compensation	27,101	29,384	32,401	37,180	36,466	35,927	38,799	39,570
Operating Expenses	14,733	14,487	13,893	19,933	17,465	17,243	17,965	17,343
Grants, Aids and Subsidies	123	1,448	544	108	50	50	50	50
Other Financial Transaction	152	125	62	34	32	32	32	32
Total	42,110	45,445	46,900	57,255	54,013	53,252	56,846	56,995

Full-Time Equivalents

286.01	303.02	324.07	324.07	316.73	312.95	325.73	334.95
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Children & Families

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,291		477				
Direct Appropriation	9,974	9,961	10,438	10,821	11,115	11,071	13,948	14,814
Transfers In	438	705	1,254	1,402	963	915	963	915
Transfers Out	1,396	2,162	633	1,103	1,023	1,023	1,023	1,023
Cancellations		13						
Balance Forward Out	830		477					
Expenditures	8,186	9,781	10,582	11,597	11,055	10,963	13,888	14,706
Biennial Change in Expenditures				4,212		(161)		6,415
Biennial % Change in Expenditures				23		(1)		29
Governor's Change from Base								6,576
Governor's % Change from Base								30
Full-Time Equivalents	61.61	72.82	75.86	75.86	72.58	70.88	81.58	92.88

2000 - Restrict Misc Special Revenue

Balance Forward In	303	115	672	555				
Receipts	243	81	0	178				
Transfers In	15	494	42	62	62	62	62	62
Transfers Out	320	51						
Balance Forward Out	105	584	554					
Expenditures	136	55	160	795	62	62	62	62
Biennial Change in Expenditures				764		(831)		(831)
Biennial % Change in Expenditures				400		(87)		(87)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.07	0.61	1.63	1.63	1.63	1.63	1.63	1.63

2001 - Other Misc Special Revenue

Balance Forward In	2,548	1,759	2,588	1,078	415	216	415	216
Receipts	3,310	1,972	3,009	2,506	2,506	2,588	2,506	2,588
Transfers In	16,087	18,726	17,806	22,692	20,899	20,632	20,899	20,632
Transfers Out			82					
Balance Forward Out	1,155	2,054	1,077	415	216	99	216	99
Expenditures	20,791	20,404	22,244	25,861	23,604	23,337	23,604	23,337

Children & Families

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial Change in Expenditures				6,911		(1,164)		(1,164)
Biennial % Change in Expenditures				17		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	126.10	129.57	142.10	142.10	138.04	135.96	138.04	135.96

3000 - Federal

Balance Forward In	132	96	169	58				
Receipts	10,918	13,203	11,955	16,362	16,710	16,308	16,710	16,308
Transfers Out	0							
Balance Forward Out	92	107	59					
Expenditures	10,960	13,192	12,066	16,420	16,710	16,308	16,710	16,308
Biennial Change in Expenditures				4,334		4,532		4,532
Biennial % Change in Expenditures				18		16		16
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	85.10	89.01	93.39	93.39	93.39	93.39	93.39	93.39

3001 - Federal TANF

Balance Forward In	0							
Receipts	2,038	2,013	1,848	2,582	2,582	2,582	2,582	2,582
Expenditures	2,038	2,013	1,848	2,582	2,582	2,582	2,582	2,582
Biennial Change in Expenditures				379		734		734
Biennial % Change in Expenditures				9		17		17
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.13	11.01	11.09	11.09	11.09	11.09	11.09	11.09

Program: Central Office Operations

Activity: Health Care

AT A GLANCE

- **Medical Assistance** provided coverage for an average of 1,082,654 people each month during FY 2017.
- **MinnesotaCare** provided coverage for an average of 89,081 people each month during FY 2017.
- In FY2017 our member services call center fielded 671,527 telephone calls from recipients.
- In FY2017 our provider help desk answered 313,607 calls from providers.
- All funds administrative spending for the Health Care activity for FY 2017 was \$104 million. This represents 0.7 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The Minnesota Department of Human Services (DHS) Health Care Administration administers the following two health care programs for low-income Minnesotans:

Medical Assistance (MA) is Minnesota's Medicaid program which provides health coverage for low-income people including children and families, people 65 or older, people who have disabilities and adults without dependent children.

MinnesotaCare provides coverage for those who do not have access to affordable health care coverage but whose income is too high for Medical Assistance.

Our goals are to:

- Increase the number of insured Minnesotans by helping eligible people get MA or MinnesotaCare coverage
- Improve and streamline Medicaid processes through the way we administer and deliver programs
- Improve the health outcomes, beneficiary experience and value of care delivered through Minnesota Health Care Programs (MHCP)
- Reform payment and delivery models by designing rates and models to reward quality and emphasize transparency
- Use research, data and analysis to develop policy recommendations, support DHS health care programs and evaluate results
- Encourage stakeholder communication to support our clients, partners and programs

SERVICES PROVIDED

The Health Care Administration's (HCA) divisions and operational units include the following:

Office of the Assistant Commissioner

This office performs central functions including:

- Managing the partnership between DHS and the federal Centers for Medicare and Medicaid Services for all Medicaid state plan and waiver services
- Conducting care delivery and payment reform projects including the Integrated Health Partnerships and the CMS State Innovation Models

- Ensuring that benefit and payment policies are supported by best clinical practices through the Office of the Medical Director
- Coordinating the development of recommendations on health care policy and legislation

Health Care Eligibility Operations

- Processes paper applications for MinnesotaCare and the Minnesota Family Planning Program
- Provides ongoing case maintenance and processes changes in enrollee circumstance that may influence eligibility
- Provides in-person and online training, responds to system-related questions from counties, and provides systems support.

Health Care Eligibility and Access

- Administers all eligibility policy for the Medical Assistance and MinnesotaCare programs including long term care services.
- Provides policy support for county social service agencies, tribal governments, and other entities processing applications for MHCP
- Conducts disability determinations to determine Medical Assistance eligibility under a disability basis
- Develops business requirements for eligibility systems including MAXIS, MMIS, and the Minnesota Eligibility Technology System (METS)

Purchasing and Service Delivery (PSD)

- Coordinates the purchasing and delivery of services in state health care programs and administers coverage, benefit policy
- Establishes payment policies and calculations for fee-for-service and managed care rates
- Negotiates and manages annual contracts between DHS and managed care organizations

Member and Provider Services (MPS)

- Supports MHCP members and providers, conducts benefits recovery and claims processing, runs the member and provider call centers, enrolls health care providers, and manages all provider training and communication regarding the health care programs
- Assures that Medical Assistance program remains the payer of last resort by billing any insurers or other parties with primary responsibility for paying medical claims
- Responds to enrollee phone calls regarding eligibility, covered services, and provider availability
- Ensures the timely and accurate payment of health care services

Healthcare Research and Quality

- Conducts data analysis, research, and data reporting responsibilities for the MHCP and oversees quality assurance activities for the managed care organizations contracting with DHS
- Uses health care claims data to inform policy and program development and monitors the quality of health care services purchased by DHS

Our staff shares some health care coverage policy and rates development functions with the Community Supports Administration for the services under the purview of those other administrations.

Our work supports the following strategies:

- Improve access to affordable health care
- Integrate primary care, behavioral health and long-term care
- Maintain a workforce committed to fulfilling the agency mission
- Expand the number of providers and enrollees participating in Integrated Health Partnerships
- Modernize eligibility and enrollment systems

- Reduce disparities so that cultural and ethnic communities have the same access to outcomes for health care
- Hold managed care plans accountable for health equity outcomes related to depression, diabetes and well child visits

RESULTS

DHS works to make Minnesota a national leader in promoting and implementing policy and payment initiatives that improve access, quality and cost-effectiveness of services provided through publicly funded health care programs. DHS contracts with managed care organizations to serve enrollees in Minnesota's public health care programs.

As part of Minnesota's commitment to deliver quality health care more efficiently, DHS began a new payment model in 2013 that prioritizes quality preventive care and rewards providers for reducing the cost of care for enrollees in MA and MinnesotaCare programs. This nation-leading reform effort has saved \$277 million in health care costs over four years and continues to show how financial incentives and value-based payment can lower costs and maintain or improve health care quality and outcomes. Providers participating in the program currently serve more than 460,000 Minnesotans.

In 2010, DHS was directed to develop and implement a demonstration testing alternative health care delivery systems, including accountable care organizations (ACOs). This led to the development of the Integrated Health Partnerships (IHP) program in 2013. The goal of the program is to improve the quality and value of care provided to Medicaid and MinnesotaCare enrollees while lowering the cost through innovative approaches to care and payment.

The program allows participating providers to enter into an arrangement with DHS to care for enrollees under a payment model that holds the participants accountable for the costs and quality of care their Medicaid patients receive. Providers who participate work together to better coordinate and manage care, resulting in better outcomes.

IHP providers have experienced better health outcomes for their Medicaid and MinnesotaCare populations, reducing inpatient admissions by 14 percent and emergency room visits by 7 percent. They also rank highly on statewide quality benchmarks.

The IHP program continues to expand. Providers that deliver care for less than the targeted cost are eligible to share in the savings; some providers also share the downside risk if costs are higher than targeted. As IHPs progress into their second and third contract years, a portion of their payment is tied to their performance on quality metrics.

In 2017, IHP savings to the health care system totaled nearly than \$60.7 million. This comes on top of savings of \$48 million in 2016, \$87.5 million in 2015, \$65.3 million in 2014 and \$14.8 million in 2013. These savings are shared by providers, managed care organizations, the federal government, and the state.

Beginning in 2018, DHS expanded and enhanced the IHP model in several important ways. DHS introduced multiple tracks to accommodate a diverse set of provider systems, added a quarterly population-based payment to providers to support their care coordination and infrastructure needs, modified the quality measurements methodology, and increased accountability for nonmedical social factors affecting the health of and disparities found within the IHP population.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of electronically submitted claims paid within two days ¹	98.28%	98.36%	FY2015 and FY2017
Quantity	Number of Providers Enrolled in an Integrated Health Partnership ²	19	24	2016 and 2018
Quantity	Total MA Benefit Recoveries (excluding fraud and cost avoidance) ³	\$58 million	\$61 million	FY2015 and FY2017

Performance Measure Notes:

1. Source: FY 2015 Member and Provider Services Operational Statistics. Compares Fiscal year 2015 (Previous) to Fiscal year 2017 (Current). Our goal is to pay 98 percent of electronically submitted claims within two days. The trend is stable.
2. Measure is the number of providers voluntarily contracting with DHS as an IHP to serve MA and MinnesotaCare recipients. Compares 2016 (Previous) to 2018(Current)
3. Source: Member and Provider Services Operational Statistics. Measure is the total amount of recoveries conducted by the benefit recovery unit at DHS and contractors performing recovery activities on its behalf. Compares FY 2015 (Previous) and FY 2017 (Current).

M.S. chapter 256 (Human Services) provides authority for many of the agency's general administrative activities. Some of the authority to administer MA is also in that chapter. Additional legal authority to administer MA is in M.S. chapter 256B (Medical Assistance for Needy Persons). Our authority to administer MinnesotaCare is in M.S. chapter 256L.

Health Care

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	15,344	14,224	19,589	21,668	19,671	19,715	20,732	21,739
2000 - Restrict Misc Special Revenue	1,352	2,200	2,526	2,370	2,370	2,370	2,370	2,370
2001 - Other Misc Special Revenue	41,153	48,686	49,955	57,322	51,435	48,988	51,435	48,988
2360 - Health Care Access	24,176	25,721	25,090	24,490	24,313	24,313	25,456	25,344
3000 - Federal	16,517	13,132	8,214					
Total	98,542	103,962	105,373	105,850	97,789	95,386	99,993	98,441
Biennial Change				8,719		(18,048)		(12,789)
Biennial % Change				4		(9)		(6)
Governor's Change from Base								5,259
Governor's % Change from Base								3

Expenditures by Category

Compensation	53,150	57,479	62,591	60,893	55,737	54,970	57,253	57,800
Operating Expenses	42,585	42,816	41,850	44,849	41,930	40,294	42,618	40,519
Grants, Aids and Subsidies	2,421	3,239	903					
Capital Outlay-Real Property	28	1						
Other Financial Transaction	359	428	30	108	122	122	122	122
Total	98,542	103,962	105,373	105,850	97,789	95,386	99,993	98,441

Full-Time Equivalents

645.66	685.71	731.29	731.29	712.19	702.58	724.19	721.58
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Health Care

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,520		384				
Direct Appropriation	16,667	16,683	20,719	21,336	21,676	21,720	22,737	23,744
Transfers In	2,568		703	3,344				
Transfers Out	2,760	3,914	1,449	3,396	2,005	2,005	2,005	2,005
Cancellations		66						
Balance Forward Out	1,131		384					
Expenditures	15,344	14,224	19,589	21,668	19,671	19,715	20,732	21,739
Biennial Change in Expenditures				11,689		(1,871)		1,214
Biennial % Change in Expenditures				40		(5)		3
Governor's Change from Base								3,085
Governor's % Change from Base								8
Full-Time Equivalents	101.46	101.56	152.44	152.44	147.86	145.46	153.86	157.46

2000 - Restrict Misc Special Revenue

Balance Forward In	203	159	5	5				
Receipts	1,187	1,602	1,614	1,619	1,619	1,619	1,619	1,619
Transfers In	120	538	912	751	751	751	751	751
Transfers Out		95		5				
Balance Forward Out	159	5	5					
Expenditures	1,352	2,200	2,526	2,370	2,370	2,370	2,370	2,370
Biennial Change in Expenditures				1,344		(156)		(156)
Biennial % Change in Expenditures				38		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.75	6.93	12.37	12.37	12.37	12.37	12.37	12.37

2001 - Other Misc Special Revenue

Balance Forward In	2,766	3,796	4,406	4,682	6,749	8,868	6,749	8,868
Receipts	6,302	5,426	6,002	6,431	6,431	6,431	6,431	6,431
Transfers In	35,756	43,667	45,091	52,958	47,123	44,676	47,123	44,676
Transfers Out			862					
Balance Forward Out	3,671	4,203	4,682	6,749	8,868	10,987	8,868	10,987
Expenditures	41,153	48,686	49,955	57,322	51,435	48,988	51,435	48,988

Health Care

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				17,438		(6,854)		(6,854)
Biennial % Change in Expenditures				19		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	231.39	246.15	249.50	249.50	242.98	239.98	242.98	239.98

2360 - Health Care Access

Balance Forward In		230		246				
Direct Appropriation	33,185	34,007	23,697	23,804	24,313	24,313	25,456	25,344
Transfers In	200	1,324	2,058	970				
Transfers Out	9,168	9,815	419	530				
Cancellations		26						
Balance Forward Out	41		246					
Expenditures	24,176	25,721	25,090	24,490	24,313	24,313	25,456	25,344
Biennial Change in Expenditures				(318)		(954)		1,220
Biennial % Change in Expenditures				(1)		(2)		2
Governor's Change from Base								2,174
Governor's % Change from Base								4
Full-Time Equivalents	298.04	323.99	314.58	314.58	306.58	302.37	312.58	309.37

3000 - Federal

Balance Forward In		0	20					
Receipts	16,516	13,132	8,194					
Expenditures	16,517	13,132	8,214					
Biennial Change in Expenditures				(21,435)		(8,214)		(8,214)
Biennial % Change in Expenditures				(72)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	13.02	7.08	2.40	2.40	2.40	2.40	2.40	2.40

Program: Central Office Operations

Activity: Continuing Care For Older Adults

mn.gov/dhs/people-we-serve/seniors/

AT A GLANCE

- Oversees services to over 400,000 older Minnesotans each year with a value \$1.4 billion in state and federal funds.
- Provided nursing facility services to 14,529 people per month in FY 2017.
- Provided Elderly Waiver services to 33,654 people per month in FY 2017.
- Performs statewide human services planning and develops and implements policy.
- Obtains, allocates, and manages resources, contracts, and grants.
- Senior Nutrition grants provide congregate dining to 38,000 people and home delivered meals to 12,000 people.
- Provides comprehensive assistance and individualized help to more than 125,000 individuals through over 277,000 calls in 2017 through the Senior LinkAge Line®.
- Provided \$50.2 million in services to providers under Aging and Adult Service grants and \$1.6 million under Other Long Term Care grants in FY 2017.
- Sets standards for, and evaluates, service development and delivery, and monitors compliance
- Provides technical assistance and training to county and tribal agencies and supports local innovation and quality improvement efforts.
- All funds administrative spending for the Continuing Care Administration activity for FY 2017 was \$18.4 million. This represented 0.12 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The Continuing Care for Older Adults Administration administers Minnesota's publicly funded long-term care programs and services for older Minnesotans and their families. Our Administration's mission is to improve the dignity, health and independence of the people we serve.

We have four goals:

- Support and enhance the quality of life for older people,
- Manage an equitable and sustainable long-term care system that maximizes value,
- Continuously improve how we administer services, and
- Promote professional excellence and engagement in our work

SERVICES PROVIDED

The Continuing Care for Older Adults Administration is composed of the following Divisions and units, each charged with particular areas of responsibility:

- Aging and Adult Services Division,
- Fiscal Analysis and Performance Measurement,
- Nursing Facility Rates and Policy Division,
- Operations and Central Functions, and
- Planning and Aging 2030

Our work includes:

- Administering Medical Assistance long-term care waiver programs and state plan services. This includes developing, seeking authority for and implementing policies, projects, and research. We also oversee state and federal grants and contracts, including Senior Nutrition Grants and Moving Home Minnesota, a federal Money Follows the Person Rebalancing Demonstration Program. These programs serve both seniors and people with disabilities;
- Providing training, education, assistance, advocacy and direct services, including overseeing the state's adult protective services system;
- Monitoring service quality by doing evaluations and measuring results using county waiver reviews;
- Staffing of the Governor-appointed Minnesota Board on Aging (<http://www.mnaging.org>), a state agency administratively placed within DHS with oversight of the Office of Ombudsman for Long-Term Care;
- Working to improve the quality of services and share best practices across providers;
- Providing administrative, financial, and operational management and support for both the Continuing Care for Older Adults Administration and the Community Supports Administration;
- Supporting both Continuing Care for Older adults and Community Supports administrations on IT modernization projects, IT project portfolio oversight, and business process improvement efforts; and
- Providing outreach, staff support and technical assistance to stakeholders and stakeholder workgroups.

Direct services we provide include:

- Providing statewide referrals to services, care transitions support, health insurance and long-term benefits counseling through the Senior LinkAge Line® to older Minnesotans and their caregivers so that they can get answers about long-term care and how to pay for it, assistance resolving issues with Medicare and prescription drugs, connections with volunteer opportunities, or help finding resources;
- Providing long-term care ombudsman services, which help people resolve complaints and keep their services; and
- Developing, maintaining, and publishing provider quality rankings for consumers using the nursing home and HCBS report cards.

RESULTS

We use several information sources and data to monitor and evaluate quality outcomes and provider performance. Much of the information we analyze is from the DHS Data Warehouse or from surveys of consumers, providers, and lead agencies. More explanation of these measures is in the performance notes below the table.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	1. Average statewide risk-adjusted nursing facility quality of care score out of a possible 100 points	64.4	74.0	Jan. 2012 to Dec. 2017
Result	2. Percent of older adults served by home and community-based services	68.4%	72.9%	2013 to 2017

More information is available on the DHS Dashboard (<http://dashboard.dhs.state.mn.us/>).

Performance Notes:

1. Measure one compares January 2012 data to December 2017 data. (Source: Minimum Data Set resident assessments)
2. Measure two compares FY2013 to FY2017. This measure shows the percentage of older adults receiving publicly-funded long-term services and supports who receive home and community-based services

through the Elderly Waiver, Alternative Care, or home care programs instead of nursing home services.
(Source: MMIS Claims)

M.S. chapter 256 (Human Services) provides authority for many of the agency's general administrative activities. Some of the authority to administer MA is also in that chapter. Additional legal authority to administer MA is in M.S. chapter 256B (Medical Assistance for Needy Persons). For other activities administered under Continuing Care for Older Adults, we list legal citations that apply to the program at the end of each budget narrative.

Continuing Care for Older Adults

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	13,491	13,863	12,928	15,152	14,618	14,617	20,330	17,991
1200 - State Government Special Rev	103	129	122	129	126	126	126	126
2000 - Restrict Misc Special Revenue	49	162	44	4,127	1,882	1,502	1,882	1,502
2001 - Other Misc Special Revenue	244	277	510	864	446	363	446	363
2403 - Gift			6	30	15	15	15	15
3000 - Federal	3,668	3,928	3,921	4,009	3,304	2,883	3,304	2,883
Total	17,556	18,359	17,531	24,311	20,391	19,506	26,103	22,880
Biennial Change				5,927		(1,945)		7,141
Biennial % Change				17		(5)		17
Governor's Change from Base								9,086
Governor's % Change from Base								23
<u>Expenditures by Category</u>								
Compensation	11,280	11,807	12,315	13,903	13,494	13,097	14,964	14,639
Operating Expenses	6,097	6,111	4,817	10,383	6,872	6,384	11,114	8,216
Grants, Aids and Subsidies	71	394	383					
Other Financial Transaction	109	47	16	25	25	25	25	25
Total	17,556	18,359	17,531	24,311	20,391	19,506	26,103	22,880
<u>Full-Time Equivalents</u>								
	120.82	118.28	119.73	119.73	116.06	114.11	130.56	129.11

Continuing Care for Older Adults

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,915		1,626				
Direct Appropriation	32,950	29,925	15,359	15,113	14,618	14,617	20,330	17,991
Transfers In	1,701	807	459	146				
Transfers Out	19,444	18,745	1,264	1,733				
Cancellations		40						
Balance Forward Out	1,716		1,626					
Expenditures	13,491	13,863	12,928	15,152	14,618	14,617	20,330	17,991
Biennial Change in Expenditures				726		1,155		10,241
Biennial % Change in Expenditures				3		4		36
Governor's Change from Base								9,086
Governor's % Change from Base								31
Full-Time Equivalents	84.80	82.93	85.54	85.54	81.91	79.99	96.41	94.99

1200 - State Government Special Rev

Balance Forward In		22		3				
Direct Appropriation	125	125	125	125	125	125	125	125
Transfers In				1	1	1	1	1
Cancellations		17						
Balance Forward Out	22		3					
Expenditures	103	129	122	129	126	126	126	126
Biennial Change in Expenditures				18		1		1
Biennial % Change in Expenditures				8		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.57	1.22	1.13	1.13	1.09	1.06	1.09	1.06

2000 - Restrict Misc Special Revenue

Balance Forward In	121	986	2,143	3,763	2,684	2,684	2,684	2,684
Receipts			123	1,502	1,502	1,502	1,502	1,502
Transfers In	914	1,319	1,541	1,546	380		380	
Balance Forward Out	986	2,143	3,763	2,684	2,684	2,684	2,684	2,684
Expenditures	49	162	44	4,127	1,882	1,502	1,882	1,502
Biennial Change in Expenditures				3,960		(787)		(787)

Continuing Care for Older Adults

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures				1,879		(19)		(19)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.22	1.88	0.60	0.60	0.60	0.60	0.60	0.60

2001 - Other Misc Special Revenue

Balance Forward In	397	84	96	112				
Receipts	111	182	53	168	168	168	168	168
Transfers In	842	897	472	584	278	195	278	195
Transfers Out	1,021	801						
Balance Forward Out	84	84	112					
Expenditures	244	277	510	864	446	363	446	363
Biennial Change in Expenditures				853		(565)		(565)
Biennial % Change in Expenditures				163		(41)		(41)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.34							

2403 - Gift

Balance Forward In	15	15	15	15				
Receipts	0	0	6	15	15	15	15	15
Balance Forward Out	15	15	16					
Expenditures			6	30	15	15	15	15
Biennial Change in Expenditures				36		(6)		(6)
Biennial % Change in Expenditures						(17)		(17)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	5	15	55	28				
Receipts	3,669	3,962	3,894	3,981	3,304	2,883	3,304	2,883
Balance Forward Out	6	48	27					
Expenditures	3,668	3,928	3,921	4,009	3,304	2,883	3,304	2,883

Continuing Care for Older Adults

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Biennial Change in Expenditures				335		(1,743)		(1,743)
Biennial % Change in Expenditures				4		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	34.89	32.25	32.46	32.46	32.46	32.46	32.46	32.46

Program: Central Office Operations

Activity: Community Supports

AT A GLANCE

- Provided 47,280 people with disability home and community-based services waivers in FY2017.
- Provided 42,550 people with Personal Care Assistance (PCA) services in FY2017.
- Provided 2,617 people living with HIV/AIDS medical and support services in FY2017.
- 22,169 people received assistance from the Deaf and Hard of Hearing Services Division in FY2017
- In SFY 2017, lead agencies administered over 150,000 assessments for long-term services and supports. (This includes MnCHOICES, legacy LTCC and DD screenings, and PCA Assessments)
- 270,651 adults received mental health services through Minnesota Health Care Programs (MHCP) in CY 2017
- 88,000 children and youth receive publically funded mental health services each year
- 5,713 individuals at risk of or experiencing long-term homelessness received supportive services in FY 2017
- All funds administrative spending for the Community Supports Budget Activity for FY 2017 was \$41 million. This represented 0.26% of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The Community Supports Administration (CSA) within the Department of Human Services oversees service delivery systems for mental health, people with disabilities, alcohol and drug abuse, people who are deaf, deafblind and hard of hearing, and people needing housing supports. This includes prevention, treatment, long-term services and supports, including home and community based services and grant programs.

CSA trains, develops capacity and provides guidance and oversight for community partners including tribes, health plans, counties and community-based providers. Our current work encourages and supports research-informed practices and expanded use of successful models.

CSA goals are to support people to achieve meaningful outcomes, improve our operational excellence, and to manage an equitable and sustainable service delivery system.

SERVICES PROVIDED

We have four divisions within the Community Supports Administration (CSA):

- Behavioral Health Division (combination of former Alcohol and Drug Abuse and Mental Health Divisions)
- Disability Services Division
- Deaf and Hard of Hearing Services Division
- Housing Supports Division

Collaborating both with partners within state agencies and in local communities, our administration shapes and implements public policy on mental health, substance use disorder treatment and prevention services, home and community based services, services for people who are deaf, deafblind and hard of hearing and housing supports.

Specifically, our staff:

- Lead efforts to shape and implement public policy directed towards prevention, early intervention, and treatment of persons with a mental illness or substance use disorder.

- Administer payment policy and manage grant programs for mental health and substance use disorder services, such as the Consolidated Chemical Dependency Treatment Fund, Minnesota Health Care Programs, Adult Mental Health Grants, Child Mental Health Grants and Substance Use Disorder Treatment Support Grants.
- Manage and administer the four disability home and community-based services waivers, home care services (including Personal Care Assistance), intermediate care facilities for people with developmental disabilities, and various grant programs that support people with disabilities living in the community.
- Administer programs to assure access to services, facilitate community engagement, provide technical assistance on best practices, develop local service capacity, and provide general program oversight and guidance.
- Promote access to core medical and support services to people living with HIV/AIDS by paying premiums to maintain private insurance, co-payments for HIV-related medications, mental health services, dental services, nutritional supplements, and case management.
- Promote equal access to communication and community resources for Minnesotans who are deaf, deafblind and hard of hearing by delivering direct services through statewide regional offices, the Telephone Equipment Distribution (TED) program and the DHHSD mental health program.
- Manage grant programs for services to adults and children who are deafblind, mentors for families with very young children who have hearing loss, Certified Peer Support Specialists and other mental health services for people with hearing loss who use American Sign Language and have mental health challenges, psychological assessments for children and youth with hearing loss, increasing capacity of interpreting services in Greater Minnesota.
- Facilitate many stakeholder groups, including the Governor-appointed Commission of Deaf, DeafBlind and Hard of Hearing, a state agency housed within DHS (<http://mn.gov/deaf-commission>);
- Provide housing assistance support and related services to people experiencing homelessness or who are in danger of becoming homeless.
- Work to encourage the development of local service capacity, including related professional workforce development activities.
- Train and guide service delivery partners on best practices.
- Provide supervision, guidance, and oversight to service delivery partners including counties, tribes and non-profit providers.
- Partner with stakeholders to improve prevention and early intervention efforts and the service delivery system.
- Secure funding outside of state appropriations and seek such opportunities to leverage goals.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	The percent of adults in Assertive Community Treatment (ACT) who receive an annual comprehensive preventative physical exam. ²	27.8%	74.0%	2013 vs. 2016
Result	Past 30 day use of alcohol by youth in communities receiving prevention funding. ³	14.7%	11.2%	2013 vs. 2016
Result	Percentage of babies born with negative toxicology reports. ⁴	84%	58.9%	2014 vs. 2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percent of working age adults on certain Medical Assistance programs earning \$600 or more per month. ⁵	12.2%	15.7%	FY 2014 to FY 2016
Result	Percent of people with disabilities who receive home and community-based services at home. ⁶	53.1%	58.5%	2013 to 2017
Result	Percent of long term service and support spending for people with disabilities in home and community-based services rather than institutions. ⁷	88.3%	90.6%	2013 to 2017
Quality	Percent of consumers in DHHS grant-funded programs who are satisfied with quality of services they received. ⁸	94%	94%	2014 to 2017

Performance Measure Notes:

1. With parental consent, counties conduct mental health screenings for children in the child welfare and juvenile justice systems who have not had a recent assessment. The Previous measure is Calendar Year 2012; the Current measure is CY 2015. (Source: Minnesota Department of Human Services Dashboard, <http://dashboard.dhs.state.mn.us/>)
2. Compares CY 2013 (Previous) and CY 2016 (Current). The measure is based on ACT recipients who are not Medicare eligible and who are enrolled 12 months in MA or Minnesota Care. (Source: Minnesota Department of Human Services Dashboard, <http://dashboard.dhs.state.mn.us/>)
3. This measure consists of data as reported in the Minnesota Student Survey for 9th grade users. Previous represents calendar year CY 2013 and Current represents CY 2016.
4. The percentage of babies with negative toxicology results during a 12-month period, born to women served by the state Women's Recovery grants. Previous represents FY 2014 and Current represents FY 2017.
5. Measure compares monthly earnings for people age 18-64 who receive services from one of the following Medical Assistance programs: Home and Community-Based Waiver Services, Mental Health Targeted Case Management, Adult Mental Health Rehabilitative Services, Assertive Community Treatment and Medical Assistance for Employed Persons with Disabilities (MA-EPD). Source: DHS Data Warehouse.
6. This measure compares people who receive disability waiver services in their own home rather than residential services. Source: DHS Data Warehouse.
7. This measure compares spending of long term service and support for people with disabilities in home and community-based services rather than institutions. Source: DHS Data Warehouse.
8. Data source: Consumer satisfaction surveys and grantee reports.

M.S. chapter 256 (Human Services) provides authority for many of the agency's general administrative activities. Some of the authority to administer MA is also in that chapter. Additional legal authority to administer MA is in M.S. chapter 256B (Medical Assistance for Needy Persons). For other activities administered under Community Supports, we list legal citations that apply to the program at the end of each budget narrative.

Community Supports

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	22,346	25,128	27,032	30,721	28,550	28,221	35,843	35,949
2000 - Restrict Misc Special Revenue	4,748	3,936	5,350	8,814	8,523	8,315	5,037	4,829
2001 - Other Misc Special Revenue	2,807	3,500	3,957	5,003	4,260	4,105	4,260	4,105
2365 - Opioid Stewardship							218	350
2403 - Gift	2	5	3	23	13	13	13	13
3000 - Federal	5,707	8,297	6,222	8,827	8,300	6,952	8,300	6,952
4800 - Lottery	114	116	82	244	163	163	163	163
Total	35,724	40,982	42,645	53,632	49,809	47,769	53,834	52,361
Biennial Change				19,571		1,301		9,918
Biennial % Change				26		1		10
Governor's Change from Base								8,617
Governor's % Change from Base								9

Expenditures by Category

Compensation	26,126	28,208	30,682	36,578	36,366	35,870	40,296	40,744
Operating Expenses	7,844	8,535	8,973	16,198	12,260	10,991	12,366	10,720
Grants, Aids and Subsidies	1,463	3,923	2,845	779	1,111	836	1,111	836
Capital Outlay-Real Property	1		1					
Other Financial Transaction	290	316	144	77	72	72	61	61
Total	35,724	40,982	42,645	53,632	49,809	47,769	53,834	52,361

Full-Time Equivalents

268.92	290.25	307.44	307.44	296.95	292.86	326.29	326.20
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Community Supports

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	842	3,418	95	3,303				
Direct Appropriation	7,058	7,314	29,546	29,381	28,391	28,162	35,684	35,890
Receipts	59	59	59	59	59	59	59	59
Transfers In	20,027	18,023	2,910	2,570	100		100	
Transfers Out	2,342	3,567	2,276	4,592				
Cancellations		25						
Balance Forward Out	3,298	95	3,302					
Expenditures	22,346	25,128	27,032	30,721	28,550	28,221	35,843	35,949
Biennial Change in Expenditures			10,279		(982)		14,039	
Biennial % Change in Expenditures			22		(2)		24	
Governor's Change from Base							15,021	
Governor's % Change from Base							26	
Full-Time Equivalents	169.07	188.81	198.25	198.25	190.38	186.32	232.88	231.82

2000 - Restrict Misc Special Revenue

Balance Forward In	9,342	11,753	12,790	19,560	24,069	27,780	24,069	196
Receipts	9,554	9,495	14,712	17,875	11,880	18,720	1,181	1,181
Transfers In	1,576	1,339	1,295	2,259	5,046	4,838	3,953	3,745
Transfers Out	4,146	6,047	3,927	6,811	4,692	4,692	23,970	115
Balance Forward Out	11,578	12,604	19,520	24,069	27,780	38,331	196	178
Expenditures	4,748	3,936	5,350	8,814	8,523	8,315	5,037	4,829
Biennial Change in Expenditures				5,481		2,674		(4,298)
Biennial % Change in Expenditures				63		19		(30)
Governor's Change from Base								(6,972)
Governor's % Change from Base								(41)
Full-Time Equivalents	36.44	32.40	46.79	46.79	46.79	46.79	31.63	31.63

2001 - Other Misc Special Revenue

Balance Forward In	122	1,228	676	503	313	207	313	207
Receipts	1,509	1,656	1,266	2,415	2,362	2,362	2,362	2,362
Transfers In	2,336	1,442	2,647	2,649	2,075	2,020	2,075	2,020
Transfers Out	33	202	130	251	283	283	283	283
Balance Forward Out	1,127	625	503	313	207	201	207	201

Community Supports

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	2,807	3,500	3,957	5,003	4,260	4,105	4,260	4,105
Biennial Change in Expenditures				2,652		(595)		(595)
Biennial % Change in Expenditures				42		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	18.64	20.74	23.44	23.44	23.44	23.44	23.44	23.44

2365 - Opioid Stewardship

Direct Appropriation							218	350
Expenditures							218	350
Biennial Change in Expenditures				0		0		568
Biennial % Change in Expenditures								
Governor's Change from Base								568
Governor's % Change from Base								
Full-Time Equivalents							2.00	3.00

2403 - Gift

Balance Forward In	12	14	12	10				
Receipts	4	3	1	13	13	13	13	13
Balance Forward Out	13	12	10					
Expenditures	2	5	3	23	13	13	13	13
Biennial Change in Expenditures				18		0		0
Biennial % Change in Expenditures				256		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	125	18	9					
Receipts	5,582	8,278	6,213	8,827	8,300	6,952	8,300	6,952
Transfers In	103							
Transfers Out	103	0						
Balance Forward Out	0							
Expenditures	5,707	8,297	6,222	8,827	8,300	6,952	8,300	6,952
Biennial Change in Expenditures				1,046		203		203
Biennial % Change in Expenditures				7		1		1

Community Supports

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	43.44	46.90	37.96	37.96	35.39	35.39	35.39	35.39

4800 - Lottery

Balance Forward In		46		81				
Direct Appropriation	160	163	163	163	163	163	163	163
Cancellations		93						
Balance Forward Out	46		81					
Expenditures	114	116	82	244	163	163	163	163
Biennial Change in Expenditures				96		0		0
Biennial % Change in Expenditures				42		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.33	1.40	1.00	1.00	0.95	0.92	0.95	0.92

Program: Central Office Operations

Activity: Central IT

mn.gov/mnit/about-mnit/offices/

AT A GLANCE

- Operate and maintain over 385 active applications serving over 2.8 million people across all programs and used by 31,000 county, tribal, and state workers, more than 200,000 providers, other client assistants and DHS and MNSure business partners
- Oversee more than 750 IT employees
- Manage over 175 active IT projects
- Coordinate 4 major DHS IT Transformation programs:
 - Minnesota Eligibility Technology (METS) System
 - Integrated Service Delivery System (ISDS)
 - Medicaid Management Information System (MMIS) Modernization
 - Direct Care & Treatment System Modernization
- Total all funds spending for this budget activity in FY 2017 was \$222 million, which represents 1.5 percent of the agency budget.

PURPOSE & CONTEXT

The Central IT budget activity funds MNIT@DHS to provide IT solutions that support agency business goals, and build and maintain the computer applications that automate the delivery of agency programs. MNIT provides secure and cost-effective information technology systems that support individuals who participate in DHS social services, health care, public assistance and direct care programs across the state. The work of MNIT@DHS helps DHS meet their mission to provide essential services to Minnesota's most vulnerable residents.

Please refer to the Office of MNIT Services Agency Profile for more information about the central MNIT organization.

SERVICES PROVIDED

MN.IT@DHS provides the following services to DHS:

1. Leadership and planning support in the delivery of IT services to DHS at a high-value and cost-effective manner. This includes:
 - Implementation and participation in the DHS IT governance structure which allocates funding and guides IT program design, including the sequence/prioritization of IT work
 - Ensure that user experience design, accessibility and plain language are incorporated into DHS technology solutions
2. Program management activities to develop and operate the DHS IT project and portfolio management. This includes:
 - Business Architecture,
 - Business analysis,
 - Project and portfolio management, and
 - Quality assurance
3. Application development and support to automate and maintain DHS services and operations. This includes:
 - Release Management,

- Enterprise architecture,
 - Methodologies to determine technology solutions,
 - Programming and coding, and
 - Ongoing maintenance to help ensure federal/state/industry compliance for DHS IT systems
4. IT services, including all of the computing, telecommunications and wide area network (WAN) services that underlie and support DHS program applications. This includes:
- Desktop, server and network support,
 - Operations support,
 - Firewall support & incident management,
 - Contact center support, and
 - Telephony, telepresence support

MNIT@DHS is funded through a combination of state general fund, health care access fund and dedicated federal revenues administered within the state systems account.

RESULTS

MN.IT contributes to the State's results-based outcome of efficient and accountable government services and supports the State's results-based outcomes for Community, Health, and Safety, by providing IT computing and telecom resources to support DHS business goals, and managing the applications that run agency programs.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	New projects added to the Project Portfolio	196 projects added in CY 2017	70 projects added through July 2018	Ongoing
Quantity	Projects completed	114 projects completed in CY 2017	52 projects completed through July 2018	Ongoing

MS § 256.014 provides the authority for DHS operation of systems necessary to operate its programs and the creation of the state systems account.

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2001 - Other Misc Special Revenue	209,280	232,772	268,352	256,147	182,007	147,004	182,007	147,004
Total	209,280	232,772	268,352	256,147	182,007	147,004	182,007	147,004
Biennial Change				82,446		(195,488)		(195,488)
Biennial % Change				19		(37)		(37)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	27	5						
Operating Expenses	207,017	224,829	259,336	256,147	181,975	146,868	181,975	146,868
Grants, Aids and Subsidies	100	0	0					
Capital Outlay-Real Property	16	6,933	8,498					
Other Financial Transaction	2,120	1,005	517		32	136	32	136
Total	209,280	232,772	268,352	256,147	182,007	147,004	182,007	147,004

Full-Time Equivalents

0.01			
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
2001 - Other Misc Special Revenue								
Balance Forward In	7,689	28,652	43,684	79,056	55,268	43,717	55,268	43,717
Receipts	169,721	173,559	212,627	226,368	162,951	129,054	162,951	129,054
Transfers In	232,378	259,102	185,796	184,723	156,890	147,709	156,890	147,709
Transfers Out	195,782	225,139	169,791	178,732	149,385	137,227	149,385	137,227
Balance Forward Out	4,726	3,401	3,966	55,268	43,717	36,249	43,717	36,249
Expenditures	209,280	232,772	268,352	256,147	182,007	147,004	182,007	147,004
Biennial Change in Expenditures				82,446		(195,488)		(195,488)
Biennial % Change in Expenditures				19		(37)		(37)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.01						

Program: Forecasted Programs

Activity: Minnesota Family Investment Program (MFIP)/ Diversionary Work Program (DWP)

mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/income/programs-and-services/

AT A GLANCE

- In 2017, MFIP and DWP provided assistance for approximately 33,450 low-income families a month, 71 percent of those served are children.
- The average monthly cash payment for an MFIP family was \$810, including the food portion of MFIP. The average monthly cash payment for a DWP family was \$386.
- All funds spending for the MFIP/DWP activity for FY 2017 was \$309 million. This represented 1.94 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

MFIP and DWP provide temporary financial support to help meet the basic needs of low-income families with children and low-income pregnant women.

Half the parents receiving MFIP or DWP were employed in the three months before they turned to the program for assistance. Common causes for job losses are layoff, reduced hours, birth of a baby by a parent with no leave time, need to care for an ill child or spouse with a disability, or transportation and child care costs that wages do not cover.

The goal of these related programs is to stabilize families and improve economic outcomes through employment. Without these benefits, families have little or no other resources available to help meet their basic needs.

These programs are funded with a combination of state, federal Supplemental Nutrition Assistance Program (SNAP), and federal Temporary Assistance for Needy Families (TANF) funds. Counties and tribes administer the MFIP and DWP programs.

SERVICES PROVIDED

MFIP provides job counseling, cash assistance and food assistance to low-income families with children and to low-income pregnant women. Families receive time limited benefits (60 months or fewer). The amount of benefits is based on family size and other sources of income. Families may request an extension of their benefits if, for example, an eligible adult has a disability or needs to care for a family member with a disability. A family of three - a parent with two children - with no other income can receive \$532 in financial assistance and \$453 in SNAP benefits per month. The benefits are structured to reward families who work and are gradually reduced as income rises. Parents are required to participate in employment services to develop the skills needed to move into the labor market as soon as possible. Families may also be eligible for child care assistance and for health care coverage under Medical Assistance.

DWP is designed to meet specific crisis situations and help families move to employment rather than go on MFIP. The program includes intensive, up-front services to focus on families' strengths and break down barriers to work. Families can participate in the program for four months within a 12-month period. A family receives cash benefits based on its housing, utility costs and personal needs up to a maximum based on the number of people in the family. Housing and utility costs are paid directly to the landlord or utility company. The maximum that a family of three – a parent with two children – can receive is \$532 in financial assistance. Most families are also eligible for SNAP benefits, child care assistance and for health care coverage under Medical Assistance.

Families who receive MFIP (with some exemptions) may also be eligible for the MFIP housing assistance grant of \$110 per month if they do not receive a rental subsidy through the federal Department of Housing and Urban Development.

RESULTS

The two key measures in MFIP are:

- The **Self-Support Index** (S-SI) is a results measure. The S-SI gives the percentage of adults eligible for MFIP or DWP in a quarter who have left assistance or are working at least 30 hours per week three years later. Customized targets are set for each county or tribe using characteristics of the people served and local economic conditions. State law requires the Department of Human Services to use the Self-Support Index to allocate performance bonus funds. The following chart shows that about two-thirds of participants have left MFIP and/or are working at least 30 hours per week three years after a baseline period.

<i>Year ending in March of:</i>	<i>S-SI</i>
2010	67.0%
2011	65.2%
2012	65.3%
2013	66.9%
2014	68.5%
2015	68.8%
2016	68.0%
2017	65.9%
2018	64.6%

- The federal **Work Participation Rate** (WPR) is a measure of quantity. The WPR reflects parents engaging in work and specific work-related activities. We calculate an estimated WPR for counties, county consortiums, and tribes monthly and it is annualized to allocate performance bonus funds. (Beginning in calendar year 2016, the bonus will be based solely on the S-SI.) The following chart shows the WPR for 2008 to 2015.

<i>Federal Fiscal Year</i>	<i>WPR</i>
2010	40.2%
2011	43.9%
2012	45.3%
2013	45.1%
2014	46.2%
2015	37.9%
2016	39.4%
2017	38.9%

The state legal authority for the Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP) is under M.S. chapter 256J (<https://www.revisor.mn.gov/statutes/?id=256J>).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	103,453	87,543	85,181	78,890	80,180	81,069	89,448	111,069
2000 - Restrict Misc Special Revenue	314	254	197	750	750	750	750	750
3000 - Federal	135,174	137,877	129,219	117,690	121,726	125,059	121,726	125,059
3001 - Federal TANF	60,572	83,571	75,669	74,620	75,607	76,851	78,705	76,851
Total	299,513	309,245	290,265	271,950	278,263	283,729	290,629	313,729
Biennial Change				(46,543)		(223)		42,143
Biennial % Change				(8)		(0)		8
Governor's Change from Base								42,366
Governor's % Change from Base								8

Expenditures by Category

Operating Expenses			167					
Grants, Aids and Subsidies	298,918	308,650	289,513	271,150	277,463	282,929	289,829	312,929
Other Financial Transaction	595	595	585	800	800	800	800	800
Total	299,513	309,245	290,265	271,950	278,263	283,729	290,629	313,729

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1						
Direct Appropriation	103,453	87,542	88,930	78,890	80,180	81,069	89,448	111,069
Cancellations			3,749					
Expenditures	103,453	87,543	85,181	78,890	80,180	81,069	89,448	111,069
Biennial Change in Expenditures				(26,925)		(2,822)		36,446
Biennial % Change in Expenditures				(14)		(2)		22
Governor's Change from Base								39,268
Governor's % Change from Base								24

2000 - Restrict Misc Special Revenue

Receipts	314	254	197	750	750	750	750	750
Expenditures	314	254	197	750	750	750	750	750
Biennial Change in Expenditures				378		553		553
Biennial % Change in Expenditures				67		58		58
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	9,451		21,958					
Receipts	125,723	137,877	107,260	117,690	121,726	125,059	121,726	125,059
Expenditures	135,174	137,877	129,219	117,690	121,726	125,059	121,726	125,059
Biennial Change in Expenditures				(26,142)		(124)		(124)
Biennial % Change in Expenditures				(10)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

3001 - Federal TANF

Receipts	60,572	83,571	75,669	74,620	75,607	76,851	78,705	76,851
Expenditures	60,572	83,571	75,669	74,620	75,607	76,851	78,705	76,851
Biennial Change in Expenditures				6,145		2,169		5,267
Biennial % Change in Expenditures				4		1		4
Governor's Change from Base								3,098
Governor's % Change from Base								2

Program: Forecasted Programs

Activity: MFIP Child Care Assistance

mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/child-care/programs-and-services/child-care-assistance.jsp

AT A GLANCE

- In 2017 MFIP Child Care Assistance paid for child care for 15,927 children in 7,644 families in an average month.
- The average monthly assistance per family was \$1,672.
- All funds spending for the MFIP Child Care Assistance activity for FY 2017 was \$161 million. This represented 1 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

In order to work, families need safe and reliable child care. The annual cost of full time licensed care for one child can exceed \$10,000. Many low-income families struggle to find affordable child care that fits their needs. Minnesota Family Investment Program (MFIP) Child Care Assistance provides financial subsidies to help low-income families pay for child care. To support quality child care experiences and school readiness the program can pay a higher subsidy rate when a child is being cared for in a setting that meets quality standards.

SERVICES PROVIDED

The program provides supports to help improve outcomes for the most at risk children and their families by increasing access to high quality child care.

The following families are eligible to receive MFIP child care assistance or Transition Year child care assistance once they leave MFIP:

- MFIP and Divisionary Work Program (DWP) families who are employed, pursuing employment, or participating in employment, training or social services activities authorized in approved employment plans
- Employed families who are in their first year off MFIP or DWP (this is known as the “transition year”)
- Families in counties with a Basic Sliding Fee (BSF) child care waiting list who have had their transition year extended
- Parents under age 21 who are pursuing a high school or general equivalency diploma (GED), do not receive MFIP benefits, and reside in a county that has a BSF waiting list that includes parents under age 21.

As family income increases, so does the amount of child care expenses paid by the family in the form of copayments. All families receiving child care assistance and earning 75 percent or more of the federal poverty guideline make copayments based on family income. A family of three leaving MFIP and earning 115 percent of the federal poverty level (\$23,184) would have a total biweekly child care provider payment of \$24 for all children in child care.

The MFIP child care assistance activity is part of the state’s Child Care Assistance Program. Maximum rates in the Child Care Assistance Program are set in state law. Maximum rates are set for each type of care: child care centers, family child care and legal non-licensed child care. Providers are paid at the rate they charge private pay families, up to this limit. The program pays a higher rate to providers who have met quality standards through Parent Aware, are accredited, or hold certain educational credentials.

Child care must be provided by a legal child care provider over the age of 18 years. Allowable providers include legal non-licensed family child care, license-exempt centers, licensed family child care and licensed child care centers. Families choose their providers in the private child care market. Counties administer the Child Care Assistance Program.

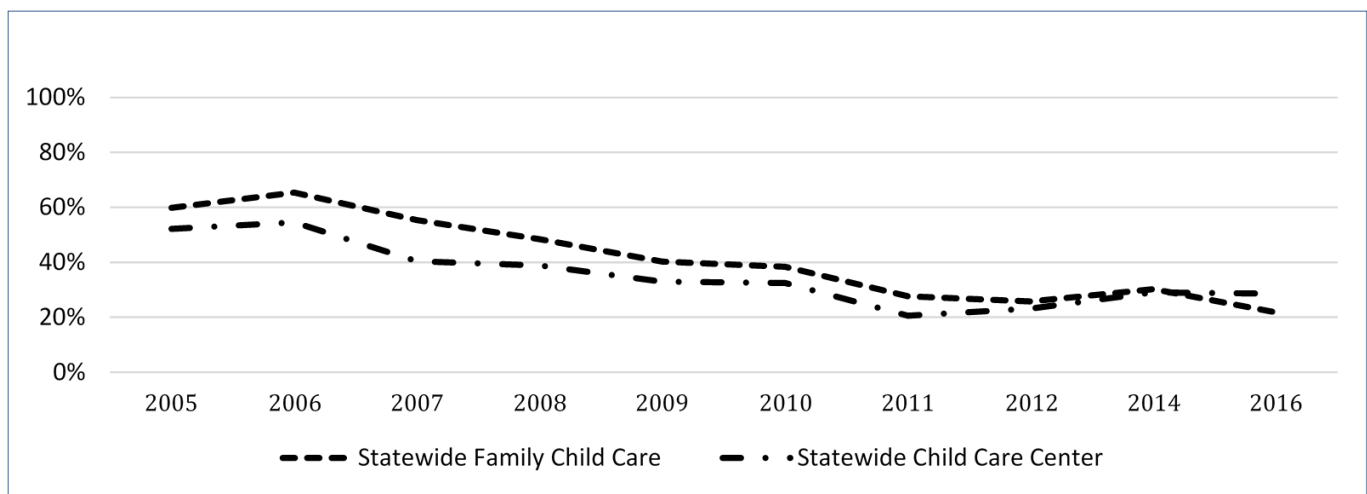
All families who meet eligibility requirements may receive this help. MFIP child care assistance is funded with state and federal funds that include the federal Child Care and Development Fund and the Temporary Assistance for Needy Families (TANF) fund.

RESULTS

PERCENT OF PROVIDER PRICES FULLY COVERED BY CHILD CARE ASSISTANCE PROGRAM - Maximum rates paid to providers under the Child Care Assistance Program may not cover the full cost of child care. This may be a barrier for some families, if the family cannot find a provider in their community whose prices are covered by the maximum allowed under the program. **The percent of child care provider prices that are fully covered by the Child Care Assistance Program increased when the maximum rates were raised in 2014, but the maximum rate paid remains low compared to prices in the market.**

This quality measure shows approximately 22 percent of all family child care providers and approximately 29% of child care centers charge prices that are fully covered by the Child Care Assistance Program maximum rates.

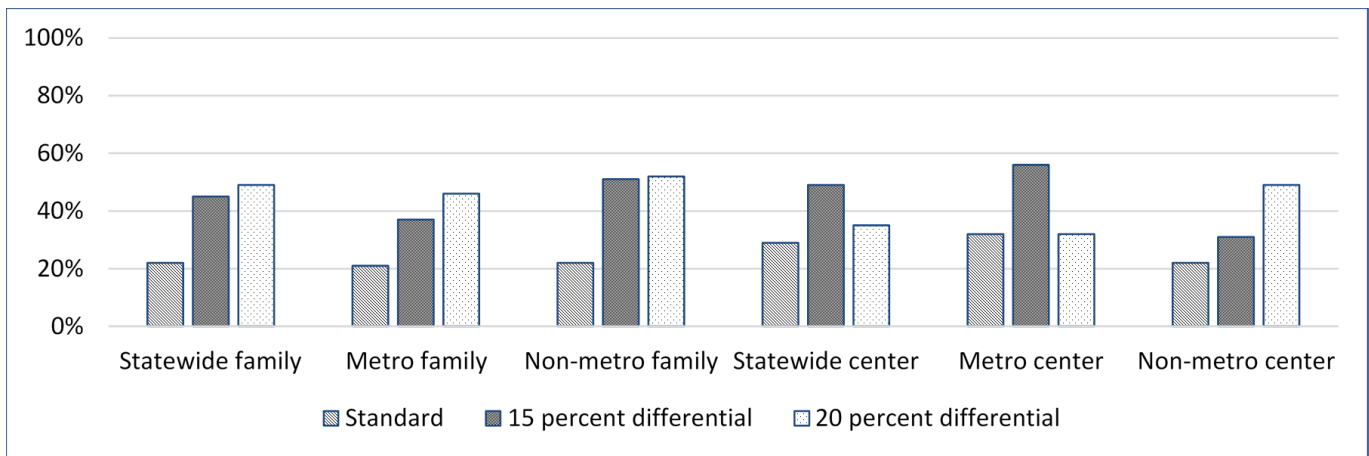
Provider prices fully covered by Standard Maximum Rates statewide, by percent



QUALITY DIFFERENTIAL IMPACT - Parent Aware is Minnesota's rating tool for helping parents select high quality child care and early education programs. The Child Care Assistance Program allows up to a 15 percent higher maximum rate to be paid to providers with a Parent Aware 3-star rating, or who hold certain accreditation or education standards established in statute. Up to a 20 percent higher maximum rate can be paid to providers with a 4-star Parent Aware rating.

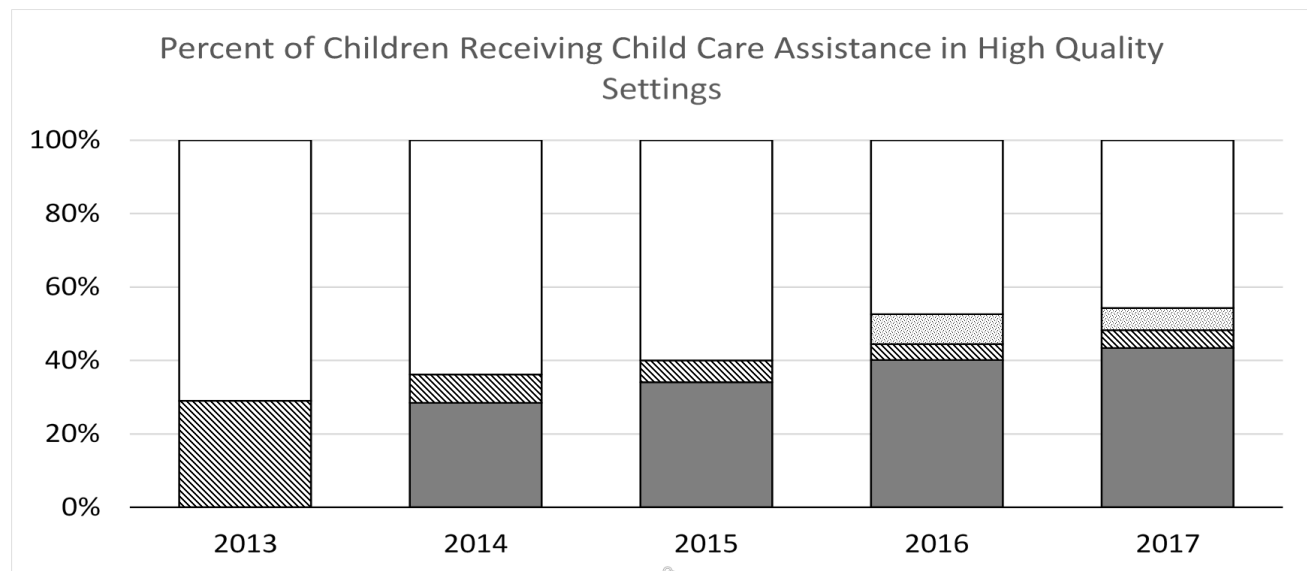
This quality measure shows that higher maximum rates may increase families' access to high quality providers by allowing the maximum rate paid by the Child Care Assistance Program to fully cover more (or an equivalent proportion) of their prices as compared to the prices charged by all providers. This measure indicates the impact of quality differentials by type of care. It is first presented as a statewide total, and then broken out by metro and non-metro counties.

Prices fully covered by Standard and Quality Differential Maximum Rates – 2016



Specifically, the 20 percent differential allows the prices charged by center based four-star rated metro providers to be fully covered by the maximum subsidy in the same proportion as the prices of all metro center providers. The higher maximum rates offer coverage of the prices charged by all other types of quality providers at higher levels than the standard maximum rates.

Use of High Quality Care - Children who participate in high quality early care and education are more likely to experience school success and positive life-long outcomes. This quality measure shows that the percent of all children receiving child care assistance through providers eligible for the higher subsidy rates for quality has increased from 23 percent in quarter four of 2013 to 48 percent in quarter three of 2017.



Child's Provider Credentials	2013	2014	2015	2016	2017
Provider holds Parent Aware 3-4 Star*	NA	28%	34%	40%	43%
Provider holds Accreditation*	29%	8%	6%	5%	5%
Provider holds Parent Aware 1-2 Star	NA	NA	NA	8%	6%
Standard Care	71%	64%	60%	47%	46%

* These providers are eligible for CCAP higher rates for quality.

In 2014 a statute change allowed providers to qualify for the higher maximum subsidy rate through receiving a Parent Aware rating of 3-or-4-Stars. Previously only providers holding certain accreditations and family child care providers meeting certain education standards were eligible. In this figure, child care settings were categorized according to the quality standard they meet to be eligible for the CCAP quality differential.

- In 2013 settings meeting quality standards though accreditations/credentials may also have been highly rated by Parent Aware. In 2014-2015 settings that hold both a 3-or-4 Star Parent Aware rating and an accreditation or educational credential, are included in the Parent Aware rated category.

The data source for the prices charged by providers is a biennial survey of provider prices conducted by the Department. To assess the portion of provider prices fully covered, provider prices are compared to the applicable maximum subsidy rates.

The data source for children in care with provider's eligible for the higher rates for quality is from MEC2, Minnesota's child care electronic eligibility and payment system.

The legal authority for the MFIP/TY Child Care Assistance program is in M.S. chapter 119B (<https://www.revisor.mn.gov/statutes/?id=119B>)

MFIP Child Care Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	78,221	94,248	93,298	95,289	106,854	112,523	107,038	124,304
3000 - Federal	72,381	66,874	71,877	72,203	65,584	65,584	65,584	65,584
Total	150,602	161,122	165,175	167,492	172,438	178,107	172,622	189,888
Biennial Change				20,943		17,878		29,843
Biennial % Change				7		5		9
Governor's Change from Base								11,965
Governor's % Change from Base								3

Expenditures by Category

Operating Expenses	1	0						
Grants, Aids and Subsidies	150,601	161,123	165,175	167,492	172,438	178,107	172,622	189,888
Total	150,602	161,122	165,175	167,492	172,438	178,107	172,622	189,888

MFIP Child Care Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	78,221	94,248	101,293	95,289	106,854	112,523	107,038	124,304
Cancellations			7,995					
Expenditures	78,221	94,248	93,298	95,289	106,854	112,523	107,038	124,304
Biennial Change in Expenditures				16,118		30,790		42,755
Biennial % Change in Expenditures				9		16		23
Governor's Change from Base								11,965
Governor's % Change from Base								5

3000 - Federal

Balance Forward In			78	5				
Receipts	72,381	66,952	71,805	72,198	65,584	65,584	65,584	65,584
Balance Forward Out		78	5					
Expenditures	72,381	66,874	71,877	72,203	65,584	65,584	65,584	65,584
Biennial Change in Expenditures				4,825		(12,912)		(12,912)
Biennial % Change in Expenditures				3		(9)		(9)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs**Activity: General Assistance**mn.gov/dhs/people-we-serve/people-with-disabilities/economic-assistance/income/programs-and-services/**AT A GLANCE**

- In FY2017, the General Assistance (GA) program supported a monthly average of 23,238 people.
- The typical monthly benefit is \$203 for an individual and \$260 for a couple.
- All funds spending for General Assistance activity for FY 2017 was \$49.6 million, which represented 0.3 percent of the overall agency budget.

PURPOSE & CONTEXT

General Assistance (GA) is the primary safety net for very low-income people without children who are unable to work and do not have enough money to meet their basic needs. The most common reason people are eligible is illness or incapacity (50 percent). GA helps people meet some of their basic and emergency needs. Without this income support, they would likely fall further into poverty and become homeless.

Many people receive GA while they wait for more stable assistance such as Supplemental Security Income (SSI), a federal income supplement program that helps people who are aged, blind or have a disability and have little or no income. Forty-seven percent of people eligible for GA have signed an Interim Assistance Agreement. That indicates they plan to apply for other income benefits such as SSI or Retirement, Survivors and Disability Income (RSDI).

SERVICES PROVIDED

General Assistance provides state-funded, monthly cash grants to people without children who have a serious illness, disabilities or other issues that limit their ability to work and are unable to fully support themselves. GA's maximum monthly benefit is \$203 for a single adult (about 21 percent of the Federal Poverty Guideline of \$990 per month for one person) and \$260 for a couple. Additional emergency funds may be available if a recipient cannot pay for basic needs and the person's health or safety is at risk. People eligible for GA may also be eligible for health care coverage under Medical Assistance.

The Department of Human Services (DHS) works with the federal Social Security Administration and the state's Disability Linkage Line® to streamline the disability determination process. DHS also connects recipients with resources to help them with the SSI application process. People who become eligible for SSI are no longer eligible for GA. They become eligible for Minnesota Supplemental Aid to supplement their SSI income.

DHS works with counties and tribes to administer the GA program.

RESULTS

GA is a safety net program that helps people achieve better outcomes by stabilizing crisis situations, avoiding homelessness and making connections to other resources.

GA recipients who may be eligible for SSI must apply and sign an Interim Assistance Agreement (IAA). If a person on GA is eligible for SSI, having an IAA in place allows the state to collect federal reimbursement for GA benefits paid while the person's application for SSI was pending. An increase in the percent of GA recipients with a signed IAA shows a better opportunity for stable income for recipients and state savings.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of GA recipients with an Interim Assistance Agreement (IAA) signed within the calendar year.	47.9%	41.7%	Dec 2016 Dec 2017

GA is a safety net for people who do not have adequate income or resources to meet their basic needs. It is intended to be short-term while they apply for other benefits, look for employment, or secure other income. It is not intended as a long-term solution to meet a person's basic needs. Data below shows that while around 39 percent of cases are on the program for more than 12 months, only 25 percent of cases remain on the program after two years.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of GA cases with more than 12 months of continuous GA usage	40.8%	39.1%	Dec. 2016 Dec. 2017
Quantity	Percent of GA cases with more than 24 months of continuous GA usage	25.4%	24.7%	Dec. 2016 Dec. 2017

One of the goals of the GA program is to help people prepare to obtain permanent work and become self-sufficient. Some features of GA act as work incentives. For example, the GA program allows some earned income to be disregarded when a person's GA eligibility and benefits are calculated. A person can work and still remain on GA if his or her earned income is minimal.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of GA cases with earned income	3.4%	4.1%	Dec. 2016 Dec. 2017

The source for these outcomes are from data used for the DHS report, December 2016 General Assistance Caseload: Cases and Eligible People (<https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6128I-ENG>), and the forthcoming report for December 2017.

The legal authority for the General Assistance program is M.S. chapter 256D (<https://www.revisor.mn.gov/statutes/?id=256D>)

General Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	50,444	49,556	48,883	49,293	49,985	50,620	49,959	50,586
2000 - Restrict Misc Special Revenue				50	50	50	50	50
Total	50,444	49,556	48,883	49,343	50,035	50,670	50,009	50,636
Biennial Change				(1,774)		2,479		2,419
Biennial % Change				(2)		3		2
Governor's Change from Base								(60)
Governor's % Change from Base								(0)

Expenditures by Category

Operating Expenses			0					
Grants, Aids and Subsidies	50,444	49,556	48,883	49,343	50,035	50,670	50,009	50,636
Total	50,444	49,556	48,883	49,343	50,035	50,670	50,009	50,636

General Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		2,553						
Direct Appropriation	52,997	52,550	55,536	49,293	49,985	50,620	49,959	50,586
Transfers In	6,730	6,730	6,730	6,730	6,730	6,730	6,730	6,730
Transfers Out	6,730	6,730	6,730	6,730	6,730	6,730	6,730	6,730
Cancellations	2,553	5,547	6,653					
Expenditures	50,444	49,556	48,883	49,293	49,985	50,620	49,959	50,586
Biennial Change in Expenditures				(1,824)		2,429		2,369
Biennial % Change in Expenditures				(2)		2		2
Governor's Change from Base								(60)
Governor's % Change from Base								(0)

2000 - Restrict Misc Special Revenue

Receipts		50	50	50	50	50
Expenditures		50	50	50	50	50
Biennial Change in Expenditures		50		50		50
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						0

Program: Forecasted Programs

Activity: MN Supplemental Assistance

mn.gov/dhs/people-we-serve/people-with-disabilities/economic-assistance/income/programs-and-services/

AT A GLANCE

- In FY2017, the Minnesota Supplemental Aid program supported a monthly average of 30,576 people.
- The typical benefit is \$81 for an individual and \$111 for a couple.
- This supplements a typical monthly federal Supplemental Security Income (SSI) benefit of \$750 for an individual living alone.
- All funds spending for Minnesota Supplemental Aid activity for FY 2017 was \$38.3 million, which represented 0.24 percent of the overall agency budget.

PURPOSE & CONTEXT

Minnesota Supplemental Aid (MSA) helps to prevent homelessness and poverty by supplementing the incomes of Minnesotans who are eligible for the federal Supplemental Security Income (SSI) program. It was established in 1974 and federal regulations require payments to be at a minimum of that paid in March 1983. MSA benefits are intended to cover basic daily or special needs. Nearly half of MSA recipients are age 60 or older and 78 percent have a disability.

SERVICES PROVIDED

MSA provides a state-funded monthly cash supplement to help people who are aged, blind or disabled, and who receive SSI benefits. Some recipients who do not receive SSI because their income is too high may still be eligible for MSA if they meet other eligibility criteria.

MSA housing assistance is available to qualified recipients, adding \$194 to the MSA benefit to help pay housing costs. To be eligible for housing assistance, applicants must:

- Be under age 65 at the time of application,
- Have total housing costs in excess of 40 percent of their total income,
- Apply for rental assistance if eligible, and
- Be relocating from an institution, or eligible for Medical Assistance personal care attendant services, or receiving waived services and living in their own place.

MSA may also provide additional payments for other special needs such as special diets and household repairs or furnishings.

The Department of Human Services works with counties, tribes, the Social Security Administration, service providers, and other nonprofit agencies to identify people eligible for the program, and to advise and administer MSA program policy.

RESULTS

People who receive federal Supplemental Security Income are categorically eligible for MSA, but must apply for MSA in order to receive the benefits. The MSA program has had stable enrollment of around 30,500 individuals over time, but the number of adults who receive SSI and yet do not receive MSA is increasing. This indicates some eligible people are not accessing the benefit. The Department of Human Services is working with the Social Security Administration to inform people about this benefit.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percent of SSI beneficiaries over age 18 who receive MSA	38.5%	38.3%	Dec. 2016 Dec. 2017

MSA provides additional money to help people who qualify and have high housing costs move into affordable housing or be able to afford their current housing costs.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of MSA recipients who receive MSA housing assistance	2.8%	3.2%	Dec. 2016 Dec. 2017

The MSA and SSI programs support efforts of people who want to work. MSA follows work incentives used by the Social Security Administration to encourage people with disabilities to work.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of MSA recipients with earned income	5.2%	5.2%	Dec. 2016 Dec. 2017

The source for these outcomes are from data used for the DHS report, December 2016 Minnesota Supplemental Aid: Cases and Eligible People, and the forthcoming December 2017 report, along with the Social Security Administration report on SSI Recipients by State and County 2017 (https://www.ssa.gov/policy/docs/statcomps/ssi_sc/2017/index.html).

The legal authority for the Minnesota Supplemental Aid program is in M.S. chapter 256D: sections 256D.33 (<https://www.revisor.mn.gov/statutes/?id=256D.33>) to 256D.54 (<https://www.revisor.mn.gov/statutes/?id=256D.54>).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	37,735	38,309	39,066	41,085	42,370	46,449	42,348	46,420
2000 - Restrict Misc Special Revenue	0	1	1	5	5	5	5	5
Total	37,735	38,310	39,066	41,090	42,375	46,454	42,353	46,425
Biennial Change				4,111		8,673		8,622
Biennial % Change				5		11		11
Governor's Change from Base								(51)
Governor's % Change from Base								(0)

Expenditures by Category

Grants, Aids and Subsidies	37,735	38,310	39,066	41,090	42,375	46,454	42,353	46,425
Total	37,735	38,310	39,066	41,090	42,375	46,454	42,353	46,425

MN Supplemental Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		320						
Direct Appropriation	38,055	38,938	40,484	41,085	42,370	46,449	42,348	46,420
Cancellations	320	949	1,418					
Expenditures	37,735	38,309	39,066	41,085	42,370	46,449	42,348	46,420
Biennial Change in Expenditures				4,106		8,668		8,617
Biennial % Change in Expenditures				5		11		11
Governor's Change from Base								(51)
Governor's % Change from Base								(0)

2000 - Restrict Misc Special Revenue

Receipts	0	1	1	5	5	5	5	5
Expenditures	0	1	1	5	5	5	5	5
Biennial Change in Expenditures				4		4		4
Biennial % Change in Expenditures				339		78		78
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs**Activity: Housing Support (formerly known as Group Residential Housing)**mn.gov/dhs/people-we-serve/people-with-disabilities/economic-assistance/housing/programs-and-services/housing-support.jsp

AT A GLANCE

- In 2017, the Housing Support program served a monthly average of 20,222 participants.
- The current room and board rate limit is \$904.
- The average monthly payment per recipient in FY 2017 is \$657.12.
- All funds spending for the Housing Support activity for FY 2017 was \$159.5 million, which represented 1.0 percent of the overall agency budget.

PURPOSE & CONTEXT

Housing Support is a state-funded income supplement program that pays for room and board in approved locations for adults with low incomes who have a disability or are 65 years or older. Participants must meet a combination of eligibility requirements set by the federal Supplemental Security Income (SSI) program, state General Assistance program or residential crisis mental health facilities to qualify for help. Housing Support also has income and asset limits.

Seventeen percent of Housing Support recipients are older adults. Those who are younger than 65 years of age all have a combination of factors that limit their self-sufficiency, including a physical or mental health disability, visual impairment or chemical dependency. Program recipients likely would be in institutional placements or homeless without Housing Support.

SERVICES PROVIDED

The Housing Support room and board rate is currently \$904 per month. This rate is paid for residents in approximately 9,000 authorized settings in Minnesota. About 4,700 of those are adult foster care homes. Other settings include board and lodging facilities, supervised living facilities, boarding care homes, supportive housing and other assisted living facilities.

Housing Support providers receive payments on behalf of eligible recipients. The monthly room and board payment is to pay for rent, utilities, food, household supplies and other items needed to provide room and board to a recipient. Recipients are required to pay a portion of their income directly to providers toward the room and board rate. Housing Support can pay for additional supportive services in some settings if a recipient is not eligible for home and community-based waiver services or personal care assistance.

Counties and tribes also manage Housing Support agreements with providers. County human services agencies process eligibility and payments for people in the program.

RESULTS

An increase in the number of Housing Support recipients who are no longer homeless shows efforts are working to reduce homelessness.

Housing Support recipients who may be eligible for SSI must apply and sign an Interim Assistance Agreement (IAA). If a person receiving Housing Support is eligible for SSI, having an IAA in place allows the state to collect

federal reimbursement for state payments made while the person's application for SSI was pending. An increase in the percent of Housing Support recipients with a signed IAA shows a better opportunity for stable income for recipients and state savings.

An increase in the percent of Housing Support applications processed within 30 days shows people get the help they need more quickly.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Number of Housing Support recipients moving out of homelessness	2,633	2,788	May 2016, May 2017
Quantity	Percent of Housing Support recipients with signed Interim Assistance Agreement	17.40%	16.40%	May 2016, May 2017
Quality	Percent of Housing Support applications processed within 30 days	62%	63%	May 2016, May 2017

The information in these measures comes from MAXIS administrative data.

The legal authority for the Group Residential Housing program is M.S. chapter 256I (<https://www.revisor.mn.gov/statutes/?id=256I>).

Housing Support

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	147,461	157,370	159,027	165,807	169,698	172,955	167,645	170,218
2000 - Restrict Misc Special Revenue	1,999	2,087	2,330	2,175	2,175	2,175	2,175	2,175
Total	149,461	159,457	161,357	167,982	171,873	175,130	169,820	172,393
Biennial Change				20,422		17,664		12,874
Biennial % Change				7		5		4
Governor's Change from Base								(4,790)
Governor's % Change from Base								(1)

Expenditures by Category

Operating Expenses			2,374					
Grants, Aids and Subsidies	149,461	159,457	158,983	167,982	171,873	175,130	169,820	172,393
Other Financial Transaction			0					
Total	149,461	159,457	161,357	167,982	171,873	175,130	169,820	172,393

Housing Support

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		191						
Direct Appropriation	147,652	158,707	169,312	165,807	169,698	172,955	167,645	170,218
Cancellations	191	1,527	10,285					
Expenditures	147,461	157,370	159,027	165,807	169,698	172,955	167,645	170,218
Biennial Change in Expenditures				20,003		17,819		13,029
Biennial % Change in Expenditures				7		5		4
Governor's Change from Base								(4,790)
Governor's % Change from Base								(1)

2000 - Restrict Misc Special Revenue

Balance Forward In		0						
Receipts	1,999	2,087	2,330	2,175	2,175	2,175	2,175	2,175
Expenditures	1,999	2,087	2,330	2,175	2,175	2,175	2,175	2,175
Biennial Change in Expenditures				419		(155)		(155)
Biennial % Change in Expenditures				10		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs

Activity: Northstar Care for Children

mn.gov/dhs/people-we-serve/children-and-families/services/foster-care/

mn.gov/dhs/people-we-serve/children-and-families/services/adoption/

AT A GLANCE

- 16,593 children experienced an out-of-home placement in 2017
- 1,563 children were either adopted or had a permanent transfer of legal custody to a relative in 2017
- State spending for the North Star Care for Children activity for FY 2017 was \$51.8 million

PURPOSE & CONTEXT

Northstar Care for Children is designed to help children who are removed from their homes and supports permanency through adoption or transfer of custody to a relative if the child cannot be safely reunified with parents. Financial support is provided to adoptive and foster parents to encourage permanent placement of children in safe homes. The benefit varies with the child's age, but across the program averages about \$12,000 annually per child. Northstar Care for Children consolidates and simplifies administration of three existing programs: Family Foster Care, Kinship Assistance (which replaces Relative Custody Assistance) and Adoption Assistance. Northstar Care for Children will help more children grow up in safe and permanent homes.

SERVICES PROVIDED

The comprehensive, simplified Northstar Care for Children program:

- Combines three child welfare programs — Family Foster Care, Adoption Assistance and Kinship Assistance — into a single program with uniform processes and unified benefits
 - Northstar Foster Care is for family foster care, in which children might become permanent members of families, not for group housing or residential treatment.
 - Northstar Kinship Assistance replaced the previous Relative Custody Assistance, simplifying ongoing requirements for caregivers and bringing in federal Title IV-E foster care funds.
 - Northstar Adoption Assistance turns more decision-making over to adoptive parents that previously required detailed state review and approval.
- Provides a monthly basic benefit based on children's age
- Uses a uniform assessment for all children to determine any needs beyond the basic payment for one of 15 levels of monthly supplemental difficulty of care payments
- Maintains the highest range of the current foster care benefits for children with the highest need
- Grandfathers children in existing programs under their current programs unless specifically transitioned into Northstar Care for Children (the current programs are slowly phased out as children exit them)
- Reduces barriers to permanency by eliminating disparities in benefits across the existing programs
- Reduces racial disparities among the children who remain in long-term foster care

Funding for Northstar Care for Children comes from state general fund appropriations, federal payments for foster care and adoption assistance, and county or tribal spending on foster care.

RESULTS

The Department of Human Services (DHS) monitors the performance of counties and tribes in delivering child welfare services, including services provided under Northstar Care for Children. DHS expects to see better outcomes for children under Northstar Care in that a larger portion of children in the system will find permanent homes.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Rate of Relative Care: Of all days that children spent in family foster care settings during the given period, what percentage of days were spent with a relative?	40.4%	56.3%	2014 to 2017
Quality	Placement Stability: Of all children who enter foster care in the year, what is the number of placement moves per 1,000 days spent in foster care?	4.5 per 1,000	3.8 per 1,000	2014 to 2017
Quality	Permanency, 12-23 months: Of all children in foster care who had been in foster care between 12 and 23 months on the first day of the year, what percent discharged from foster care to permanency within 12 months of the first day of the year?	50.0%	51.2%	2014 to 2017
Quality	Permanency, 24 months: Of all children in foster care who had been in foster care for 24 months or more on the first day of the year, what percent discharged to permanency within 12 months of the first day of the year?	17.4%	28.8%	2014 to 2017

Performance Measures notes:

Measures from the Research and Evaluation unit of the Child Safety and Permanency Division at the Department of Human Services.

Also see the DHS Child Welfare Dashboard

(http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_148137).

Northstar Care for Children is established in M.S. section 256N.20

(<https://www.revisor.mn.gov/statutes/?id=256N.20>).

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	42,314	51,008	65,798	77,406	86,497	94,095	86,497	94,095
3000 - Federal	36,081	21,749	53,593	60,521	67,981	75,606	67,981	75,606
Total	78,394	72,757	119,392	137,927	154,478	169,701	154,478	169,701
Biennial Change				106,167		66,860		66,860
Biennial % Change				70		26		26
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	78,340	72,743	119,392	135,927	152,478	167,701	152,478	167,701
Other Financial Transaction	54	15		2,000	2,000	2,000	2,000	2,000
Total	78,394	72,757	119,392	137,927	154,478	169,701	154,478	169,701

Northstar Care for Children

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,014						
Direct Appropriation	43,327	53,446	80,542	77,406	86,497	94,095	86,497	94,095
Cancellations	1,013	3,452	14,744					
Expenditures	42,314	51,008	65,798	77,406	86,497	94,095	86,497	94,095
Biennial Change in Expenditures				49,883		37,388		37,388
Biennial % Change in Expenditures				53		26		26
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In			87					
Receipts	36,081	21,759	53,506	60,521	67,981	75,606	67,981	75,606
Balance Forward Out		10						
Expenditures	36,081	21,749	53,593	60,521	67,981	75,606	67,981	75,606
Biennial Change in Expenditures				56,285		29,473		29,473
Biennial % Change in Expenditures				97		26		26
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs

Activity: MinnesotaCare

mn.gov/dhs/people-we-serve/adults/health-care/health-care-programs/programs-and-services/minnesotacare.jsp

AT A GLANCE

- In FY 2017, MinnesotaCare had an average monthly enrollment of 89,081.
- MinnesotaCare expenditures reached \$397 million in FY 2017. This represented 2.7 percent of the Department of Human Services overall budget.
- The Minnesota state share of total MinnesotaCare program expenditures in FY2017 was \$11.6 million.

PURPOSE & CONTEXT

The MinnesotaCare Program was established in 1992 to provide affordable health coverage for people with incomes too high for Medicaid but unable to afford other health insurance. It provided a subsidized program for children and parents and later expanded to include adults.

Passage of the Affordable Care Act (ACA) in 2010, and subsequent state legislation, made many MinnesotaCare enrollees eligible for Medical Assistance (MA). Under the authority of the ACA, Minnesota established MinnesotaCare as a Basic Health Plan to provide health coverage for people with incomes between 138 percent and 200 percent of federal poverty guidelines. As a Basic Health Plan, Minnesota receives federal funds equal to 95 percent of the advanced premium tax credits that would otherwise be available to eligible people enrolled in commercial health care coverage through MNsure. In fiscal year 2017, federal Basic Health Plan funding covered 88 percent of MinnesotaCare's costs.

Today, MinnesotaCare provides comprehensive health care coverage for more than 89,000 Minnesotans who pay no more than \$80 a month in premiums. The program also includes additional benefits not necessarily available or as affordable on MNsure, including dental, vision and a broad array of behavioral health benefits.

SERVICES PROVIDED

MinnesotaCare covers a broad range of health care services including:

- primary and preventive care,
- inpatient and outpatient hospital care,
- coverage for prescription drugs,
- chemical dependency treatment,
- mental health services, and
- oral health services.

People seeking coverage under MinnesotaCare can apply directly through the MNsure web site or by submitting a paper application to MNsure, to DHS, or to their county human services or tribal office. Applicants are not eligible if they have access to affordable health insurance coverage through an employer. There are no health condition barriers for eligibility, but applicants must meet income guidelines and pay a premium (if applicable) to receive coverage¹. Premiums are based on income and are charged for each enrollee, up to a maximum of \$80 per month.

¹ Income eligibility guidelines (<https://edocs.dhs.state.mn.us/lfservlet/Public/DHS-3182-ENG>) and estimated premium amounts (<https://edocs.dhs.state.mn.us/lfservlet/Public/DHS-4139A-ENG>) by income are available on the DHS web site.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percent of Minnesotans without health insurance ¹	4.3%	6.3%	2015 to 2017
Result	Percent of Low Income Minnesotans without Health Insurance ²	8.5%	11.3%	2015 to 2017
Quantity	Number of MA and MinnesotaCare program enrollees served by an IHP ³	350,000	460,000	2015 to 2017
Quality	Estimated reduction in health care expenditures (below projections) for providers in Integrated Health Partnership demonstration project ⁴	\$48.3 million	\$60.6 Million	2016 to 2017

Performance Measure Notes:

1. Measure is the percent of Minnesotans that do not have health insurance. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2015 (Previous) and 2017 (Current)
2. Measure is the percentage of uninsured Minnesotans with family income below 200% of poverty. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2015 (Previous) and 2017 (Current)
3. Measure is the number of enrollees served by an IHP provider. Compares 2015 (Previous) and 2017 (Current).
4. Measure is an estimated reduction in annual medical costs below projections for 2016 and 2017 for the providers enrolled in the IHP demonstration. IHP provider contracts require this measure be calculated in the same manner each year. These reductions do not represent lower state spending.

Minnesota Statutes, chapter 256L provides the legal authority to operate the MinnesotaCare program. Many of the covered services, provider rates, and other elements of the MinnesotaCare program overlap with the Medical Assistance program and are detailed in the Medical Assistance statute. The statutory authority for Medical Assistance is located in M.S. chapter 256B.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2360 - Health Care Access	144,902	47,641	45,379	58,435	62,165	66,285	62,158	69,413
3000 - Federal	334,558	349,523	369,224	400,835	444,224	470,882	444,224	470,882
Total	479,460	397,164	414,602	459,270	506,389	537,167	506,382	540,295
Biennial Change				(2,752)		169,684		172,805
Biennial % Change				(0)		19		20
Governor's Change from Base								3,121
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	0							
Grants, Aids and Subsidies	479,460	397,164	414,602	459,270	506,389	537,167	506,382	540,295
Total	479,460	397,164	414,602	459,270	506,389	537,167	506,382	540,295

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	171	200	20	2				
Receipts	(151)	(196)	(18)	(2)				
Balance Forward Out	20	3	2					

2360 - Health Care Access

Balance Forward In	68	18,537	12	200				
Direct Appropriation	133,293	11,204	12,363	21,628	25,107	28,146	25,100	31,274
Receipts	29,994	36,055	36,577	36,807	37,058	38,139	37,058	38,139
Transfers In	180,659	36,140	12,000					
Transfers Out	180,659	36,140	12,000					
Cancellations	18,450	18,152	3,374					
Balance Forward Out	3	2	200	200	200	200	200	200
Expenditures	144,902	47,641	45,379	58,435	62,165	66,285	62,158	69,413
Biennial Change in Expenditures				(88,729)		24,636		27,757
Biennial % Change in Expenditures				(46)		24		27
Governor's Change from Base								3,121
Governor's % Change from Base								2

3000 - Federal

Balance Forward In	26,167	624	146,032	236,737	237,120	47,456	237,120	47,456
Receipts	308,855	494,926	464,804	401,218	254,560	447,060	254,560	447,060
Balance Forward Out	464	146,027	241,612	237,120	47,456	23,634	47,456	23,634
Expenditures	334,558	349,523	369,224	400,835	444,224	470,882	444,224	470,882
Biennial Change in Expenditures				85,977		145,047		145,047
Biennial % Change in Expenditures				13		19		19
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs

Activity: Medical Assistance

mn.gov/dhs/people-we-serve/adults/health-care/health-care-programs/programs-and-services/medical-assistance.jsp

AT A GLANCE

- In FY 2017, MA served a monthly average of 1,082,654 people. This is 19.4 percent of the state's population.
- In FY 2017, MA provided coverage for:
 - 28,096 births in (about 4 in 10 of all live births in Minnesota)
 - 217,061 people receiving mental health services
 - 433,682 people receiving dental services
- In FY 2017, the families with children group made up 65 percent of total MA enrollment, but only 23 percent of total program expenditures.
- In FY 2017, coverage for the elderly and disabled made up 16 percent of total enrollment, but 61 percent of total basic care expenditures.
- MA is funded with state general funds, the health care access fund, federal Medicaid funds, and with local shares for a few particular services.
- All funds spending for the Medical Assistance activity for FY 2017 was just over \$11 billion. This represented over 69 percent of the Department of Human Services overall budget.
- The Minnesota state share of total MA expenditures in FY 2017 was about \$4.6 billion.

PURPOSE & CONTEXT

Medical Assistance (MA) is Minnesota's Medicaid program. MA is Minnesota's largest public health care program and serves children and families, pregnant women, adults without children, seniors and people who are blind or have a disability. It covers one out of every five Minnesotans. As the third largest insurer in the state after self-insured employer-based coverage and Medicare, it makes up nearly 16 percent of the state's health insurance market.

MA provides basic health care, home-and community-based services and long-term care services. Most people who have MA get health care through health plans. You can choose a health plan from those serving MA members in your county. Members who do not get health care through a health plan get care on a fee-for-service basis, with providers billing the state directly for services they provide.

On July 30, 1965, President Lyndon B. Johnson signed into law legislation that led to the establishment of Medicare and Medicaid. Medicaid serves 24 percent of the nation's population. Medicaid contributes significantly to the financing of the U.S. health care system, supporting local public health infrastructure, hospitals, mental health centers, at-home care, community clinics, nursing homes, physicians and many other health professions. Medicaid — not Medicare — is the primary source of coverage for people who need long-term care services, such as nursing home services. In 1966, Minnesota implemented Medical Assistance (MA).

Currently, the federal government shares financial responsibility for the Medicaid program by matching state costs with federal dollars. While certain federal requirements outline who and what must be covered in each program, states generally have flexibility to tailor and expand their Medicaid program to meet the needs of their population and state budgets.

The Minnesota Department of Human Services (DHS) is the state Medicaid agency and partners with all 87 Minnesota counties and several Minnesota Indian Tribes to administer MA. DHS contracts with both health plans and health care providers across the state to deliver basic health care to MA enrollees.

Minnesotans may enroll in MA if they meet certain eligibility requirements under the following categories: (a) parents and children; (b) age 65 or older, blind or have disabilities; (c) adults without dependent children

An individual's eligibility is determined by factors such as household income, family size, age, disability status, and citizenship or immigration status. These criteria are set by federal and state law and vary by category. Enrollees must demonstrate their program eligibility at least once a year. All individuals who meet federal eligibility requirements are guaranteed coverage. States can expand upon the minimum federal requirements, add optional or special populations to their programs or increase the income eligibility limits. Individuals eligible for Medicaid are guaranteed a basic set of benefits covering specific services and settings.

Minnesota is known for its comprehensive approach to providing Medicaid coverage. Minnesota covers a broad group of people and services beyond the minimum standards set in federal law. This includes expanding coverage to higher-income children and adults and covering long-term care in the home and community instead of an institutional setting. Minnesota also covers many special populations in need of services who would otherwise be ineligible for Medicaid because of their income level, including children with disabilities whose parents are given the option to access Medicaid by paying a parental fee, women who have been diagnosed with breast or cervical cancer through the state's cancer screening program, and families in need of family planning services.

MA provides coverage for preventive and primary health care services for low-income Minnesotans. MA differs from the state's other health care program, MinnesotaCare, in that it has lower income eligibility guidelines, does not have premiums, and pays for previously incurred medical bills up to three months prior to the month of application. Additionally, MA can pay for nursing facility care and intermediate care facilities for people with developmental disabilities. It can also cover long term care services and supports for people with disabilities and older adults so that they can continue living in the community.

Home and community-based services (HCBS) waivers were established under section 1915(c) of the federal Social Security Act of 1981. These waivers are intended to correct the institutional bias in Medicaid by allowing states to offer a broad range of HCBS to people who may otherwise be institutionalized. Minnesota began serving people under the HCBS waiver in 1984, and these services have facilitated Minnesota's shift away from institutional care.

Minnesota's MA program has expanded since the mid-1980's. The expansions have focused on low-income, uninsured, or under-insured children as well as eligibility changes to better support seniors and people with disabilities in their own homes or in small, community-based settings. During this time, a moratorium was placed on nursing facilities and intermediate care facilities for people with developmental disabilities as efforts to develop home and community-based alternatives gained momentum.

The most significant recent changes to the Minnesota MA program followed legislative action during the 2013 session and applied to people without an aged, blind, or disabled basis of eligibility. These changes included an elimination of asset tests and an increase to the income eligibility limits for adults without children, parents and relative caretakers, children, and pregnant women. Under the higher income standards, people formerly eligible for MinnesotaCare including pregnant women and children with income up to 275 percent of poverty and adults below 133 percent of poverty became eligible for MA, resulting in over 110,000 former MinnesotaCare recipients transitioning to coverage under MA in January of 2014.

SERVICES PROVIDED

MA enrollees fall under one of five general categories, and receive either long term care services and supports, basic health care, or both long term care and basic care. The five categories include the following:

MA Coverage of Long-Term Services and Supports (LTSS)

Thirty years ago, people who needed help with daily living tasks, such as bathing, dressing, eating and preparing meals, and going to the bathroom, were faced with the choice of when, not if, they would move from their home into an institution or similar setting. Today, older Minnesotans and people with disabilities have many options and services available. This approach provides a higher quality of life for people as they have access to the right service at the right time, and it leads to more cost-effective services over time.

LTSS are a spectrum of health and social services that support Minnesotans who need help with daily living tasks. The services generally consist of ongoing care or supports that a person needs to manage a chronic health condition or disability. The services can be provided in institutional settings, such as hospitals and nursing homes, or in people's homes and other community settings. Federal law requires all state Medicaid programs to cover these services when provided in an institutional setting or nursing facility.

MA Coverage of Long-Term Care Facilities

A nursing home provides 24-hour care and supervision in a residential facility setting. Nursing homes provide an all-inclusive package of services that covers: nursing care, help with activities of daily living and other care needs, housing, meals and medication administration. Alternatively, an intermediate care facility for persons with developmental disabilities (ICF/DD) provides 24-hour care, active treatment, training and supervision to people with developmental disabilities. Additionally, day training and habilitation (DT&H) services help people living in an ICF/DD develop and maintain life skills, and take part in the community. DT&H services include supervision, training and assistance in self-care, communication, socialization, behavior management, and supported employment and work-related activities, among others.

MA pays for long-term care services for people who reside in facilities. In FY 2017, an average of 16,000 people per month received facility based long-term care services. Total spending on this group was nearly \$1.1 billion, \$563 million of which came from state funds. Care provided under this segment of MA includes 24-hour care and supervision in nursing facilities or intermediate care facilities for persons with developmental disabilities (ICF/DD). It also includes day training and habilitation (DT&H) services for people who live in an ICF/DD.

To receive MA long-term care services a person must have income and assets that are below allowable limits and have an assessed need for the services. DHS works with community providers, counties and tribes, and the Department of Health in administering and monitoring services in these long-term care settings. More information is available at <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5961-ENG>.

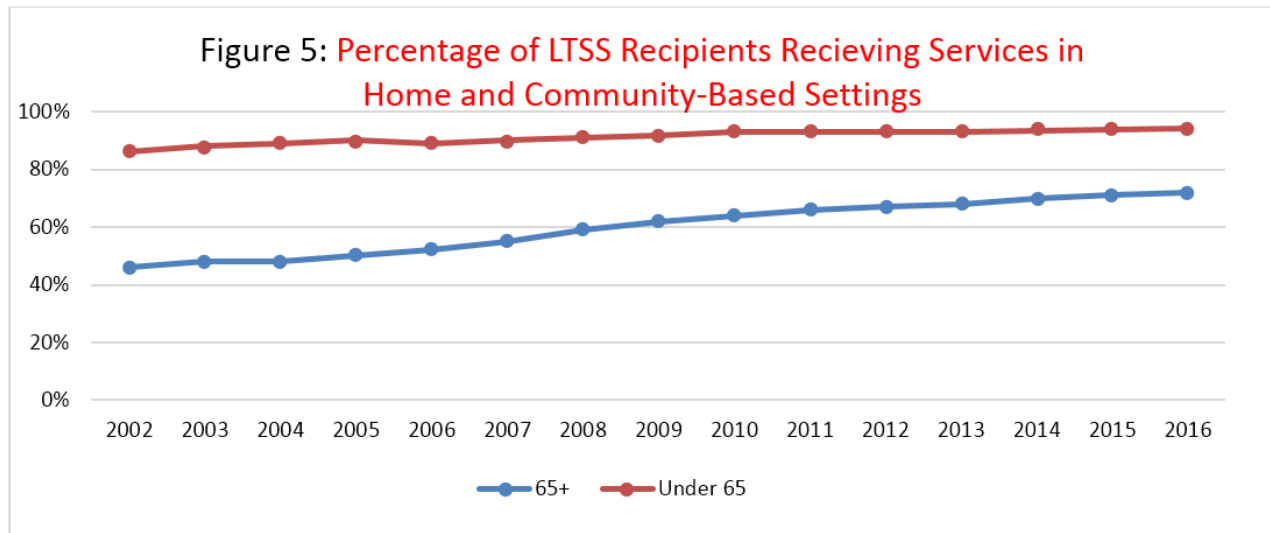
MA Coverage of Care Through Home and Community-Based Services

Home and community-based services are long-term services and supports delivered in homes or communities and not institutional settings. Congress established home and community-based services waivers in 1983 in section 1915(c) of the Social Security Act, giving states the option to seek a waiver of Medicaid rules governing institutional care to allow them to expand Medicaid services to home and community settings.

Minnesota has a long history of working to help all people live with dignity and independence. For more than 35 years, Minnesota has expanded long-term services and supports coverage to individuals receiving services in their homes and communities, which is often more effective and desirable than an institutional setting. In order to ensure that people with disabilities and older adults enjoy the same quality of life as other Minnesotans, the services and supports that they depend on must be available in the homes and communities where they choose to live.

By 1995, Minnesota had shifted from predominantly institution-based care to predominantly home- and community-based care. These services became a Medicaid state plan option in Minnesota in 2005. Home and community-based services are generally more cost effective and preferred by the people who rely on services.

The chart below shows that more enrollees receiving LTSS choose home and community-based services in Minnesota each year.



Minnesota has received federal approval to use Medicaid dollars to pay for these services through its home and community-based services waiver programs. These programs allow Medicaid to pay for services for people in their homes and communities if the services would otherwise be eligible for coverage in nursing facilities or hospitals.

DHS administers waiver programs in collaboration with county and tribal social services and public health programs. The vast majority of Minnesota's Medicaid spending on long-term care services and supports goes to enrollees in home- and community-based waiver programs. For example, more than 90 percent of Medicaid long-term care spending for people with disabilities in Minnesota goes toward services provided in the community.

In FY 2017, an average of about 61,000 people received home care and waived services per month. Total spending on waiver and home care services was just over \$3 billion FY2017, and roughly half of this was from state funds.

Minnesota operates five home and community-based waivers:

- **Brain Injury (BI):** Allows Medicaid to cover services for people with a brain injury who need the level of care provided in a nursing facility or neurobehavioral hospital and choose to receive such care in home and community-based service settings.
- **Community Alternative Care (CAC):** Allows Medicaid to cover services for people who are in need of the level of care provided at a hospital and choose to receive such care in home or community-based service settings.
- **Community Access for Disability Inclusion (CADI):** Allows Medicaid to cover services for people who need the level of care provided in nursing facilities and choose to receive such care in home and community-based service settings.
- **Developmental Disabilities (DD):** Allows Medicaid to cover services for people with developmental disabilities who need the level of care provided at an intermediate care facility for people with developmental disabilities and choose to receive such care in home and community-based service settings.
- **Elderly Waiver (EW):** Allows Medicaid to cover services for those age 65 and older who need the level of care provided in a nursing facility and choose to receive such care in home and community-based service settings.

These waivers can offer:

- in-home and residential supports
- medical and behavioral supports
- customized day services
- employment supports
- Consumer-Directed Community Supports (a self-directed option)
- caregiver supports
- transitional services to support people to move out of institutions or other congregate settings
- transportation
- home modifications and assistive technology
- case management
- other goods and services

Medical Assistance Basic Health Care

MA also provided comprehensive coverage outside of long-term care to over one million Minnesotans in FY 2017. Total spending for basic health care services reached about \$6.9 billion in FY 2017, with \$2.5 billion coming from state funds. The enhanced federal share available with the MA expansion in 2014 reduced the overall share of basic care expenditures to just over 36 percent in FY 2017, a decrease from about 50 percent in FY 2013.

Basic health care services covered in the MA benefit include:

- primary and preventive care
- inpatient hospital benefits
- mental health and chemical dependency treatment
- medical transportation
- medical equipment
- prescription drugs
- dental care
- coverage for eyeglasses and eye care

MA Coverage of Basic Health Care for Elderly and Disabled

People receiving these services are low-income elderly (65 years or older) and people who are blind or have a disability. Their income and assets must be below allowable limits. As MA enrollees they receive health care coverage or financial assistance to help them pay for their Medicare premiums and cost sharing/copayments. This latter approach is often less expensive for the state than if the state provided their health coverage under MA alone.

This segment of the MA program also includes the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program. MA-EPD working individuals with disabilities to receive the full MA benefit set. This program encourages people with disabilities to work and enjoy the benefits of being employed. It allows working people with disabilities to qualify for MA without an income limit and under higher asset limits than standard MA. More information on MA-EPD is available in the Medical Assistance for Employed Persons with Disabilities brochure (<http://edocs.dhs.state.mn.us/lfserver/public/DHS-2087L-ENG>).

In FY2017, this segment of MA funds supported an average of 177,262 people per month, many of whom are also enrolled in Medicare and so are “dual eligible beneficiaries.” Total spending on this group was over \$2.5 billion in FY2015, about half of which came from state funds.

MA Coverage of Basic Health Care for Families with Children

Enrollees in this eligibility category include low income pregnant women, children, parents and caretaker relatives. This segment of the MA program also includes funding for the Minnesota Family Planning Program (MFPP) and the MA Breast and Cervical Cancer Treatment program (MABC). MFPP provides coverage of family planning and related health care services for people not currently enrolled in MA or MinnesotaCare. MABC covers treatment costs for breast cancer, cervical cancer or a precancerous cervical condition for women without health insurance. In FY 2017, this segment of MA funds supported an average of 705,441 people per month. Total spending on this group was nearly \$2.6 billion, about half of which came from state funds.

MA Coverage of Basic Health Care for Adults without Children

In FY 2017, MA covered an average of 199,951 adults without dependent children people per month. Total spending on this group was about \$1.8 billion, with about \$40 million coming from state funds.

A full list of Medical Assistance populations, income and asset limits is in a Minnesota Health Care Programs brochure (<https://edocs.dhs.state.mn.us/lfserver/Public/DHS-3182-ENG>).

Today, Minnesota's Medicaid program is a cornerstone of our state's system of health and long-term care coverage, with more than one million people covered in 2017, including children, parents, people with disabilities and seniors.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Percent of older adults served by home and community-based services ¹	68.4%	72.9%	FY2013 to FY2017
Quality	Percent of people with disabilities served by home and community-based services ²	93.5%	94.6%	FY2013 to FY2017
Result	Percent of Minnesotans without health insurance ³	4.3%	6.3%	2015 to 2017
Result	Percent of Low Income Minnesotans without Health Insurance ⁴	8.5%	11.3%	2015 to 2017
Quantity	Number of MA and MinnesotaCare program enrollees served by an IHP ⁵	350,000	460,000	2015 to 2017
Quality	Estimated reduction in health care expenditures (below projections) for providers in Integrated Health Partnership demonstration project ⁶	\$48.3 million	\$60.7 Million	2016 to 2017

Performance Measure Notes:

1. This measure reflects the percentage of older adults receiving publicly-funded long-term care services who receive HCBS services through the Elderly Waiver or Alternative Care program instead of services in nursing homes. Measure compares FY 2013 and FY 2017 data. (Source: DHS Data Warehouse)
2. This is the percent of people with disabilities receiving publicly-funded long-term care services who receive HCBS services through disability waiver or home care programs instead of services in nursing homes or Intermediate Care Facilities. Measure compares FY 2013 and FY 2017 data. (Source: DHS Data Warehouse)
3. Measure is the percent of Minnesotans that do not have health insurance. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2013 (Previous) and 2015 (Current)
4. Measure is the percentage of uninsured Minnesotans with family income below 200% of poverty. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2013 (Previous) and 2015 (Current)
5. Measure is the number of enrollees served by an IHP provider. Compares 2015 (Previous) and 2017 (Current).
6. Measure is an estimated reduction in annual medical costs below projections for 2016 and 2017 for the providers enrolled in the IHP demonstration. IHP provider contracts require this measure be calculated in the same manner each year. The lower health care spending does not result in savings to the state of the same amount. This number includes savings to providers, health plans, the federal government, and the

state. Integrated Health Partnerships (IHPs) allow participating providers to enter into an arrangement with DHS to care for enrollees under a payment model that holds the participants accountable for the costs and quality of care their Medicaid patients receive. The goal of the program is to improve the quality and value of care provided to Medicaid and MinnesotaCare enrollees while lowering the cost through innovative approaches to care and payment.

Minnesota Statutes, chapter 256B provides the legal authority for the Medical Assistance program. An example of legislative directives to improve and innovate in Medical Assistance is M.S. section 256B.021 (Medical Assistance Reform Waiver).

Medical Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	4,134,042	4,347,632	4,973,905	4,918,699	5,604,300	5,656,788	5,618,559	5,700,519
2000 - Restrict Misc Special Revenue	133,737	67,152	89,028	60,568	59,010	57,695	59,010	57,695
2360 - Health Care Access	588,188	240,720	385,159	439,012	438,848	438,848	452,462	469,849
3000 - Federal	6,524,854	6,380,543	7,226,322	7,033,815	7,875,817	7,728,006	7,875,817	7,728,006
Total	11,380,821	11,036,047	12,674,414	12,452,094	13,977,975	13,881,337	14,005,848	13,956,069
Biennial Change				2,709,640		2,732,804		2,835,409
Biennial % Change				12		11		11
Governor's Change from Base								102,605
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	207,404	218,403	235,510					
Grants, Aids and Subsidies	11,173,032	10,817,249	12,438,479	12,451,794	13,977,675	13,881,037	14,005,548	13,955,769
Other Financial Transaction	384	395	425	300	300	300	300	300
Total	11,380,821	11,036,047	12,674,414	12,452,094	13,977,975	13,881,337	14,005,848	13,956,069

Medical Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		44,391		2,297				
Direct Appropriation	4,173,316	4,545,885	5,174,139	4,950,112	5,636,966	5,672,838	5,651,225	5,716,569
Transfers In	32,774	31,730	40,052	13,592	1,052	1,228	1,052	1,228
Transfers Out	27,657	28,096	41,509	47,302	33,718	17,278	33,718	17,278
Cancellations	44,391	246,278	196,480					
Balance Forward Out			2,297					
Expenditures	4,134,042	4,347,632	4,973,905	4,918,699	5,604,300	5,656,788	5,618,559	5,700,519
Biennial Change in Expenditures				1,410,930		1,368,484		1,426,474
Biennial % Change in Expenditures				17		14		14
Governor's Change from Base								57,990
Governor's % Change from Base								1

2000 - Restrict Misc Special Revenue

Balance Forward In	426	3,759	1,055	569				
Receipts	140,252	63,648	88,541	59,999	59,010	57,695	59,010	57,695
Balance Forward Out	6,941	256	569					
Expenditures	133,737	67,152	89,028	60,568	59,010	57,695	59,010	57,695
Biennial Change in Expenditures				(51,293)		(32,891)		(32,891)
Biennial % Change in Expenditures				(26)		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0

2360 - Health Care Access

Balance Forward In		2						
Direct Appropriation	588,190	240,720	385,159	439,012	438,848	438,848	452,462	469,849
Cancellations	2	3						
Expenditures	588,188	240,720	385,159	439,012	438,848	438,848	452,462	469,849
Biennial Change in Expenditures				(4,736)		53,525		98,140
Biennial % Change in Expenditures				(1)		6		12
Governor's Change from Base								44,615
Governor's % Change from Base								5

3000 - Federal

Medical Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	22,177	18,207	443	27,476				
Receipts	6,520,101	6,362,339	7,253,155	7,006,339	7,875,817	7,728,006	7,875,817	7,728,006
Transfers In			200					
Balance Forward Out	17,424	3	27,476					
Expenditures	6,524,854	6,380,543	7,226,322	7,033,815	7,875,817	7,728,006	7,875,817	7,728,006
Biennial Change in Expenditures				1,354,740		1,343,686		1,343,686
Biennial % Change in Expenditures				11		9		9
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs

Activity: Alternative Care

mn.gov/dhs/people-we-serve/seniors/services/home-community/programs-and-services/alternative-care.jsp
mn.gov/dhs/people-we-serve/seniors/services/home-community/programs-and-services/essential-community-supports.jsp

AT A GLANCE

- The Alternative Care Program served 3,659 people, averaging 2,543 enrollees per month with an average monthly benefit of \$924 in FY 2017.
- Enrolled consumers contributed a total of \$1.9 million towards their cost of care.
- Essential Community Support grants are included as part of the Alternative Care Budget activity and serve 244 enrollees each month with an average monthly benefit of \$227 in FY 2017.
- All funds spending for the Alternative Care activity for FY 2017 was \$28.9 million. This represented 0.18 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The Alternative Care (AC) Program is a cost-sharing program that provides certain home and community-based services for Minnesotans age 65 and over. Alternative Care services support seniors, their families, caregivers and communities to help seniors to stay in their homes and communities and avoid costly institutionalization.

The program is a cost-effective strategy to prevent or delay people from moving onto Medical Assistance long-term care services, such as Elderly Waiver and nursing home care. The program helps prevent the impoverishment of eligible seniors and maximizes the use of their own resources by sharing the cost of care with clients. AC is available to individuals who need the level of care provided in a nursing home but choose instead to receive services in the community, and whose income and assets would be inadequate to fund a nursing home stay for more than 135 days.

SERVICES PROVIDED

Alternative Care (AC) services are used in a person's own home. AC covers the following services: adult day services, caregiver assessment, case management, chore services, companion services, consumer-directed community supports, home health aides, home-delivered meals, homemaker services, environmental accessibility adaptations, nutrition services, personal emergency response system, personal care, respite care, skilled nursing, specialized equipment and supplies, training and support for family caregivers and transportation.

Beginning January 1, 2015, some people who have a lower level of need for long-term care services no longer qualify to have Medical Assistance pay for nursing facility care and community-based alternatives. Those people will instead be served by Essential Community Support grants. Essential Community Support grants cover the following services: adult day services, service coordination (case management), chore services, home delivered meals, homemaker services, personal emergency response, caregiver education/training, and community living assistance. People can qualify for up to \$424 a month for these services. These grants are included as part of the Alternative Care budget activity.

DHS partners with community providers, counties, tribal health groups and the Department of Health in providing and monitoring services.

The AC program is funded with state and federal money along with monthly fees paid by the person receiving services. Payments made by the state for AC services are also subject to estate recovery. Essential Community Support grants are state funded only.

More information is available on the Alternative Care fact sheet (<https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4720-ENG>).

RESULTS

The agency monitors performance measures that show how this program is working. One key measure is how well people who are eligible for publically funded long-term services and supports access the services in their homes and community rather than in nursing facilities.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percent of older adults served by home and community-based services ¹	68.4%	72.9%	2013 to 2017
Quantity	Percent of long-term services and support expenditures for older adults spent on home and community-based services ²	45.1%	48.6%	2013 to 2017
Quantity	Percent of AC spending on Consumer-Directed Community Supports (CDCS) ³	5.4%	9.9%	2013 to 2017

Performance Notes:

1. Measure 1 compares FY2013 to FY2017. This measure shows the percentage of older adults receiving publicly-funded long-term services and supports who receive home and community-based services through the Elderly Waiver, Alternative Care, or home care programs instead of nursing home services. (Source: MMIS Claims)
2. Measure two compares FY2013 to FY2017 data. This measure shows the percentage of public long-term service and support funding for older adults that is spent on Elderly Waiver, Alternative Care or home care services instead of nursing home services. (Source: MMIS Claims).
3. Measure three compares FY2013 to FY2017 data. CDCS gives persons more flexibility and responsibility for directing their services and supports—compared to services provided through the traditional program – including hiring and managing direct care staff. (Source: MMIS Claims)

More information is available on the DHS Dashboard (<http://dashboard.dhs.state.mn.us/>).

The Alternative Care and Essential Community Support programs are authorized by Minnesota Statutes, sections 256B.0913 (<https://www.revisor.mn.gov/statutes/?id=256B.0913>) and 256B.0922 (<https://www.revisor.mn.gov/statutes/?id=256B.0922>).

Alternative Care

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	12,866	13,438	14,555	45,094	45,135	45,155	45,243	45,245
2000 - Restrict Misc Special Revenue	1,266	1,351	1,495	1,002	1,027	1,053	1,027	1,053
3000 - Federal	13,511	14,128	15,463	17,318	19,554	21,931	19,554	21,931
Total	27,643	28,918	31,513	63,414	65,716	68,139	65,824	68,229
Biennial Change				38,367		38,928		39,126
Biennial % Change				68		41		41
Governor's Change from Base								198
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	27,643	28,918	31,513	63,414	65,716	68,139	65,824	68,229
Total	27,643	28,918	31,513	63,414	65,716	68,139	65,824	68,229

Alternative Care

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	43,997	43,590	44,258	44,976	45,135	45,155	45,243	45,245
Transfers In			86	118				
Transfers Out	31,131	30,152	29,789					
Expenditures	12,866	13,438	14,555	45,094	45,135	45,155	45,243	45,245
Biennial Change in Expenditures				33,345		30,641		30,839
Biennial % Change in Expenditures				127		51		52
Governor's Change from Base								198
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	139	302	294	25				
Receipts	1,256	1,199	1,226	977	1,027	1,053	1,027	1,053
Balance Forward Out	129	149	25					
Expenditures	1,266	1,351	1,495	1,002	1,027	1,053	1,027	1,053
Biennial Change in Expenditures				(121)		(417)		(417)
Biennial % Change in Expenditures				(5)		(17)		(17)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In		1	29	24				
Receipts	13,512	14,146	15,458	17,294	19,554	21,931	19,554	21,931
Balance Forward Out	1	20	24					
Expenditures	13,511	14,128	15,463	17,318	19,554	21,931	19,554	21,931
Biennial Change in Expenditures				5,142		8,704		8,704
Biennial % Change in Expenditures				19		27		27
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Forecasted Programs

Activity: Chemical Dependency Treatment Fund

mn.gov/dhs/people-we-serve/children-and-families/health-care/substance-abuse/programs-and-services/

AT A GLANCE

- In the United States, 20.1 million people aged 12 and older had substance use disorders (CY 2016).
- Statewide, there were 56,157 admissions for substance use disorder treatment in 2016, which represents a 6 percent increase over 2015.
- The Chemical Dependency (CD) Treatment Fund pays for a little more than 43.6 percent of all admissions for substance abuse disorder treatment in Minnesota.
- The percentage of people completing substance use disorder was 51 percent in 2016.
- All funds spending for the CD Treatment Fund activity for FY 2017 was \$189 million, which represents 1.2% of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The Chemical Dependency (CD) Treatment Fund activity pays for residential and outpatient substance use disorder (SUD) treatment services for eligible low-income Minnesotans.

People access the SUD treatment services paid by the fund by first being assessed as needing treatment for Substance Use Disorder, and second by meeting financial eligibility guidelines. Financial eligibility standards are similar to those for Medical Assistance, the state's Medicaid program.

Counties and tribes are responsible for providing assessments (known as "Rule 25" assessments) to individuals seeking access to these funds. These assessments not only determine an individual's eligibility for services paid for by the CD Treatment Fund but also determine the appropriate level or intensity of services the person may need based on their condition and circumstances. Through legislation passed in 2017, Minnesota is transitioning from Rule 25 assessments to provider-based comprehensive assessments. This allows for direct access to placement for people in need of SUD treatment services. The 2017 legislation allows providers to be reimbursed for comprehensive assessment, treatment coordination and/or peer support services, in addition to formal treatment services, while delivering long term care to the recipient.

SERVICES PROVIDED

The Consolidated Chemical Dependency Treatment Fund (CCDTF) is the single fee-for-service public payment source that funds residential and outpatient substance use disorder treatment services for eligible low-income Minnesotans. The CCDTF combines multiple funding sources – state appropriations, county funding, federal Medicaid funding and the federal Substance Abuse, Prevention and Treatment block grant – into a single fund with common eligibility criteria and a single process for evaluating treatment need and placement options. Federal Medicaid matching funds are collected on eligible treatment services provided to Medical Assistance recipients. Counties also contribute a share toward the cost of treatment. Counties pay 30 percent of the non-federal share of treatment costs for Medical Assistance (MA) recipients and 22.95 percent for non-MA recipients (this amount was reduced to 20.2 percent for FY 2017). The CCDTF pays for services that are part of a licensed residential or non-residential SUD treatment program. The CCDTF ensures that all clients have the same access to high quality, effective treatment programs.

All of these programs provide a continuum of effective, research-based treatment services for individuals who need them. Treatment services include individual and group therapy in outpatient or residential settings, and may

also include treatment for a mental illness, other medical services, medication-assisted therapies (with or without adjunct behavioral services), and service coordination.

SUD treatment providers use a variety of evidence-based practices, such as the twelve-step facilitation program, cognitive behavioral therapies, specialized behavioral therapy, motivational interviewing and motivational enhancement therapy as methods to ensure success.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous (CY2013)</i>	<i>Current (CY2015)</i>	<i>Dates</i>
Quantity	Number of treatment admissions to substance use disorder treatment ¹	54,242	56,157	2015 to 2016
Result	Percent of persons completing substance use disorder treatment	51.5%	51%	2015 to 2016
Result	Change in percent of clients who reported alcohol use within the last 30 days at time of admission and then again at the time of discharge	Admit 36.7% Discharge 11.1%	Admit 34.7% Discharge 9.3%	2015 to 2016 2015 to 2016

Measure Notes:

1. This indicator is from the Drug and Alcohol Abuse Normative Evaluation System (DAANES) in the Performance Measurement & Quality Improvement section in the Alcohol and Drug Abuse Division of the Minnesota Department of Human Services.

Minnesota Statutes chapter 254B (<https://www.revisor.mn.gov/statutes/?id=254B>) provides the legal authority for the CD Treatment Fund. M.S. section 254B.01, Subd.3 (<https://www.revisor.mn.gov/statutes/?id=254B.01>) defines chemical dependency services payable by the CD Treatment Fund. This definition applies to a wide variety of services within a planned program of care to treat a person's chemical dependency, or substance use disorder.

CD Treatment Fund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	161,379	188,856	214,765	228,184	240,218	266,295	256,175	274,147
Total	161,379	188,856	214,765	228,184	240,218	266,295	256,175	274,147
Biennial Change				92,714		63,564		87,373
Biennial % Change				26		14		20
Governor's Change from Base								23,809
Governor's % Change from Base								5

Expenditures by Category

Grants, Aids and Subsidies	161,204	188,631	214,520	227,923	239,957	266,034	255,914	273,886
Other Financial Transaction	175	225	245	261	261	261	261	261
Total	161,379	188,856	214,765	228,184	240,218	266,295	256,175	274,147

CD Treatment Fund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	93,699	115,120	117,226	118,621	149,969	145,296	131,372	135,609
Transfers Out	93,699	115,120	117,226	118,621	149,969	145,296	131,372	135,609
2000 - Restrict Misc Special Revenue								
Balance Forward In	1,620	2,721	2,605	246	246	246	246	246
Receipts	67,036	72,217	94,934	110,063	90,749	121,499	101,448	139,038
Transfers In	93,699	115,120	117,226	118,621	149,969	145,296	155,227	135,609
Transfers Out		500		500	500	500	500	500
Balance Forward Out	976	701		246	246	246	246	246
Expenditures	161,379	188,856	214,765	228,184	240,218	266,295	256,175	274,147
Biennial Change in Expenditures				92,714		63,564		87,373
Biennial % Change in Expenditures				26		14		20
Governor's Change from Base								23,809
Governor's % Change from Base								5

Program: Grant Programs

Activity: Support Services Grants

dhs.state.mn.us/main/id_004112

<http://mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/food-nutrition/programs-and-services/e-and-t.jsp>

AT A GLANCE

- Provides employment services to approximately 26,500 people per month receiving Minnesota Family Investment Program/Diversionary Work Program (MFIP/DWP).
- Provides employment services to approximately 2,000 people per month receiving Supplemental Nutrition Assistance Program (SNAP).
- All funds spending for the Support Services Grants activity for FY 2017 was \$96.8 million. This represented 0.61 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

Support Services Grants cover the cost of services creating pathways to employment for low income families receiving benefits from the Minnesota Family Investment Program (MFIP), Diversionary Work Program (DWP) and the Supplemental Nutrition Assistance Program (SNAP). This is accomplished by addressing barriers, helping stabilize families and adults, and building skills that ensure participants are prepared to find and retain employment.

The primary focus of MFIP and DWP is self-sufficiency through employment, by building on job placements in today's economy and focusing on future workforce development. Support Services Grants ensure that a foundation is there to deliver key activities to help families meet their basic needs and achieve their highest potential.

SERVICES PROVIDED

The Support Services Grants activity provides funding for the MFIP Consolidated Fund. Counties and tribes use the MFIP Consolidated Fund to provide an array of employment services including job search, job placement, training and education. The Consolidated Fund also provides other supports such as emergency needs for low-income families with children.

In addition to helping those on MFIP/DWP, the Support Services Grants activity also provides funding for employment supports for adults who receive benefits through the Supplemental Nutrition Assistance Program (SNAP), or the SNAP Employment and Training program.

Services are delivered by Workforce Centers, counties, tribes and community agencies. Service providers evaluate the needs of each participant and develop an individualized employment plan that builds on strengths and addresses areas of need. Services include:

- Referrals to housing, child care, and health care coverage, including any needed chemical and mental health services, to aid in stabilizing families
- Basic education, English proficiency training, skill building and education programs to prepare participants for the labor market
- Job search assistance and job placement services to help participants locate employment that matches their skills and abilities
- Innovative programs to address special populations or needs such as: a single point of contact for teen parents that includes public health home visits, subsidized work experiences, integrated services for

families with serious disabilities and support for the FastTRAC program, which links education and credentials to high demand careers

Support Services Grants also fund a portion of county and tribal costs to administer MFIP and DWP. Support Services Grants are allocated to counties and tribes, and are funded with a combination of state and federal funds, including from the federal Temporary Assistance for Needy Families (TANF) block grant.

RESULTS

The two key measures in MFIP/DWP are:

- The **Self-Support Index (S-SI)**, which is a results measure. The S-SI shows the percentage of adults eligible for MFIP or DWP in a quarter who have left assistance or are working at least 30 hours per week three years later. Customized targets are set for each county or tribe using characteristics of the people served and local economic conditions. State law requires the Department of Human Services to use the Self-Support Index to allocate performance bonus funds. The chart following shows that about two-thirds of participants have left MFIP or DWP and/or are working at least 30 hours per week three years after a baseline period.

<i>Year ending in March of:</i>	<i>S-SI</i>
2010	67.0%
2011	65.2%
2012	65.3%
2013	66.9%
2014	68.5%
2015	68.8%
2016	68.0%
2017	65.9%
2018	64.6%

- The federal Work Participation Rate (WPR), which is a measure of quantity. The WPR shows parents engaging in work and specific work-related activities. We calculate an estimated WPR for counties, county consortiums and tribes monthly, and it is annualized to allocate performance bonus funds. (Beginning in calendar year 2016, the bonus will be based solely on the S-SI.) The chart following shows the WPR for 2008 to 2015.

<i>Federal Fiscal Year</i>	<i>WPR</i>
2008	29.9%
2009	29.8%
2010	40.2%
2011	43.9%
2012	45.3%
2013	45.1%
2014	46.2%
2015	37.9%
2016	39.4%
2017	38.9%

Another employment-related, state-mandated performance measure tracked is:

- **MFIP/DWP Median Placement Wage**, a quality measure that reflects the number of people getting jobs and the median wage. The chart shows the statewide median hourly starting wage. (Tribes are not included.)

<i>Calendar Year</i>	<i>Median Placement Wage Per Hour for MFIP Clients</i>	<i>Median Placement Wage Per Hour for DWP Clients</i>
2008	\$9.00	\$9.39
2009	\$9.00	\$9.30
2010	\$9.50	\$9.50
2011	\$9.50	\$9.50
2012	\$9.95	\$10.00
2013	\$10.00	\$10.00
2014	\$10.29	\$10.00
2015	\$11.00	\$11.00
2016	\$11.50	\$11.50
2017	\$12.00	\$12.00

The legal authority for Support Services Grants is M.S. sections 256J.626
(<https://www.revisor.mn.gov/statutes/?id=256J.626>) and 256D.051
(<https://www.revisor.mn.gov/statutes/?id=256D.051>)

Support Services Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	15,805	8,700	8,697	8,715	8,715	8,715	8,715	8,715
2000 - Restrict Misc Special Revenue		741						
3000 - Federal	19	43	2,503	9,200	9,200	9,200	9,200	9,200
3001 - Federal TANF	92,483	87,291	94,759	96,311	96,312	96,311	96,312	96,311
Total	108,307	96,774	105,959	114,226	114,227	114,226	114,227	114,226
Biennial Change				15,104		8,268		8,268
Biennial % Change				7		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	1,491	1,383	1,900					
Grants, Aids and Subsidies	102,360	92,436	100,657	114,226	114,227	114,226	114,227	114,226
Other Financial Transaction	4,455	2,955	3,402					
Total	108,307	96,774	105,959	114,226	114,227	114,226	114,227	114,226

Support Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	2,694							
Direct Appropriation	13,133	8,715	8,715	8,715	8,715	8,715	8,715	8,715
Cancellations	22	15	18					
Expenditures	15,805	8,700	8,697	8,715	8,715	8,715	8,715	8,715
Biennial Change in Expenditures				(7,093)		18		18
Biennial % Change in Expenditures				(29)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	741	741						
Balance Forward Out	741							
Expenditures	741							
Biennial Change in Expenditures				(741)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	19	43	2,503	9,200	9,200	9,200	9,200	9,200
Expenditures	19	43	2,503	9,200	9,200	9,200	9,200	9,200
Biennial Change in Expenditures				11,641		6,697		6,697
Biennial % Change in Expenditures				18,788		57		57
Governor's Change from Base								0
Governor's % Change from Base								0

3001 - Federal TANF

Receipts	92,483	87,291	94,759	96,311	96,312	96,311	96,312	96,311
Expenditures	92,483	87,291	94,759	96,311	96,312	96,311	96,312	96,311
Biennial Change in Expenditures				11,296		1,553		1,553
Biennial % Change in Expenditures				6		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Basic Sliding Fee Child Care Assistance Grants

mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/child-care/programs-and-services/basic-sliding-fee.jsp

AT A GLANCE

- In 2017 Basic Sliding Fee (BSF) child care program provided child care assistance to 13,241 children in 6,911 families in an average month.
- As of June 2018, there are 1,968 families eligible for assistance but on a waiting list for services.
- The average monthly assistance per family was \$1,142.
- All funds spending on BSF child care assistance grants for FY 2017 was \$96 million. This represented 0.61 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

In order to work, families need safe and reliable child care. The annual cost of full time licensed care for one child can exceed \$10,000. Many low-income families struggle to find affordable child care that fits their needs. The Basic Sliding Fee (BSF) child care program provides financial subsidies to help low-income families pay for child care through the Child Care Assistance Program. Families earning no more than 47 percent of the state median income (\$36,365 in 2015 for a family of three) are eligible to enter the BSF program. Families leave the Child Care Assistance Program when their earnings are greater than 67 percent of state median income (in October 2015, that level was set at \$51,841 for a family of three) or when their copayment exceeds their cost of care.

SERVICES PROVIDED

BSF child care assistance grants provide support to help improve outcomes for the most at-risk children and their families by increasing access to high quality child care.

Families must be working, looking for work or attending school to be eligible for the Basic Sliding Fee Program. The program helps families pay child care costs on a sliding fee basis. As family income increases, so does the amount of child care expenses (copayment) paid by the family. All families receiving child care assistance and earning 75 percent or more of the federal poverty guideline make copayments based on their income. A family of three earning 55 percent of the state median income (\$42,555) would have a total biweekly copayment of \$138 for all children in care.

BSF child care assistance grants are part of the state's Child Care Assistance Program. Maximum rates for provider payment in the Child Care Assistance Program are set in state law. Maximum rates are set for each type of care: child care centers, family child care and legal non-licensed child care. Providers are paid at the rate they charge in the private child care market, up to this limit. The program pays a higher rate to providers who have met quality standards through Parent Aware, are accredited, or hold certain educational credentials.

Child care must be provided by a legal child care provider over the age of 18 years. Allowable providers include legal non-licensed family child care, license-exempt centers, licensed family child care and licensed child care centers. Families choose their providers in the private child care market. Counties administer the Child Care Assistance Program.

BSF funding is a capped allocation. It includes a combination of state funds and federal funding from the Child Care Development Block Grant and the Temporary Assistance for Needy Families program. The Department of

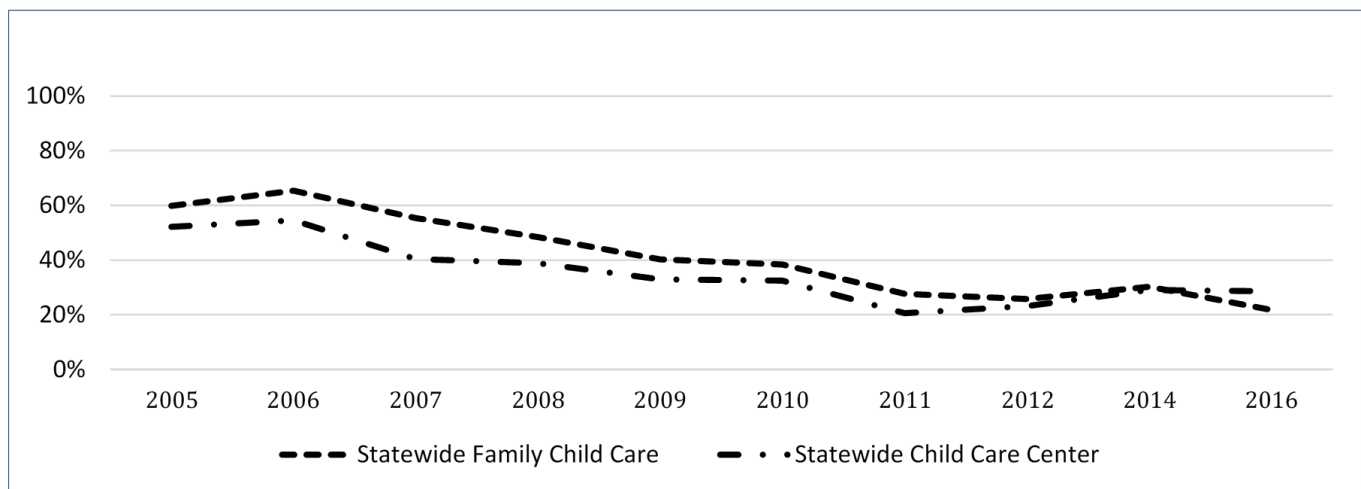
Human Services allocates funding to counties for program administration. Demand for the program exceeds available funds and families are waitlisted based on prioritization established in law. As of June 2018, there were 1,968 families on the waiting list.

RESULTS

Percent of Provider Prices Fully Covered by CCAP - Maximum rates paid to providers under the Child Care Assistance Program may not cover the full cost of child care. This may be a barrier for some families if they cannot find a provider in their community whose prices are covered by the maximum allowed under the program. The percent of child care providers who charge prices that are fully covered by the Child Care Assistance Program increased when the maximum rates were raised in 2014, but the maximum rate paid remains low compared to prices in the market.

This quality measure shows approximately 22% of family child care providers and approximately 29% of child care centers charge prices that are fully covered by the Child Care Assistance Program maximum rates.

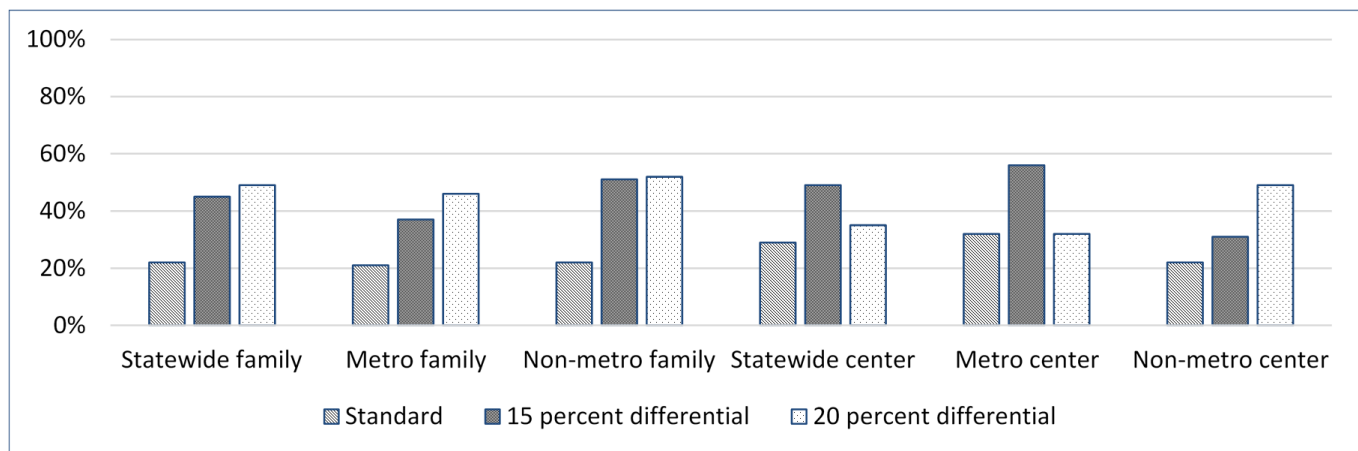
Provider prices fully covered by Standard Maximum Rates statewide, by percent



Quality Differential Impact - Parent Aware is Minnesota's rating tool for helping parents select high quality child care and early education programs. The Child Care Assistance Program allows up to a 15 percent higher maximum rate to be paid to providers with a Parent Aware 3-star rating, or who hold certain accreditation or education standards established in statute. Up to a 20 percent higher maximum rate can be paid to providers with a 4-star Parent Aware rating.

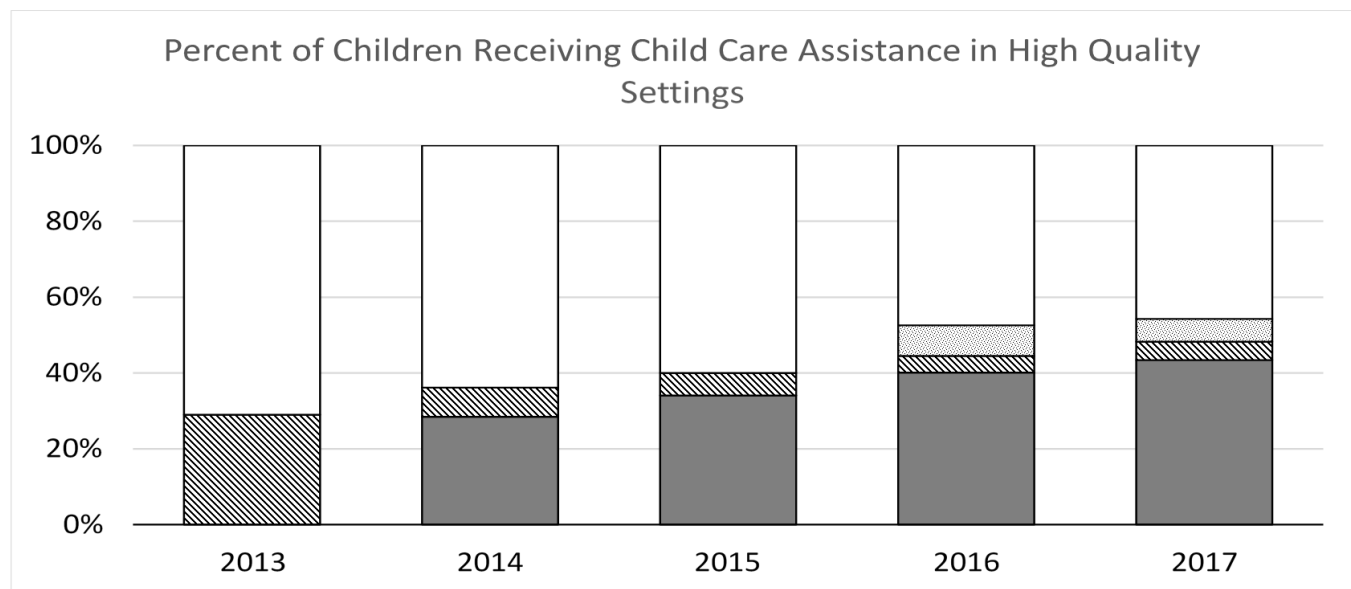
This quality measure shows that higher maximum rates may increase families' access to high quality providers by allowing the maximum rate paid by the Child Care Assistance Program to fully cover more (or an equivalent proportion) of their prices as compared to the prices charged by all providers. This measure indicates the impact of quality differentials by type of care. It is first presented as a statewide total, and then broken out by metro and non-metro counties.

Prices fully covered by Standard and Quality Differential Maximum Rates – 2016



Specifically, the 20 percent differential allows the prices charged by center based four-star rated metro providers to be fully covered by the maximum subsidy in the same proportion as the prices of all metro center providers. The higher maximum rates offer coverage of the prices charged by all other types of quality providers at higher levels than the standard maximum rates.

Use of High Quality Care - Children who participate in high quality early care and education are more likely to experience school success and positive life-long outcomes. This quality measure shows that the percent of all children receiving child care assistance through providers eligible for the higher subsidy rates for quality has increased from 23 percent in quarter four of 2013 to 48 percent in 2017.



Child's Provider Credentials	2013	2014	2015	2016	2017
Provider holds Parent Aware 3-4 Star*	NA	28%	34%	40%	43%
Provider holds Accreditation*	29%	8%	6%	5%	5%
Provider holds Parent Aware 1-2 Star	NA	NA	NA	8%	6%
Standard Care	71%	64%	60%	47%	46%

* These providers are eligible for CCAP higher rates for quality.

In 2014 a statute change allowed providers to qualify for the higher maximum subsidy rate through receiving a Parent Aware rating of 3-or-4-Stars. Previously only providers holding certain accreditations and family child care providers meeting certain education standards were eligible. In this figure, child care settings were categorized according to the quality standard they meet to be eligible for the CCAP quality differential.

- In 2013 settings meeting quality standards though accreditations/credentials may also have been highly rated by Parent Aware. In 2014-2015 settings that hold both a 3-or-4 Star Parent Aware rating and an accreditation or educational credential, are included in the Parent Aware rated category.

The data source for the prices charged by providers is a biennial survey of provider prices conducted by the Department. To assess the portion of provider prices fully covered, provider prices are compared to the applicable maximum subsidy rates.

The data source for children in care with provider's eligible of the higher rates for quality is from MEC2, Minnesota's child care electronic eligibility and payment system.

The legal authority for the Basic Sliding Fee (BSF) Child Care Assistance program is in M.S. chapter 119B. (<https://www.revisor.mn.gov/statutes/?id=119B>)

BSF Child Care Assistance Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	48,439	51,559	44,043	53,413	53,583	53,639	63,935	75,046
3000 - Federal	47,187	44,726	54,490	52,906	56,393	56,429	56,393	56,429
Total	95,626	96,285	98,533	106,319	109,976	110,068	120,328	131,475
Biennial Change				12,941		15,192		46,951
Biennial % Change				7		7		23
Governor's Change from Base								31,759
Governor's % Change from Base								14

Expenditures by Category

Grants, Aids and Subsidies	95,626	96,285	98,533	106,319	109,976	110,068	120,328	131,475
Total	95,626	96,285	98,533	106,319	109,976	110,068	120,328	131,475

BSF Child Care Assistance Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	48,439	51,559	44,690	53,413	53,583	53,639	63,935	75,046
Cancellations			647					
Expenditures	48,439	51,559	44,043	53,413	53,583	53,639	63,935	75,046
Biennial Change in Expenditures				(2,542)		9,766		41,525
Biennial % Change in Expenditures				(3)		10		43
Governor's Change from Base								31,759
Governor's % Change from Base								30

3000 - Federal

Balance Forward In	3	18	196	212				
Receipts	47,201	44,797	54,506	52,694	56,393	56,429	56,393	56,429
Balance Forward Out	16	90	212					
Expenditures	47,187	44,726	54,490	52,906	56,393	56,429	56,393	56,429
Biennial Change in Expenditures				15,483		5,426		5,426
Biennial % Change in Expenditures				17		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Child Care Development Grants

mn.gov/dhs/people-we-serve/children-and-families/services/child-care/

AT A GLANCE

- As of July 2018, 2,763 child care and early education programs have a Parent Aware rating.
- 2,538 family child care providers and 10,191 child care center staff are active users on *Develop*, Minnesota's Quality Improvement and Registry Tool.
- 3,790 individuals received coaching and support services to increase quality of care to children in FY18.
- All funds spending for the Child Care Development Grants activity for FY 2017 was \$18.1 million. This represented 0.1 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

Child Care Development Grants fund services that promote children's development and learning through initiatives that increase the availability of quality care and education in Minnesota. These grants support Parent Aware, Minnesota's Quality Rating and Improvement System. Parent Aware offers tools and resources that help families access quality child care and early education that will prepare them for school and for life. It also provides resources to help child care programs improve their practices.

It is important that all children and their families have access to high quality child care and early education programs. The first few years of children's lives are key to their intellectual, emotional and social development. Everyone wants to know that children are being well cared for while family members are at work or school. High quality child care that is available and affordable is important to children's safety and healthy development, and to families' self-sufficiency.

SERVICES PROVIDED

The Department of Human Services (DHS) works with public and private agencies, as well as individuals to promote school readiness through education and training. Child Care Development Grants are used to support services that improve the quality of early childhood and school-age care, and increase access to high quality care, especially for high-needs children. This grant activity also supports consumer education services for parents searching for child care. Services support:

- Information for parents searching for quality child care and early education for their children through Parent Aware, an online search tool (Parent Aware website, <http://parentaware.org/>), and other parent education services provided by Child Care Aware of Minnesota
- Grants, financial supports and other incentives for child care programs to improve quality, including for those participating in the voluntary Parent Aware Quality Rating and Improvement System
- Training, coaching, consultation and other workforce supports for early childhood and school-age care providers to increase their knowledge and skills in child development, instructional practices and ways to meet the needs of individual children
- Reimbursement to child care programs and providers to cover some of the fees charged to complete a nationally recognized child care accreditation program

Child Care Development Grants are funded primarily through the federal Child Care and Development Block Grant.

RESULTS

Use of High Quality Child Care - Children who participate in high quality child care and early education are more likely to experience school success and positive life-long outcomes. This measure shows that the percent of all children receiving child care assistance through providers eligible for the higher subsidy rates for quality has increased from 23 percent in quarter four of 2012 to 38 percent in quarter three of 2016. This represents a 65 percent increase over the 4-year period.

Number of Programs Rated by Parent Aware – Parent Aware improves children’s outcomes by improving families’ access to high quality child care. This measure shows that the percentage of child care and early education programs with a Parent Aware rating increased from 2015 to 2016.

Provider Education Levels – Child care and early education professionals with degrees or credentials are needed to provide the kind of early learning opportunities that will make a difference for children’s outcomes. This measure shows that the number of early childhood educators who earned a degree or credential in Minnesota increased from 947 in 2014 to 1,136 in 2015.

Searches for Quality Care Through Parent Aware - A new and improved website for parents was launched in FY2015 to better meet parents’ needs in choosing child care. After this launch, the website experienced a large increase in visitors in a short period of time.

<i>Type of Measure</i>	<i>Description</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percent of children receiving child care assistance in high quality settings ¹	38%	47%	2016 & 2017
Quantity	Percent of child care and early education programs with a Parent Aware rating ²	22%	25%	2017 & 2018
Quantity	Number of family child care providers and teachers working directly with children with a Credential, CDA or Degree (AAS, BA/BS or higher) ³	4,436	4,785	2017 & 2018
Quantity	Number of unique visitors on Parent Aware.org ⁴	92,193	98,658	2017 & 2018

Performance Measures notes:

1. Data is from the Department of Human Services (DHS) and includes the number of children receiving child care assistance served in high quality settings that were accredited or credentialed in 2016 (Q3), and the number of children receiving child care assistance served in high quality settings that were accredited or credentialed in 2017 (Q3).
2. Data is from DHS and includes licensed child care programs (DHS and tribally licensed family child care and child care centers), Head Start/Early Head Start programs, and public schools prekindergarten sites as of Dec. 31 of the reporting year.
3. Data is from Develop on Aug. 13, 2018, with the parameters of July 1, 2016 to June 30, 2017 for SFY17; and July 1, 2017 to June 30, 2018 for SFY18. This included only persons identifying as Teachers or Family child care providers. It is not a requirement for members of the child care and early education workforce to be registered or using Develop.
4. Data is collected via Google Analytics reports from Parent Aware.org using the State Fiscal Year.

The legal authority for the Child Care Development Grant activities is M.S. chapter 119B (<https://www.revisor.mn.gov/statutes/?id=119B>).

Child Care Development Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,600	5,477	2,961	2,962	2,962	2,962	2,962	2,962
2000 - Restrict Misc Special Revenue			7					
2001 - Other Misc Special Revenue	3,694	1,287						
3000 - Federal	9,301	11,382	16,843	21,357	22,441	23,344	22,441	23,344
Total	15,594	18,146	19,812	24,319	25,403	26,306	25,403	26,306
Biennial Change				10,391		7,578		7,578
Biennial % Change				31		17		17
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	137	1,050	848					
Grants, Aids and Subsidies	15,320	16,754	18,550	24,319	25,403	26,306	25,403	26,306
Other Financial Transaction	137	341	414					
Total	15,594	18,146	19,812	24,319	25,403	26,306	25,403	26,306

Child Care Development Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		139						
Direct Appropriation	1,737	1,737	1,737	1,737	1,737	1,737	1,737	1,737
Transfers In	863	3,610	1,225	1,225	1,225	1,225	1,225	1,225
Cancellations		9	1					
Expenditures	2,600	5,477	2,961	2,962	2,962	2,962	2,962	2,962
Biennial Change in Expenditures				(2,153)		1		1
Biennial % Change in Expenditures				(27)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	7	7	7					
Balance Forward Out	7	7						
Expenditures			7					
Biennial Change in Expenditures				7		(7)		(7)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	14	414						
Receipts	3,680	873						
Expenditures	3,694	1,287						
Biennial Change in Expenditures				(4,981)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	19							
Receipts	9,282	11,382	16,843	21,357	22,441	23,344	22,441	23,344
Expenditures	9,301	11,382	16,843	21,357	22,441	23,344	22,441	23,344
Biennial Change in Expenditures				17,518		7,585		7,585

Child Care Development Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				85		20		20
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Child Support Enforcement Grants

mn.gov/dhs/people-we-serve/children-and-families/services/child-support/

AT A GLANCE

- County and state child support offices provide services to more than 346,000 custodial and non-custodial parents and their 240,000 children.
- In 2017, the child support program collected and disbursed \$580 million in child support.
- Access and visitation funds served 675 children in 2017.
- All Funds spending for the Child Support Enforcement Grants Activity for FY 2017 was \$1.6 million dollars. This represented 0.01 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

Every child needs financial and emotional support. Minnesota's child support program benefits children by enforcing parental responsibility for their support.

The MN child support program plays an active role in reducing the reliance on other state income maintenance programs given the significant amount of child support that is collected and sent directly to families.

Child support represents a high proportion of income for low income custodial parents. Eleven percent of cases are currently on public assistance and 48 percent of cases were former on public assistance cases. Eighty-seven percent of custodial parents who are eligible for child support are women.

Child Support Enforcement Grants help strengthen families by providing financial supports. Child support helps families become self-sufficient.

SERVICES PROVIDED

Child support activities are administered by counties and tribes under state direction and supervision. Staff provides assistance for custodial parents in obtaining basic support, medical support and child care support for children, through locating parents and establishing paternity and support obligations. Without this assistance, many families would not have the financial resources to remain self-sufficient.

The following activities help to support and stabilize families:

- Establish paternity through genetic testing, Recognition of Parentage or other means;
- Establish and modify court orders for child support, medical support and child care support, based on statutory guidelines;
- Enforce court orders to assure payment through remedies established in federal regulation and state law, such as income withholding, driver's license suspension and passport denial; and
- Collect and process payments from employers, parents, counties and other states, and issue support funds to families.

Additional grants provide federal funding to improve non-custodial parents' access to their children. Funding is a mix of federal funds, state general funds and fees.

RESULTS

The federal government funds state child support programs in part through performance incentives. These are calculated by measuring the state's performance in core activities: Paternity establishment, order establishment, collection of current support, collection of arrears (past due support) and program cost effectiveness. States are

ranked by their scores on the measures and earn higher incentives as performance increases. Each percentage measurement has a threshold of 80 percent to earn the maximum incentive for that measure. To maximize the incentive for cost-effectiveness, states must collect \$5.00 for every dollar spent on the child support program.

Minnesota's child support performance has increased in all measures over the last five years. Minnesota ranks among the top five states on child support collections measures. In 2015, Minnesota earned \$12 million dollars in federal incentives. The federal incentives are passed on to counties to help cover their administrative costs of the program.

<i>Type of Measure</i>	<i>Performance Measures¹</i>	<i>FFY 2017</i>	<i>FFY 2016</i>	<i>FFY 2015</i>	<i>FFY 2014</i>	<i>FFY 2013</i>
Quantity	Paternities established: percent of children born outside marriage for whom paternity was established in open child support cases for the year	101%	101%	99%	100%	102%
Quantity	Orders established: percent of cases open at the end of the year with orders established	89%	89%	88%	88%	86%
Quantity	Collections on current support: percent of cases with current support due within the year that had a collection on current support	75%	74%	73%	72%	71%
Quantity	Collections on arrears: percent of cases with arrears due within the year that had a collection on arrears	72%	72%	72%	70%	70%
Quality	Cost effectiveness: dollars collected per dollar spent	\$3.30	\$3.30	\$3.54	\$3.58	\$3.63

Performance Measures notes:

1. Federal performance measures are listed in the 2017 Minnesota Child Support Performance Report (<https://www.leg.state.mn.us/docs/2018/other/180484.pdf>).
2. FFY = federal fiscal year
3. Paternities established can be higher than 100 percent because the results include children born in prior years for whom paternity has been established in that year.

The legal authority for Child Support Enforcement Grants comes from federal and state laws.

Federal law 42 U.S.C. secs. 651-669b requires that states establish a child support program and gives general guidelines for administering the program. (Title 42 651) (<http://www.gpo.gov/fdsys/pkg/USCODE-2012-title42/pdf/USCODE-2012-title42-chap7-subchapIV-partD.pdf>)

State law:

Requires a person receiving public assistance to assign child support rights to the state and cooperate with child support services (M.S. sec. 256.741, <https://www.revisor.mn.gov/statutes/?id=256.741>)

Provides legal authority to establish child support (M.S. sec. 256.87, <https://www.revisor.mn.gov/statutes/?id=256.87>) and to establish paternity (M.S. sec. 257.57, <https://www.revisor.mn.gov/statutes/?id=257.57>)

Provides legal authority to set and collect fees for child support services (M.S. sec. 518A.51, <https://www.revisor.mn.gov/statutes/?id=518A.51>), and requires the state to establish a central collections unit (M.S. sec. 518A.56, <https://www.revisor.mn.gov/statutes/?id=518A.56>).

Child Support Enforcement Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	1,543	1,558	1,534	1,603	1,543	1,543	1,543	1,543
2001 - Other Misc Special Revenue	(5)	(76)	(17)	349	50	50	50	50
3000 - Federal	188	138	132	190	615	615	615	615
Total	1,726	1,620	1,649	2,142	2,208	2,208	2,208	2,208
Biennial Change				445		625		625
Biennial % Change				13		16		16
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	(305)	(341)	(275)	489	138	138	138	138
Grants, Aids and Subsidies	2,031	1,961	1,923	1,653	2,070	2,070	2,070	2,070
Total	1,726	1,620	1,649	2,142	2,208	2,208	2,208	2,208

Child Support Enforcement Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	50	50	50	50	50	50	50	50
Transfers Out	50	50	50	50	50	50	50	50

2000 - Restrict Misc Special Revenue

Balance Forward In	0	0	0	60				
Receipts	1,577	1,592	1,628	1,543	1,543	1,543	1,543	1,543
Transfers Out	34	34	34					
Balance Forward Out	0	0	60					
Expenditures	1,543	1,558	1,534	1,603	1,543	1,543	1,543	1,543
Biennial Change in Expenditures				36		(51)		(51)
Biennial % Change in Expenditures				1		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	48	103	229	299				
Receipts			3					
Transfers In	50	50	50	50	50	50	50	50
Balance Forward Out	103	229	299					
Expenditures	(5)	(76)	(17)	349	50	50	50	50
Biennial Change in Expenditures				413		(232)		(232)
Biennial % Change in Expenditures				(508)		(70)		(70)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In		9						
Receipts	188	129	132	190	615	615	615	615
Expenditures	188	138	132	190	615	615	615	615
Biennial Change in Expenditures				(5)		908		908
Biennial % Change in Expenditures				(1)		282		282
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Children's Services Grants

<https://mn.gov/dhs/people-we-serve/children-and-families/services/child-protection/>

AT A GLANCE

In 2017:

- 30,927 reports of child abuse and neglect were assessed involving 39,606 children
- Of these, 8,447 children were determined to be victims of child maltreatment
- 16,593 children experienced an out-of-home placement
- All funds spending for the Children's Services Grants activity for FY 2017 was \$73 million. This represented 0.46 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The purpose of Children's Services Grants is to provide families and communities with resources to keep children safe, especially in times of stress. The goal of grants is to strengthen families and provide resources to help children thrive in stable, nurturing environments. Grants help to minimize long-term intervention costs for crime, corrections, truancy, hospitalization, special education and mental health care.

SERVICES PROVIDED

The Children's Services Grants activity funds child welfare services around the state, including Indian child welfare services, child protection, homeless youth services, and child abuse and neglect services through counties, tribes, and community-based providers. Grants provide supports to help keep more children out of foster care and safely with their families, and to decrease the disproportionate number of children of color in out-of-home placements. Most recently these grants have been used to:

- Reform the child welfare system to focus on ensuring children's safety while supporting families
- Improve the Minnesota Child Welfare Training System
- Work with tribes to design and develop tribal approaches that ensure child safety and permanency
- Transfer responsibilities from counties to tribes to deliver a full continuum of child welfare services to American Indian children and families on two reservations
- Expand the Parent Support Outreach Program (PSOP <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4472A-ENG>) by doubling the number of counties in the program.

These services are essential in keeping children safe and families stable. Children's Services Grants include state and federal funding for child welfare services.

RESULTS

The Department of Human Services monitors the performance of counties and tribes in delivering child welfare services. Minnesota outcomes match or exceed most federal standards. Efforts to engage families early and collaboratively with evidence-based interventions have resulted in improving safety and timely permanency outcomes.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Quality	Percent of children not experiencing repeated abuse or neglect within 12 months of a prior report	94.3%	94.5%	91.8%	91%
Quality	Percent of all children who enter foster care in the previous year that are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months	60%	56.1%	50.6%	47.5%
Quality	Percent of all children in foster care who had been in care between 12 and 23 months on the first day of the year that were discharged to permanency within 12 months of the first day of the year	50%	44.8%	48.1%	51.2%
Quality	Percent of all children in foster care who had been in care for 24 months or more on the first day of the year that were discharged to permanency within 12 months of the first day of the year	17.4%	23.1%	25.2%	28.8%

Performance Measures notes:

Measures from the Research and Evaluation unit of the Child Safety and Permanency Division at the Department of Human Services.

Also see the DHS Child Welfare Dashboard

(http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_148137).

Several state statutes provide the legal authority for the Children's Services Grants activity:

Provisions for reasonable efforts, Interstate Compact on Placement of Children and Minnesota Indian Preservation Act are in M.S. chapter 260 (<https://www.revisor.mn.gov/statutes/?id=260>)

Provisions for juvenile protection are in M.S. chapter 260C (<https://www.revisor.mn.gov/statutes/?id=260C>)

Provisions for voluntary foster care for treatment are in M.S. chapter 260D (<https://www.revisor.mn.gov/statutes/?id=260D>)

Reporting of Maltreatment of minors is under M.S. section 626.556 (<https://www.revisor.mn.gov/statutes/?id=626.55>)

Children's Services Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	37,044	36,487	36,735	38,620	37,683	37,683	42,575	47,153
2000 - Restrict Misc Special Revenue	335	429	628	475	875	875	875	875
2001 - Other Misc Special Revenue	2,181	2,126	2,620	2,882	2,858	2,437	2,858	2,437
2403 - Gift	11	12	8	24	24	24	24	24
3000 - Federal	11,030	33,770	14,047	19,377	23,333	23,433	23,333	23,433
3001 - Federal TANF	140	140	140	140	140	140	140	140
Total	50,740	72,963	54,180	61,518	64,913	64,592	69,805	74,062
Biennial Change				(8,006)		13,807		28,169
Biennial % Change				(6)		12		24
Governor's Change from Base								14,362
Governor's % Change from Base								11

Expenditures by Category

Operating Expenses	899	735	1,058	136	536	536	536	536
Grants, Aids and Subsidies	43,523	65,321	45,461	60,807	63,802	63,481	68,694	72,951
Other Financial Transaction	6,318	6,907	7,660	575	575	575	575	575
Total	50,740	72,963	54,180	61,518	64,913	64,592	69,805	74,062

Children's Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	719	1,082	733	937				
Direct Appropriation	39,015	39,465	39,240	39,165	39,165	39,165	44,057	48,635
Transfers In	769	164	937					
Transfers Out	2,251	1,646	2,419	1,482	1,482	1,482	1,482	1,482
Cancellations	126	1,844	819					
Balance Forward Out	1,082	733	937					
Expenditures	37,044	36,487	36,735	38,620	37,683	37,683	42,575	47,153
Biennial Change in Expenditures				1,824		11		14,373
Biennial % Change in Expenditures				2		0		19
Governor's Change from Base								14,362
Governor's % Change from Base								19

2000 - Restrict Misc Special Revenue

Balance Forward In	555	782	916	882	913	544	913	544
Receipts								
Transfers In	563	627	640	575	575	575	575	575
Transfers Out	6	65	46	69	69	69	69	69
Balance Forward Out	778	916	882	913	544	175	544	175
Expenditures	335	429	628	475	875	875	875	875
Biennial Change in Expenditures				340		647		647
Biennial % Change in Expenditures				45		59		59
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	1,846	1,531	1,544	604	551	65	551	65
Receipts	1,284	1,167	1,428	2,272	2,272	2,272	2,272	2,272
Transfers In	1,482	1,482	1,482	1,482	1,482	1,482	1,482	1,482
Transfers Out	900	511	1,230	925	1,382	1,382	1,382	1,382
Balance Forward Out	1,531	1,544	604	551	65		65	
Expenditures	2,181	2,126	2,620	2,882	2,858	2,437	2,858	2,437
Biennial Change in Expenditures				1,196		(207)		(207)
Biennial % Change in Expenditures				28		(4)		(4)

Children's Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Balance Forward In	16	15	8					
Receipts	9	6	0	24	24	24	24	24
Balance Forward Out	15	8	0					
Expenditures	11	12	8	24	24	24	24	24
Biennial Change in Expenditures				9		16		16
Biennial % Change in Expenditures				41		48		48
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	152	58	39	21				
Receipts	10,886	33,721	14,030	19,356	23,333	23,433	23,333	23,433
Balance Forward Out	9	10	21					
Expenditures	11,030	33,770	14,047	19,377	23,333	23,433	23,333	23,433
Biennial Change in Expenditures				(11,375)		13,342		13,342
Biennial % Change in Expenditures				(25)		40		40
Governor's Change from Base								0
Governor's % Change from Base								0

3001 - Federal TANF

Receipts	140	140	140	140	140	140	140	140
Expenditures	140	140	140	140	140	140	140	140
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Child & Community Service Grants

Child Protection:

(http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_000152)

Adult Protective Services Unit:

(http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_005710)

AT A GLANCE

In 2017:

- 30,927 reports of child abuse and neglect were assessed involving 39,606 children
- 1,563 children were either adopted or had a permanent transfer of legal custody to a relative
- 57,180 reports of suspected maltreatment of a vulnerable adult were received, screened and dispatched
- 27,969 reports of suspected maltreatment of a vulnerable adult were assessed by a county
- 7,962 reports of suspected maltreatment of a vulnerable adult were investigated by a county
- All funds spending for the Children & Community Services activity for FY 2017 was \$88.6 million. This represented 0.56 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

Under the state Vulnerable Children and Adult Act, Child and Community Services Grants provide funding to support core safety services for vulnerable children and adults, including response to reports of maltreatment, assessments of safety and risk, case management and other supportive services that help keep children and adults safely in their own homes.

The grants provide funding that support counties' administrative responsibility for child protection services and foster care. The funding also helps counties to purchase or provide these services for children, vulnerable adults and families.

SERVICES PROVIDED

Funding through these grants provides core safety services that focus on preventing or remedying vulnerable adult maltreatment and child neglect, preserving and rehabilitating families, and providing for community-based care. Services include:

- Response to reports of child and adult maltreatment, and assessment of safety and risk of harm
- Adoption and foster care supports for children
- Case management and counseling

Children and Community Services Grants provide child protection services to help keep more children out of foster care and safely with their families, and to decrease the disproportionate number of children of color in out-of-home placements. They help ensure that vulnerable children and adults are better protected and receive support services in their communities.

Allocated to counties through the state's Vulnerable Children and Adult Act, these grants include state funds and the federal Social Services Block Grant.

This budget activity also includes a smaller set of grant funds that support initiatives by the White Earth and Red Lake Nations to operate their own human services systems.

RESULTS

The Department of Human Services monitors the performance of counties in delivering child welfare and adult protective services. Minnesota outcomes match or exceed most federal child welfare standards. Efforts to engage families early and collaboratively with evidence-based interventions have resulted in improving safety and timely permanency outcomes for children.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Quality	Percent of children not experiencing repeated abuse or neglect within 12 months of a prior report	94.3%	94.5%	91.8%	91%
Quality	Percent of all children who enter foster care in the previous year that are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months	60%	56.1%	50.6%	47.5%
Quality	Percent of all children in foster care who had been in care between 12 and 23 months on the first day of the year that were discharged to permanency within 12 months of the first day of the year	50%	44.8%	48.1%	51.2%
Quality	Percent of all children in foster care who had been in care for 24 months or more on the first day of the year that were discharged to permanency within 12 months of the first day of the year	17.4%	23.1%	25.2%	28.8%

Performance Measures notes:

Measures provided by the Child Safety and Permanency Division at the Department of Human Services

Also see the DHS Child Welfare Data Dashboard

(www.dhs.state.mn.us/main/idcplg?dcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_148137).

The legal authority for the Vulnerable Children and Adult Act is in M.S. chapter 256M

(<https://www.revisor.mn.gov/statutes/?id=256M>). This Act establishes a fund to address the needs of vulnerable children and adults in each county under a service plan agreed to by each county board and the commissioner of human services.

Child & Community Service Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	56,301	58,201	58,201	58,201	58,201	58,201	59,201	59,701
3000 - Federal	30,322	30,362	30,227	30,738	30,737	30,737	30,737	30,737
Total	86,623	88,563	88,428	88,939	88,938	88,938	89,938	90,438
Biennial Change				2,181		509		3,009
Biennial % Change				1		0		2
Governor's Change from Base								2,500
Governor's % Change from Base								1

Expenditures by Category

Grants, Aids and Subsidies	86,623	86,663	86,528	87,039	87,038	87,038	88,038	88,538
Other Financial Transaction		1,900	1,900	1,900	1,900	1,900	1,900	1,900
Total	86,623	88,563	88,428	88,939	88,938	88,938	89,938	90,438

Child & Community Service Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	56,301	58,201	58,201	58,201	58,201	58,201	59,201	59,701
Expenditures	56,301	58,201	58,201	58,201	58,201	58,201	59,201	59,701
Biennial Change in Expenditures				1,900		0		2,500
Biennial % Change in Expenditures				2		0		2
Governor's Change from Base								2,500
Governor's % Change from Base								2

3000 - Federal

Receipts	30,322	30,362	30,227	30,738	30,737	30,737	30,737	30,737
Expenditures	30,322	30,362	30,227	30,738	30,737	30,737	30,737	30,737
Biennial Change in Expenditures				281		509		509
Biennial % Change in Expenditures				0		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Child & Economic Support Grants

SNAP (mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/food-nutrition/programs-and-services/supplemental-nutrition-assistance-program.jsp)

Activity Website: Economic Opportunity (http://www.dhs.state.mn.us/main/id_002550)

AT A GLANCE

Annually:

- More than 429,000 Minnesotans receive help through the Supplemental Nutrition Assistance Program (SNAP) every month; the average monthly benefit is \$112 per person.
- More than 11,400 people receive emergency shelter and services with state and federal funds.
- More than 4,700 individuals in 2,600 households receive transitional housing services
- All funds spending for the Child & Economic Support Grants activity for FY 2017 was \$492 million. This represented 3.09 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

People living in poverty often face numerous barriers and have complex needs. Through the Children and Economic Support Grants activity the Department of Human Services (DHS) funds efforts to stabilize both short-term crises and long-term strategies to help people leave poverty and sustain financial security for themselves and their families.

The largest part of this budget activity is federal funding for the Supplemental Nutrition Assistance Program (SNAP), which amounted to over \$449 million in FY 2017. Outreach and nutrition education are conducted under this activity. These efforts help keep more people fed and healthy, and increase nutrition assistance participation.

DHS also administers nearly 200 grants annually to more than 100 organizations through the Children and Economic Support Grant activity. These grants help people in poverty meet their basic needs for food, clothing and shelter. Funds are also used to help people get the skills, knowledge and motivation to become more self-reliant. Without these funds, more people would be hungry, homeless and poor.

SERVICES PROVIDED

Children and Economic Support Grants fund food, housing, poverty reduction, and financial capability services for low-income families and individuals. Services include:

- Help for low income persons to purchase food and associated outreach and education activities funded through the federal SNAP program.
- Help under the Minnesota Food Assistance Program (MFAP) for legal non-citizens who do not qualify for federal SNAP due to citizenship status
- Funding for food banks, food shelves and on-site meal programs
- Help for homeless individuals and families to find safe and stable housing
- Supportive services for people who experience long-term homelessness
- Emergency shelter and essential services for homeless adults, children, and youth
- Specialized emergency shelter and services for youth who have been victims of sex trafficking
- Funding, training, and technical assistance to counties and tribes for services to reduce barriers for long-term homeless adults, youth and families.

These grants also support:

- Programs administered by regional Community Action Agencies that help low-income people become more economically secure
- Financial capability services through the Family Assets for Independence in Minnesota (FAIM) and related financial education initiatives.

In addition to the federal funding for SNAP, other funding sources include state grants and federal grants from the U.S. Departments of Agriculture (USDA), Health and Human Services (HHS), Housing and Urban Development (HUD) as well as private foundations.

RESULTS

Several programs, such as the Transitional Housing Program and Homeless Youth Act help people with their shelter needs.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percent of transitional housing participants that moved into permanent housing.	72%	74%	2014 2016
Quality	Percent of transitional housing participants that maintained permanent housing six months or more	66%	70%	2014 2016
Quantity	Number of youth heads of household served in emergency shelter or in housing.	690	1549	2015 2017

Measures provided by Economic Assistance & Employment Support Division at the Department of Human Services.

The legal authority for the Children and Economic Support Grants activities comes from:

Minnesota Food Assistance Program, M.S. sec. 256D.053 (<https://www.revisor.mn.gov/statutes/?id=256D.053>)
Community Action Programs, M.S. secs. 256E.30 to 256E.32 (<https://www.revisor.mn.gov/statutes/?id=256E.30>)
Transitional Housing Programs, M.S. sec. 256E.33 (<https://www.revisor.mn.gov/statutes/?id=256E.33>)
Minnesota Food Shelf Program, M.S. sec. 256E.34 (<https://www.revisor.mn.gov/statutes/?id=256E.34>)
Family Assets for Independence in Minnesota (FAIM), M.S. sec. 256E.35
(<https://www.revisor.mn.gov/statutes/?id=256E.35>)
Emergency Services Grants, M.S. sec. 256E.36 (<https://www.revisor.mn.gov/statutes/?id=256E.36>)
Homeless Youth Act, M.S. sec. 256K.45 (<https://www.revisor.mn.gov/statutes/?id=256k.45>)

Child & Economic Support Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	18,899	19,180	22,999	24,562	22,065	22,065	22,065	22,065
2000 - Restrict Misc Special Revenue	31	1,389	4	47				
2365 - Opioid Stewardship							4,000	4,000
3000 - Federal	472,200	464,727	431,039	496,803	492,260	492,260	492,260	492,260
Total	491,129	485,296	454,042	521,412	514,325	514,325	518,325	518,325
Biennial Change				(972)		53,196		61,196
Biennial % Change				(0)		5		6
Governor's Change from Base								8,000
Governor's % Change from Base								1

Expenditures by Category

Operating Expenses	30	74	104	5	5	5	5	5
Grants, Aids and Subsidies	489,845	483,760	452,623	521,407	514,320	514,320	518,320	518,320
Other Financial Transaction	1,254	1,462	1,315					
Total	491,129	485,296	454,042	521,412	514,325	514,325	518,325	518,325

Child & Economic Support Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		274		672				
Direct Appropriation	19,783	20,037	23,965	23,975	22,065	22,065	22,065	22,065
Transfers In	1,103	1,281	1,465	1,675	1,675	1,675	1,675	1,675
Transfers Out	1,103	1,281	1,550	1,760	1,675	1,675	1,675	1,675
Cancellations	610	1,131	209					
Balance Forward Out	274		672					
Expenditures	18,899	19,180	22,999	24,562	22,065	22,065	22,065	22,065
Biennial Change in Expenditures				9,482		(3,431)		(3,431)
Biennial % Change in Expenditures				25		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	125	37	51	47				
Receipts	(231)	1,832						
Transfers In	174	4						
Transfers Out		432						
Balance Forward Out	37	51	47					
Expenditures	31	1,389	4	47				
Biennial Change in Expenditures				(1,369)		(51)		(51)
Biennial % Change in Expenditures				(96)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2365 - Opioid Stewardship

Direct Appropriation							4,000	4,000
Expenditures							4,000	4,000
Biennial Change in Expenditures				0		0		8,000
Biennial % Change in Expenditures								
Governor's Change from Base								8,000
Governor's % Change from Base								

3000 - Federal

Balance Forward In	38	129	59					
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Child & Economic Support Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	472,161	464,600	430,980	496,803	492,260	492,260	492,260	492,260
Balance Forward Out	1	3						
Expenditures	472,200	464,727	431,039	496,803	492,260	492,260	492,260	492,260
Biennial Change in Expenditures				(9,084)		56,678		56,678
Biennial % Change in Expenditures				(1)		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs**Activity: Refugee Services Grants**mn.gov/dhs/people-we-serve/children-and-families/services/refugee-assistance/e**AT A GLANCE**

- In 2017, an average of 1,835 people per month received employment and social services through Refugee Services grants.
- The average monthly cost per recipient in 2017 was \$416 for employment-related services such as assessment, employment development planning, supported job search, placement and follow-up services.
- All funds spending for the Refugee Services Grants activity for FY 2017 was \$6.4 million. This represented 0.04 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

Refugees are individuals who fled their country of origin and are unable to return because of a well-founded fear of persecution. When no other options exist, the United States, as well as most Western nations, provides refugees an opportunity for permanent resettlement. Most refugees resettled in Minnesota over the last decade have been from Somalia, Burma, Laos, Ethiopia, Liberia, Bhutan, Iraq and Moldova.

Refugee Services Grants provide assistance to refugees, asylees and victims of human trafficking to resettle in Minnesota. These federally-funded grants are provided to state and local agencies, including county and voluntary resettlement agencies, school districts and community agencies to enhance human, health, educational, employment and training services. Absent these services, fewer refugees will find work and more will lack the medical, social and financial supports necessary to resettle successfully.

SERVICES PROVIDED

The Department of Human Services (DHS) Refugee Resettlement Programs Office works with many others to support the effective resettlement of refugees in Minnesota by coordinating services to help refugees transition to life in the United States. These services may include: resettlement and placement; food, cash and health care assistance; employment services; or social services.

Most refugees who resettle in Minnesota are members of families with minor children who qualify for the same cash assistance (Minnesota Family Investment Program) and health care programs available to state residents with low incomes. Refugees who do not qualify for one or both of these programs can apply for Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA). These programs are available for the first eight months after refugees arrive in Minnesota. Applications for these programs are taken at county human services agencies and at voluntary resettlement agencies for refugees in the Twin Cities metro area and Olmsted County. The Resettlement Programs Office works to ensure existing systems and supports that are available to Minnesota residents are also accessible to residents with refugee status.

In addition, Refugee Services Grants support limited supplemental services for refugees, including:

- Supported employment services and transportation
- Case management services
- Information and referral
- Translation and interpreter services
- Citizenship and naturalization preparation services

- Refugee student services
- Health screening coordination

Grants are used to supplement existing services to better meet the needs of refugees through local community partners, counties, and refugee communities to ensure refugees and their families are healthy, stable and live and work in strong, welcoming communities. The activity is funded with federal grants from the United States Department of Health and Human Services.

RESULTS

The DHS Resettlement Programs Office uses several client outcome indicators to measure performance and determine the effectiveness of our grant management activity.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percent of refugees employed within the same year of enrollment	68%	69%	Sept.2015 Sept 2017
Quantity	Percent of refugees receiving health screening within 90 days of arrival	97%	97%	Sept.2015 Sept 2017
Result	Job retention rate within 90 days	75%	79%	Sept.2015 Sept 2017
Quantity	Average hourly wage	\$9.99	\$11.60	Sept.2015 Sept 2017

Performance Measure Note: The average hourly wage is the average wage over the previous year for all participants.

The legal authority for the Refugee Services Grants activities comes from federal law: 45 CFR 400

Refugee Services Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

3000 - Federal	6,351	6,380	4,606	6,640	6,395	6,195	6,395	6,195
Total	6,351	6,380	4,606	6,640	6,395	6,195	6,395	6,195
Biennial Change				(1,485)		1,344		1,344
Biennial % Change				(12)		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	365	227	279	435	435	435	435	435
Grants, Aids and Subsidies	5,986	6,153	4,327	6,205	5,960	5,760	5,960	5,760
Total	6,351	6,380	4,606	6,640	6,395	6,195	6,395	6,195

Refugee Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
3000 - Federal								
Balance Forward In	1	26	69					
Receipts	6,351	6,353	4,537	6,640	6,395	6,195	6,395	6,195
Expenditures	6,351	6,380	4,606	6,640	6,395	6,195	6,395	6,195
Biennial Change in Expenditures				(1,485)		1,344		1,344
Biennial % Change in Expenditures				(12)		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grants Program

Activity: Health Care Grants

AT A GLANCE

- There are currently 655 navigators and in person assisters available statewide to aid people in obtaining health care coverage.
- Navigators and in person assisters provided application assistance to over 61,000 individuals or families enrolled in public health care programs during FY 2017
- All of Minnesota's 87 counties collect and track Child and Teen Check-up immunization data with the help of grant funds from this activity.
- All funds spending for the Health Care Grants activity for FY 2017 was \$30.2 million. This represents 0.2 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

Health Care Grants activity funding provides supports, infrastructure investments and outreach. These grants benefit enrollees in Minnesota Health Care Programs (Medical Assistance (MA) and MinnesotaCare) and some uninsured or underinsured individuals. These grants have historically targeted projects or work that supplements the direct health care services funded under the MA or MinnesotaCare programs.

Some grants in this budget activity augment the agency's own operational efforts. In doing so, we engage experts outside of the Department of Human Services (DHS) to help ensure that eligible Minnesotans are enrolled in the appropriate health care program and that those enrolled, especially our youngest and/or most vulnerable or hard to reach, receive the needed health care for which they are eligible.

SERVICES PROVIDED

The particular set of active health care grants in this budget activity administered by DHS can change over time depending on the length of the funding or project. Health care grants may be for one year or may be ongoing. Grantees can range from providers, counties, or community organizations.

Funding is generally dedicated to a specific project, demonstration or function as directed by legislation. The grants currently funded under this budget activity include:

- **In Person Assister and Minnesota Community Application Agent (MNCAA) Programs.** These funds provide incentive payments to entities assisting people applying to and enrolling in MinnesotaCare and Medical Assistance.
- **Emergency Medical Assistance Referral and Assistance Grants:** These grants fund organizations to provide immigration legal assistance to people with emergency medical conditions whose immigration status is a barrier to Medical Assistance or MinnesotaCare eligibility. In 2016 and 2017, these funds supported legal assistance to 268 people receiving care through Emergency Medical Assistance (EMA). 87 of these individuals became eligible for MA or MinnesotaCare because of changes in their immigration status.
- **Immunization Registry Grants.** Provides administrative funds for counties to support immunization registries
- **Child and Teen Checkup Grants:** Provides funding to over 50 tribes and community health boards for outreach and education to children on Medical Assistance related to Child and Teen Checkup services.

- **Integrated Care for High Risk Pregnancies (ICHRP).** This pilot program provides funding for community-led collaborative care models to improve birth outcome disparities in the MA program. ICHiRP grants support planning, systems development, and the integration of medical, chemical dependency, public health, social services, and child welfare coordination to reduce maternal opiate use and improve birth outcomes. Grantees include 5 American Indian Tribal Organizations and three community based organizations in the metro area that promote the healthy development of African American babies.
- **Minnesota Medicaid Promoting Interoperability Program (formerly the EHR Incentive Program).** Distributes federal funds to eligible providers and hospitals that purchase and use a certified electronic health record. The goal of the Promoting Interoperability program is to improve the patient experience of health care and population health, at a reduced cost to providing care. In FY2017, this program allocated \$20,715,378 in federal funding to a total of 1,841 eligible providers and hospitals across the State.

Health Care Grants are funded with appropriations from the state general fund, health care access fund and with federal funds.

RESULTS

The Health Care Grants activity contributes to the statewide goal of reducing the percentage of Minnesotans that do not have health insurance. DHS collects information on the number of successful applications completed by application agents under the MNCAA and In Person Assister programs.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Enrollees receiving support from MNCAAs/In Person Assisters ¹	40,922	61,138	FY2015 and FY2017
Quantity	Individuals receiving immigration legal assistance	112	156	2016 and 2017

1. Measure is the number of MNCAAs and In Person Assisters receiving incentive payments as reported by MNsure and DHS staff.

Minnesota Statutes section 256.962 provides the authority to provide incentives for application assistance under the MNCAA program.

Minnesota Statutes section 256B.021 is the legal authority for grants related to reforms in the Medical Assistance program.

Minnesota Statutes section 62V.05 provides authority for the In Person Assister program.

Health Care Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	207	2,251	3,902	5,011	3,711	3,711	3,711	3,711
2360 - Health Care Access	1,322	1,345	1,216	3,465	3,465	3,465	3,465	3,465
3000 - Federal	37,912	26,628	30,777	90,390	80,390	75,390	80,390	75,390
Total	39,442	30,224	35,895	98,866	87,566	82,566	87,566	82,566
Biennial Change				65,096		35,371		35,371
Biennial % Change				93		26		26
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	2,006	1,380	1,214	5,615	5,615	5,615	5,615	5,615
Grants, Aids and Subsidies	37,435	28,378	34,432	93,251	81,951	76,951	81,951	76,951
Other Financial Transaction		466	248					
Total	39,442	30,224	35,895	98,866	87,566	82,566	87,566	82,566

Health Care Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				900				
Direct Appropriation	536	2,482	5,519	4,111	3,711	3,711	3,711	3,711
Cancellations	329	231	717					
Balance Forward Out			900					
Expenditures	207	2,251	3,902	5,011	3,711	3,711	3,711	3,711
Biennial Change in Expenditures				6,455		(1,491)		(1,491)
Biennial % Change in Expenditures				263		(17)		(17)
Governor's Change from Base								0
Governor's % Change from Base								0

2360 - Health Care Access

Direct Appropriation	3,341	3,465	3,465	3,465	3,465	3,465	3,465	3,465
Cancellations	2,019	2,120	2,249					
Expenditures	1,322	1,345	1,216	3,465	3,465	3,465	3,465	3,465
Biennial Change in Expenditures				2,014		2,249		2,249
Biennial % Change in Expenditures				76		48		48
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	19	23	66	89				
Receipts	37,894	26,605	30,800	90,301	80,390	75,390	80,390	75,390
Balance Forward Out			89					
Expenditures	37,912	26,628	30,777	90,390	80,390	75,390	80,390	75,390
Biennial Change in Expenditures				56,627		34,613		34,613
Biennial % Change in Expenditures				88		29		29
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Other Long-Term Care Grants

AT A GLANCE

- The Home and Community-Based Service (HCBS) Incentive Pool funding was awarded to 11 grantees in FY 2017 and 35 grantees in FY 2018, the first year of full implementation of the program. Approximately 425 people were served in FY 2018.
- The Other Long-Term Care grants budget activity was established in FY2016. All funds spending for the Other Long-Term Care grants activity for FY 2017 was \$1.6 million.

PURPOSE & CONTEXT

The purpose of other long-term care grants is to serve more people in community-based settings and to encourage creativity in how services are delivered for people with disabilities, mental illness, and seniors.

Currently, there are three grants that are included in Other Long-Term Care Grants, which will expand as more cross-population grants are developed. The HCBS Incentive Pool grant incentivizes providers to innovate in achieving integrated competitive employment, living in the most integrated setting, and other outcomes. The Incentive pool began distributing funds in FY 2017. There are two Money Follows the Person (MFP) grants: the Rebalancing Demonstration grant and the Tribal grant.ⁱ

SERVICES PROVIDED

- The Home and Community-Based Service (HCBS) Incentive Pool rewards providers, service recipients, and other entities for innovation in achieving outcomes that improve quality of life, including integrated, competitive employment and living in the most integrated setting in the community. In FY 2017, the funds were distributed via a request for proposal (RFP) process. There are three ways that the money was distributed:
 1. Large grants. These grants incentivize innovation in HCBS services by using pay for performance concepts and models that utilize outcome-based payments. For the purpose of the RFPs, outcome-based payments consist of financial incentives based on the outcomes proposed, produced and achieved.
 2. Micro grants. The micro grant program provides modest amounts of money to people with disabilities so they can accomplish their own goals and aspirations. The funds complement and supplement what can already be paid for through other sources of funds and have a lasting and ongoing impact for the micro-grant recipient.
 3. Small grants. This is for grants of under \$50,000 per year for 1-3 years. This solicits participation from diverse grantees, beyond typical responders. This could include individuals, small groups, sole proprietors, small businesses, etc.
- Under the Money Follows the Person (MFP) Rebalancing Demonstration grant, rebalancing funds may be used by the state to invest in or support activities that will promote improvements to the state's delivery of long-term services and supports and move the state toward more integrated and inclusive community-based service delivery systems. MFP awards are eligible for enhanced federal financial participation (FFP) which is deposited into the special revenue fund and will be paid out starting in FY 2019.
- Funds under the Money Follows the Person Tribal Initiative is used to improve access to community-based long-term care services and supports (CB-LTSS) for American Indians and Alaska Natives who have been in an institutional setting for over 90 days. In addition, the Tribal Initiative may be used to advance the

development of an infrastructure required to implement CB-LTSS for American Indians and Alaska Natives using a single, or a variety of applicable Medicaid authorities. Funding is intended to support the planning and development of:

1. An in-state Medicaid program CB-LTSS (as an alternative to institutional care) tailored for American Indians and Alaska Natives who are presently receiving services in an institution; and
2. A service delivery structure that includes a set of administrative functions delegated by the state Medicaid agency to Tribes or Tribal organizations, such as enabling tribe(s) to design an effective program or package of Medicaid CB- LTSS, and operating day-to-day functions pertaining to the LTSS program(s).

The Tribal Initiative may be used to cover costs necessary to plan and implement activities consistent with the objectives of this funding and within Federal grant regulations. The funds are subject to all the terms and conditions of the MFP Program. Tribal Initiative is funded through a federal grant.

RESULTS

The agency monitors data, reviews counties, and administers surveys to consumers to evaluate services. Minnesota has seen continuous improvement in the number of people with disabilities served by community-based rather than institution-based services.

More information is also available on the DHS dashboard (<http://dashboard.dhs.state.mn.us/>) and the Continuing Care Performance Report (<http://mn.gov/dhs/partners-and-providers/continuing-care/data-measures/public-planning-performance-reporting/performance-reports.jsp>).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percent of working age people on certain Medical Assistance programs earning \$600 or more per month. ¹	12.2%	15.7%	FY 2014 to FY 2016
Result	Percent of people with disabilities who receive home and community-based services at home. ²	53.1%	58.5%	2013 to 2017

Performance Measures Notes:

1. Measure compares monthly earnings for people age 18-64 who receive services from one of the following Medical Assistance programs: Home and Community-Based Waiver Services, Mental Health Targeted Case Management, Adult Mental Health Rehabilitative Services, Assertive Community Treatment and Medical Assistance for Employed Persons with Disabilities (MA-EPD). Source: DHS Data Warehouse.
2. This measure compares people who receive disability waiver services in their own home rather than residential services. Source: DHS Data Warehouse.

ⁱ The Money Follows the Person grant accounts were under the Disability Grants budget activity in FY16-17. These grants were transferred to Other Long Term Care Grant accounts in FY2018.

Other Long Term Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General		1,344	2,480	2,925	1,925	1,925	1,925	1,925
2000 - Restrict Misc Special Revenue				3,282	1,508	1,127	1,508	1,127
3000 - Federal	129	265	346	1,335	726	49	726	49
Total	129	1,609	2,827	7,542	4,159	3,101	4,159	3,101
Biennial Change				8,630		(3,109)		(3,109)
Biennial % Change				497		(30)		(30)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	129	1,534	2,622	6,397	3,471	3,052	3,471	3,052
Other Financial Transaction		75	205	1,145	688	49	688	49
Total	129	1,609	2,827	7,542	4,159	3,101	4,159	3,101

Other Long Term Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation		1,344	2,500	2,925	1,925	1,925	1,925	1,925
Cancellations			20					
Expenditures		1,344	2,480	2,925	1,925	1,925	1,925	1,925
Biennial Change in Expenditures				4,061		(1,555)		(1,555)
Biennial % Change in Expenditures						(29)		(29)
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In		600	1,665	3,098	2,490	2,490	2,490	2,490
Receipts				1,127	1,127	1,127	1,127	1,127
Transfers In	600	1,065	1,433	1,547	381		381	
Balance Forward Out	600	1,665	3,098	2,490	2,490	2,490	2,490	2,490
Expenditures				3,282	1,508	1,127	1,508	1,127
Biennial Change in Expenditures				3,282		(647)		(647)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	129	265	346	1,335	726	49	726	49
Expenditures	129	265	346	1,335	726	49	726	49
Biennial Change in Expenditures				1,287		(906)		(906)
Biennial % Change in Expenditures				327		(54)		(54)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Aging & Adult Services Grants

mn.gov/dhs/people-we-serve/seniors/

AT A GLANCE

- Provides congregate dining to 38,000 people and home delivered meals to 12,000 people.
- Supports more than 17,000 older volunteers per year who provide services through the Retired and Senior Volunteer Program (RSVP), Foster Grandparents, and Senior Companions.
- Provides comprehensive assistance and individualized help to more than 125,000 individuals through over 277,000 calls in 2017 through the Senior LinkAge Line®.
- Funds home and community-based service options for more than 11,000 people and increased capacity by 8,700 volunteers through the Community Service/Services Development (Live Well at Home) grant program.
- All funds spending for the Aging & Adult Services Grants activity was \$50.2 million in FY2017. This represented 0.3 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The purpose of Aging and Adult Services Grants is to provide non-medical social services and supports for older Minnesotans and their families to allow older adults to stay in their own homes and avoid institutionalization.

These funds increase the number and kind of service options for older Minnesotans in both urban and rural communities. This gives greater opportunity for Minnesotans to age at home. Several of the state grant programs are coordinated with the services provided under the federal Older Americans Act (OAA). Federal OAA funds in Minnesota are administered through the Minnesota Board on Aging. These funds provide core social services to at-risk older adults and their family caregivers who are not yet eligible for public programs. Services are targeted to people with the greatest social and economic need.

SERVICES PROVIDED

Aging and Adult Services Grants promote affordable services that are both dependable and sustainable. These grants are often used along with local private money, including donations. Aging and Adult Services grants provide:

- Nutritional services including congregate meals, home-delivered meals, and grocery delivery.
- Increased service options for older Minnesotans through service development activities funded by the Community Service/Community Services Development (CS/SD), Family Caregiver Support, and ElderCare Development Partnership (EDP) grant programs. Those services include: transportation, help with chores, help with activities of daily living, evidence-based health promotion, chronic disease management, falls prevention services, respite and other supportive services to family caregivers, and other services that help people stay in their own homes.
- Support to older volunteers who provide services through the Retired and Senior Volunteer Program, Foster Grandparent, and Senior Companion programs.
- Comprehensive and individualized help through the Senior LinkAge Line®. The Senior LinkAge Line® trains long-term care options counselors that assist individuals to find community resources and financing options for beneficiaries of all ages.
- Information about community-based resources and customized long-term care planning tools through www.minnesotahelp.info, (<http://www.minnesotahelp.info/>) a web-based database of over 45,000 services.

- Long-term care options counseling services provided by the Senior LinkAge Line®, known as Return to Community, that help people successfully remain in their homes after discharge from a nursing home. Since the launch of this service in 2010 and through 2017, over 14,000 consumers have been contacted for discharge support. Of those 14,000, direct assistance was provided to over 3,400 older adults at their request to return home and nearly 1,100 are receiving five years of follow up at home.
- Home and community-based services quality information which includes a tool to help people who need long-term services and supports and their caregivers find and locate services. The tool includes 340 features about services. In addition, consumer reviews are being piloted for assisted living providers, supported employment and independent living services.
- Core Service provides grants to nonprofit providers who deliver in-home and community-based services to older adults. These grants expand the number of organizations that can be supported, which increases the number of individuals served.

The Agency administers these grants in partnership with regional Area Agencies on Aging, counties, tribes, and community providers.

RESULTS

Minnesota has seen improvement in the proportion of older adults served by community-based rather than institution-based services. The percent of older adults served in the community has improved over the past four years. Through our partners, we surveyed users of the Senior LinkAge Line® and found a consistent proportion of people would recommend Senior LinkAge Line® services to others.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percent of older adults served by home and community-based services ¹	68.4%	72.9%	2013 to 2017
Quality	Percent of consumers who would recommend the Senior LinkAge Line® to others ²	93%	94%	2012 to 2017
Quantity	Number of people who have moved from nursing homes back to the community through the Return to Community Initiative to date ³	2,896	5,229	Q4 2015 to Q4 2017

Results Notes:

1. Measure 1 compares FY2013 to FY2017. This measure shows the percentage of older adults receiving publicly-funded long-term services and supports who receive home and community-based services through the Elderly Waiver, Alternative Care, or home care programs instead of nursing home services. (Source: MMIS Claims)
2. Measure 2 compares 2012 data to 2017 data (Source: Consumer Surveys, Web Referral database)
3. Measure 3 compares cumulative quarter 4 CY2015 data to quarter 4 CY2017 data (Source: Return to Community Database)

M.S. sections 256B.0917 (<https://www.revisor.mn.gov/statutes/?id=256B.0917>) and 256B.0922 (<https://www.revisor.mn.gov/statutes/?id=256B.0922>) provide the legal authority for Aging and Adult Services Grants. M.S. section 256.975 (<https://www.revisor.mn.gov/statutes/?id=256.975>) created the Minnesota Board on Aging.

Aging & Adult Services Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	26,411	26,434	30,724	32,437	32,811	32,995	31,811	31,995
2001 - Other Misc Special Revenue	130			300				
3000 - Federal	21,508	23,808	24,271	25,931	26,474	26,246	26,474	26,246
Total	48,048	50,242	54,994	58,668	59,285	59,241	58,285	58,241
Biennial Change				15,372		4,864		2,864
Biennial % Change				16		4		3
Governor's Change from Base								(2,000)
Governor's % Change from Base								(2)

Expenditures by Category

Operating Expenses	(159)	85	1,984	1,819	1,819	1,819	1,819	1,819
Grants, Aids and Subsidies	47,991	49,887	52,960	56,849	57,466	57,422	56,466	56,422
Other Financial Transaction	216	270	50					
Total	48,048	50,242	54,994	58,668	59,285	59,241	58,285	58,241

Aging & Adult Services Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	28,463	28,162	30,786	32,437	32,811	32,995	31,811	31,995
Cancellations	2,052	1,728	62					
Expenditures	26,411	26,434	30,724	32,437	32,811	32,995	31,811	31,995
Biennial Change in Expenditures				10,316		2,645		645
Biennial % Change in Expenditures				20		4		1
Governor's Change from Base								(2,000)
Governor's % Change from Base								(3)

2000 - Restrict Misc Special Revenue

Balance Forward In	153	94	75			
Receipts	155	135	33			
Transfers Out	214	154	108			
Balance Forward Out	94	75				

2001 - Other Misc Special Revenue

Receipts	130		300		
Expenditures	130		300		
Biennial Change in Expenditures			170	(300)	(300)
Biennial % Change in Expenditures					
Governor's Change from Base					0
Governor's % Change from Base					

3000 - Federal

Balance Forward In	16		63					
Receipts	21,491	23,809	24,208	25,931	26,474	26,246	26,474	26,246
Balance Forward Out		2						
Expenditures	21,508	23,808	24,271	25,931	26,474	26,246	26,474	26,246
Biennial Change in Expenditures				4,886		2,518		2,518
Biennial % Change in Expenditures				11		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Deaf & Hard of Hearing Grants

mn.gov/dhs/people-we-serve/adults/services/deaf-hard-of-hearing/programs-services/

AT A GLANCE

- Deaf and Hard of Hearing Grants supported 658 people in FY 2017.
- Participants in deafblind programs chose consumer-directed services option 30 percent of the time in FY 2017.
- Certified Peer Support Specialists worked with 27 people in FY 2017 who are deaf and have a serious mental illness.
- The Deaf & Hard of Hearing Role Model and Deaf Mentor Family programs supported 37 families who have a young child with hearing loss in FY 2017.
- All funds spending for the Deaf and Hard of Hearing Grants activity for FY 2017 was \$2.747 million. This represented 0.01 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

National research estimates 20 percent of the population has some degree of hearing loss. In Minnesota, this means approximately 1.1 million people are likely to have some degree of hearing loss. Of those, an estimated 11 percent are deaf and as many as 1,640 individuals are deafblind.

One-third of people between ages 65-74 have hearing loss and nearly half of those over age 75 have hearing loss. According to the Minnesota Department of Health, permanent childhood hearing loss affects 200-400 infants born in Minnesota each year.

Deaf and Hard of Hearing Services grants help Minnesotans of all ages who are deaf, deafblind and hard of hearing with services and supports they need to live independently and be involved in their families and communities. The Deaf and Hard of Hearing Services Division (DHHSD) administers these grants.

SERVICES PROVIDED

Deaf and Hard of Hearing Grant programs include:

- Sign language interpreter-related services that allow Minnesotans who are deaf, hard of hearing, and deafblind to access every day activities and core services such as medical care, mental health services, human services, the judicial system, and self-help; this activity includes two programs to increase the number of interpreters in Greater Minnesota available to provide community interpreting services and pays travel costs to bring interpreters to areas where there are no local interpreters.
- Deafblind grants to support adults who are both deaf and blind so they can live independently and stay in their own homes. Supports include service providers fluent in American Sign Language and trained in specialized communication methods and assistive technology; consumers have an option for consumer-directed services.
- Services for children who are deafblind to provide experiential learning and language development through service providers called interveners.
- Specialized mental health programs for adults and for children and youth that provide linguistically and culturally appropriate services including home-based outreach, inpatient therapy, outpatient therapy, family counseling, psychological assessments and educational opportunities for families, schools, and mental health providers.
- Certified Peer Support Specialists for individuals who are deaf and have a serious mental illness.

- Mentors who work with families that have children with hearing loss to develop the family's communication competence, including an option to have an American Sign Language mentor or a hard of hearing role model.
- Real-time television captioning grants that allow consumers statewide who are deaf, deafblind, hard of hearing or late deafened to have equal access to their community and statewide live news programming.

We partner with statewide community providers, mental health professionals, local television stations and the Department of Commerce to provide services.

Deaf and Hard of Hearing grants are primarily funded by the state general fund. In addition, the Telecommunications Access Minnesota (TAM) funds collected by the Department of Commerce provide the grants for real-time television captioning of local news programs.

RESULTS

People served in deaf and hard of hearing grant-funded programs fill out surveys to measure satisfaction with the quality and timeliness of services. Over the last three years, they have reported a high level of satisfaction with the quality of services. Across the Deaf and Hard of Hearing grant-funded mental health programs, the percent of clients who have completed or are making good progress on their treatment goals remains consistently above 80 percent. In a variety of programs that support families with a child who is deaf, deafblind, or hard of hearing, at least 80 percent of parents report noticeable improvement in their child's progress in communication, social development and community integration as a result of the services they receive.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of consumers in DHHS grant-funded programs who are satisfied with quality of services they received	94%	94%	2014 to 2017
Quality	Percent of consumers in DHHS grant-funded programs who are satisfied with timeliness of the services they received	86%	87%	2014 to 2017
Quality	Percent of clients in DHHS grant-funded mental health programs who completed or are making good progress on their treatment plan goals	86%	81%	2014 to 2017
Quality	Percent of parents in DHHS grant-funded programs who observed progress in the communication ability, community integration and social development of their child who is deaf, hard of hearing, or deafblind.	83%	80%	2014 to 2017

Performance Notes:

- Data source: Consumer satisfaction surveys and grantee reports.

M.S. sections 256.01, subd. 2 (<https://www.revisor.mn.gov/statutes/?id=256.01>), 256C.233 (<https://www.revisor.mn.gov/statutes/?id=256C.233>), 256C.25 (<https://www.revisor.mn.gov/statutes/?id=256C.25>), and 256C.261 (<https://www.revisor.mn.gov/statutes/?id=256C.261>) provide the legal authority for Deaf and Hard of Hearing grants.

Deaf & Hard of Hearing Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,225	2,374	2,622	2,675	2,675	2,675	2,886	2,886
2001 - Other Misc Special Revenue	240	282	266	266	266	266	266	266
2403 - Gift				13	13	13	13	13
3000 - Federal	75	91	75	75	75	75	75	75
Total	2,540	2,747	2,963	3,029	3,029	3,029	3,240	3,240
Biennial Change				704		66		488
Biennial % Change				13		1		8
Governor's Change from Base								422
Governor's % Change from Base								7

Expenditures by Category

Operating Expenses	19	19	0	13	13	13	13	13
Grants, Aids and Subsidies	2,522	2,728	2,963	3,016	3,016	3,016	3,227	3,227
Total	2,540	2,747	2,963	3,029	3,029	3,029	3,240	3,240

Deaf & Hard of Hearing Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	2,225	2,375	2,675	2,675	2,675	2,675	2,886	2,886
Cancellations	0	1	53					
Expenditures	2,225	2,374	2,622	2,675	2,675	2,675	2,886	2,886
Biennial Change in Expenditures				698		53		475
Biennial % Change in Expenditures				15		1		9
Governor's Change from Base								422
Governor's % Change from Base								8

2001 - Other Misc Special Revenue

Balance Forward In	12	93						
Receipts	276	225	300	297	297	297	297	297
Transfers In		0						
Transfers Out	33	36	34	31	31	31	31	31
Balance Forward Out	15							
Expenditures	240	282	266	266	266	266	266	266
Biennial Change in Expenditures				9		0		0
Biennial % Change in Expenditures				2		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Receipts			13		13	13	13	13
Expenditures			13		13	13	13	13
Biennial Change in Expenditures				13		13		13
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	75	91	75	75	75	75	75	75
Expenditures	75	91	75	75	75	75	75	75
Biennial Change in Expenditures				(16)		0		0
Biennial % Change in Expenditures				(10)		0		0

Deaf & Hard of Hearing Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs
Activity: Disabilities Grants

mn.gov/dhs/people-we-serve/people-with-disabilities/services/home-community/a-z/index.jsp

AT A GLANCE

- The Family Support Grant served 1,985 people in FY 2017
- The Consumer Support Grant supported an average of 2,419 people a month in FY 2017.
- Semi-independent living services served 1,434 people in FY 2017.
- HIV/AIDS programs helped 2,617 people living with HIV/AIDS.
- The Disability Linkage Line, now known as Disability Hub MN, served 28,443 people in FY 2017, had 68,313 contacts with people receiving services, and participated in 163 educational events.
- All funds spending for the Disabilities Grants activity for FY 2017 was \$62.6 million. This represented 0.39 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The US Census Bureau estimates that nearly 550,000 or 10.3 percent of Minnesotans have a disability or disabling condition. Disabilities Grants provide services and supports to help Minnesotans with disabilities remain in their communities and avoid institutionalization. This work is done by counties, tribes, families and local providers. These funds increase the service options for people with disabilities and their families; help people with HIV/AIDS with medical expenses; provide information and assistance on disability programs and services; and support county and tribal service infrastructure.

SERVICES PROVIDED

Disabilities Grant programs include:

- The Family Support Grant (FSG) provides cash to families to offset the higher-than-average cost of raising a child with a disability due to the child's disability.
- The Consumer Support Grant (CSG) is an alternative to home care paid through the state plan, which helps people purchase home care, adaptive aids, home modifications, respite care, and other help with the tasks of daily living. This program will be sunsetted when Community First Services and Supports (CFSS) replaces the services provided by CSG.
- Semi-Independent Living Services (SILS) grants help adults with developmental disabilities, who do not require an institutional level of care, live in the community. The funding is used for instruction or assistance with nutrition education, meal planning and preparation, shopping, first aid, money management, personal care and hygiene, self-administration of medications, use of emergency resources, social skill development, home maintenance and upkeep, and use of transportation.
- HIV/AIDS programs help people living with HIV/AIDS pay premiums to maintain private insurance, co-payments for HIV-related medications, mental health services, dental services, nutritional supplements, and case management.
- The Disability Linkage Line (DLL), now known as Disability Hub MN, provides one-to-one assistance to make it easier for people with disabilities to understand their options, find solutions, and engage in possibilities.

- Local planning grants assist counties and tribes in development of community alternatives to corporate foster care settings. This funding is used to implement specific county plans to address the needs of people with disabilities in their communities.
- Day Training and Habilitation (DT&H) grants are allocated to counties. Counties pay for DT&H costs for some residents. This funding is allocated to counties to help offset costs for legislative rate increases to day training and habilitation facilities.
- State Quality Council and Region 10 grants fund state and regional quality councils. The State and Regional Quality Councils, in collaboration with DHS exist to support a system of quality assurance and improvement in the provision of person directed services for people with disabilities.
- Work Empower grants help people with disabilities maintain or increase stability and employment, increase access to and utilization of appropriate services across systems, reduce use of inappropriate services, improve physical / mental health status, increase earnings and achieve personal goals.
- Autism Spectrum Disorder grants appropriated in the 2017 legislative session were awarded to an organization that provides life skills training to young adults with learning disabilities to meet the needs of individuals with autism spectrum disorder. This grant is only appropriated in FY 2018 and FY 2019.
- Institutional Settings and Intellectual and Developmental Disability grants fund a disability advocacy organization to maintain and promote self-advocacy services and supports for persons with intellectual and developmental disabilities throughout the state.
- Waiver rate system transition grants are for home and community-based disability waiver services providers that are projected to receive at least a ten percent decrease in revenues due to transition to rates calculated under the disability waiver rate setting system.

The Disabilities Grants activity is funded by the state general fund, federal funds and special revenue funds. The HIV/AIDS programs receive federal funds from the Ryan White Care Act and also rebate funding from pharmaceutical companies for drugs and insurance.

RESULTS

The agency monitors data, reviews counties and tribes, and administers surveys to consumers to evaluate services. Minnesota has seen continuous improvement in the number of people with disabilities served by community-based rather than institution-based services.

The agency tracks the percent of people with disabilities who receive home and community-based services in their own home instead of in a congregate residential setting, such as foster care. There is now a reduced reliance on corporate foster care.

More information is also available on the DHS dashboard (<http://dashboard.dhs.state.mn.us/>).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percent of people with disabilities who receive home and community-based services at home. ¹	53.1%	58.5%	2013 to 2017
Result	Percent of people served in corporate foster care or corporate living services. ²	35%	30%	2013 to 2017
Quality	Percent of consumers who would recommend the Disability Hub MN to others. ³	98%	91%	2015 to 2017
Quantity	Annual number of people served through the Technology for Home Services grant. ⁴	348	372	2013 to 2017

1. This measure compares people who receive disability waiver services in their own home rather than residential services. Source: DHS Data Warehouse
2. This measure represents the proportion of disability waiver participants using corporate foster care or corporate supported living services (SLS), when the service is billed in a daily unit. It does not include SLS billed in 15 minute unit, since that is typically not provided in a residential setting.
3. The change in this measure reflects better randomization of surveys and a more accurate measure of satisfaction. It continues to show over 90 percent satisfaction with the Disability Hub services. Source: DLL Customer Satisfaction Surveys.
4. This measure represents the unduplicated annual number of people served through the Technology for Home Services grant, which provides assistive technology for people in their own homes. Source: Technology for Home report. Source: DHS Data Warehouse

M.S. sections 252.275 (<https://www.revisor.mn.gov/statutes/?id=252.275>); 252.32 (<https://www.revisor.mn.gov/statutes/?id=252.32>); 256.01, subds. 19, 20, and 24 (<https://www.revisor.mn.gov/statutes/?id=256.01>); 256.476 (<https://www.revisor.mn.gov/statutes/?id=256.476>); and 256B.0658 (<https://www.revisor.mn.gov/statutes/?id=256b.0658>) provide the legal authority for Disabilities Grants.

Disabilities Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	41,956	45,930	45,333	53,474	53,527	37,849	55,188	40,222
2000 - Restrict Misc Special Revenue	3,199	6,965	10,547	16,426	8,582	8,582	8,582	8,582
2001 - Other Misc Special Revenue	12	0	259	278	277	277	277	277
3000 - Federal	7,811	9,306	9,899	11,499	12,843	12,843	12,843	12,843
Total	52,977	62,200	66,037	81,677	75,229	59,551	76,890	61,924
Biennial Change				32,537		(12,934)		(8,900)
Biennial % Change				28		(9)		(6)
Governor's Change from Base								4,034
Governor's % Change from Base								3

Expenditures by Category

Operating Expenses	1,126	2,017	2,951	7,843	2,443	2,443	3,517	3,729
Grants, Aids and Subsidies	51,851	60,083	62,986	73,636	72,757	57,079	73,344	58,166
Other Financial Transaction		100	100	198	29	29	29	29
Total	52,977	62,200	66,037	81,677	75,229	59,551	76,890	61,924

Disabilities Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
1000 - General								
Balance Forward In	2,500	2,451						
Direct Appropriation	20,332	20,369	20,686	20,687	20,570	20,571	22,231	22,944
Transfers In	25,357	24,866	29,517	32,787	32,957	17,278	32,957	17,278
Transfers Out			375					
Cancellations	4,683	1,756	4,495					
Balance Forward Out	1,550							
Expenditures	41,956	45,930	45,333	53,474	53,527	37,849	55,188	40,222
Biennial Change in Expenditures				10,921		(7,431)		(3,397)
Biennial % Change in Expenditures				12		(8)		(3)
Governor's Change from Base								4,034
Governor's % Change from Base								4

2000 - Restrict Misc Special Revenue

Balance Forward In	16,499	17,777	18,766	14,098	7,638	4,467	7,638	4,467
Receipts	3,884	6,181	5,879	8,000	8,000	8,000	8,000	8,000
Transfers In				2,158				
Transfers Out				192	2,589	2,656	2,589	2,656
Balance Forward Out	17,184	16,994	14,098	7,638	4,467	1,229	4,467	1,229
Expenditures	3,199	6,965	10,547	16,426	8,582	8,582	8,582	8,582
Biennial Change in Expenditures				16,809		(9,809)		(9,809)
Biennial % Change in Expenditures				165		(36)		(36)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In				1				
Receipts	12		261	277	277	277	277	277
Balance Forward Out			1					
Expenditures	12	0	259	278	277	277	277	277
Biennial Change in Expenditures				526		17		17
Biennial % Change in Expenditures				4,533		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Disabilities Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
3000 - Federal								
Balance Forward In	7	5						
Receipts	7,808	9,301	9,899	11,499	12,843	12,843	12,843	12,843
Balance Forward Out	5							
Expenditures	7,811	9,306	9,899	11,499	12,843	12,843	12,843	12,843
Biennial Change in Expenditures				4,281		4,288		4,288
Biennial % Change in Expenditures				25		20		20
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Housing & Support Services Grants

<https://mn.gov/dhs/partners-and-providers/program-overviews/housing-and-homelessness>

AT A GLANCE

- Supportive services were provided to 5,713 individuals at-risk or experiencing long-term homelessness in FY 2017.
- The Community Living Infrastructure funding was awarded to 17 grantees beginning in FY 2018.
- The Real Time Housing funding was awarded to one grantee to develop the website beginning in FY 2018.
- The Housing Access Service grant served 207 clients and had 4,493 inquiries for service in CY 2017.
- The Housing and Support Services Grants activity includes \$7.3 million moved from Children and Family Services Grants, and \$489,000 from Disability Services Grants. The remainder are new funds beginning in FY 2018. This activity represents .06 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

According to the 2016 Point-in-Time count by the Minnesota Interagency Council on Homelessness, 7,304 Minnesotans were experiencing homelessness on January 28, 2016 of which 3,660 were individuals in families with children.

DHS works to ensure that appropriate housing is available for the people we serve by supporting systems that integrate housing, services and income supports to enable people to live in the community of their choice. This work is done by counties, tribes, families and local providers.

SERVICES PROVIDED

Housing and Support Services grant programs include:

- The Long-Term Homelessness grant program provides funds for supportive services to serve individuals, unaccompanied youth, and families with children experiencing long-term homelessness. The goal is to link those persons who are long-term homeless and have been evaluated to have the most significant need for permanent supportive housing, as determined by the respective Continuum of Care Coordinated Entry System, with housing that is permanent and sustainable.
- The Community Living Infrastructure grant program supports the needs of people with disabilities and housing instability who want to live in the community but are faced with significant barriers in transitioning into community living from institutions, licensed facilities or homelessness. The purpose of the program is to increase and improve opportunities for Minnesotans with disabling conditions by improving access to community options. This grant program funds three areas of service: 1) outreach efforts; 2) housing resources specialists; 3) and funding for counties, tribes, and collaboratives to administer and monitor the Housing Support program.
- The Real Time Housing Website grant is for the design, development and maintenance of a fully accessible and usable website, including an application, to track real-time-housing openings for people with disabilities across the state of Minnesota. The website is to help support the needs of people with disabilities who want to live in the community. It will help connect individuals, their advocates, and family members to housing options and educate about community living resources available.
- Housing Benefit grant money pays for the development and maintenance of the Housing Benefits 101 website which helps persons with disabilities understand types of housing available to them depending

the person's situation, needs and desires. The website has information on housing programs that can make housing more affordable along with information on different types of housing options and services that can improve quality of life. HB101 has a Vault feature in which persons can securely store their personal information related to housing and utilize a Personalized Housing Planning Tool in their search for housing in the community of their choice.

- Housing Access Services grants have been used to support a non-profit organization that helps individuals who are eligible for home care, other state plan services, or waiver services, to move out of licensed settings or family homes and into their own homes. Since the fall of 2009 more than 2,000 people have used Housing Access Services to move from licensed or unlicensed settings to homes of their own that are not owned, leased, or controlled by disability services providers.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of households receiving long-term homeless supportive services grants (LTSS) : Percent families; Percent single adults.	1,495 53% 47%	1,357 45% 55%	CY 2013- CY 2016
Quantity	Percent of individuals living without a permanent home for more than a year before receiving LTSS services; Percent homeless for at least six years.	58% 10%	63% 14%	CY 2013 – CY 2016
Quantity	Percent of those receiving LTSS services with some type of mental illness.	41%	77%	CY 2013 – CY 2016

Legal authority for Housing and Support Services Grants:

M.S. sections 256I.09 (<https://www.revisor.mn.gov/statutes/cite/256I.09>);

256K.26 (<https://www.revisor.mn.gov/statutes/?id=256k.26>);

256B.0658 (<https://www.revisor.mn.gov/statutes/cite/256B.0658>);

256I.04 (<https://www.revisor.mn.gov/statutes/cite/256I.04>)

Housing Support Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	6,906	7,413	9,489	9,539	9,264	10,364	10,264	11,364
2000 - Restrict Misc Special Revenue	99	140	140	140	140	140	140	140
Total	7,005	7,553	9,629	9,679	9,404	10,504	10,404	11,504
Biennial Change				4,750		600		2,600
Biennial % Change				33		3		13
Governor's Change from Base								2,000
Governor's % Change from Base								10

Expenditures by Category

Grants, Aids and Subsidies	7,005	7,553	9,493	9,679	9,404	10,504	10,404	11,504
Other Financial Transaction			136					
Total	7,005	7,553	9,629	9,679	9,404	10,504	10,404	11,504

Housing Support Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	7,483	7,484	9,454	9,454	9,264	10,364	10,264	11,364
Transfers In			85	85				
Cancellations	577	71	50					
Expenditures	6,906	7,413	9,489	9,539	9,264	10,364	10,264	11,364
Biennial Change in Expenditures				4,709		600		2,600
Biennial % Change in Expenditures				33		3		14
Governor's Change from Base								2,000
Governor's % Change from Base								10

2000 - Restrict Misc Special Revenue

Balance Forward In	0	41	2					
Transfers In	140	140	140	140	140	140	140	140
Transfers Out	0	41	2					
Balance Forward Out	41							
Expenditures	99	140	140	140	140	140	140	140
Biennial Change in Expenditures				41		0		0
Biennial % Change in Expenditures				17		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Program

Activity: Adult Mental Health Grants

mn.gov/dhs/people-we-serve/adults/health-care/mental-health/index.jsp

AT A GLANCE

- Approximately 230,972 adults in Minnesota have a serious mental illness.
- Assertive Community Treatment was provided to 2,041 people in CY 2017.
- Projects for Assistance in Transition from Homelessness (PATH) served 417 persons who were chronically homeless and 902 persons who were at imminent risk of homelessness in CY 2017. An additional 451 persons were contacted through outreach.
- Crisis Housing Assistance services were provided to prevent homelessness of 231 people in facility based treatment in CY 2017.
- Housing with Support services assisted 1,716 persons with serious mental illness in accessing and retaining permanent supportive housing by the end of CY 2017.
- Crisis Response Services served 17,515 people in response to crisis episodes in CY 2017.
- All funds spending for the Adult Mental Health Grants activity for FY 2017 was \$84.9 million. This represented 0.53 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The Adult Mental Health Grants support services for adults with mental illness and are administered by the Behavioral Health Division of the Community Supports Administration, using both federal and state funds. These funds, combined with county dollars, are used to identify and meet the local service need by developing and providing a range of mental health services in the community. Adult Mental Health Grants support the mission of the Minnesota Comprehensive Adult Mental Health Act by supporting community mental health system infrastructure and services. The grants are used in conjunction with healthcare coverage and other funding sources to support individuals in independent living through community-based service and treatment options. Services are delivered using best practice and evidence-based practice models that are person-centered and effective.

SERVICES PROVIDED

Adult Mental Health Grants support a broad range of vital community service needs. The grants provide funding for infrastructure, community services, supports, and coordination activities not covered by Medical Assistance (MA), and/or for persons who are uninsured or under-insured by public or private health plans. These grants are delivered in a number of ways. Some are block grants to counties who have the flexibility to use the funding for a number of services. Others are grants to counties, mental health providers, and other organizations for specific services, projects, and programs. Services include, but are not limited to the following:

Transitions to Community Initiative - This initiative reduces the time that individuals remain at the Anoka Metro Regional Treatment Center (AMRTC) or the Minnesota Security Hospital (MSH) once they no longer need hospital care. By providing funding to cover community-based services and address the unique discharge barriers faced by some individuals, the initiative promotes recovery, allows individuals to move to integrated settings of their choice as outlined in the Minnesota Olmstead Plan, and opens up beds at AMRTC and MSH for other individuals who need them.

Targeted Case Management – These activities coordinate services and help adults with serious and persistent mental illness gain access to needed medical, social, educational and vocational services. These activities include

developing a functional assessment, an individual community support plan, and ensuring coordination of services and monitoring of service delivery.

Assertive Community Treatment (ACT) – These intensive, non-residential mental health services are provided by a multidisciplinary staff using a team model. The team includes, at a minimum, a psychiatrist, mental health professional, registered nurse, vocational and substance abuse specialists. ACT services are available 24 hours a day. ACT teams assume full responsibility for the individual’s mental health treatment. This service keeps people in the community and prevents hospitalization.

Adult Rehabilitative Mental Health Services (ARMHS) - ARMHS are services that enable a recipient to develop, retain and enhance their mental stability and functioning by providing education on medication management, basic social and living skills, household management, employment-related skills, and also by assisting with transitions to community living.

Adult Outpatient Medication Management - Provides for prescriptions, medication education, and reviews to help individuals manage their symptoms.

Basic Living /Social Skills and Community Intervention - Basic living /social skills and community intervention services provided to help individuals live safely and inclusively in the community.

Project for Assistance in Transition from Homelessness (PATH) - PATH is a federal program with a state match to provide homeless outreach, service coordination, and related services designed to find and engage persons with serious mental illness who are homeless or at imminent risk of becoming homeless and provide them with in services, basic needs, resources, and housing.

Crisis Housing – This program provides direct payments for rent, mortgage, and utility costs, to assist persons with retaining their housing while getting needed facility based treatment. The program prevents homelessness while the individual uses their income to pay for treatment or loses income while getting needed treatment.

Housing with Supports - These grants fund the development of permanent supportive housing for persons with serious mental illness, by providing options that assist individuals who need housing with linked supports to help maintain an individual’s mental health and housing stability while living in the community.

Crisis Response Services – Provides an array of services from mobile crisis response teams to crisis stabilization beds and aftercare services. Mobile crisis teams respond to an individual’s call for help in their home, place of employment, or possibly to an emergency department in a hospital in cases where they are experiencing a severe mental health problem that requires immediate assistance. Many components of crisis services are not reimbursable under Medicaid, such as telephone contacts with a person in crisis, linkage and coordination, benefits assistance, and post-hospital transition services. Ancillary services that are not able to be billed to MA are being provided through grant funding.

Culturally specific services – These grants expand capacity for ethnically and culturally-specific, trauma-informed, adult mental health services within target cultural and ethnic minority communities in Minnesota.

Individual Placement Supports (IPS) Supported Employment - Counties use adult mental health grants to fund evidence-based practices such as the IPS model of supported employment to improve the ability of adults with serious and persistent mental illness to find and maintain competitive employment. These grants extend and support the work done by the Department of Employment and Economic Development.

Minnesota Center for Chemical and Mental Health (MNCAMH) - These grants fund training and technical assistance from the Minnesota Center for Chemical and Mental Health (MNCAMH), a program of the University of Minnesota drawing from the strengths of the School of Social Work, the College of Continuing Education, and the

Department of Psychiatry. MNCAMH is a center of excellence for workforce training created to advance the professional development of the treatment services workforce on research informed practices for recovery-oriented systems of care.

Certified Peer Specialist (CPS) Implementation and Training - Selected and qualified individuals with a lived experience of mental illness are trained to work as Certified Peer Specialists in Assertive Community Treatment (ACT), Adult Rehabilitative Mental Health Services (ARMHS), Crisis Response Services and Intensive Residential Treatment (IRTS) services.

Mental Health Innovations – These grant funds are dedicated to finding innovative approaches for improving access to and the quality of community-based, outpatient mental health services. Programs are focused on helping people with mental illness receive effective and culturally specific services in their community.

RESULTS

Transitions to Community – Fiscal Year 2017

- 92 unduplicated individuals received support through the Transition to Community program.
- Of the 92 individuals served, 47 individuals were discharged: 33 from AMRTC and 14 from MSH.
- Technical assistance was provided by DHS staff to navigate discharge options for an additional 19 individuals.

Assertive Community Treatment (ACT), Adult Rehabilitative Mental Health Services (ARMHS), and Crisis Response

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Adults receiving Assertive Community Treatment (ACT) ¹ services	1,991	2,015	CY 2015- CY 2017
Quantity	Number of Adults with Serious Mental Illness who received Adult Rehabilitative Mental Health Services (ARMHS)	19,149	20,800	CY 2015 to CY 2017
Quantity	Number of episodes for which Mental Health Crisis Services were provided	13,449	17,515	CY 2015 to CY 2017
Result	Percent of people needing hospitalization after receiving crisis service interventions	14%	14%	CY 2015 to CY 2017

Measure Notes:

1. Previous measure is the number of ACT clients served in CY 2015. Current measure is the number served in CY 2017. The department goal is to reduce the need for hospitalization and keep persons served in the community.

MS § 256E.12, 245.4661, and 245.70 provide the authority for the grants in this budget activity.

Adult Mental Health Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	71,521	73,523	81,693	81,477	79,802	79,802	78,808	78,377
2000 - Restrict Misc Special Revenue			1,000	1,000	1,000	1,000	1,000	1,000
2360 - Health Care Access	973	2,391	409	750	750	750	750	750
2365 - Opioid Stewardship							2,400	6,400
3000 - Federal	8,515	9,007	8,137	17,536	20,115	10,927	20,115	10,927
Total	81,009	84,921	91,238	100,763	101,667	92,479	103,073	97,454
Biennial Change				26,072		2,145		8,526
Biennial % Change				16		1		4
Governor's Change from Base								6,381
Governor's % Change from Base								3

Expenditures by Category

Operating Expenses	2,208	2,211	2,565	781	956	431	956	431
Grants, Aids and Subsidies	76,655	80,520	85,684	99,982	100,711	92,048	102,117	97,023
Other Financial Transaction	2,146	2,190	2,990					
Total	81,009	84,921	91,238	100,763	101,667	92,479	103,073	97,454

Adult Mental Health Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In			140					
Direct Appropriation	71,543	73,169	81,577	81,477	79,802	79,802	78,808	78,377
Transfers In	600	900						
Transfers Out		300						
Cancellations	622	106	24					
Balance Forward Out		140						
Expenditures	71,521	73,523	81,693	81,477	79,802	79,802	78,808	78,377
Biennial Change in Expenditures				18,125		(3,566)		(5,985)
Biennial % Change in Expenditures				13		(2)		(4)
Governor's Change from Base								(2,419)
Governor's % Change from Base								(2)

2000 - Restrict Misc Special Revenue

Receipts			1,000	1,000	1,000	1,000	1,000	1,000
Expenditures			1,000	1,000	1,000	1,000	1,000	1,000
Biennial Change in Expenditures				2,000		0		0
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2360 - Health Care Access

Direct Appropriation	1,575	2,473	750	750	750	750	750	750
Cancellations	602	82	341					
Expenditures	973	2,391	409	750	750	750	750	750
Biennial Change in Expenditures				(2,205)		341		341
Biennial % Change in Expenditures				(66)		29		29
Governor's Change from Base								0
Governor's % Change from Base								0

2365 - Opioid Stewardship

Direct Appropriation							2,400	6,400
Expenditures							2,400	6,400
Biennial Change in Expenditures				0		0		8,800

Adult Mental Health Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures								
Governor's Change from Base								8,800
Governor's % Change from Base								

3000 - Federal

Balance Forward In	12	4						
Receipts	8,503	9,003	8,137	17,536	20,115	10,927	20,115	10,927
Expenditures	8,515	9,007	8,137	17,536	20,115	10,927	20,115	10,927
Biennial Change in Expenditures				8,151		5,369		5,369
Biennial % Change in Expenditures				47		21		21
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Children's Mental Health Grants

mn.gov/dhs/people-we-serve/children-and-families/health-care/mental-health/

AT A GLANCE

- An estimated 108,000 children and youth in Minnesota (from birth to age 21) need treatment for serious emotional disturbance.
- Each year about 88,000 children and youth receive publicly funded mental health services in Minnesota.
- Approximately 12,150 children and youth received mental health screenings in 2017.
- 9 percent of school-age children and 5 percent of preschool children in Minnesota have a mental health concern that becomes longer lasting and interferes significantly with child's functioning at home and in school.
- All funds spending for the Child Mental Grants activity for FY 2017 was \$24.3 million. This represented 0.15 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

Children's Mental Health Grants are administered by the Behavioral Health Division of the Community Supports Administration, which receives both federal and state funding, to support services for children with mental illness. These grants fund community, school, home, and clinic-based children's mental health services provided by non-profit agencies, schools, Medicaid-enrolled mental health clinics, tribes, counties, and culturally specific agencies.

SERVICES PROVIDED

Children's mental health grants promote integration of mental health services into the state's overall healthcare system by:

- filling gaps in the continuum of services and supports, especially those not covered in the broader Minnesota Health Care Programs benefits set;
- paying for necessary ancillary services, supports, and coordination activities that are not eligible for federal Medicaid reimbursement;
- covering treatment and supports for children who remain uninsured or under-insured by private health plans;
- building statewide service delivery capacity in workforce-shortage areas, where key services are not available regardless of insurance coverage;
- expanding access to direct treatment by providing care in community, school, home, and clinic-based children's mental health settings;
- providing coordination of mental and chemical health services with physical healthcare, services for persons with disabilities, and county social services;
- training providers on evidence-based practices;
- funding measurement of treatment outcomes;
- developing new levels of care for children and youth with complex mental health conditions;
- developing a new model to serve youth with first episode psychosis; and
- expanding the current system of mental health care for youth experiencing serious mental illness and their families by piloting and demonstrating new and enhanced services and creating finance and policy reforms necessary to sustain a system of care that is family driven, youth-guided, culturally and linguistically competent and grounded in scientific evidence.

Partners are essential in order to develop and maintain a dynamic and competent mental health service delivery system. For children, coordination of care must include other child-serving sectors of the public and private health and human service systems of Minnesota, including families and youth —such as:

- primary health care,
- day care,
- substance abuse treatment facilities,
- schools,
- public health entities,
- child welfare system,
- juvenile justice system,
- tribes,
- health plans,
- counties, and
- adult transition services.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Service Utilization Rate (per 10,000)	422	450	CY2013-CY2015
Quality	Percent of children in the child welfare system who received a mental health screening	57%	64%	CY2012-CY2015

Measure Notes:

- Service Utilization Rate: An indicator of service access, this indicator counts the number of children (under age 18) receiving any mental health service from the publicly financed health care system, per 10,000 children in the general child population. A higher utilization rate denotes more access to services for children.
- Percent of children receiving a mental health screening: This activity funds screenings for children in the child welfare system. Counties conduct mental health screenings for children in the child welfare system who have not had a recent assessment.

Minnesota Statutes, section 245.4889 (<https://www.revisor.mn.gov/statutes/?id=245.4889>) provides the legal authority for Children’s Mental Health grants.

Child Mental Health Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	20,163	24,341	23,186	23,926	20,826	20,826	25,726	25,726
3000 - Federal			1,018	3,769	5,394	3,384	5,394	3,384
Total	20,163	24,341	24,203	27,695	26,220	24,210	31,120	29,110
Biennial Change				7,394		(1,468)		8,332
Biennial % Change				17		(3)		16
Governor's Change from Base								9,800
Governor's % Change from Base								19

Expenditures by Category

Operating Expenses	47	34	16	80	80	80	80	80
Grants, Aids and Subsidies	19,690	24,072	23,546	27,615	26,140	24,130	31,040	29,030
Other Financial Transaction	427	235	641					
Total	20,163	24,341	24,203	27,695	26,220	24,210	31,120	29,110

Child Mental Health Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	23,386	24,346	23,861	23,926	20,826	20,826	25,726	25,726
Cancellations	3,223	5	675					
Expenditures	20,163	24,341	23,186	23,926	20,826	20,826	25,726	25,726
Biennial Change in Expenditures				2,607		(5,460)		4,340
Biennial % Change in Expenditures				6		(12)		9
Governor's Change from Base								9,800
Governor's % Change from Base								24

3000 - Federal

Receipts			1,018	3,769	5,394	3,384	5,394	3,384
Expenditures			1,018	3,769	5,394	3,384	5,394	3,384
Biennial Change in Expenditures				4,787		3,991		3,991
Biennial % Change in Expenditures						83		83
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Grant Programs

Activity: Substance Use Disorder (SUD) Treatment Support Grants

mn.gov/dhs/people-we-serve/adults/health-care/substance-abuse/

AT A GLANCE

- In the United States in 2016, 20.1 million people over the age of 12 had substance use disorders (SUD).
- 56,157 people in Minnesota received treatment for substance use disorder in CY 2016.
- 51 percent of people who sought substance use disorder treatment in 2016 completed their program.
- The compulsive gambling helpline receives more than 1,000 calls and texts each year for information or referrals to treatment.
- All funds spending for the SUD Treatment Support and Primary Prevention grant activity for FY 2017 was \$17.9 million, which represented 0.1 percent of the Department of Human Services overall budget.

PURPOSE & CONTEXT

The Substance Use Disorder (SUD) Treatment Support and Primary Prevention Grants activity uses both federal and state funding to support state-wide prevention, intervention, recovery maintenance, case management and treatment support services for people with alcohol, or drug addiction. Treatment support services include subsidized housing, transportation, child care, and parenting education.

This activity also houses the state Compulsive Gambling Treatment Program, which funds statewide prevention, intervention, treatment and recovery services for individuals and families impacted by problem gambling through evidence based practices, education, supports, and protective financial resources.

SERVICES PROVIDED

Substance Use Disorder Treatment Support and Primary Prevention Grants provide:

- community drug and alcohol abuse prevention, intervention, and case management services for communities of color, the elderly, disabled, individuals with a mental illness and substance use disorder, individuals experiencing chronic homelessness, and people involved in the criminal justice system;
- treatment supports specifically targeted to women, women with children, the elderly, and other diverse populations;
- a statewide prevention resource center that provides education and capacity building on the misuse of alcohol and other drugs. Education includes delivering information and training to counties, tribes, local communities, and other organizations;
- community-based planning and implementation grants that use a public health approach to preventing alcohol use problems among young people;
- regional prevention coordinators across MN to provide substance use prevention technical assistance and training locally to prevention professionals; and
- a tobacco merchant educational training and compliance check project, as well as funding for Synar inspectors, who conduct random inspections of tobacco retailers.

Additional information is in the March 2013 report, [Minnesota's Model of Care for Substance Use Disorder](http://www.leg.state.mn.us/docs/2013/mandated/130622.pdf) (www.leg.state.mn.us/docs/2013/mandated/130622.pdf).

Most of the funding for SUD Treatment Support and Prevention Grants comes from the U.S. Dept. of Health and Human Services Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant. Additional

funding comes from the SAMHSA Strategic Prevention Framework Partnerships for Success grant focusing on the prevention of alcohol and marijuana use/abuse on college campuses. State appropriations provide additional funding for drug and alcohol abuse prevention, treatment support and recovery maintenance services for Native Americans.

The state's Compulsive Gambling Program provides:

- public awareness campaigns to promote information and awareness about problem gambling;
- a statewide help phone and text line and problem gambling awareness resources and supports;
- funding for problem gambling assessments, outpatient and residential treatment of problem gambling and gambling addiction;
- compulsive gambling assessments of offenders under section 609.115, subdivision 9;
- training for gambling treatment providers and other behavioral health service providers; and
- research that evaluates awareness, prevention, education, treatment service and recovery supports related to problem gambling and gambling addiction.

Public awareness campaigns target Minnesotans statewide, with specific initiatives aimed at young adults, women, military and veterans, and diverse race and ethnic communities that experience higher rates of problem gambling. The Compulsive Gambling statewide helpline, <http://www.getgamblinghelp.com/about-us/>, (1-800-333-HOPE or text HOPE to 61222) generally receives about one thousand calls/texts requesting information, supports or referrals for treatment services each year. The Compulsive Gambling Treatment program provides funding for approximately 700 people per year for outpatient treatment services. An average of approximately 177 people receive residential treatment each year.

The Compulsive Gambling Treatment program is largely funded by a portion of state lottery proceeds, and a dedicated one-half of one percent of the revenue from the state tax on lawful gambling proceeds.

The Congratulate and Educate tobacco merchant education and compliance project funds local law enforcement and public health departments to conduct undercover buy checks and provide publications. The project, activated in 2014, is designed to promote community policing and to both congratulate clerks who pass an educational tobacco compliance inspection (do not sell to the minor) and to provide education to clerks and owners about youth access tobacco laws and consequences.

The Synar Program which is funded by the federal Substance Abuse Prevention and Treatment Block Grant. Synar conducts annual inspections of randomly selected tobacco retailers in Minnesota to determine the State's Retailer Violation Rate. Synar requirements include the facilitation of the annual Tobacco Enforcement Survey (TES), the coverage study which is required every three years and the Annual Synar Report which is a required deliverable under the terms and conditions of the Federal Block Grant Award.

The Behavioral Health Division, a division of the agency's Community Supports Administration, administers the programs and grants within the SUD Treatment Support Grants activity.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Past 30-day use of alcohol by 9th grade youth in communities that received a Planning & Implementation (P&I) grant for prevention work in 2006	35.5%	14.3%	CY2004 vs CY2016
Result	Babies born with negative toxicology results	84%	59%	FY2014 vs. FY2017

Additional Measurement Efforts: The Minnesota Student Survey (MSS) is one viable data source to understand the prevalence of problem gambling among youth and adolescents. Program staff partnered with University of Minnesota researchers to ensure the inclusion of gambling specific questions in the 2016 MSS. Data from the 2016 survey will establish baseline measures for at-risk gambling among youth and adolescents.

Measure Notes:

- The Past 30 day use of alcohol measure consists of data as reported in the Minnesota Student Survey (<http://www.health.state.mn.us/divs/chs/mss/>) for 9th grade students who self-report on their use of alcohol in the last 30 days.
 - P&I grant communities were 7.7 percentage points above the MN State average in 2004 and were 3.1 percentage points above the MN State average in 2016. The MN State average was 27.8 percent in 2004 and 11.2 percent in 2016.
- The babies born with negative toxicology measure is the percentage of babies with negative toxicology results during a 12-month period, born to women served by the state Women's Recovery grants. Note: This data reflects Women's Recovery grant program participants only and is not a population based measure.
 - The decrease in percentage can be attributed to two factors. One key provider provided recovery services to fewer pregnant women in 2017. In addition, the reporting of toxicology was notably less consistent in 2017.
 - Infant toxicology: 59% of infants born in this period tested negative for substances at birth, while 27% tested positive, mostly for marijuana. Results were not available for the remaining 14% of infants born.

Minnesota Statutes, chapters 254A (<https://www.revisor.mn.gov/statutes/?id=254A>), 254B (<https://www.revisor.mn.gov/statutes/?id=254B>) and 256, (<https://www.revisor.mn.gov/statutes/?id=256>) and sections 245.98 (<http://www.revisor.mn.gov/statutes/?id=245.98>) and 297.E02, subd. 3 (<https://www.revisor.mn.gov/statutes/?id=297E.02>) provide the legal authority for CD Treatment Support and Primary Prevention Grants.

CD Treatment Support Grants

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,203	2,296	2,827	3,753	2,995	3,059	2,995	3,059
2000 - Restrict Misc Special Revenue	247	325	172	503	500	500	500	500
2001 - Other Misc Special Revenue			772	698	340	340	340	340
3000 - Federal	13,901	13,507	20,778	28,553	24,545	17,036	24,545	17,036
4800 - Lottery	1,400	1,733	1,705	1,733	1,733	1,733	1,733	1,733
Total	17,750	17,860	26,254	35,240	30,113	22,668	30,113	22,668
Biennial Change				25,883		(8,713)		(8,713)
Biennial % Change				73		(14)		(14)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	175	540	1,343	1,847	1,085	1,085	1,085	1,085
Grants, Aids and Subsidies	15,715	15,464	21,141	31,366	27,101	20,406	27,101	20,406
Other Financial Transaction	1,860	1,855	3,770	2,027	1,927	1,177	1,927	1,177
Total	17,750	17,860	26,254	35,240	30,113	22,668	30,113	22,668

CD Treatment Support Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In	961	673	402	584				
Direct Appropriation	1,561	1,595	2,386	2,386	2,136	2,136	2,136	2,136
Receipts	504	579	695	783	859	923	859	923
Cancellations	150	150	72					
Balance Forward Out	673	402	584					
Expenditures	2,203	2,296	2,827	3,753	2,995	3,059	2,995	3,059
Biennial Change in Expenditures				2,082		(526)		(526)
Biennial % Change in Expenditures				46		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0
2000 - Restrict Misc Special Revenue								
Balance Forward In			175	3				
Receipts			247					
Transfers In				500	500	500	500	500
Balance Forward Out			175	3				
Expenditures			247	325	500	500	500	500
Biennial Change in Expenditures				103		325		325
Biennial % Change in Expenditures				18		48		48
Governor's Change from Base								0
Governor's % Change from Base								0
2001 - Other Misc Special Revenue								
Balance Forward In			640	450	790	358		
Transfers In			340	340	340	340	340	340
Transfers Out			530					
Balance Forward Out			450	790	358			
Expenditures				772	698	340	340	340
Biennial Change in Expenditures				1,470		(790)		(790)
Biennial % Change in Expenditures						(54)		(54)
Governor's Change from Base								0
Governor's % Change from Base								0

CD Treatment Support Grants

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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3000 - Federal

Balance Forward In	13,612	363						
Receipts	289	14,058	20,778	28,553	24,545	17,036	24,545	17,036
Balance Forward Out		914						
Expenditures	13,901	13,507	20,778	28,553	24,545	17,036	24,545	17,036
Biennial Change in Expenditures				21,923		(7,750)		(7,750)
Biennial % Change in Expenditures				80		(16)		(16)
Governor's Change from Base								0
Governor's % Change from Base								0

4800 - Lottery

Direct Appropriation	1,733	1,733	1,733	1,733	1,733	1,733	1,733	1,733
Cancellations	333	0	28					
Expenditures	1,400	1,733	1,705	1,733	1,733	1,733	1,733	1,733
Biennial Change in Expenditures				305		28		28
Biennial % Change in Expenditures				10		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Direct Care and Treatment

Activity: Mental Health & Substance Abuse Treatment Services

mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/

AT A GLANCE

- Mental illness affects one in five families.
- Direct Care and Treatment (DCT) provided mental health inpatient and residential services to approximately 1,125 people in FY 2017.
- DCT operates Anoka Metro Regional Treatment Center, a 110-bed psychiatric hospital that served 354 unduplicated patients in FY18.
- DCT operates six 16-bed Community Behavioral Health Hospitals located across the state, which served a total 677 individuals in FY 2018.
- 759 clients were served in the Community Addiction Recovery Enterprise (C.A.R.E.) program during FY 2017.
- All funds spending for this budget activity was \$114 million for FY 2018. This represents approximately 25 percent of the total Direct Care and Treatment (DCT) all funds spending. Total DCT spending is less than 3 percent of the overall spending for DHS.

PURPOSE & CONTEXT

- As part of the Department of Human Services Direct Care and Treatment (DCT) Administration, Mental Health and Substance Abuse Treatment Services (MHSATS) provides specialized treatment and support services to individuals with mental illness, chemical dependencies/substance abuse and other complex conditions.
- One of the Department of Human Service's goal is to serve people with disabilities by providing access to care close to their home community and natural supports. DCT provides services to individuals with the goal of allowing them to move through the system and back to the community.

SERVICES PROVIDED

The following services are funded with general fund appropriations:

- Adult inpatient services at the Anoka Metro Regional Treatment Center (AMRTC)
- Adult inpatient services at the Community Behavioral Health Hospitals (CBHHs) located in Alexandria, Annandale, Baxter, Bemidji, Fergus Falls, and Rochester
- Child & Adolescent Behavior Health in-patient Services (CABHS) in Willmar
- Minnesota Specialty Health System (MSHS) – providing Intensive Residential Treatment Services (IRTS) for adults in Brainerd, St. Paul, Wadena and Willmar

Services funded with other revenues:

- Community Addiction Recovery Enterprise (C.A.R.E.) – provides inpatient and outpatient treatment to persons with chemical dependency or substance abuse problems. C.A.R.E. programs operate in Anoka, Carlton, Fergus Falls, St. Peter, and Willmar. Inpatient treatment is provided at all five locations, while outpatient treatment is only provided at the Anoka site.

All services:

- are person-centered, focusing on the needs of the individual,
- are provided in a safe environment at the appropriate level of care and,

- allow individuals to move through treatment and back to the most integrated setting possible.

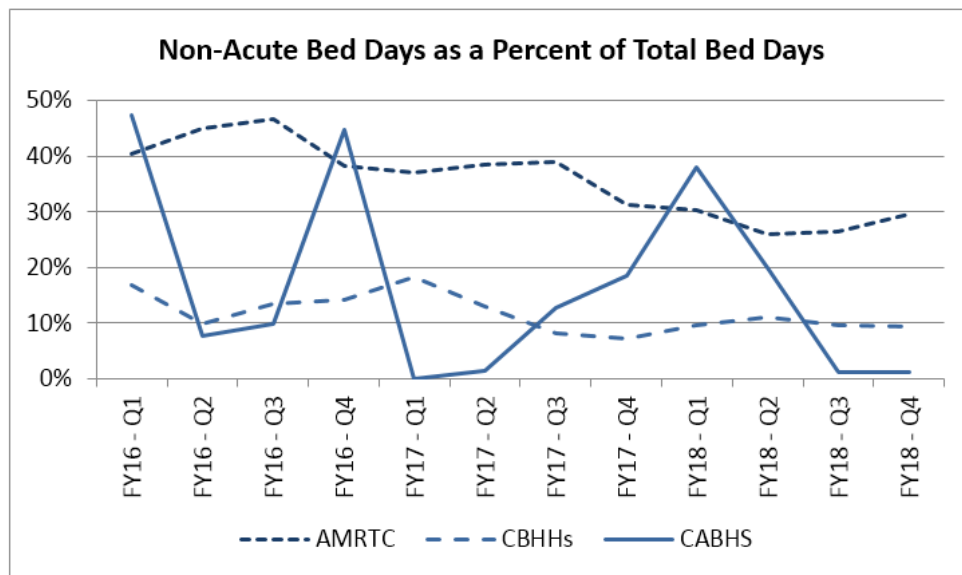
To assure a successful community transition, we use key strategies such as:

- Prompt psychiatric follow-up upon people's return to a community setting and,
- Reducing the number of medications necessary to control the individual's symptoms.

We also reach out to partner with community providers to remove the barriers that limit successful transitions back to the community.

RESULTS

We measure non-acute bed days. A non-acute bed day is a day spent in the hospital when the client no longer needs that level of care. When a client does not need hospital level of care but cannot be discharged, it is costly and causes other clients who need hospital level of care to remain on the waiting list. Our goal for inpatient services is that less than 10% of total bed days be classified as non-acute bed days.



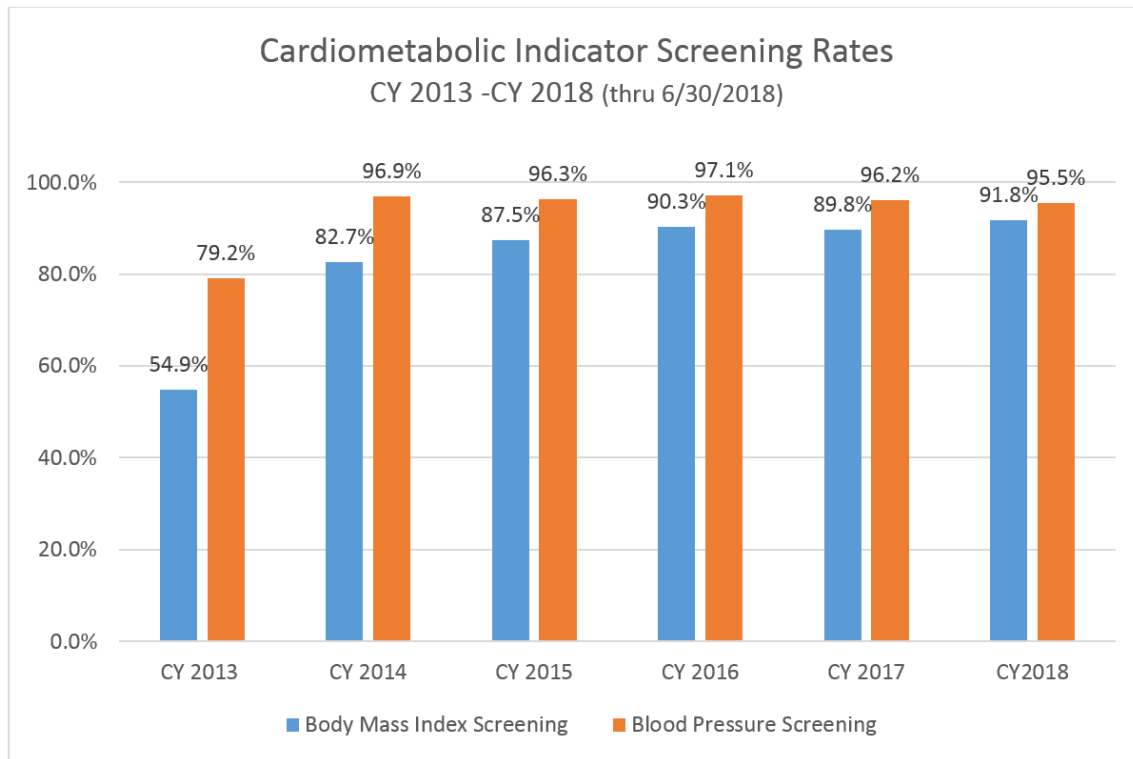
The graph above shows that the non-acute bed day percentage at AMRTC is decreasing, but there has been a slight increase in the last quarter of FY 2018. The slight increase is due in part to the number of admissions directly from jails. A number of these clients need competency restoration services. DCT is working with the counties and the courts to develop processes that would allow discharges of these clients to community providers.

The CBHH non-acute bed days percentage has increased slightly but remains close to the 10% goal. The CABHS program operates few beds, so having just one or two clients who do not meet hospital level of care has a great impact on the non-acute bed day measure.

Another measure of success is the screening for cardiometabolic syndrome indicators. Cardiometabolic syndrome prevention is a key component of improving the lives of those we support and mirrors national trends towards improving healthcare quality systems. Increasing the number of people who are at a healthy weight will help us reduce the incidence of metabolic syndrome and chronic diseases among our patients. These rates also help to determine appropriate interventions. Integrating Body Mass Index (BMI) education into existing programming can reduce the likelihood of the onset and progression of obesity and related chronic diseases, as well as increase healthy eating and physical lifestyle skills. We are collecting information via our Electronic Medical Record (EMR)

and monitoring it closely to help those served maintain an appropriate BMI, reduce incidences of chronic disease, and enable them to live healthier lives.

Managing and maintaining a healthy blood pressure reduces an individual's risk of cardiovascular disease and other chronic diseases. Increasing the number of people with a healthy blood pressure will help us assist our patients to lead healthier lives. Increased screening will also aid in the development of appropriate interventions, increase disease management and prevention, and assist with creating individualized treatment plans.



The graph above shows the work that has been done to improve screening for two key components of cardiometabolic syndrome, Body Mass Index (BMI) and blood pressure. Our goal is to have a 95% screening rate for both BMI and blood pressure. There has been a slight reduction in screening rates this calendar year and work is underway to better support sites in increasing screening rates and using the information for meaningful interventions.

Minnesota Statutes Chapter 246 (<https://www.revisor.mn.gov/statutes/?id=246>) provide the legal authority for Direct Care and Treatment State Operated Services.

NOTE: The budget structure for DHS Direct Care and Treatment programs was modified during the 2018-2019 Biennial Budget to better reflect the services provided and the administrative structures supporting them. This modification brought all DCT under a single Program containing five Budget Activities.

Mental Health & Substance Abuse Trtmt Svcs

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	111,854	134,925	106,694	119,374	118,669	118,661	122,771	122,763
2000 - Restrict Misc Special Revenue	2,662	2,672	2,652	2,713	2,713	2,713	0	0
4101 - DHS Chemical Dependency Servs	18,173	14,293	15,367	15,482	15,274	15,274	15,274	15,274
6000 - Miscellaneous Agency	120	96	108	110	110	110	110	110
Total	132,809	151,986	124,821	137,679	136,766	136,758	138,155	138,147
Biennial Change				(22,295)		11,024		13,802
Biennial % Change				(8)		4		5
Governor's Change from Base								2,778
Governor's % Change from Base								1

Expenditures by Category

Compensation	108,341	117,154	94,712	109,981	109,773	109,773	112,120	112,120
Operating Expenses	23,451	31,414	29,871	27,547	26,842	26,834	25,885	25,877
Grants, Aids and Subsidies	328	105	111	151	151	151	150	150
Capital Outlay-Real Property		42						
Other Financial Transaction	689	3,272	128					
Total	132,809	151,986	124,821	137,679	136,766	136,758	138,155	138,147

Full-Time Equivalents

1,154.83	1,230.91	1,053.64	1,271.14	1,212.66	1,190.62	1,229.53	1,207.86
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Mental Health & Substance Abuse Trtmt Svcs

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		12,619		5,987				
Direct Appropriation	145,326	151,625	118,545	118,631	125,107	125,099	129,209	129,201
Transfers In	4,108	18,885	405	694				
Transfers Out	26,910	39,616	6,269	5,938	6,438	6,438	6,438	6,438
Cancellations		8,588						
Balance Forward Out	10,670		5,987					
Expenditures	111,854	134,925	106,694	119,374	118,669	118,661	122,771	122,763
Biennial Change in Expenditures				(20,711)		11,262		19,466
Biennial % Change in Expenditures				(8)		5		9
Governor's Change from Base								8,204
Governor's % Change from Base								3
Full-Time Equivalents	975.43	1,079.44	910.98	1,111.54	1,062.91	1,043.59	1,099.91	1,080.59

2000 - Restrict Misc Special Revenue

Balance Forward In		56		61	61	61	61	61
Direct Appropriation	2,713	2,713	2,713	2,713	2,713	2,713	0	0
Cancellations		97						
Balance Forward Out	51		61	61	61	61	61	61
Expenditures	2,662	2,672	2,652	2,713	2,713	2,713	0	0
Biennial Change in Expenditures				31		61		(5,365)
Biennial % Change in Expenditures				1		1		(100)
Governor's Change from Base								(5,426)
Governor's % Change from Base								(100)
Full-Time Equivalents	21.30	21.40	21.58	21.05	20.13	19.76	0.00	0.00

4101 - DHS Chemical Dependency Servs

Balance Forward In	41	227	465	1,043				
Receipts	8,544	8,390	9,507	8,001	8,836	8,836	8,836	8,836
Transfers In	9,626	6,113	6,438	6,438	6,438	6,438	6,438	6,438
Balance Forward Out	38	437	1,043					
Expenditures	18,173	14,293	15,367	15,482	15,274	15,274	15,274	15,274
Biennial Change in Expenditures				(1,616)		(301)		(301)
Biennial % Change in Expenditures				(5)		(1)		(1)

Mental Health & Substance Abuse Trtmt Svcs

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	158.10	130.07	121.08	138.55	129.62	127.27	129.62	127.27

6000 - Miscellaneous Agency

Balance Forward In	3	1	8	4	4	4	4	4
Receipts	119	96	104	110	110	110	110	110
Balance Forward Out	1	0	4	4	4	4	4	4
Expenditures	120	96	108	110	110	110	110	110
Biennial Change in Expenditures				2		2		2
Biennial % Change in Expenditures				1		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Direct Care and Treatment

Activity: Community Based Services

mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/

AT A GLANCE

- 346 people were served by Community Support Services mobile teams during FY 2017.
- 20 children and adolescents with severe emotional disturbance were served in individual foster homes during FY 2017.
- 529 clients with developmental disabilities were served in community residential services during FY2017.
- 752 clients with developmental disabilities were served in day treatment and habilitation vocational services during FY 2017.
- All funds spending for this budget activity was \$118 million for FY2018. This represents approximately 27 percent of the total Direct Care and Treatment (DCT) all funds spending. Total DCT spending is less than 3 percent of the overall spending for DHS.

PURPOSE & CONTEXT

- As part of the Department of Human Services Direct Care and Treatment (DCT) Administration, Community Based Services (CBS) provides treatment and residential care to individuals with behavioral health issues and developmental disabilities. CBS programs specialize in the treatment of vulnerable people with complex needs for whom no other providers are available.
- The majority of CBS programs operate as an enterprise service. Enterprise services operate on the revenues generated from services provided to clients. Revenues are collected from third-party payment sources such as Medical Assistance, private insurance, and the clients themselves.

SERVICES PROVIDED

Service programs within this activity include:

- **Community Support Services (CSS)** – statewide specialized mobile teams providing crisis support services to individuals with mental illness and/or disabilities in their home community or transitioning back to their home community. Their overall goal is to support people in the most integrated setting by addressing behavior associated with mental illness or intellectual disabilities that would cause individuals to be admitted to institutional settings.
- **Crisis Residential Services and Minnesota Life Bridge (MLB)** – crisis and MLB have a total of eight short-term residential programs throughout the state. Their overall goal is to support people in the most integrated setting close to their home community or natural supports by addressing behavior associated with mental illness or intellectual disabilities that would cause individuals to lose their placements or be admitted to a less integrated setting.
- **Minnesota Intensive Therapeutic Homes (MITH)** – provides foster care to children and adolescents who have severe emotional disturbance and serious acting-out behaviors. Homes are located throughout the state. Each child's treatment structure is individualized and is based on a combination of multidimensional treatment, wrap-around services and specialized behavior therapy.
- **Minnesota State Operated Community Services (MSOCS) Residential Services** – provides residential services in small group homes (typically 4 beds) located throughout the state for individuals with mental illness and/or developmental disabilities. Staff members assist clients with activities of daily living and

help integrate them into the local communities. Individual service agreements are negotiated with counties through the Rate Management System (RMS) for each client based on their needs.

- **Minnesota State Operated Community Services (MSOCS) Vocational Services** – provides vocational support services for people with developmental disabilities. Staff provide evaluations, training, and client assistance at job sites. Individual services agreements are negotiated for each client based on historic rates established for the identified vocational site.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	The average number of individuals residing within MSOCS residential services on a daily basis ¹	411	388	FY 2016 vs. FY 2018
Quantity	The percent of individual workers within MSOCS vocational services who have community employment ²	74%	88%	June 2016 vs. June 2018

Minnesota Statutes Chapter 246 (<https://www.revisor.mn.gov/statutes/?id=246>) provide the legal authority for Direct Care and Treatment State Operated Services.

NOTE: The budget structure for DHS Direct Care and Treatment programs was modified during the 2018-2019 Biennial Budget to better reflect the services provided and the administrative structures supporting them. This modification brought all DCT under a single Program containing five Budget Activities.

¹We continue to reduce our footprint (the number of homes we operate), while transitioning clients into the community when appropriate. This allows us to fulfill our mission of specializing in serving only the most behaviorally complex individuals.

²Community Employment offers a more person-centered approach to employment by giving individuals the opportunity to secure a variety of employment options outside the traditional contracted services that are brought into a Day Treatment & Habilitation (DT&H) site based employment setting.

Community Based Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General			10,025	11,373	11,055	11,055	11,055	11,055
2000 - Restrict Misc Special Revenue	1,834	188	6	40	10	10	10	10
2403 - Gift	7	7	2	10	10	10	10	10
4100 - SOS TBI & Adol Ent Svcs	1,621	1,657	1,544	1,495	1,495	1,495	1,495	1,495
4350 - MN State Operated Comm Svcs	103,496	111,573	111,722	113,447	110,578	110,315	112,172	114,044
Total	106,959	113,425	123,300	126,365	123,148	122,885	124,742	126,614
Biennial Change				29,280		(3,632)		1,691
Biennial % Change				13		(1)		1
Governor's Change from Base								5,323
Governor's % Change from Base								2

Expenditures by Category

Compensation	92,500	97,760	110,404	113,993	111,533	111,093	113,127	114,822
Operating Expenses	13,511	14,478	11,734	11,456	10,699	10,876	10,699	10,876
Grants, Aids and Subsidies	919	1,067	877	916	916	916	916	916
Other Financial Transaction	29	120	284					
Total	106,959	113,425	123,300	126,365	123,148	122,885	124,742	126,614

Full-Time Equivalents

1,408.74	1,455.80	1,545.64	1,458.03	1,417.47	1,409.07	1,437.77	1,455.57
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Community Based Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				691				
Direct Appropriation	9,626	20,113	25,652	20,543	15,036	13,448	16,630	17,177
Transfers In			155	111				
Transfers Out	9,626	20,113	15,091	9,972	3,981	2,393	5,575	6,122
Balance Forward Out			691					
Expenditures			10,025	11,373	11,055	11,055	11,055	11,055
Biennial Change in Expenditures				21,398		712		712
Biennial % Change in Expenditures						3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			82.46	98.25	93.95	92.24	93.95	92.24

2000 - Restrict Misc Special Revenue

Balance Forward In	713	276	92	93	63	63	63	63
Receipts	1,272	2	9	10	10	10	10	10
Balance Forward Out	151	90	94	63	63	63	63	63
Expenditures	1,834	188	6	40	10	10	10	10
Biennial Change in Expenditures				(1,976)		(26)		(26)
Biennial % Change in Expenditures				(98)		(57)		(57)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	15.78	0.80						

2403 - Gift

Balance Forward In	50	45	40	39	30	21	30	21
Receipts	2	2	2	1	1	1	1	1
Balance Forward Out	45	40	39	30	21	12	21	12
Expenditures	7	7	2	10	10	10	10	10
Biennial Change in Expenditures				(3)		8		8
Biennial % Change in Expenditures				(20)		69		69
Governor's Change from Base								0
Governor's % Change from Base								0

Community Based Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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4100 - SOS TBI & Adol Ent Svcs

Balance Forward In	425	248	260	221	354	487	354	487
Receipts	1,430	1,668	1,505	1,628	1,628	1,628	1,628	1,628
Balance Forward Out	234	259	221	354	487	620	487	620
Expenditures	1,621	1,657	1,544	1,495	1,495	1,495	1,495	1,495
Biennial Change in Expenditures				(239)		(49)		(49)
Biennial % Change in Expenditures				(7)		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	23.96	24.70	23.93	21.68	20.73	20.35	20.73	20.35

4350 - MN State Operated Comm Svcs

Balance Forward In	173	3,124	1,208	2,640				
Receipts	93,061	95,747	104,064	106,826	106,597	107,922	106,597	107,922
Transfers In	14,000	14,000	9,090	3,981	3,981	2,393	5,575	6,122
Transfers Out	830	181						
Balance Forward Out	2,909	1,116	2,640					
Expenditures	103,496	111,573	111,722	113,447	110,578	110,315	112,172	114,044
Biennial Change in Expenditures				10,101		(4,276)		1,047
Biennial % Change in Expenditures				5		(2)		0
Governor's Change from Base								5,323
Governor's % Change from Base								2
Full-Time Equivalents	1,369.00	1,430.30	1,439.25	1,338.10	1,302.79	1,296.48	1,323.09	1,342.98

Program: Direct Care and Treatment

Activity: Forensic Services

mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/

AT A GLANCE

- Minnesota Security Hospital (MSH) served 271 individuals during FY 2017; 65 were discharged with an average length of stay of 5.8 years.
- Transition Services served 102 individuals during FY 2017; 41 were discharged with an average length of stay of 6.9 years.
- Forensic Nursing Home served 45 individuals during FY 2017; 15 were discharged with an average length of stay of 1.2 years.
- 135 individuals received Competency Restoration Services during FY 2017.
- Overall, the Forensic Services census is currently forecast to increase by 2-3 individuals per year.
- All funds spending for this budget activity was \$94 million for FY 2018. This represents approximately 21 percent of the total Direct Care and Treatment (DCT) all funds spending. Total DCT spending is less than 3 percent of the overall spending for DHS.

PURPOSE & CONTEXT

- As part of the Department of Human Services Direct Care & Treatment (DCT) Administration, Forensic Services in St. Peter provides multidisciplinary treatment services to adults with severe and persistent mental illness who usually have also come to the attention of the criminal justice system because they are at risk of endangering others and/or they present a serious risk to the public.
- Clients are admitted as a result of judicial or other lawful orders. Clients come from throughout the state. Most are under a civil commitment as mentally ill and dangerous.
- The 2017 Legislature appropriated \$25 million for FY 2018-19 biennium to increase staffing to improve client care and increase staff safety.
- The 2017 Legislature appropriated \$70 million in general obligation bonds for Phase 2 construction of residential and program areas to help create a safer and more therapeutic environment at MSH.
- The 2018 Legislature appropriated \$2.2 million in general obligation bonds to remodel the dietary building on the St. Peter campus.

SERVICES PROVIDED

Forensics Services programs provide a continuum of services:

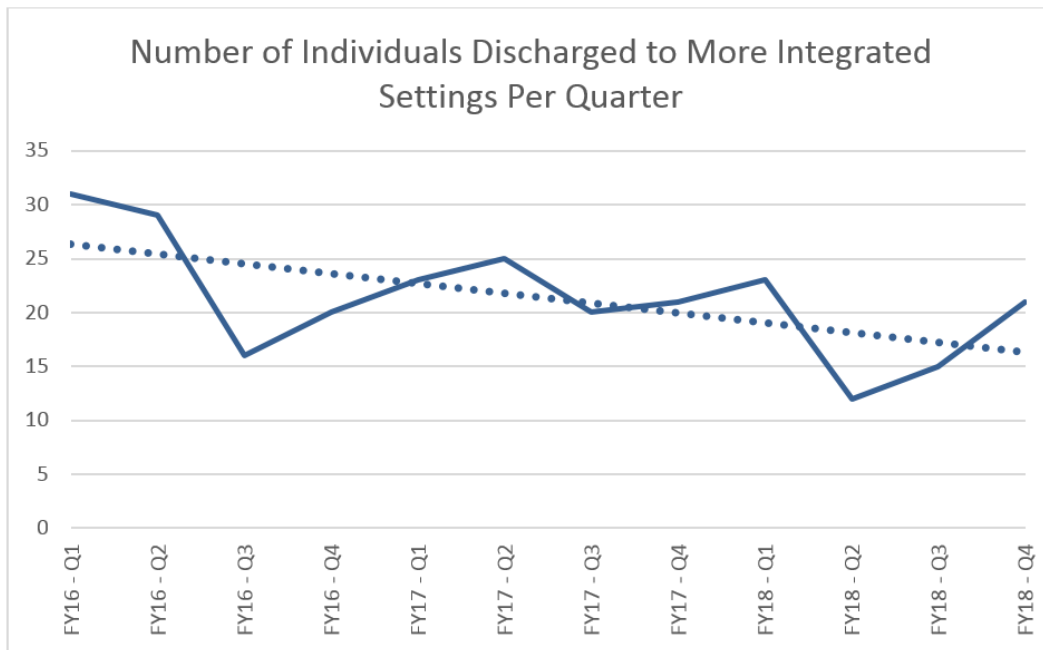
- **Minnesota Security Hospital** – provides a secure inpatient setting for treatment of severe mental illness for individuals committed as mentally ill and dangerous (MI&D).
- **Transition Services** - provide a supervised residential setting for individuals committed as MI&D and offers social rehabilitation treatment to increase self-sufficiency and build skills necessary for a safe return to the community.
- **Forensic Nursing Home** - provides nursing home level of care to individuals committed as mentally ill and dangerous, a sexual psychopathic personality, sexually dangerous person or on medical release from the Department of Corrections.
- **Competency Restoration Services** – evaluates and treats individuals who have been committed as mentally ill and determined to not be competent under Minnesota Court Rules of Criminal Procedure [Rule 20.01 Subd. 7](#). This service is provided in conjunction with mental health treatment in DCT programs.

- **Court-ordered evaluations** – include evaluations of a person’s competency to stand trial and pre-sentencing mental health evaluations. These can be done on either an inpatient basis at the Minnesota Security Hospital or in a community setting, including a community corrections facility.

All of these services are provided through a direct general fund appropriation except court-ordered evaluations, which is funded with other revenues.

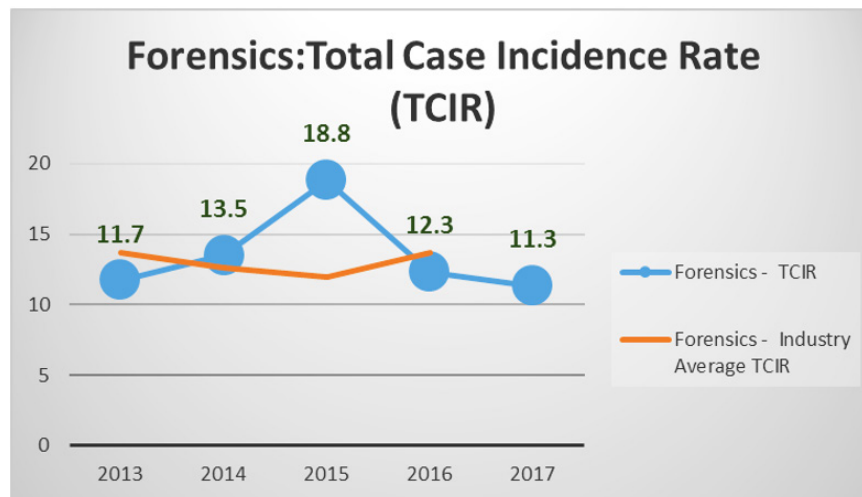
RESULTS

We measure success by the number of individuals discharged from Forensics Services programs to more integrated settings, reflective of the Minnesota Olmstead Plan. In the chart below, the solid line is the average number of discharges. The dotted line is the trend line over the past three years.



It should be noted that in January 1, 2016, the definition of more integrated settings was converted from data on discharges to any non-forensic/correctional setting, to data on discharges to non-segregated settings. During the second half of FY18, there was an increase in the number of individuals discharged to more integrated settings.

We care about the safety of our clients and staff. One measure of safety is the Occupational Safety and Health Administration (OSHA) Total Case Incidence Rate (TCIR). The OSHA Total Case Incident Rate is the total number of workplace injuries or illnesses per 100 full time employees (FTE) working in a year. This is a metric used nationally to compare rates of workplace injuries with national averages of similar industries, which in our case is state healthcare nursing and residential facilities. In the chart below, the blue line is the annual data for Forensic Treatment Services (FTS). The orange line denotes the industry code average rate for state government nursing and residential facilities. For 2016, the national average among state government nursing and residential care facilities was 13.7 incidents per 100 FTE. The average for 2017 is not yet available.



There have been many efforts taken within Forensic Services that contributed to the reduction in TCIR over the past few calendar years:

- Designing the new facility to focus on creating an environment that would be safe for the patients and the staff who care for them.
- Recognizing inconsistency in our trainings, rewriting curriculum, training and/or retraining staff, as well as continuing to monitor for integrity of the training.
- Initiating quarterly safety skills fairs, where the focus of training is on noted incidents that occurred during the last quarter where staff and/or patient injuries occurred.
- Continuously evaluating equipment used during needed containment of patients to minimize risk.
- Establishing a behavioral support team of professionals that review incidents and can then wrap some additional clinical services around those patients by working with their treatment teams.

Minnesota Statutes Chapter 246 (<https://www.revisor.mn.gov/statutes/?id=246>) provide the legal authority for State Operated Services. See also, Minnesota Statutes Chapter 253 (<https://www.revisor.mn.gov/statutes/?id=253>) for additional authority that is specific to Forensic Services.

NOTE: The budget structure for DHS Direct Care and Treatment programs was modified during the 2018-2019 Biennial Budget to better reflect the services provided and the administrative structures supporting them. This modification brought all DCT under a single Program containing five Budget Activities.

Forensic Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	83,799	93,160	98,623	108,696	112,126	115,342	112,126	115,342
2000 - Restrict Misc Special Revenue	842	784	920	917	917	917	917	917
6000 - Miscellaneous Agency	1,665	1,504	1,694	1,809	1,725	1,725	1,725	1,725
Total	86,306	95,448	101,238	111,422	114,768	117,984	114,768	117,984
Biennial Change				30,906		20,092		20,092
Biennial % Change				17		9		9
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	72,084	77,915	85,584	95,579	99,009	102,225	99,009	102,225
Operating Expenses	11,694	12,910	11,989	13,581	13,497	13,497	13,497	13,497
Grants, Aids and Subsidies	2,302	2,160	2,381	2,262	2,262	2,262	2,262	2,262
Capital Outlay-Real Property		374	281					
Other Financial Transaction	226	2,090	1,003					
Total	86,306	95,448	101,238	111,422	114,768	117,984	114,768	117,984

Full-Time Equivalents

817.24	853.51	922.40	988.77	983.02	999.70	983.02	999.70
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Forensic Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		784		1,078				
Direct Appropriation	84,021	93,289	102,806	106,958	112,126	115,342	112,126	115,342
Transfers In		3,500	343	660				
Transfers Out		3,500	3,448					
Cancellations		913						
Balance Forward Out	222		1,078					
Expenditures	83,799	93,160	98,623	108,696	112,126	115,342	112,126	115,342
Biennial Change in Expenditures				30,360		20,149		20,149
Biennial % Change in Expenditures				17		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	814.27	851.25	919.27	985.67	980.06	996.79	980.06	996.79

2000 - Restrict Misc Special Revenue

Balance Forward In	224	263	437	469	468	468	468	468
Receipts	826	910	952	916	917	917	917	917
Balance Forward Out	208	389	469	468	468	468	468	468
Expenditures	842	784	920	917	917	917	917	917
Biennial Change in Expenditures				212		(3)		(3)
Biennial % Change in Expenditures				13		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.97	2.26	3.13	3.10	2.96	2.91	2.96	2.91

6000 - Miscellaneous Agency

Balance Forward In	410	324	292	293	159	134	159	134
Receipts	1,580	1,472	1,695	1,675	1,700	1,725	1,700	1,725
Transfers In			107					
Transfers Out			107					
Balance Forward Out	324	292	293	159	134	134	134	134
Expenditures	1,665	1,504	1,694	1,809	1,725	1,725	1,725	1,725
Biennial Change in Expenditures				334		(53)		(53)
Biennial % Change in Expenditures				11		(2)		(2)

Forensic Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Direct Care and Treatment

Activity: Minnesota Sex Offender Program

mn.gov/dhs/people-we-serve/adults/services/sex-offender-treatment/

AT A GLANCE

- Minnesota Sex Offender Program (MSOP) population as of June 30, 2018 was 736.
- Clients progress across three phases of treatment through active participation in group therapy and opportunities to demonstrate meaningful change.
- As of June 30, 2018, approximately 85 percent of MSOP treatment-eligible clients voluntarily participated in treatment.
- As of June 30, 2018, 15 MSOP clients are provisionally discharged in the community.
- All funds spending for this budget activity was \$87 million for FY 2018. This represents approximately 20% of the total Direct Care and Treatment (DCT) all funds spending. Total DCT spending is less than 3 percent of the overall spending for DHS.

PURPOSE & CONTEXT

- As part of the Department of Human Services Direct Care and Treatment (DCT) Administration, the Minnesota Sex Offender Program (MSOP) provides services to individuals who have been civilly committed to receive sex offender treatment.
- MSOP's mission is to promote public safety by providing sex offender treatment.
- Minnesota is one of 20 states with civil commitment laws for sex offenders.
- Most MSOP clients come from the Department of Corrections through the civil commitment process after they have finished their period of incarceration.
- Transfer to Community Preparation Services, provisional discharge or discharge from MSOP must be ordered by the court.

SERVICES PROVIDED

We accomplish our mission by:

- Creating a therapeutic environment that is safe for clients and staff. The treatment model is client-centered and has a clear progression for each phase of treatment.
- Providing core group therapy, psycho-educational groups, and other programming opportunities in a three phase sex offender treatment program. Clients also participate in rehabilitative services including: education, therapeutic recreational activities and vocational work program assignments.
- Providing risk assessment and professional treatment reports to courts to assist in their decisions.
- Working together with community, policy makers, and other governmental agencies.
- Developing resources for provisionally discharged clients to succeed in the community.

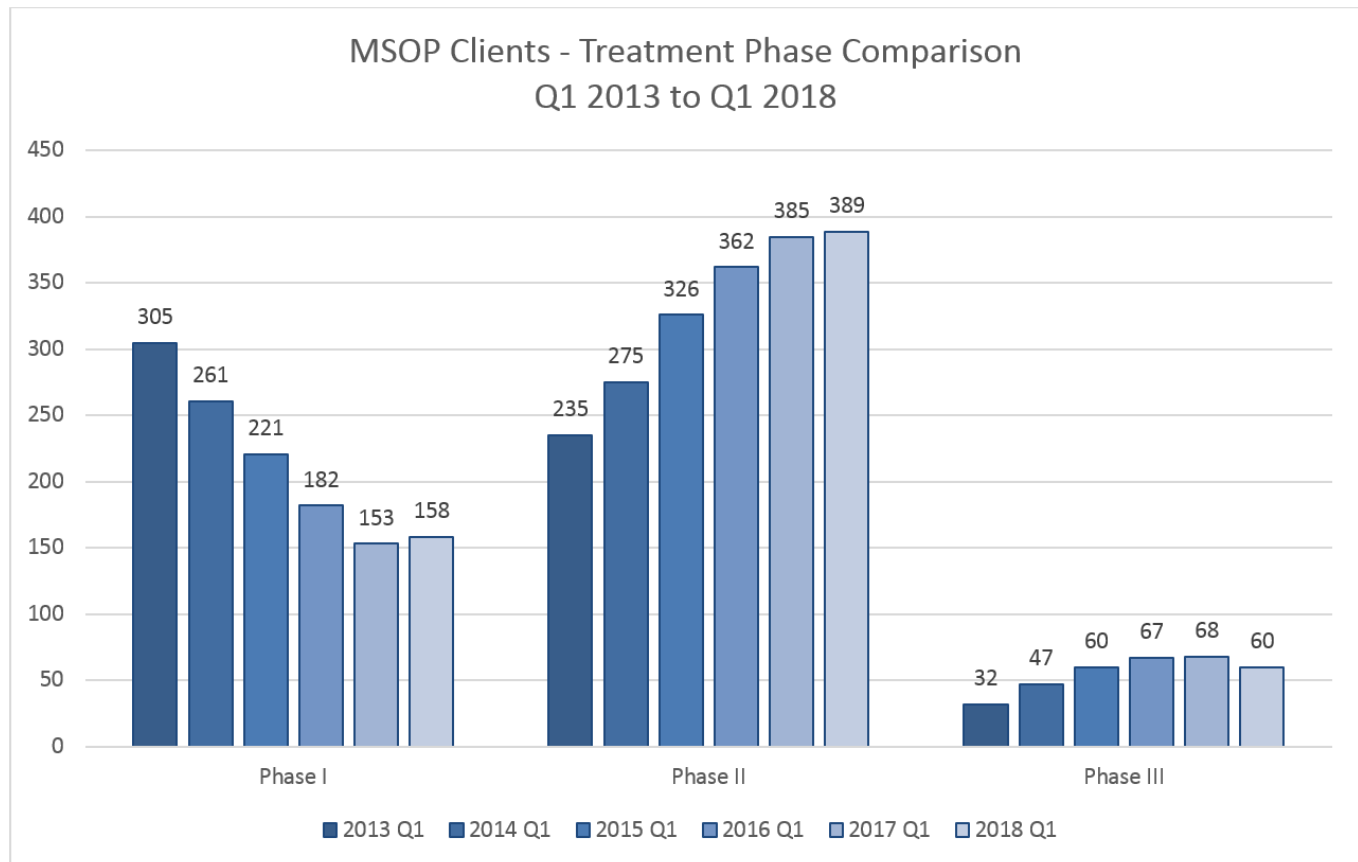
MSOP uses a three-phase treatment process. Clients initially address treatment-interfering behaviors and attitudes (Phase I) in preparation for focusing on their patterns of abuse and identifying and resolving the underlying issues in their offenses (Phase II). Clients in the later stages of treatment focus on deinstitutionalization and reintegration, applying the skills they acquired in treatment across settings and maintaining the changes they have made while managing their risk for re-offense (Phase III).

MSOP is funded by general fund appropriations. When a county commits someone to the program, the county is responsible for part of the cost of care. For commitments initiated before August 2011, the county share is ten

percent. For commitments after that date, the county share is 25 percent. When a client is court ordered to provisional discharge (continued community supervision by MSOP), there is no county share.

RESULTS

As more clients move through the program, we expect to see increases in the number of clients participating in the latter stages of treatment. The chart below shows the treatment progression of clients since 2013.



The legislature requires an annual performance report on the Minnesota Sex Offender Program. Two important measures in the performance report are the program wide per diem and client counts. For MSOP the program wide per diem is the calculated daily comprehensive cost of the program for each client.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Per diem	\$344	\$373	FY16 to FY18
Quantity	Increase in client population	723	736	FY16 to FY18
Quality	Increase in client population on Provisional Discharge	5	15	FY16 to FY18

Results Notes

- Treatment progression graph is produced by the MSOP Research Department.
- The reported measure is the published per diem rate. It is the rate charged to counties when figuring a county's share of the cost of a client's care.
- Client population counts in the table below are as of June 30th (the end of each fiscal year).

Minnesota Statutes, chapter 246B (<https://www.revisor.mn.gov/statutes/cite/246B>) governs the operation of the Sex Offender Program and chapter <https://www.revisor.mn.gov/statutes/cite/253D> governs the civil commitment and treatment of sex offenders.

NOTE: The budget structure for DHS Direct Care and Treatment programs was modified during the 2018-2019 Biennial Budget to better reflect the services provided and the administrative structures supporting them. This modification brought all DCT under a single Program containing five Budget Activities.

MN Sex Offender Program

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	81,924	85,301	86,125	92,777	87,338	87,887	97,072	97,621
2000 - Restrict Misc Special Revenue			1,071	3				
4503 - Minnesota State Industries	1,170	1,232	1,562	1,607	1,607	1,607	1,607	1,607
6000 - Miscellaneous Agency	3,449	3,732	3,662	3,492	3,492	3,492	3,492	3,492
Total	86,543	90,264	92,420	97,879	92,437	92,986	102,171	102,720
Biennial Change				13,492		(4,876)		14,592
Biennial % Change				8		(3)		8
Governor's Change from Base								19,468
Governor's % Change from Base								11

Expenditures by Category

Compensation	68,291	71,116	74,628	76,833	72,721	73,270	82,455	83,004
Operating Expenses	15,308	14,741	14,145	17,939	16,609	16,609	16,609	16,609
Grants, Aids and Subsidies	2,823	3,485	3,371	3,107	3,107	3,107	3,107	3,107
Capital Outlay-Real Property		102						
Other Financial Transaction	120	821	276					
Total	86,543	90,264	92,420	97,879	92,437	92,986	102,171	102,720

Full-Time Equivalents

831.37	846.36	861.79	865.20	780.23	722.23	864.23	806.23
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MN Sex Offender Program

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	0	2,795		1,056				
Direct Appropriation	87,081	89,596	89,217	89,225	87,338	87,887	97,072	97,621
Transfers In			3,500	5,582				
Transfers Out	3,086	6,739	5,536	3,086				
Cancellations		351						
Balance Forward Out	2,071		1,056					
Expenditures	81,924	85,301	86,125	92,777	87,338	87,887	97,072	97,621
Biennial Change in Expenditures				11,677		(3,677)		15,791
Biennial % Change in Expenditures				7		(2)		9
Governor's Change from Base								19,468
Governor's % Change from Base								11
Full-Time Equivalents	829.61	845.74	861.79	865.20	780.23	722.23	864.23	806.23

2000 - Restrict Misc Special Revenue

Balance Forward In				3				
Receipts			1,074					
Balance Forward Out			3					
Expenditures			1,071	3				
Biennial Change in Expenditures				1,074		(1,074)		(1,074)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

4503 - Minnesota State Industries

Balance Forward In	971	1,222	1,507	1,864	1,864	1,864	1,864	1,864
Receipts	1,164	1,363	1,920	1,607	1,607	1,607	1,607	1,607
Balance Forward Out	965	1,352	1,864	1,864	1,864	1,864	1,864	1,864
Expenditures	1,170	1,232	1,562	1,607	1,607	1,607	1,607	1,607
Biennial Change in Expenditures				768		45		45
Biennial % Change in Expenditures				32		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.76	0.62						

MN Sex Offender Program

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
6000 - Miscellaneous Agency								
Balance Forward In	387	330	276	314	314	314	314	314
Receipts	3,242	3,616	3,700	3,492	3,492	3,492	3,492	3,492
Balance Forward Out	180	215	314	314	314	314	314	314
Expenditures	3,449	3,732	3,662	3,492	3,492	3,492	3,492	3,492
Biennial Change in Expenditures				(27)		(170)		(170)
Biennial % Change in Expenditures				(0)		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Direct Care and Treatment

Activity: DCT Administration

mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/

AT A GLANCE

- Direct Care and Treatment (DCT) offers programs in more than 200 sites throughout Minnesota.
- We provide services to over 12,000 individuals annually.
- There are over 4,500 employees in Direct Care and Treatment (DCT) with an annual budget of over \$450 million.
- All funds spending for this budget activity was \$31 million for FY 2018. This represents approximately 7 percent of the total DCT all funds spending. Total DCT spending is less than 3 percent of the overall spending for DHS.

PURPOSE & CONTEXT

Direct Care and Treatment (DCT) operates as a health care system providing a wide range of services to individuals with behavioral health needs. These services are provided throughout the state with 24/7 operations of sites that include psychiatric hospitals, residential treatment sites, vocational services, secure facilities and community clinics. DCT Administration oversees and manages the business operations of this health care system. The administration also provides strategic plan development and implementation as well as oversight to integrate DCT's 7 pillars of excellence (Quality, Services, People, Growth, Financial, Technology, Legislative) into all programs, divisions and staff.

SERVICES PROVIDED

Our **Compliance Office** is responsible for managing the relationships with several regulating entities that provide oversight to DCT programs. The staff in this area work with program staff to assure that the programs understand the regulatory, court and legislative requirements and that all standards are being followed.

Our **Health Information Management Services (HIMS) unit** manages all patient and client records to assure that information is properly documented and protected. HIMS provides support to the direct care staff to assure medical records are accurate, timely, and up-to-date, laws are followed related to civil commitment, records are properly stored and access to private information is appropriate and documented. HIMS will also be developing, implementing, and auditing the business processes incorporated into the Behavioral Health Medical Records to ensure the system meets regulatory requirements and business needs.

Our **Utilization Management unit** is responsible for assuring that all patient care is appropriate and is being provided within the right level of care. When individuals are being served in the proper level of care they are able to receive the most appropriate services to meet their needs. Services can then be billed which allows the state to recapture the cost of serving the individual.

On-going training is essential to providing quality care within a health care organization. Our **Learning and Development** office ensures that staff have the necessary training needed to meet regulatory requirements/standards and to best serve the individuals in our care. Each division within DCT has a Learning Advisory Committee and a team of individuals that help develop and manage training to ensure DCT meets regulatory requirements and that training is completed in a timely manner. These groups also ensure ongoing employee training is managed and documented appropriately.

Performance Improvement is a regulatory compliance requirement. This office ensures our programs meet quality assurance and performance improvement standards. Performance improvement projects are done with a

goal of improving the processes and systems that support our healthcare services. Projects allow us to be proactive in identifying areas of risks and potential problems but also to respond to a problem that has been identified by an oversight entity so measures can be put in place to eliminate future risks.

Our **Safety and Infection Control** staff ensure that standards set by various licensing agencies are in place to protect the people we serve and our staff. On-going identification of hazards assures that practices are put in place to maintain safety and supports the business continuity planning and emergency response by the organization. This includes the ongoing monitoring of things such as tuberculosis, influenza, safe patient handling, falls prevention, and safe operation of equipment.

Our **Financial Management** office provides fiscal services and controls the financial transactions and reporting to assure prudent use of public resources. Core functions in this area include preparing operating and legislative budget requests, patient services billing and accounts receivable, contract management support, accounts payable, Medicare and/or Medicaid Cost reporting for our hospitals and clinics, financial reporting, and resident trust services for our institutional patients and clients.

Our **Facilities Management** unit is responsible for buildings occupied by DCT programs including the strategic planning necessary to complete capital budget requests. Core functions include leasing of space for DCT, project management of design and construction projects, asset management, conditional facility assessment, department sustainability activities and strategic planning to meet the on-going needs of our programs.

Our **Business Process Services** unit provides support to direct care staff on consistent and standardized processes for doing business. These business processes cross all programs/divisions to develop core ways of providing electronic documentation of admissions, assessments, treatment progress, discharge, etc. Another core function is to ensure these standardized business processes are incorporated into the DCT Behavioral Health Medical Record, which is the backbone of our health care system.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	The number of background checks completed for hand gun permits ¹	10,118	11,761	FY16 & FY18
Quantity	The number of requests for releasing client specific information	2,085	6,031	FY16 & FY18
Quantity	The number of unique claims processed for client billings	140,203	162,797	FY16 & FY18

¹ DCT HIMS staff complete the process as required under Minnesota Statute 245.041 to provide commitment information to local law enforcement agencies for the sole purpose of facilitating a firearms background check.

Minnesota Statutes Chapter 246 (<https://www.revisor.mn.gov/statutes/cite/246>) provide the legal authority for Direct Care and Treatment State Operated Services.

NOTE: The budget structure for DHS Direct Care and Treatment programs was modified during the 2018-2019 Biennial Budget to better reflect the services provided and the administrative structures supporting them. This modification brought all DCT under a single Program containing five Budget Activities.

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General			31,711	37,192	29,031	29,290	29,430	29,639
2000 - Restrict Misc Special Revenue	2,747	1,854	3,862	6,266	3,662	3,662	3,412	3,412
2001 - Other Misc Special Revenue	720	333	8,556	8,540	8,540	8,540	8,540	8,540
2403 - Gift	0							
Total	3,467	2,187	44,130	51,998	41,233	41,492	41,382	41,591
Biennial Change				90,475		(13,403)		(13,155)
Biennial % Change				1,600		(14)		(14)
Governor's Change from Base								248
Governor's % Change from Base								0

Expenditures by Category

Compensation	1,293	412	26,675	33,102	31,977	31,977	32,022	32,002
Operating Expenses	2,160	1,764	17,140	18,896	9,256	9,515	9,360	9,589
Grants, Aids and Subsidies	4	3	1					
Other Financial Transaction	10	7	314					
Total	3,467	2,187	44,130	51,998	41,233	41,492	41,382	41,591

Full-Time Equivalents

11.70	18.14	224.42	284.85	258.14	253.45	258.64	253.75
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DCT Administration

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				6,512				
Direct Appropriation			45,151	45,708	47,124	47,383	47,523	47,732
Transfers In			13,914	8,139				
Transfers Out			20,841	23,167	18,093	18,093	18,093	18,093
Balance Forward Out			6,512					
Expenditures			31,711	37,192	29,031	29,290	29,430	29,639
Biennial Change in Expenditures				68,903		(10,582)		(9,834)
Biennial % Change in Expenditures						(15)		(14)
Governor's Change from Base								748
Governor's % Change from Base								1
Full-Time Equivalents			190.80	244.80	234.09	229.84	234.59	230.14

2000 - Restrict Misc Special Revenue

Balance Forward In	628	1,263	1,724	3,256	502	502	502	502
Direct Appropriation	250		200	100	100	100	0	0
Receipts	3,123	2,516	5,194	3,412	3,412	3,412	3,412	3,412
Transfers In					150	150	0	0
Transfers Out	23	106						
Cancellations		109						
Balance Forward Out	1,231	1,710	3,256	502	502	502	502	502
Expenditures	2,747	1,854	3,862	6,266	3,662	3,662	3,412	3,412
Biennial Change in Expenditures				5,527		(2,804)		(3,304)
Biennial % Change in Expenditures				120		(28)		(33)
Governor's Change from Base								(500)
Governor's % Change from Base								(7)
Full-Time Equivalents	11.70	18.14	33.62	40.05	24.05	23.61	24.05	23.61

2001 - Other Misc Special Revenue

Balance Forward In	285	188	293	485	485	485	485	485
Receipts	623	437	679	470	470	470	470	470
Transfers In			8,069	8,070	8,070	8,070	8,070	8,070
Balance Forward Out	188	293	485	485	485	485	485	485
Expenditures	720	333	8,556	8,540	8,540	8,540	8,540	8,540

DCT Administration

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				16,044		(16)		(16)
Biennial % Change in Expenditures				1,525		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

2400 - Endowment

Balance Forward In	60	61	61	62	63	63	63	63
Receipts	0	1	1	1				
Balance Forward Out	61	61	62	63	63	63	63	63

2403 - Gift

Balance Forward In	8	8	8	7	7	7	7	7
Receipts	0	0	0					
Balance Forward Out	8	8	8	7	7	7	7	7
Expenditures	0							
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

4100 - SOS TBI & Adol Ent Svcs

Balance Forward In	107	108	109	111	111	111	111	111
Receipts	1	1	2					
Balance Forward Out	108	109	111	111	111	111	111	111

6000 - Miscellaneous Agency

Balance Forward In	168	169	171	173	173	173	173	173
Receipts	1	2	3					
Balance Forward Out	169	171	173	173	173	173	173	173

Program: Fiduciary Activities

Activity: Fiduciary Activities

mn.gov/dhs/people-we-serve/children-and-families/services/child-support/

AT A GLANCE

- Child Support program payments are the bulk of this activity, amounting to \$602.7 million in the same year.
- All funds spending for the Fiduciary Activities activity for FY 2017 was \$636.5 million.

PURPOSE & CONTEXT

The Fiduciary Activities budget program:

- Collects money from individuals and organizations (for example people who owe child support)
- Distributes the collected funds to people owed the money (such as children receiving child support)

Because these are not state funds and belong to others, they are not included in the state's budget or consolidated fund statement.

SERVICES PROVIDED

The following services make up most of the transactions of this budget activity:

- Child Support Payments: Payments made to custodial parents, collected from non-custodial parents
- Recoveries: Money recovered from clients that cannot be processed in the state computer systems. Funds are held here until they can be credited to the correct area, such as:
 - US Treasury
 - Supplemental Security Income (SSI)
 - Counties
 - Clients
- Long-Term Care Penalties: These are funds collected by the federal government (Centers for Medicare and Medicaid Services) related to penalties for nursing home violations. We use these to fund approved projects to improve nursing homes.

RESULTS

The Child Support Program makes timely distribution of collected child support payments to custodial parents and ranks in the top tier of states in terms of percent collections and payments on both current obligations and arrears.

State Performance on Current Obligations

<i>State</i>	<i>FFY 2016 (%)</i>	<i>Due 2016 in Millions (\$)</i>	<i>Paid 2016 in Millions (\$)</i>	<i>FFY 2015 (%)</i>	<i>FFY 2014 (%)</i>
Pennsylvania	84.3	1,264	1,066	84.0	83.5
Wisconsin	74.4	696	518	74.1	73.0
Minnesota	74.2	604	449	73.4	72.4
Vermont	74.2	48	35	72.7	70.8
Iowa	73.5	333	245	74.2	73.9

State Performance on Obligations in Arrears

<i>State</i>	<i>FFY 2016 (%)</i>	<i>Cases with Arrears (2016)</i>	<i>Cases with Payment Towards Arrears (2016)</i>	<i>FFY 2015 (%)</i>	<i>FFY 2014 (%)</i>
Pennsylvania	84.5	274,727	232,184	83.9	83.5
Vermont	75.5	14,038	10,607	73.4	71.6
Indiana	73.2	233,432	171,016	71.8	70.3
Minnesota	72.3	179,267	129,721	72.1	70.9
Wyoming	70.5	27,011	19,065	71.8	70.7

Source: 2017 Minnesota Child Support Performance Report
<https://www.leg.state.mn.us/docs/2018/other/180484.pdf>

Several state statutes underlie the activities in the Fiduciary Activities budget program. These statutes are M.S. sections 256.741 (<https://www.revisor.mn.gov/statutes/?id=256.741>), 256.019 (<https://www.revisor.mn.gov/statutes/?id=256.019>), 256.01 (<https://www.revisor.mn.gov/statutes/?id=256.01>), and 256B.431 (<https://www.revisor.mn.gov/statutes/?id=256B.431>).

Fiduciary Activities

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	2,114	1,780	2,213	2,456	2,553	3,052	2,553	3,052
6000 - Miscellaneous Agency	29,678	31,968	28,499	212,818	209,775	209,775	209,775	209,775
6003 - Child Support Enforcement	615,740	602,763	591,132	658,280	647,962	647,962	647,962	647,962
Total	647,531	636,510	621,844	873,554	860,290	860,789	860,290	860,789
Biennial Change				211,356		225,681		225,681
Biennial % Change				16		15		15
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation				103	103	103	103	103
Operating Expenses	4,866	4,360	4,958	7,503	5,298	5,797	5,298	5,797
Grants, Aids and Subsidies	14,997	15,961	17,252	195,063	194,322	194,322	194,322	194,322
Other Financial Transaction	627,668	616,189	599,633	670,885	660,567	660,567	660,567	660,567
Total	647,531	636,510	621,844	873,554	860,290	860,789	860,290	860,789

Fiduciary Activities

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	5,699	4,714	4,538	3,951	4,286	4,210	4,286	4,210
Receipts	2,752	2,580	2,767	4,269	4,269	4,269	4,269	4,269
Transfers In	173	115	85					
Transfers Out	1,820	1,099	1,225	1,478	1,792	1,520	1,792	1,520
Balance Forward Out	4,691	4,531	3,951	4,286	4,210	3,907	4,210	3,907
Expenditures	2,114	1,780	2,213	2,456	2,553	3,052	2,553	3,052
Biennial Change in Expenditures			776		936		936	
Biennial % Change in Expenditures			20		20		20	
Governor's Change from Base							0	
Governor's % Change from Base							0	
6000 - Miscellaneous Agency								
Balance Forward In	4,618	4,611	2,541	3,043				
Receipts	28,780	29,777	29,001	209,775	209,775	209,775	209,775	209,775
Balance Forward Out	3,720	2,421	3,043					
Expenditures	29,678	31,968	28,499	212,818	209,775	209,775	209,775	209,775
Biennial Change in Expenditures			179,671		178,233		178,233	
Biennial % Change in Expenditures			291		74		74	
Governor's Change from Base							0	
Governor's % Change from Base							0	
6003 - Child Support Enforcement								
Balance Forward In	9,904	9,380	10,624	10,318				
Receipts	615,216	604,026	590,826	647,962	647,962	647,962	647,962	647,962
Balance Forward Out	9,380	10,643	10,318					
Expenditures	615,740	602,763	591,132	658,280	647,962	647,962	647,962	647,962
Biennial Change in Expenditures			30,909		46,512		46,512	
Biennial % Change in Expenditures			3		4		4	
Governor's Change from Base							0	
Governor's % Change from Base							0	

Program: Technical Activities

Activity: Technical Activities

AT A GLANCE

- Accounts for approximately \$600 million in annually federal administrative reimbursement to counties, tribes and other local agencies.
- Processes and returns roughly \$40 million each year in administrative reimbursements to the state Treasury.
- All funds spending for the Technical Activities activity for FY 2017 was approximately \$700 million.

PURPOSE & CONTEXT

The Technical Activities budget program includes transfers and expenditures between federal grants, programs and other agencies that would result in misleading distortions of the state's budget if the Department of Human Services did not account for them in a separate budget activity. This arrangement helps us to make sure that these transfers and expenditures are still properly processed in the state's accounting system and helps us comply with federal accounting requirements

SERVICES PROVIDED

We include several different types of inter-fund and pass through expenditures in the Technical Activities budget program:

- Federal administrative reimbursement earned by and paid to counties, tribes and other local agencies.
- Federal administrative reimbursement earned by and paid to other state agencies.
- Administrative reimbursement (primarily federal funds) earned on statewide indirect costs and paid to the general fund.
- Administrative reimbursement (primarily federal funds) earned on DHS Central Office administrative costs and paid to the general fund, health care access fund or special revenue fund under state law and policy.
- Transfers between federal grants, programs and state agencies that are accounted for as expenditures in the state's SWIFT accounting system.
- Other technical accounting transactions.

Staff members in our Operations Administration, which is part of our Central Office, are responsible for the accounting processes we use to manage the Technical Activities budget program.

RESULTS

We maintain necessary staff and information technology resources to adequately support accurate, efficient, and timely federal fund cash management. We measure the percentage of federal funds deposited within two working days.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of federal fund deposit transactions completed (deposited in State treasury) within two working days of the amount being identified by the SWIFT accounting system.	94%	98.5%	FY2013 to FY2015

M.S. sections 256.01 (<https://www.revisor.mn.gov/statutes/?id=256.01>) to 256.011 (<https://www.revisor.mn.gov/statutes/?id=256.011>) and Laws 1987, chapter 404, section 18, provide the overall state legal authority for DHS's Technical Activities budget program.

Technical Activities

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1200 - State Government Special Rev		59	18	18	18	18	18	18
2000 - Restrict Misc Special Revenue	3,510	3,413	3,815	4,169	3,993	3,993	1,309	1,309
2001 - Other Misc Special Revenue	4,389	(73,892)	41,449	46,094	4,316	4,316	4,316	4,316
2360 - Health Care Access		413	158	158	158	158	158	158
3000 - Federal	599,321	664,652	712,648	783,027	768,975	769,215	768,975	769,215
3001 - Federal TANF	81,707	83,017	84,042	83,856	84,068	84,297	84,068	84,297
4800 - Lottery		2	1					
Total	688,927	677,664	842,130	917,322	861,528	861,997	858,844	859,313
Biennial Change				392,861		(35,927)		(41,295)
Biennial % Change				29		(2)		(2)
Governor's Change from Base								(5,368)
Governor's % Change from Base								(0)

Expenditures by Category

Operating Expenses	229,681	183,458	363,460	388,463	345,780	345,365	345,530	345,115
Grants, Aids and Subsidies	452,939	485,936	471,807	523,289	510,108	510,982	507,674	508,548
Other Financial Transaction	6,306	8,270	6,863	5,570	5,640	5,650	5,640	5,650
Total	688,927	677,664	842,130	917,322	861,528	861,997	858,844	859,313

Technical Activities

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1200 - State Government Special Rev								
Open Appropriation		59	18	18	18	18	18	18
Expenditures		59	18	18	18	18	18	18
Biennial Change in Expenditures				(23)		0		0
Biennial % Change in Expenditures						1		1
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	95	40	34	143				
Receipts	41	115	68	460	460	460	460	460
Transfers In	3,415	3,293	3,856	3,575	3,533	3,533	849	849
Transfers Out		2		9				
Balance Forward Out	40	34	143					
Expenditures	3,510	3,413	3,815	4,169	3,993	3,993	1,309	1,309
Biennial Change in Expenditures				1,060		2		(5,366)
Biennial % Change in Expenditures				15		0		(67)
Governor's Change from Base								(5,368)
Governor's % Change from Base								(67)

2001 - Other Misc Special Revenue

Balance Forward In	478	795	79,532	42,418				
Receipts	1,799	1,543	989		10	10	10	10
Transfers In	2,740	3,303	3,455	3,706	4,306	4,306	4,306	4,306
Transfers Out		2	110	30				
Balance Forward Out	628	79,532	42,418					
Expenditures	4,389	(73,892)	41,449	46,094	4,316	4,316	4,316	4,316
Biennial Change in Expenditures				157,045		(78,911)		(78,911)
Biennial % Change in Expenditures				(226)		(90)		(90)
Governor's Change from Base								0
Governor's % Change from Base								0

2360 - Health Care Access

Open Appropriation		413	158	158	158	158	158	158
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Technical Activities

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures		413	158	158	158	158	158	158
Biennial Change in Expenditures				(97)		0		0
Biennial % Change in Expenditures						(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	344	481	301					
Receipts	599,223	664,559	712,547	783,027	768,975	769,215	768,975	769,215
Transfers Out			200					
Balance Forward Out	245	388						
Expenditures	599,321	664,652	712,648	783,027	768,975	769,215	768,975	769,215
Biennial Change in Expenditures				231,702		42,515		42,515
Biennial % Change in Expenditures				18		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

3001 - Federal TANF

Balance Forward In	44,875	63,858	60,030	56,014	48,518	39,823	48,518	39,823
Receipts	100,690	79,189	80,026	76,360	75,373	74,129	75,373	74,129
Balance Forward Out	63,858	60,030	56,014	48,518	39,823	29,655	39,823	29,655
Expenditures	81,707	83,017	84,042	83,856	84,068	84,297	84,068	84,297
Biennial Change in Expenditures				3,175		467		467
Biennial % Change in Expenditures				2		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

4800 - Lottery

Open Appropriation	2	1						
Expenditures	2	1						
Biennial Change in Expenditures				(1)		(1)		(1)
Biennial % Change in Expenditures								
Governor's Change from Base								0

Technical Activities

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Governor's % Change from Base								

(Dollars in Thousands)

Federal Agency and CFDA#	Federal Award, Grant Purpose, People Served	New Grant	SFY 2018 Actual	SFY 2019 Budget	SFY 2020 Base	SFY 2021 Base	Required State Match or MOE\$	FTEs
Dept. of Health & Human Services, CMS 93.506	ACA-Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long-term Care Facilities and Providers: DHS conducts background studies for health and human services programs licensed by DHS, MDH, and some at the Department of Corrections (DOC). This grant provided increased fingerprint identification resources and included a "rap back" feature to identify staff who may need to be disqualified after the initial routine background check.		390	0	0	0	Yes	9.0
Dept. of Health & Human Services, Admin. for Children and Families 93.558	Temporary Assistance for Needy Families (TANF) Block Grant: Grants to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. These funds are used to provide grants to counties and tribes to provide support services for Minnesota Family Investment Program (MFIP)/Diversionary Work Program (DWP) participants that include job search/skills, adult basic education, GED classes, job coaching, short-term training, county programs to help with emergency needs, and help accessing other services such as child care, medical care and CD/Mental health services. An average of 27,000 people were enrolled in employment services each month. TANF also helps fund the MFIP/DWP cash benefit program and child care assistance programs as well as other programs that help low-income families with children.		268,270	273,621	274,650	276,246	Yes	14.7
Dept. of Health & Human Services; Admin. For Children & Families 93.575 and 93.596	Child Care and Development Block Grant (CCDF): Provides funds to States to increase the availability, affordability, and quality of child care services for low-income families where the parents are working or attending training or educational programs. This grant helps fund the Minnesota Family Investment Program (MFIP) and Basic Sliding Fee Child Care Assistance Programs that help low-income families pay for child care so that parents may pursue employment or education leading to employment. Also funded are Child Care Development Grants that promote services to improve school readiness, and the quality and availability of child care in Minnesota. In FY 2017, an average of 14,554 families per month received child care assistance subsidies.		149,153	151,541	155,598	152,186	93.575-Yes 93.596 - No	33.9

Federal Agency and CFDA#	Federal Award, Grant Purpose, People Served	New Grant	SFY 2018 Actual	SFY 2019 Budget	SFY 2020 Base	SFY 2021 Base	Required State Match or MOE\$	FTEs
Dept. of Health & Human Services, CMS	Federal Basic Health Funding: The MinnesotaCare program is currently operating as a federal basic health plan (BHP) under section 1331 of the Affordable Care Act. Under the BHPHS currently receives federal basic health plan funding equal to 95 percent of federal tax credits and cost sharing subsidies available to people who would otherwise enroll in a health insurance exchange. In FY 2017, MinnesotaCare had an average monthly enrollment of 89,081.		368,675	400,835	444,224	470,882	Yes	0.0
Dept. of Health & Human Services, CMS 93.777	State Survey and Certification of Health Care Providers and Suppliers: This grant provides funding for a contract with Minnesota Department of Health (MDH) to certify nursing homes and rehabilitation providers in accordance with requirements from the Centers for Medicare and Medicaid Services. These providers may not participate in the Medicaid program unless they are certified.		14,589	8,523	8,523	8,523	Yes	0.0
Dept. of Health & Human Services, CMS 93.778	Medical Assistance Program: The state earns administrative FFP for activities which support Medical Assistance (MA) which is Minnesota's Medicaid program. This grant is an administrative pass-through of federal financial participation (FFP) to counties, DHS systems, and the state general fund for approved MA administrative activities.		478,164	620,868	622,186	623,236	Yes	0.0
Dept. of Health & Human Services, CMS 93.778	State Innovation Model Testing: This grant builds upon the Minnesota health care delivery system reforms with a focus on patient centered services across a continuum of health care, mental health, long-term care, and other services. The goal of this grant is to create multi-payer models with a broad mission to raise community health status and reduce long term health risks for beneficiaries of Medicare, Medicaid, and CHIP. The Minnesota Accountable Health Model will offer a comprehensive, statewide, imitative to close the current gaps in health information technology, secure exchange health information, quality improvement infrastructure, and workforce capacity needed to provide team-based coordinated care.		8,146	0	0	0	No	8.0
Dept. of Health & Human Services, CMS	Medical Assistance Program: Medicaid program grants provide comprehensive health care coverage and access to long term care services and supports to an average 1.1 million uninsured or underinsured Minnesotans who meet income and other eligibility requirements. This program is managed by the state under guidance from the federal government. The amounts reported here are the federal share of spending for this joint federal-state program.		7,100,894	6,834,576	7,686,509	7,560,553	Yes	0.0

Federal Agency and CFDA#	Federal Award, Grant Purpose, People Served	New Grant	SFY 2018 Actual	SFY 2019 Budget	SFY 2020 Base	SFY 2021 Base	Required State Match or MOE\$	FTEs
Dept. of Health & Human Services, CMS 93.778	Medical Assistance Program: The Federal Children's Health Insurance Program (SCHIP) grants provide coverage to over 3,500 uninsured low-income children and pregnant women who do not qualify for regular Medicaid. Minnesota also applies a portion of its federal CHIP allotment to enhance the regular 50 percent federal share for children on Medical Assistance with household incomes above 138 percent of poverty.		141,983	117,129	101,490	80,960	Yes	0.0
Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.959	Block Grants for Prevention and Treatment of Substance Abuse: The Consolidated Chemical Dependency Treatment Fund (CCDTF) combines otherwise separate funding sources – the federal Substance Abuse, Prevention and Treatment block grant, MA, Minnesota Care and other state appropriations – into a single fund. (The CCDTF provides funding for residential and non-residential addiction treatment services for eligible low-income Minnesotans who have been assessed as needing treatment for chemical abuse or dependency. In CY2016 there were 56,157 substance abuse treatment admission for Minnesota residents, the CCDTF fund covered services for (43.6%) of these admissions. Almost all treatment providers in the state are enrolled as CCDTF providers). These amounts are the federal CD block grant.		23,571	25,824	26,098	26,098	Yes	31.7
Dept. Of Agriculture, Food and Nutrition Service 10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program (SNAP): These service grants represent revenues to the general fund from the federal Supplemental Nutrition Assistance Program (SNAP) Employment & Training program which provides 50% federal matching funds for support services such as child care and other employment supports provided to eligible SNAP recipients. There are approximately 26,500 participants in SNAP employment and training activities during the year. Matching funds for child care and diversionary work program ended 6/30/17.		2,819	13,350	13,350	13,350	Yes	0.0
Dept. of Health & Human Services; Admin. for Children & Families 93.563	Child Support Enforcement: This funding is the federal financial participation (FFP) for the Supreme Court, Department of Corrections, county federal incentives, County Income Maintenance (both administrative and indirect costs), systems fund, general fund and 1115 grants.		115,299	118,823	120,000	120,000	Yes	0.0
Dept. of Health & Human Services, Admin. for Children and Families 93.597	Grants to States for Access & Visitation Programs: Grant provides resources to states to help establish programs to support and facilitate noncustodial parents' access to and visitation of their children. The grant serves approximately 675 families.		132	190	276	276	No	0.0

Federal Agency and CFDA#	Federal Award, Grant Purpose, People Served	New Grant	SFY 2018 Actual	SFY 2019 Budget	SFY 2020 Base	SFY 2021 Base	Required State Match or MOE\$	FTEs
Dept. of Health & Human Services, Admin. for Children and Families 93.564	Digital Marketing Grant: New grant to increase participation in the Child Support Program.	Yes	0	0	340	340	No	0.0
Dept. Of Agriculture, Food and Nutrition Service 10.568	Trade Mitigation Program: Grant to support food banks store and distribute The Emergency Food Assistance Program (TEFAP). Funds assist with the operational costs of the receipt, storage, and distribution of additional food for the Food Banks to serve low income households with income at or below 200% of the federal poverty guidelines.	Yes	0	250	500	500	No	0.0
Dept. of Health & Human Services; Admin. For Children & Families CFDA 93.658	Foster Care Title IV-E: This grant helps states provide temporary safe and stable out-of-home care for children whose parents cannot safely care for them. In 2017, 16,573 children experienced out-of-home placements.		63,554	66,624	68,170	69,801	Yes	0.0
Dept. of Health & Human Services; Admin. For Children & Families CFDA 93.669	Child Abuse Prevention and Treatment Act (CAPTA): Grant is used to improve child protective services systems. In Minnesota, grants to five counties are used to administer the federally required Citizen Review Panels for child protection services. The counties are Chisago, Hennepin, Ramsey, Washington and Winona. This is a requirement of all states to be able to access other federal reimbursement.		418	1,852	2,078	2,078	No	3.2
Dept. of Health & Human Services; Admin. For Children & Families 93.645	Child Welfare Services Title IV-B1: Grant to promote state flexibility in the development and expansion of a coordinated child and family services program that utilizes community-based agencies and ensures all children are raised in safe, loving families. These funds provide grants to counties and tribes to provide core child protection services to strengthen families and to prevent out-of-home placement when it is safe to do so. Grants support services to approximately 30,000 families per year.		4,417	4,783	4,783	4,783	Yes	35.5

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Dept. of Health Human Services; Admin. For Children & Families 93.643	Children's Justice Grants to States: Grants to encourage states to enact reforms designed to improve (1) the assessment and investigation of suspected child abuse and neglect cases, including cases of suspected child sexual abuse and exploitation, in a manner that limits additional trauma to the child and the child's family; (2) the assessment and investigation of cases of suspected child abuse-related fatalities and suspected child neglect-related fatalities; (3) the investigation and prosecution of cases of child abuse and neglect, including child sexual abuse and exploitation; and (4) the assessment and investigation of cases involving children with disabilities or serious health-related problems who are suspected victims of child abuse or neglect. In Minnesota these grants provide training for county and tribal law enforcement, county attorney, and county and tribal child protection professionals on assessment and investigations, including training on forensic interviewing of potential child abuse victims. This grant supports training for approximately 183 participants annually.		287	299	349	349	No	1.0
Dept. of Health & Human Services, Admin. for Children & Families 93.674	Chafee Foster Care Independence Program: Federal funding passed in 1999, provides funding to and governs the program known as the Support for Emancipation and Living Functionally (SELF) Program in Minnesota. The intent of the funds is to reduce the risk that youth aging out of long term out-of-home placement will become homeless or welfare dependent. Funds are therefore awarded for the provision of services designed to help older youth, currently or formerly in out-of-home care, prepare for a successful transition to adulthood. Approximately 1,420 high-risk youth are served annually.		2,066	1,984	2,979	2,979	Yes	2.8
Dept. of Health & Human Services, Admin. for Children & Families 93.659	Adoption Assistance: Federal financial participation for payments to individuals adopting Title IV-E special needs children. Approximately 7,127 children receive IV-E adoption assistance. This assistance is intended to prevent inappropriately long stays in foster care and to promote the healthy development of children through increased safety, permanency and well-being.		32,993	46,556	53,063	59,732	Yes	0.0
Dept. of Health & Human Services, Admin. for Children & Families 93.599	Chafee Education and Training Vouchers Program (ETV): Grant provides resources to States to make available vouchers for postsecondary training and education to help defray the costs of post-secondary education to approximately 120 youth who age-out of foster care at age 18.		826	699	1,083	1,083	Yes	0.7

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Dept. of Health & Human Services: Admin. for Children & Families 93.556	Promoting Safe and Stable Families (Title IV-B2 Child Welfare Program): Grant provides funds to help prevent the unnecessary separation of children from their families, improve the quality of care and services to children and their families, and ensure permanency for children by reuniting them with their parents, by adoption or by another permanent living arrangement. Funding provides grants to community-based agencies, counties and tribes to provide services to families to reduce the risk of maltreatment, to prevent child maltreatment and improve family functioning for families reported to child protection services, and provide child protective services to strengthen families and prevent out-of-home placement when it is safe to do. This grant helps serve approximately 20,000 families.		3,875	3,624	4,022	4,022	Yes	3.6
Dept. of Health & Human Services: Admin. for Children & Families 93.590	Community-Based Child Abuse Prevention Grants (Child Trust Fund) : Grant supports community-based efforts to develop, operate, expand, and enhance, and coordinate initiatives, programs, and activities to prevent child abuse and neglect and to support the coordination of resources and activities to better strengthen and support families to reduce the likelihood of child abuse and neglect; and (2) to foster understanding, appreciation and knowledge of diverse populations in order to effectively prevent and treat child abuse and neglect. Funds provide grants to community based agencies (such as non-profits, school districts, and human service agencies) to provide services to families to reduce the risk of child maltreatment and enhance family capacities.		2,394	2,370	2,838	2,653	Yes	1.4
Dept. of Human Services: Admin. for Children & Families 93.603	Adoption Incentive Payments: provide incentives to States to increase annually the number of foster child adoptions, special needs adoptions, and older child adoptions. These funds are used for grants to providers for adoption-related services, including post adoption.		244	874	887	887	No	0.0
Dept. of Health & Human Services, Admin for Children & Families	Federal financial participation (FFP) to states who opt to provide guardianship assistance payments for the care of children by relatives who have assumed legal guardianship of eligible children for whom they previously cared as foster parents. This assistance is intended to prevent inappropriately long stays in foster care and to promote the healthy development of children through increased safety, permanency, and well-being.		4,793	4,950	5,045	5,145	Yes	0.0
Dept. of Health & Human Services: Admin. for Children & Families 93.667	Social Service Block Grant (Title XX): Grant provides social services best suited to meet the needs of individuals that must be directed to one or more of five broad goals: Achieve or maintain economic support to prevent, reduce or eliminate		31,619	32,167	32,164	32,164	No	11.7

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	dependency, achieve or maintain self-sufficiency, including reduction or prevention of dependency, preventing or remedying neglect, abuse or exploitation of children and adults unable to protect their own interest or preserving, rehabilitating or reuniting families, preventing or reducing inappropriate institutional care by providing for community-based care, home-based care or other forms of less intensive care, securing referral or admission for institutional care when other forms of care are not appropriate or providing services to individuals in institutions. Funds provide grants to counties to purchase or provide services for vulnerable children and adults who experience dependency, abuse, neglect, poverty, disability, or chronic health conditions. This grant contributes to costs for services to more than 311,000 adults and children annually. Grants also provide child care in a number of counties for children whose parents, guardian or current caretakers have changed residence recently to obtain employment in a temporary or seasonal agricultural activity (approx. 900 children per year) and grants provide legal advocacy, training and technical assistance in cases regarding custody, Children's Medicaid, permanency, adoption, tribal court proceedings, long-term foster care and others services to the Indian Child Welfare Law Center.							
Dept. Of Agriculture, Food and Nutrition Service 10.551	Supplemental Nutrition Assistance Program (SNAP): More than 429,000 Minnesotans receive help through the Supplemental Nutrition Assistance Program every month; the average monthly benefit is \$112 per person.		523,221	567,690	571,726	575,059	No	0.0
Dept. of Housing and Urban Development; Office of Community Planning & Development CFDA 14.231	Emergency Solutions Grant Program: Grant provides funding to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families and individuals from becoming homeless. This grant provides funding to shelters for operating costs, essential services, and homelessness prevention and costs to administer the federal grant. Approximately 4,700 individuals were served in shelters with these funds.		2,055	2,068	2,154	2,154	Yes	1.0

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Dept. of Agriculture, Food and Nutrition Service 10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program (SNAP): Under Federal Supplemental Nutrition Assistance Program regulations, states have the option to include nutrition education activities in the State Plan filed with the Food and Nutrition Service (FNS) of the United States Department of Agriculture. This option allows states to include the costs of nutrition education activities as administrative costs of SNAP. Minnesota adopted this option in the early 1990's. The Minnesota Department of Human Services (DHS) contracts with the University of Minnesota Extension (U of M), White Earth Nation, Red Lake Nation, Leech Lake Band of Ojibwe, Bois Forte Band of Chippewa, Grand Portage Band of Chippewa, Fond du Lac Band of Lake Superior Chippewa, and Mille Lacs Band of Ojibwe to provide nutrition education services.		4,329	12,633	7,942	7,770	Yes	2.6
Dept. Of Agriculture, Food and Nutrition Service 10.551	Supplemental Nutrition Assistance Program: SNAP reimbursement is received for some Group Residential Housing (GRH) recipients who live in certain facilities where they receive all their meals.		4,352	14,003	5,826	5,826	No	0.0
Dept. Of Agriculture, Food and Nutrition Service 10.568	Emergency Food Assistance Program: Provides funding to States to enable processing storage and distribution costs incurred in providing food assistance to needy persons. Funds are used to Distribute U.S. Department of Agriculture (USDA) donated food commodities to individuals and families who use on-site meal programs, food shelves and shelters. This program design ensures an equitable distribution of commodities to all 87 counties.		1,523	1,965	2,006	2,006	Yes	1.9
Dept. Of Agriculture, Food and Nutrition Service 10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program: Federal funds for State and County administrative costs for the Supplemental Nutrition Assistance Program (SNAP).		57,804	53,556	53,556	53,556	Yes	0.0
Dept. of Health & Human Services; Admin. for Children & Families 93.569	Community Services Block Grant (CSBG): Grants to Community Action Agencies and Tribal Governments to focus local, state, private and federal resources to support low-income families and individuals to attain the skills, knowledge and motivation to become economically secure. Approximately 515,000 low income individuals in 201,000 families are served with these funds.		6,252	14,835	9,814	9,814	No	2.9
Dept. Of Agriculture, Food and Nutrition Service 10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program: Federal funds for state and county costs related to employment and training for Supplemental Nutrition Assistance Program (SNAP) recipients.		2,403	2,112	1,565	1,565	No	2.0

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Dept. Of Agriculture, Food and Nutrition Service 10.551	Supplemental Nutrition Assistance Program (SNAP): Grant benefits cash out provided to SSI and elderly recipients.		25,511	26,000	26,000	26,000	No	0.0
Dept. Of Agriculture, Food and Nutrition Service 10.561	State Administrative Matching Funds for the Supplemental Nutrition Assistance Program (SNAP): Grants to Community Action Agencies and anti-hunger organizations to conduct statewide outreach to assist people in determining if they are eligible for SNAP benefits. Under Federal Supplemental Nutrition Assistance Program regulations, states have the option to include outreach activities in the State Plan filed with the Food and Nutrition Service (FNS) of the United States Department of Agriculture. This option allows states to include the costs of outreach activities as administrative costs of SNAP. Costs are reimbursed by FNS at a rate of 50%. Annually more than 429,000 Minnesotans received nutrition assistance through the program every month.		2,564	2,694	2,778	2,778	Yes	2.0
Dept. of Health & Human Services, Admin. for Children & Families 93.566	Refugee Cash and Medical Assistance Program: Grant reimburses states for the cost of cash and medical assistance provided to refugees (and certain Amerasians from Viet Nam, Cuban and Haitian entrants, asylees, victims of a severe form of trafficking, and Iraqi and Afghan Special Immigrants) who are not eligible for the Minnesota family Investment Program or Medical assistance. Refugees and other populations are eligible for Refugee Cash or Medical Assistance during the first eight months after their arrival in the U.S. or grant of asylum. Also funds program coordination and planning expenses of DHS Resettlement Program Office and oversight of statewide refugee health screening administration.		1,773	3,276	3,236	3,236	No	8.0
Dept. of Health & Human Services, Admin. For Children & Families 93.584	Refugee Targeted Assistance Grant: Program provides funding for employment-related and other social services for refugees, certain Amerasians from Vietnam, Cuban and Haitian Entrants, asylees, victims of a severe form of trafficking, and Iraqi and Afghan Special Immigrants in areas with large refugee populations. An arrival must be within five years of arriving in this country or grant of asylum to be eligible for services under these grants.		899	400	200	0	No	0.0

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Dept. of Human Services; Admin. For Children & Families 93.566	Refugee Social Services: Grants provide funding for employment-related and other social services for refugees, certain Amerasians from Vietnam, Cuban and Haitian Entrants, asylees, victims of a severe form of trafficking, and Iraqi and Afghan Special Immigrants. An arrival must be within five years of arriving in this country or grant of asylum to be eligible for services under these grants. Approximately 4,200 individuals served annually.		2,703	4,135	4,085	4,085	No	0.0
Dept. of Health & Human Services, CMS93.778	Medical Assistance Program: The Medicaid Electronic Health Record (EHR) incentive program provides eligible providers and hospitals 100% federally funded incentives to adopt meaningful electronic health record technology. DHS administration and implementation costs are funded at a 90% federal match. This funding is authorized under the American Recovery and Reinvestment Act (ARRA) through the Health Information technology for Clinical and Economic Health (HITECH) act. Funding for this project commenced in October 2012.		22,261	75,210	75,210	75,210	No	0.0
Dept. of Health & Human Services, CMS 93.779	Health Insurance Counseling: Grants to AAAs and service providers to provide health insurance counseling, education and assistance services to seniors to help obtain health insurance benefits. (Also coordinated with Information and Assistance grants- general fund). The grant also includes administrative funds that are used to implement and administer the grant.		825	1,000	1,000	1,000	No	2.9
Dept. of Health & Human Services: Admin. for Community Living 93.044	Special Programs for the Aging (Aging Social Services): OAA grants to AAAs and local providers to provide a variety of community-based social services. OAA grants to AAAs for administrative purposes, program development and coordination activities. The grant includes administrative funding to administer and implement the grant.		7,606	8,009	8,768	8,768	Yes	7.4
Dept. of Health & Human Services, Admin. for Community Living 93.045	Special Programs for the Aging: Older Americans Act (OAA) grants to AAAs and service providers to provide home delivered meal services targeted to seniors in the greatest economic and social need. (Funding coordinated with the general fund Senior Nutrition grant)		3,002	3,800	3,800	3,800	Yes	0.0
Dept. of Health & Human Services, Admin. for Community Living 93.041	Elder Abuse Grants (Elder Abuse Prevention): OAA grants to service providers to provide activities related to elder abuse prevention. The grant includes administrative funding to administer and implement the grant.		64	76	76	76	No	1.0
Dept. of Human Services, Admin. for Community Living 93.048	Special Programs for the Aging (MN Medical Care Demo Project): Grants to Area Agencies on Aging (AAA's) and service providers to help seniors obtain health insurance benefits and report fraud, waste and abuse within the health care system.		284	289	289	289	No	0.6

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Dept. of Health & Human Services, Admin. for Community Living 93.052	National Family Caregiver Support (3E Care Giver Grants): OAA grants to AAAs and service providers to provide information, respite, education, training and support groups to family caregivers. The grant also includes 3E Grandparents Raising Grandchildren Grants and 3E Statewide Activities Grant. In addition, the grant is to a service provider to provide caregiver support services to grandparents raising their grandchildren. The grant also provides statewide training, education and caregiver support activities.		2,295	2,400	2,900	2,900	Yes	0.0
Dept. of Health & Human Services, Admin. for Community Living 93.053	Nutrition Services Incentive Program (NSIP): OAA grants to AAAs and local nutrition providers as a separate allocation based on the number of meals served in the previous project year. (This grant is coordinated with general fund Senior Nutrition funding).		1,847	1,800	1,800	1,800	Yes	0.0
Dept. of Health & Human Services, Admin. for Community Living 93.045	Special Programs for the Aging (Congregate Meals): OAA grants to AAAs and service providers to provide congregate meal services targeted to seniors in the greatest economic and social need. The grant is coordinated with the state funded Senior Nutrition grant. This grant includes administrative funding to administer and implement the grant.		6,134	6,813	6,850	6,850	Yes	0.0
Dept. of Health & Human Services, Admin. for Community Living 93.042	Special Programs for the Aging (Ombudsman Supplement): This OAA grant supplements funding for the Ombudsman for Long Term Care office. The principal role of the Ombudsman Program is to investigate and resolve complaints made by or on behalf of residents of nursing homes or other long-term care facilities. This grant also promote policies and practices needed to improve the quality of care and life in long-term care facilities and educate both consumers and providers about residents' rights and good care practices.		260	276	276	276	No	2.6
Dept. of Health & Human Services, Admin. for Community Living 93.043	Special Programs for the Aging (Aging Preventive Health): OAA grants to AAAs and service providers to provide preventive health information and services to seniors.		407	407	407	407	Yes	0.0
Dept. of Health & Human Services: Admin. for Community Living 93.048	Special Programs for the Aging: (Priority 1 SHIP).CMS grants to AAAs to increase capacity to provide information and assistance regarding Medicare. The grant funding also includes administrative funds to administer and implement the grant.		209	220	232	243	Yes	0.0
Dept. of Health & Human Services: Admin. for Community Living 93.518	Affordable Care Act, Medicare Improvements for Patients and Providers (MIPPA) Priority 2. ACL grants to AAA's to increase capacity to provide information and assistance regarding Medicare.		41	123	129	135	Yes	0.0

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Dept. of Health & Human Services: Admin. for Community Living 93.048	Affordable Care Act, Medicare Improvements for Patients and Providers (MIPPA) Priority 3. ACL grants to ADRC's to increase capacity to provide information and assistance regarding Medicare.		85	90	94	99	Yes	0.0
Dept. of Health & Human Services, CMS 93.791	Money Follows the Person Rebalancing Demonstration: Grant from CMS that supports the transition of Medicaid participants of all ages who have long term stays in institutions to the community and rebalances MN long term care system to achieve sustainability. Administrative funding throughout DHS to administer and implement the grant. DHS was approved to participate in the Money Follows the Person Tribal Initiative (TI) which allows states and tribes to target resources to build sustainable community-based long term services and supports for tribal members.		10,217	17,552	6,545	435	Yes	14.0
Dept. of Health & Human Services, Admin. for Community Living 93.051	Alzheimer's Disease Demonstration Grants to States: Grant from OAA that will: (1) integrate a statewide set of services/supports through a fully coordinated dementia capable single entry point with a particular focus on care transitions in cooperation with health care homes; and (2) ensure seamless regional access to a consistent set of high quality, sustainable, dementia capable evidence-based/informed supports for persons with dementia and their caregivers. Grant is complete.		37	0	0	0	Yes	0.0
Dept. of Health & Human Services, CMS 93.624	ACA State Innovation Models: Funding for Model Design and Model Testing Assistance: Grant that tests and evaluates new assessments of capacity for persons receiving community based long term services and supports (LTSS). The grant provides resources for improved coordination of service and quality related information through the establishment of an electronic personal health record (PHR) across all beneficiaries using LTSS. It identifies and harmonizes electronic LTSS standards particularly for persons receiving Medical assistance home and community based waiver services.		2,150	1,734	2	0	No	2.5
Dept. of Health & Human Services, Admin. for Community Living 93.763	Alzheimer's Disease Initiative: Specialized Supportive Services Project: (ADI-SSS) thru Prevention and Public Health Funds (PPHF). MBA received a grant to further the development of dementia capable home and community based services and health care systems to deliver high quality and effective supportive services to persons living alone with Alzheimer's disease and related dementias and in family caregivers of people with dementia who need behavioral symptom management training and consultation.		23	0	0	0	Yes	0.0

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Dept. of Health & Human Services, Admin. for Community Living 93.761	Evidenced Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds. The Minnesota Board on Aging (MBA) received a grant to increase the number of evidence based falls prevention programs across Minnesota and to work with the Area Agencies on Aging (AAA) and their partners to build a network that provides information and access to evidence based falls prevention programs.		16	0	0	0	No	0.0
Department of Health and Human Services, Admin. For Community Living	Adult Protection Person-Centered Data Reporting system. The work of the grant will move the state from data reporting by the number of reports and the number of allegations of maltreatment to a person-centered data system with data reporting focused on the vulnerable person who was the subject of the report. Grant outcomes will include the creation of a data warehouse for enhanced data reporting on vulnerable adults and state case level submission to the National Adult Maltreatment reporting system. (NAMRS).		117	373	50	0	Yes	0.7
Department of Health and Human Services, Admin. For Community Living	Grants to Enhance State Adult Protective Services. This grant designs and builds development and quality assurance environments to mirror the state's person-centered adult protection data warehouse, add customized reporting for structured tool data, evaluate tool reliability and identify factors impacting report intake outcomes. The intended goal is to improve data quality, increase case level reporting capacity to Administration for Community Living and improve consistency in adult protection assessment and screening response for vulnerable adults. Products for this grant will include creation of quality assurance and development environments for the state's person-centered adult protection data warehouse for improved quality of NAMRS case level reporting.		0	400	368	334	Yes	2.00
Department of Health and Human Services, Admin. For Community Living 93.048	Innovations in Nutrition Programs. This grant would support the development of innovative and promising practices in the Older Americans Act Senior Nutrition Programs in multiple communities around the state.	Yes	0	0	250	0	No	0.0
Department of Education 84.027	Special Education Grants to States: The Individuals With Disabilities Education Act (IDEA) Part B grant from U.S. Department of Education is awarded to the Minnesota Department of Education (MDE). MDE in turn, completes an interagency agreement with DHS to develop coordinated benefits and policy for youth with disabilities.		61	84	95	95	No	0.5

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Dept. of Health & Human Services, Health Resources and Services Administration 93.917	HIV Care Formula Grants: Dedicated federal funding that helps individuals with HIV / AIDS obtain access to necessary medical care, nutritional supplements, dental services, mental health services, support services and outreach to high risk, underserved populations. Federal funding dedicated to maintain private insurance coverage for people living with HIV and/or purchase HIV related drugs. Funds used in conjunction with state and special revenue funds. (Approximately 2,600 people served.) Federal funding to provide outreach and education services to minority populations by identifying individuals with HIV/AIDS and make them aware of and enroll them in treatment service programs. (Approximately 100 people served). Grant includes administrative funding for administering and implementing the grant.		8,215	8,619	11,308	12,008	No	0.0
Dept. of Health & Human Services, Health Resources and Services Administration 93.917	HIV Care Formula Grants: This grant which supplements the Ryan White grant is a competitive grant that is awarded to states with demonstrated need. The funding helps low income persons living with HIV/AIDS get access to HIV/AIDS medications. The Supplemental grant also covers outreach to underserved high risk populations.		400	2,038	700	0	No	0.0
Dept. of Health & Human Services, Administration for Community Living (ACL) 93.234	TBI Demo Grant: Grant funds will be used to improve Minnesota's TBI system to better support person centered approaches and maximize the independence, well-being and health of people with TBIs and their families. The objectives are to: 1) expand the MN Trauma registry system to collect and analyze data that directly supports policy and services for Minnesotans with a TBI and their families; 2) establish a statewide and cross-agency plan for TBI; 3) increase education and supports for Native Americans living with TBIs; and 4) streamline access to person centered supports resulting in informed choice.		0	148	148	148	Yes	1.00
Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.150	Projects for Assistance in Transition from Homelessness (PATH): Grants to counties and non-profit agencies for outreach and mental health services to homeless people. About \$500,000 per year of Adult MH Integrated state funds are used as match for these federal funds. Provided services to 417 persons who were chronically homeless and 902 persons who were at imminent risk of homelessness in CY 2017. An additional 451 persons were contacted through outreach.		784	824	808	808	Yes	0.3

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Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.958	Block Grants for Community Mental Health Services: Grants to counties and non-profit agencies for innovative projects based on best practices. Projects include children's mental health collaborative, crisis services for children and adults, adult mental health initiatives and self-help projects for consumers. As required by state law, 25% of the Federal MH Block Grant is used for grants to American Indian Tribes and non-profit agencies to provide mental health services, particularly community-support services, to American Indians.		9,127	13,460	13,553	10,172	Yes	11.0
Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.104	Community MH Services for Children with Serious Emotional Disturbances: Develop children's mental health system of care to improve behavioral health outcomes for Minnesota children and youth with (birth to 21) with serious emotional disturbance. Approximately 18,000 children and youth served by year 4.		486	3,594	4,986	2,986	Yes	8.15
Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.243	Treatment for Individuals Experiencing Homelessness: The grant funds are to improve service access to young adults (ages 18 - 25) with a serious mental illness or serious emotional disturbance who are experiencing homelessness. The three strategies to be employed are: (1) integrated behavioral health treatment and other recovery-oriented services; (2) efforts to engage and connect clients with health insurance, Medicaid, and income maintenance benefits; and (3) coordination of housing and services that support sustainable permanent housing.	Yes	0	750	1,000	1,000	No	1.0
Dept. of Health & Human Services, Health Resources and Services Administration 93.243	Pregnant and Postpartum Women (PPW): Expand and enhance women's pregnant and postpartum substance use disorder (SUD) services across our continuum of care (prevention, treatment and recovery) for women, children and families who receive treatment for SUDs. The program will serve 100 women and 200 children per grant year.		0	393	524	524	No	2.0
Dept. of Health & Human Services, Health Resources and Services Administration 93.243	Substance Abuse and Mental Health Services: Strategic Prevention Framework Partnership for Success (SPF-PFS) program is designed to address two of the nation's top substance abuse prevention priorities: 1) underage drinking among persons ages 12 to 20; and 2) prescription drug misuse and abuse among persons ages 12 to 25.		1,360	1,676	1,676	1,676	No	1.0

Federal Agency and CFDA#	Federal Award, Grant Purpose, People Served	New Grant	SFY 2018 Actual	SFY 2019 Budget	SFY 2020 Base	SFY 2021 Base	Required State Match or MOE\$	FTEs
Dept. of Health & Human Services, Health Resources and Services Administration 93.243	Strategic Prevention Framework for Prescription Drugs: The SPF Rx grant program provides an opportunity to target the priority issue of prescription drug misuse. The program is designed to raise awareness about the dangers of sharing medications and work with pharmaceutical and medical communities on the risks of overprescribing to young adults. SPF Rx will also raise community awareness and bring prescription drug abuse prevention activities and educations to schools, communities, parents, prescribers, and their patients. In addition, SAMHSA will track reductions in opioid overdoses and the incorporation of Prescription Drug Monitoring Program (PDMP) data into needs assessments and strategic plans as indicators of the program's success.		165	496	1,772	472	No	0.5
Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.788	Opioid State Targeted Response: Expedites opioid treatment and recovery resources, and supports integration of services at each point in the continuum (e.g. behavioral treatment and Office Based Opioid Treatment (OBOT)/(MAT) Medication Assisted Treatment). Expect to serve 109,852 individuals in the State of Minnesota through the proposed MN Opioid STR.		4,045	11,950	7,050	0	No	5.65
Dept. of Health & Human Services, Health Resources and Services Administration 93.243	Medication-Assisted Treatment (MAT): Build on the comprehensive Minnesota State Targeted Response to the Opioid Crisis (MN Opioid STR) through this Minnesota Targeted Capacity Expansion of Medication Assisted Treatment Services to target under-served African-American and American Indian high-need communities not reached through MN Opioid State Targeted Response grants.		212	2,522	2,022	2,022	No	1.0
Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.788	State Opioid Response: Expedite opioid treatment and recovery resources and support integration of services at each point in the substance use disorder service continuum through a comprehensive effort to provide targeted response for the following populations: American Indian; African American; and populations with justice involvement. Minnesota expects to serve 9,456 unduplicated individuals annually in the State of Minnesota.		0	6,654	8,871	2,218	No	3.5
	Total Federal Funds		9,269,426	9,337,838	10,211,002	10,073,180		232.2
	Total TANF Federal Funds		268,270	273,621	274,650	276,246		14.7

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Forecasted Grants (current law) 2018 November: General Fund					
Minnesota Family Investment Program (MFIP) / Diversionary Work Program (DWP) (M.S. 256J)	Minnesota Family Investment Program (MFIP) / Diversionary Work Program (DWP) grants provide temporary financial support to help meet basic needs of low-income families with children and low-income pregnant women. In FY 2018, an average of 31,730 low income families per month received help through these programs. See also federal funds.	\$90,699	\$85,730	\$86,594	\$87,423
MFIP Child Care Assistance Grants (M.S. 119B)	The Minnesota Family Investment Program (MFIP) Child Care Assistance grants provide financial subsidies to help low-income families pay for child care so children are well-cared for and prepared to enter school ready to learn and parents may pursue employment or education leading to employment. This grant serves families who currently participate in the MFIP or DWP programs, or who have recently done so. In FY 2018, an average of 7,830 families per month were served.	\$89,853	\$91,641	\$102,931	\$108,453
General Assistance Grants (M.S. 256D)	General Assistance (GA) grants provide state-funded, monthly cash grants for very low-income people without children who are unable to work and do not have enough money to meet their basic needs. The most common eligibility reason for people at enrollment is illness or incapacity. In FY 2018, an average of 23,238 people per month received these grants.	\$48,883	\$49,614	\$50,563	\$51,200
MN Supplemental Assistance (MSA) Grants (M.S. 256D)	Minnesota Supplemental Aid (MSA) grants provide a state-funded monthly cash supplement to help people who are aged, blind or disabled, and who receive federal Supplemental Security Income (SSI) benefits to meet their basic needs that are not met by SSI alone. In 2018, an average of 30,885 people per month received these grants.	\$39,066	\$40,601	\$41,834	\$45,866
Housing Support Program (formerly Group Residential Housing (GRH) Grants) (M.S. 256I)	Housing Support is a state-funded income supplement program that pays for room and board costs in approved locations for adults with low incomes who have a disability or are 65 years or older. These grants assist individuals who have illnesses or disabilities, including developmental disabilities, mental illnesses, chemical dependency, physical disabilities, advanced age, or brain injuries, to prevent or reduce institutionalization or homelessness. In FY 2017, an average of 20,502 people received Housing Support payments each month.	\$158,963	\$167,639	\$171,722	\$176,206
Northstar Care for Children (M.S. 256N)	Northstar Care for Children is a new program that began in January 2015. It is designed to help children who are removed from their homes and supports permanency through adoption or transfer of custody to a relative if the child cannot be safely reunified with parents. Northstar Care for Children consolidates and simplifies administration of three programs: Family FosterCare, Kinship Assistance (which replaces Relative Custody Assistance) and Adoption Assistance. Northstar served an average of 17,326 children per month in FY 2018.	\$66,513	\$77,636	\$86,921	\$94,528

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Medical Assistance (MA) Grants General Fund (M.S. 256B)	These funds meet the state's matching funds requirement for Minnesota's Medicaid programs that provide health and long term care coverage to an average of 1.1 million uninsured or underinsured Minnesotans who meet income eligibility requirements. This program is managed by the state under guidance from the federal government.	\$4,743,918	\$4,706,208	\$5,356,329	\$5,371,290
Medical Assistance (MA) Grants- HCAF (M.S. 256B)	These funds meet the state's matching funds requirement for Minnesota's Medicaid programs that provide health and long term care coverage to an average of 1.1 million uninsured or underinsured Minnesotans who meet income eligibility requirements. This program is managed by the state under guidance from the federal government.	\$385,159	\$438,848	\$438,848	\$438,848
Alternative Care (AC) Grants (M.S. 256B.0913)	The Alternative Care (AC) Program is a cost-sharing program that supports certain home- and community-based services for eligible Minnesotans age 65 and over. In November 2013 the program became eligible for federal Medicaid financial participation through an approved waiver. The program provides services to prevent and delay transitions to Medical Assistance-funded services, such as Elderly Waiver and nursing home care. The AC program served a monthly average of 2,579 older Minnesotans in FY2018, at an average monthly cost of \$990.	\$15,202	\$17,516	\$19,554	\$21,931
Minnesota Care Health Care Grants; BACT 31: Health Care Access Fund (HCAF)					
Minnesota Care Grants M.S. 256L and 256B	Minnesota Care Grants pay for health care services for about 83,000 Minnesotans who lack access to affordable health insurance.	\$20,800	\$22,860	\$26,772	\$29,526
Chemical Dependency Entitlement Grants; BACT 35 : Special Revenue Fund					
Consolidated Chemical Dependency Treatment Fund (CCDTF) Grants M.S. 254B.02, Sund.1	The Consolidated Chemical Dependency Treatment Fund (CCDTF) provides funding for residential and non-residential addiction treatment services for eligible low-income Minnesotans who have been assessed as needing treatment for chemical abuse or dependency. Almost all treatment providers in the state are enrolled as CCDTF providers.	\$118,294	\$124,951	\$171,153	\$155,719
Support Services Grants BACT 41: General Fund					
MFIP Consolidated Support Services Grants M.S. 256J.626	The Minnesota Family Investment Program Consolidated Fund is allocated to counties and tribes to provide an array of employment services for MFIP/DWP participants including job search, job placement, training and education. Funds provide other supports such as emergency needs for low-income families with children and also fund a portion of counties' costs to administer MFIP and DWP. See also Federal Funds.	\$8,679	\$8,679	\$8,679	\$8,679
CFS Injury Protection Program M.S. 256J.68	Payments to medical providers for the treatment of injuries suffered by persons while participating in a county or tribal community work experience program.	\$0	\$10	\$10	\$10
Food Stamp Employment and Training (FSET) Service Grants M.S. 256D.051	Grants to counties to provide employment supports to adults who receive benefits through the Supplemental Nutrition Assistance Program. The grant is now called Supplemental Nutrition Assistance Program Employment & Training (SNAP E & T).	\$18	\$26	\$26	\$26

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Basic Sliding Fee Child Care Grants BACT 42 : General Fund					
Basic Sliding Fee (BSF) Child Care Assistance Grants M.S. 119B	BSF child care assistance grants provide financial subsidies to help low-income families pay for child care so that parents may pursue employment or education leading to employment, and children are well cared for and prepared to enter school ready to learn. Funds purchased child care for 6,970 families in FY 2018.	\$44,030	\$53,359	\$53,583	\$53,639
Child Care Development Grants BACT 43: General Fund					
Child Care Resource and Referral Grants M.S. 119B	Grants to child care resource and referral agencies to support the child care infrastructure through information for parents, supports and training resources for providers, coordination of local services and data collection to inform community planning. Provide 5,000 parents with phone referrals and on-line information to more than 105,000 users. Over 2,800 training classes offered with over 47,000 participants.	\$1,007	\$1,007	\$1,007	\$1,007
Child Care Integrity Grants M.S. 119B	Grants to counties to support fraud prevention activities.	\$146	\$147	\$147	\$147
Migrant Child Care Grants M.S. 119B	Provides grant funds to community based program for comprehensive child care services for migrant children throughout the state. Approximately 850 migrant children under 14 years of age served annually.	\$170	\$170	\$170	\$170
Child Care Service Development Grants M.S. 119B	Grants to child care resource and referral agencies to build and improve the capacity of the child care system for centers and family child care providers.	\$250	\$250	\$250	\$250
Child Care Facility Grants M.S. 119B	Grants and forgivable loans to child care providers and centers in communities to improve child care or early education sites or to plan design and construct or expand sites to increase availability of child care and early education.	\$163	\$163	\$163	\$163
Parent Aware Grants Laws 2015 SS, chapt 3, art. 9, sec 8, subd 9 as amended by Laws 2016, chapt 189, art 31, sec 5.	These funds support a Quality Rating and Improvement System (QRIS). Grants to child care resource and referral agencies provide recruitment and supports to child care programs that participate in the QRIS and support a website that provides ratings to parents and information for participating child care programs, as well as a grant for evaluation of the initiative.	\$1,224	\$1,225	\$1,225	\$1,225
Child Support Grants BACT 44: Special Revenue Fund					
Child Support County Grants M.S. 518A.51	This funding is from the non-federal share of the child support 2% processing fee authorized in the 2011 session and the federal \$25 annual collections fee mandated in 2006. Counties earn incentives based on their program performance.	\$1,534	\$1,543	\$1,543	\$1,543
Child Support Payment Center Recoupment Account M.S. 518.56, subd. 11	Grants to individuals that temporarily fund NSF checks and other child support payment adjustments, which allow child support funds to be distributed within the 48 hour federal requirement.	-\$17	\$349	\$50	\$50
Children's Services Grants BACT 45: General Fund					
Child Protection Grants M.S. 256M.41	These grants are awarded to counties on a formula basis to address staffing for child protection or expand child protection services. Funds must not be used to supplant current county expenditures for these purposes.	\$23,350	\$23,350	\$23,350	\$23,350

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Child Welfare Disparities Grants M.S. 256E.28	<p>These grants are to address disparities and disproportionality in the child welfare system by:</p> <ul style="list-style-type: none"> Identifying and addressing structural factors that contribute to inequities in outcomes Identifying and implementing strategies to reduce disparities in treatment and outcomes Using cultural values, beliefs and practices of families, communities and tribes for case planning, service design and decision-making processes Using placement and reunification strategies to maintain and support relationships and connections between parents, siblings, children, kin, significant others and tribes Supporting families in the context of their communities and tribes to safely divert them from the child welfare system, whenever possible. <p>Grants were awarded to eight tribes, counties and community agencies.</p>	\$1,650	\$1,650	\$1,650	\$1,650
American Indian Child Welfare Initiative Program M.S. 256.01, subd. 14(b)	Grants to tribes to provide core child welfare services to American Indian children living on participating tribe's reservations. There are 2 grantees: White Earth and Leech Lake reservations. More than 3,000 children and families were served through this grant. A one-time appropriation for FY2017 funded planning grants to two additional tribes.	\$4,751	\$4,751	\$4,751	\$4,751
Foster Care Transitional Planning Demo Project (Healthy Transitions and Homeless Prevention) Laws of Minnesota 2005, Chapter 4, Article 9, Sec. 2, subd.4(g)	Grants to providers for transitional planning and housing assistance services to youth preparing to transition out of foster care or who have recently left foster care.	\$1,065	\$1,065	\$1,065	\$1,065
Privatized Adoption Grants (Public Privatized Adoption Initiative) M.S. 256.01, subd. 2	Grants to 5 providers for recruitment of adoptive families; fund child placement agencies' efforts to place children committed to the guardianship of the commissioner in foster care or in extended foster care in adoptive homes. These grants supported services for 203 children and 360 families.	\$2,417	\$2,620	\$2,620	\$2,620
Child Welfare Reform – Prevention / Early Intervention Grants	Grants to counties for child protection services designed to support families to keep children safely at home. Services include training and counseling support for parents and children, stable housing and safe living conditions. Grants support services for approximately 4,000 families per year.	\$700	\$786	\$786	\$786
Foster Care and Adoption Recruitment Grants M.S. 259A	Grants to county and American Indian Child Welfare Initiatives social service agencies for the recruitment of relative adoptive and foster families.	\$62	\$161	\$161	\$161
Expand Parent Support Outreach	Statewide allocations to 87 counties and Leech Lake and White Earth Bands of Ojibwe to prevent child maltreatment and improve family functioning for families reported to child protection services. Approximately 4,164 families served per year.	\$1,491	\$2,250	\$2,250	\$2,250

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Private Adoptions Child Specific with Carry Forward Authority M.S. 259A	Child Specific Agreements that were established through the Public Private Adoption Initiative grant take up to three years to complete. This funding is based on legislation that allows carry-forward for the child specific agreements.	\$415	\$501	\$501	\$501
Purchased Services Child Specific-Carry forward	Child Specific Placement Service Agreements that take up to three years to complete. This funding is based on legislation that allows carry-forward for the child specific agreements.	\$38	\$436	\$436	\$436
Children's Services Grants; BACT 45 : Special Revenue Fund					
Parent Support Outreach Grant M.S. 256E.22	Statewide allocations to 87 counties and Leech Lake and White Earth Bands of Ojibwe to prevent child maltreatment and improve family functioning for families reported to child protection services. Approximately 4,164 families served per year. See also general fund.	\$ 29	\$75	\$75	\$75
Children's Trust Fund Grants M.S. 256E.22	Grants to counties and community-based agencies for child abuse and neglect prevention and services to families to reduce the risk of child maltreatment and enhanced family capacities.	\$599	\$400	\$800	\$800
Foster Care Recruitment M.S. 256.01, subd. 36	Federal financial participation for foster care recruitment.	\$0	\$76	\$76	\$76
Indian Child Welfare Grants (ICWA) M.S. 260.785	Grants to tribes and urban American Indian social service agencies to provide services to preserve and strengthen American Indian families and reunify children placed in out-of-home placement with their families. <i>(see also federal funds)</i>	\$1,991	\$1,482	\$1,482	\$1,482
Privatized Adoption Grants M.S. 256.01, subd. 36	The source of the funding for this item is federal reimbursement (Title IV-E match) associated with General Fund appropriations for Privatized Adoption Recruitment Grants.	\$2,417	\$2,620	\$2,620	\$2,620
Adoption IV-B Grants	Federal reimbursement of Title IV-B activities eligible for Title IV-E reimbursement of adoption services to adoptive families.	\$607	\$650	\$650	\$650
Children's Services Grants; BACT 45: Gift Fund					
Forgotten Children's Fund M.S. 16A.016, subd. 2	Private donations received from the American Legion and other private donors and administered by DHS to fund special services or activities to children in foster care. Funds approximately 63 requests per year.	\$8	\$24	\$24	\$24
Children & Community Services Grants BACT 46: General Fund					
Children & Community Services Grants M.S. 256M	Grants to all Minnesota counties to purchase or provide services for children, adolescents and other individuals who experience dependency, abuse, neglect, poverty, disability, or chronic health conditions. This grant contributes to costs for services to more than 213,000 people annually.	\$55,814	\$55,814	\$55,814	\$55,814
Red Lake Band Human Services Initiative M.S. 256.01, subd.2(a)(7) and Laws 2016, chapter 189, article 23, sec. 2	Funding to the Red Lake Nation for direct implementation and administrative costs of the Red Lake Human Services Initiative project to operate a federally approved family assistance program (Tribal TANF) or any other program under the supervision of the commissioner.	\$500	\$500	\$500	\$500
White Earth Band Human Services Initiative Laws 2011, First Special Session, chapter 9, article 9, section 18 and Laws 2016, chapter 189, article 23, sec. 2	Funding to the White Earth Nation for direct implementation and administrative costs of the White Earth Band of Ojibwe Human Services Project to transfer legal responsibility to the tribe for providing human services to tribal members and their families.	\$1,400	\$1,400	\$1,400	\$1,400

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Children & Economic Assistance Grants BACT 47: General Fund					
Homeless Youth Act M.S. 256K.45	Grants to non-profit agencies for the provision of street outreach, drop-in centers, transitional living programs and supportive housing to runaway and homeless youth. The total number of youth served through Homeless youth funding is 22,066.	\$5,512	\$5,512	\$5,512	\$5,512
Food Shelf Grants M. S. 256E.34	Grants for purchase and distribution of food to food shelves throughout the state, including some administrative costs.	\$1,318	\$1,318	\$1,318	\$1,318
Food Shelf Grants M. S. 256E.34	Additional grants for purchase and distribution of food to food shelves throughout the state.	\$375	\$375	\$375	\$375
Aid to Counties- Fraud Prevention Grants (FPG) 256.983	Grants to counties for the Fraud Prevention Investigation Program, enabling early fraud detection and collection efforts.	\$1,559	\$1,768	\$1,768	\$1,768
Transitional Housing Grants M.S. 256E.33	Grants to private non-profits to provide rent assistance and supportive services to homeless individuals and families so they can secure permanent, stable housing.	\$3,384	\$3,384	\$3,184	\$3,184
Emergency Services Grants M.S. 256E.35	Grants to non-profits and tribal governments to fund the operating costs of shelters and essential services to homeless families and individuals.	\$944	\$944	\$844	\$844
MN Community Action Grants M.S. 256E.30	Grants to Community Action Agencies and tribal governments to focus local, state, private and federal resources to support low-income families and individuals to attain the skills, knowledge and motivation to become economically secure. Funds used at local level for match.	\$4,678	\$4,678	\$3,928	\$3,928
Multilingual Referral Line Title VI of the Civil Rights Act of 1964	Grants to non-profit agencies for the provision of language services and the translation of vital documents for non-English speaking recipients of human services.	\$86	\$86	\$86	\$86
Minnesota Food Assistance Program M.S. 259D.053	State funded food benefits for legal non-citizens who do not qualify for federal food stamps.	\$793	\$2,347	1,675	1,675
Family Assets for Independence Minnesota (FAIM) M.S. 256E.34	Funds help low-income working Minnesotans increase savings, build financial assets, and enter the financial mainstream. Since 1999, 3,190 FAIM accountholders have completed the program and deposited nearly \$4.4 million into savings accounts acquiring over 3,190 long-term financial assets including, purchased homes, post-secondary education and capitalized businesses.	\$575	\$575	\$325	\$325
Safe Harbor Laws 2013, Chapt 108, Art 14, Sec2, subd 6(g) and Laws 2014, Chapt 312, Art 30, sec 2, subd 4(b)	Grants to 7 private non-profits to provide a new set of programming specific to sex trafficked minors through specialized emergency shelter, transitional living, youth supportive housing programs and specialized foster care. Programs are implementing the no wrong door approach to Safe Harbor for sexually exploited youth. 43 beds are available.	\$2,800	\$2,800	\$3,050	\$3,050
Health Care Grants BACT 51 : General Fund					
Navigator Outreach Grants -General Fund (M.S. 256.962)	These funds provide incentive payments for more than 600 entities and individuals across the state providing application assistance for Medical Assistance enrollees.	\$90	\$90	\$90	\$90
Emergency MA Legal Referral (M.S. 256B.06, Subd. 6)	These grants provide immigration assistance for entities to assist Emergency Medical Assistance recipients who may be eligible for Medical Assistance given a change in their citizenship.	\$100	\$100	\$100	\$100

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Integrated Care for High Risk Pregnant Women (M.S. 256B.79)	These funds support community based organizations, public health programs, and health care providers who provide targeted, integrated services for pregnant mothers who are at high risk of poor birth outcomes due to drug use or low birth weight in areas of high need.	\$524	\$989	\$989	\$989
Periodic Data Matching (Ch. 71, Art. 14 Laws of Minnesota 2015)	Grants to counties to offset their costs in processing eligibility determinations for individuals flagged as potentially ineligible through periodic data matching.	\$2,166	\$2,212	\$2,212	\$2,212
MA Reimbursement for Injectable Drugs (Ch. 6, Art. 12, Sec. 4 Laws of Minnesota 2017)	Grants to allow providers to bill the Medical Assistance (MA) program for clinic administered injectable drugs used to treat substance abuse when administered by a practitioner in an outpatient setting.	\$101	\$400		
Chronic Pain Rehabilitation Therapy Demonstration Grant (Ch. 6, Art. 12, Sec. 3 Laws of Minnesota 2017)	This grant goes to the Courage Kenny Rehabilitation Institute to develop a two-year demonstration project for a bundled payment for chronic pain rehabilitation therapy for adults. Demonstration includes non-narcotic medication management, multidisciplinary care coordination, cognitive behavioral therapy and physical therapy.	\$100	\$900		
Navigator MA Enrollment Grants (M.S. 256.962)	These funds provide incentive payments for more than 600 individuals and entities across the state providing application assistance for enrollees in the Medical Assistance program.	\$320	\$320	\$320	\$320
Health Care Grants; BACT 51: Health Care Access Fund					
Navigator MA Enrollment Grants- HCAF (M.S. 256.962)	These funds provide incentive payments for more than 600 individuals and entities across the state providing application assistance for enrollees in the Medical Assistance program.	\$365	\$310	\$310	\$310
Navigator RFP Outreach Grants – HCAF (M.S. 256.962)	These funds provide incentive payments for more than 600 entities and individuals across the state providing application assistance for MinnesotaCare enrollees.	\$40	\$40	\$40	\$40
Navigator BHP – HCAF (M.S. 62V.05, Subd. 4)	These funds provide incentive payments for more than 600 entities and individuals across the state providing application assistance for MinnesotaCare enrollees.	\$811	\$3,115	\$3,115	\$3,115
Other Long Term Care Grants; BACT 52: General Fund					
Other Long Term Care Grants M.S. 256.0921	These funds establish a home and community-based services incentive pool to provide incentives for innovation in achieving outcomes identified in the Olmstead plan, including integrated, competitive employment and living in the most integrated setting in the community and community integration and inclusion.	\$1,499	\$1,925	\$1,925	\$1,925
Incentive Pool Grants Laws of Minnesota 2017, 1 st Special Session, Chapter 6 Article 18, Section 2. Subd 26.	One time grants to continue providing incentives for innovation in achieving outcomes identified in the Olmstead plan, including integrated, competitive employment and living in the most integrated setting in the community	\$981	\$1,000	\$0	\$0
Other Long Term Care Grants; BACT 52: Special Revenue Fund					
Money Follows the Person Rebalancing Grant M.S. 256B.04 Subd. 20	Rebalancing funds can be used to provide extended services for individuals with multiple barriers seeking to move to community settings, to fund small pilot or “proof of concept” demonstrations for potential service changes or similar activities. Several projects have been approved by CMS in FY 2019 and will be expended over the course of the next three years.	\$ -	\$3,097	\$1,127	\$1,127

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Aging & Adult Services Grants; BACT 53: General Fund					
Senior Nutrition Program Grants M.S. 256.9752	Grants to Area Agencies on Aging to provide nutrition services including congregate meals to 38,000 people and home-delivered meals to 12,000 people.	\$2,694	\$2,695	\$2,695	\$2,695
Caregiver Support and Respite Care Project Grants M.S. 256B.0917, subd. 6	Grants to provide caregiver and respite services for families and other caregivers.	\$478	\$479	\$479	\$479
Information and Assistance Grants M.S. 256.975, subd. 7	Grants to Area Agencies on Aging to provide information and assistance services regarding home and community based services.	\$3,449	\$3,449	\$3,449	\$3,449
Eldercare Development Partnership Grants M.S. 256B.0917, subd. 1c	Grants to local organizations to provide statewide availability of service development and technical assistance as it relates to home and community based services for older adults.	\$1,733	\$1,758	\$1,758	\$1,758
Aging Prescription Drug Assistance Grant M.S. 256.975, subd. 9	Grants to AAAs and service providers to provide statewide outreach and education assistance to low income seniors regarding Medicare and supplemental insurance, including Medicare Part D and programs that the drug companies offer to help low-income older adults.	\$1,190	\$1,191	\$1,191	\$1,191
Community Services M.S. 256B.0917, subd. 13	Grants to public and non-profit agencies to establish services that strengthen a community's ability to provide a system of home and community based services for older adults.	\$3,128	\$3,128	\$3,128	\$3,128
Community Service Development Grants M.S. 256.9754	Grants to for-profit and nonprofit organizations, and units of government to increase the supply of home and community based services to rebalance the long-term care service system.	\$2,979	\$2,980	\$2,980	\$2,980
Nursing Facility Return to Community M.S. 256.975, subd. 7	Return to Community is an intensive long-term care options counseling service provided by the Senior Linkage Line®, that helps people successfully remain in their homes after discharge from a nursing home. Since the launch of this service in 2010 and through 2017, over 14,000 consumers have been contacted for discharge support. Of those 14,000, direct assistance was provided to over 3,400 older adults at their request to return home and nearly 1,100 are receiving five years of follow up at home.	\$5,913	\$7,605	\$7,645	\$7,686
Senior Volunteer Programs M.S. 256.976 M.S. 256.977 M.S. 256.9753	Support to more than 17,000 older volunteers per year that provides services through the RSVP, Foster Grandparent, and Senior Companion programs.	\$1,942	\$1,988	\$1,988	\$1,988
PAS Screening 25% Aging M. S. 256.975, subd. 7a-7d	Grant funding for preadmission screening for everyone admitted to a Medical Assistance certified nursing facility. It was passed as part of Reform 2020 during the 2013 legislative session. The preadmission process was streamlined and the process allows for federal match of 75%.	\$813	\$817	\$817	\$817
Aging LTCC Grants M.S. 256B.0911 M.S. 256.975, subd. 7	Grant funding for Long Term Care consultation services. These services help people make decisions about long term care needs. These services include early intervention visits, and information and education about local long-term care service options. This was Reform 2020 funding from the 2013 legislative session.	\$1,737	\$1,739	\$1,739	\$1,739
Gaps Analysis Laws of 2013, Chap. 108, Article 15, subd 2(h)	Provides ongoing support to counties to participate in the gaps analysis survey of the HCBS system.	\$217	\$218	\$218	\$218

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Aging-Core HCBS Services M.S. 256B.0917 subd 7a	Grant funding to core in-home and community-based providers for projects to provide services and supports to older adults.	\$1,584	\$1,585	\$1,585	\$1,585
PCA Registry Grants M. S. 256B.0711, subd. 11	Grant to an Area Agency on Aging responsible for data maintenance for MNHelp. Info to maintain the direct support worker registry.	\$236	\$236	\$236	\$236
Dementia Grants (M. S. 256.975, subd. 4 (c) (4))	Grants to regional and local projects to increase awareness of Alzheimer's disease, increase the rate of cognitive testing, promote the benefits of early diagnosis and connect caregivers of persons with dementia to education and resources.	\$750	\$750	\$750	\$750
Aging & Adult Services Grants BACT 53: Special Revenue Fund					
MDH Help Me Grow M.S. 256.01 Subd. 2	This is an interagency grant contract with the Minnesota Department of Health to provide resources for referral information to families and providers through the Board on Aging MNHELP.info.	\$0	\$300	\$0	\$0
Deaf & Hard of Hearing Grants BACT 54 : General Fund					
DHSD Grants M.S. 256.01 subd. 2; 256C.233; 256.25; 256.261	Grants for multiple services and equipment to help Minnesotans who are deaf, deafblind, and hard of hearing or have multiple disabilities, including deafness, to remain independent and part of their communities. In FY17, these grants served 658 people.	\$1,789	\$1,835	\$1,835	\$1,835
Hearing Loss Mentors M.S. 256.01, subd. 2	Grant funding pays for deaf or hard of hearing mentors/role models to work with families who need to learn American Sign Language and communication strategies to communicate with and support their children who have learning loss. In FY 17, 37 families were served.	\$40	\$40	\$40	\$40
Deaf and Hard of Hearing Expanded Services Grants Laws of Minnesota 2017, Chapter 6	Grants to continue children's mental health services in the northern tier of the state and expand those services to the southwestern tier, eliminate waiting list for family mentor/role model program and deafblind services, provide training in ProTactile or other communications systems for people who are deafblind and service providers.	\$793	\$800	\$800	\$800
Deaf & Hard of Hearing Grants; BACT 54: Special Revenue Fund					
Rural Real Time - Grant M. S. 237.32, 256C.30	Grants to rural television stations in Minnesota to provide real-time captioning of news and news programming where real-time captioning does not exist.	\$266	\$266	\$240	\$240
Disabilities Grants; BACT 55: General Fund					
Technology Grants; Corporate Foster Care Alternatives Laws of Minnesota 2009, Chapter 79	Technology for Home (T4H) provides in person assistive technology (AT) consultation and technical assistance to help people with disabilities live more independently. Expert consultants provide current, cost effective solutions and work with the person and their supporters to develop a plan for people who receive home care or home and community based waiver services. As of June 30, 2018, Technology for Home consultants had served 1,372 people with disabilities whose goals for assistive technology had not been met through other services. Approximately half of the people served were children.	\$922	\$622	\$622	\$622
PASRR for Person with MI and DD	Funding to reimburse counties for costs associated with completing federally required pre-admission screening and resident reviews (PASRR) of nursing home applicants or residents with a probable mental illness or a developmental disability.	\$0	\$20	\$20	\$20

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
DD Family Support Grants M.S. 252.32	Family Support Grants (FSG) provides cash to families to offset the higher-than-average cost of raising a child with a disability. The goal of FSG is to prevent or delay the out-of-home placement of children and promote family health and social well-being by facilitating access to family-centered services and supports. The Family Support Grant serves about 1,600 people per year.	\$3,765	\$4,278	\$4,278	\$4,278
Disability Linkage Line M.S. 256.01, subd. 24	Disability Linkage Line (DLL) now known as the Disability Hub MN serves people with disabilities and chronic illnesses and their families, caregivers, or service providers to help people learn about options and connect with services and supports.	\$971	\$805	\$805	\$805
Disability Linkage Line MA Eligible 50% M.S. 256.01, subd. 2, (aa)	State share of funding for work completed by the Disability Linkage Line (now known as the Disability Hub MN) that is related to Medical Assistance and therefore eligible for 50% FFP based on activities reporting.	\$520	\$700	\$700	\$700
Semi-Independent Living Skills (SILS) Program M.S. 252.275	SILS serves people who are at least 18 years old, have a developmental disability and require supports to function in the community, but are not at risk of institutionalization. SILS serves approximately 1,500 people each year.	\$5,889	\$8,309	\$8,309	\$8,309
Consumer Support Grants M.S. 256.476	Consumer Support Grant (CSG) is available for people who are eligible for Medical Assistance (MA) as an alternative to home care. CSG helps individuals purchase items and supports needed for the person to live in their own home. On an annual basis, MA funds are transferred to this grant based on the current forecast. There is a small general fund appropriation for CSG. CSG served 2,419 people in FY 2017.	\$27,617	\$33,532	\$33,400	\$17,721
State Case Management Grants M.S. 256.01 19-20	Funding to clinics and community based organizations for the provision of case management services to persons living with HIV as well as payments to purchase insurance coverage for eligible individuals. (Approximately 1,047 clients served in FY 2017 from all funding sources for case management). See also Insurance grants.	\$1,060	\$1,156	\$1,156	\$1,156
State Insurance Premium Grants M.S. 256.01 19-20	HIV/AIDS programs assist individuals with health insurance premiums and pay premiums for people with HIV/AIDS who can't get insurance coverage elsewhere. Approximately 650 clients served in FY 2017 for all funding sources for insurance. See also - Case management grants.	\$1,103	\$1,064	\$1,064	\$1,064
Advocating Change Together –ACT M.S. 256.477	A grant to establish and maintain a statewide self-advocacy network for individuals with intellectual and developmental disabilities. Grantee informs and educates individuals with disabilities about their legal rights and provides training to people to self-advocate.	\$133	\$381	\$133	\$133
State Quality Council Grant M.S. 256B.097, Subd. 1-3, 6. Minnesota Laws of Minnesota, Chapter 71, Article 14, Section 2, Subd. 5(l).	Grant to establish and maintain regional quality councils to provide technical assistance, monitor and improve the quality of services for people with disabilities, and monitor and improve person-centered outcomes and quality of life indicators for people with disabilities.	\$594	\$600	\$600	\$600

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Region 10 Grants M.S.256B.095 to 256B.0955	Grant to support the implementation of the Quality Assurance System for persons with disabilities for the purpose of improving services provided to persons with disabilities. Supporting the ongoing planning and operation of the Quality Assurance System for persons with physical, cognitive or chronic health conditions seeking to improve service outcomes. Completing necessary state and federal reports and participation in the evaluation of the system in accordance with Minnesota Statute, sections 256B.095 to 256B.0955.	\$100	\$100	\$100	\$100
Local Planning Grants Laws of Minnesota 2012, Ch. 247, Article 4, Sect 44.	Grants to assist lead agencies and provider organizations in developing alternatives to congregate living within the available level of resources for the HCBS waivers for people with disabilities. Local planning grants are used to create alternatives to congregate living for people with lower needs and are available to counties, tribes, and provider organizations. This work supports the planning process under MN Statute sections 144A.351 and 245A.03, subdivision 7, paragraphs (e) and (g).	\$254	\$254	\$254	\$254
Intractable Epilepsy Minnesota Laws of 1988, Chapter 689	A grant to support a living skills training program for people with intractable epilepsy who need assistance in the transition to independent living.	\$344	\$344	\$344	\$344
Modify Residency Ratios M.S. 256B.492	This grant passed in 2013 and it is to assist people with HIV/AIDS with Housing. It gives an exception to the four unit community living requirement.	\$ -	\$143	\$143	\$143
DT&H Facilities Minnesota Laws of 2014, Chapter 312, Sec.75 (b)11	This grant is for rate increases to day training and habilitation facilities to be distributed through an allocation to the counties.	\$811	\$811	\$811	\$811
Institutional Settings Minnesota Laws of 2017, 1 st Special Session , Chapter 6, Article 18, Section 2, Subdivision 29.	This grant is to an organization described under Minnesota Statutes, section 256.477 (Self advocacy grants) , to be used for subgrants to organizations in Minnesota to conduct outreach to persons working and living in institutional settings to provide education and information about community options. <i>This is a onetime appropriation.</i>	\$105	\$105	\$0	\$0
Intellectual and Development grants. Minnesota Laws of 2017, 1 st Special Session, Chapter 6, Article 18, section 2, subdivision 29.	This funding is for a grant to an organization described under Minnesota Statutes, section 256.477 (Self Advocacy grants). The grants are for maintaining an infrastructure needed to train and support the activities of a statewide network of peer-to-peer mentors for persons with developmental disabilities; provide outreach activities, to provide an annual leadership program for persons with intellectual and developmental disabilities; and to provide for administrative and general operating costs associated with managing and maintaining facilities, program delivery, evaluation, staff, and technology. <i>This is a onetime appropriation.</i>	\$143	\$143	\$0	\$0
Autism Spectrum Disorder Minnesota Laws of 2017, 1 st Special Session , Chapter 6, Article 18, Sections 2, Subdivision 29.	Grant to an organization located in Richfield to provide life skills training to young adults with learning disabilities to meet the needs of individuals with autism disorder. <i>This is a onetime appropriation.</i>	\$125	\$125	\$0	\$0

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Waiver Rate Setting Minnesota Laws of 2017, 1 st Special Session , Chapter 6, Article 18, Section 2, Subdivision 29.	Grants will provide technical assistance to providers whose revenue is impacted by the Disability Waiver Rate System.	\$361	\$31	\$287	\$288
Work-Empower Grant M.S. 256B.021	Grants are intended to assist people with disabilities find integrated competitive employment. This was part of the Reform 2020 legislation passed during the 2013 legislative session.	\$502	\$502	\$502	\$502
Disabilities Grants; BACT 55: Special Revenue Fund					
ADAP Drug Rebates- Title II Grants M.S. 256.01, subd 20	Dedicated funding resulting from ADAP drug rebates that supplements state and federal allocations to maintain private insurance coverage and/or purchase HIV related drugs. In addition, the funds can be spent on allowed core and support services per the federal Ryan White regulations .	\$8,268	\$16,426	\$8,582	\$8,582
DEED Disability Hub Grant M.S. 256.01 Subd. 2	This is an interagency agreement with the Department of Employment and Economic Development for one year. The agreement provides benefits planning and building capacity to meet statewide needs.	\$0	\$288	\$0	\$0
DEED HB TE MPD Grants M.S. 256.01 Subd. 2	This is an interagency agreement with the Department of Employment and Economic Development (DEED) for one year. This funding came from DEED to design and evaluate assistive technology for people with disabilities. (DEED received the funding under MN Laws of 2016, Article 7, subd. 4).	\$249	\$0	\$0	\$0
Housing & Support Services Grants; BACT 56: General Fund					
Long Term Homeless Services Grants M.S. 256K.26	Grants to multi-county collaboratives that subgrant funds to service providers assist long- term homeless individuals and families with children to find and maintain permanent housing. In 2017, 5,713 individuals at risk of or experiencing long-term homelessness received supportive services. Funds may also be used at the local level for federal Housing and Urban Development housing match.	\$7,285	\$7,285	\$6,910	\$6,910
Community Living Infrastructure Grants Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 24J	The Community Living Infrastructure grant program supports the needs of people with disabilities and housing instability who want to live in the community but are faced with significant barriers in transitioning into community living from institutions, licensed facilities or homelessness. The Community Living Infrastructure funding was awarded to 17 grantees beginning in FY2018.	\$1,485	\$1,485	\$1,585	\$2,685
Real-Time Housing Website Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 24K	The Real Time Housing Website grant is for the design, development and maintenance of a fully accessible and usable website, including an application, to track real-time-housing openings for people with disabilities across the state of Minnesota. The Real Time Housing funding was awarded to one grantee to develop the website beginning in FY2018.	\$150	\$150	\$150	\$150
Housing Benefit Website (HB101) Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 24L	Housing Benefit grant money pays for the development and maintenance of the Housing Benefits 101 website which helps persons with disabilities understand types of housing available to them depending the person's situation, needs and desires.	\$80	\$130	\$130	\$130

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
HCBS Waiver Growth M.S. 256B.0658	Grants to assist individuals to move out of licensed settings or family homes into homes of their own. This funding was appropriated during the 2007 session as part of the proposal to Limit growth in the disability waivers and manage costs. As part of our experience with this grant, we have revised our housing service coordination process through the Home and Community Based Waivers. Since the fall of 2009, more than 1,700 people have used housing access services to move from licensed or unlicensed settings to homes of their own that are not owned, leased, or controlled by disability services providers.	\$489	\$489	\$489	\$489
Housing & Support Services Grants; BACT 56: Special Revenue Fund					
SSI-IAR Disability Hub M.S. 256D.06, subd. 5	Grants fund services provided by the Disability Linkage Line® to connect individuals using state benefit programs (General Assistance, Group Residential Housing and Minnesota Family Investment Program) with agencies under contract with the Department of Human Services to provide support and representation in applying for social security benefits. The Disability Hub MN, formerly the Disability Linkage Line, served 28,443 people, had 68,313 contacts with consumers, and participated in 163 educational events in FFY2017.	\$140	\$140	\$140	\$140
Adult Mental Health Grants; BACT 57: General Fund					
South Central Crisis Program Laws of 2010, 1 st SS, Ch.1 Art. 25, subd. 10(a)	This grant funds Crisis Residential Stabilization Services in the Mankato area (CY2017 est. 760 rapid access psychiatry visits provided).	\$489	\$600	\$600	\$600
Mental Illness (MI)-Crisis Housing M.S. 245.99, subd. 1	Grant to nonprofit agency (sole source contract) for the provision of financial assistance to hospitalized clients needing help to pay for their housing. These funds are used only when other funds, such as SSI, are not available. Provided Crisis Housing Assistance to prevent homelessness of 231 people in facility based treatment in CY 2017.	-\$17	\$610	\$610	\$610
Adult Mental Health Culturally Specific Services M.S. 245.4661, subd 6	Grants to support increased availability of culturally responsive mental health services for racial and ethnic minorities through providing internship placements and clinical supervision to emerging mental health professionals. Since these grants began, 390 individuals have received clinical supervision, mentoring, or training through this funding.	\$293	\$300	\$300	\$300
Rule 78 Adult Mental Health Grant M.S. 256E.12	Grants to counties for community support services to adults with serious and persistent mental illness. Rule 78 and Adult Mental Health Integrated funds collectively serve about 28,200 individually annually.	\$21,858	\$21,000	\$21,000	\$21,000
Adult Mental Health Integrated Fund M.S. 245.4661, subd. 6 and 256E.12	Grants to counties for Adult Mental Health Initiatives including crisis response and case management services. For most counties, this includes integrated administration of Adult MH Community Support Grants and Residential Treatment Grants. Rule 78 and Adult Mental Health Integrated funds collectively serve about 28,200 individually annually.	\$34,695	\$34,695	\$34,695	\$34,695
Transition Init Waivered Services M.S. 246.18, subd. 8 (b) (1)	Grants to counties and/or providers to transition individuals from Anoka Metro Regional Treatment Center and the Minnesota Security Hospital to the community when clients no longer need hospital level of care. In SFY 2017, 19 clients were successfully transitioned to the community.	\$235	\$278	\$278	\$278

Program Name Federal or State or Both (citation)	Purpose/ Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019	FY 2020	FY 2021
Transition Init. Populations M.S. 256.478	Disability Services and Adult Mental Health divisions are working together to develop contracts to pay for the costs of individuals moving from Anoka, St. Peter including wrap around services to support people in the community. Of the 92 individuals served in SFY 17, 47 individuals were discharged: 33 from AMRTC and 14 from MSH.	\$1,432	\$1,725	\$1,725	\$1,725
Pilot Project M.S. 245.4661	Grant to Zumbro Valley Mental Health Center to implement a pilot project to test an integrated behavioral health care coordination model.	\$140	\$0	\$0	\$0
Mobile Crisis Services Grants <u>M.S. 245.4661, subd. 6</u>	Grants to counties in regional partnerships to build psychiatric crisis response capacity, including mobile crisis intervention and follow-up stabilization services. Provided Crisis Response Services to 17,515 people in response to crisis episodes in CY 2017.	\$13,823	\$13,823	\$12,419	\$12,419
Peer-Run Respite Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 30A	Selected and qualified individuals with a lived experience of mental illness are trained to provide respite services. This was one-time funding for SFY 18.	\$100	\$0	\$0	\$0
Adult Mental Health Int Fund: Non-County Allocation M.S. 245.4661, subd. 6	Grant to providers to develop a resource and training center in evidence-based practices for the treatment of co-occurring mental illness and substance use as well as support training of therapists in an evidence-based treatment for high need individuals (Dialectical Behavior Therapy).	\$940	\$1,000	\$1,000	\$1,000
Sustainability Grants M.S. 256b.0622, subd. 11	Grants for Intensive Residential Treatment Services (IRTS), Crisis Residential Services, and Assertive Community Treatment (ACT) providers who are facing financial difficulty due to current payment rate structure. Covered the cost of approximately 62,781 bed days that would otherwise have been uncompensated in SFY 2017.	\$1,574	\$1,563	\$2,125	\$2,125
Housing Support Grants M.S. 245.4661, subd. 9	Grants to establish recipients in stable housing and provide a foundation for accessing healthcare and other needed resources. Housing with supports grants fund activities that are designed to assist tenants with significant or complex barriers to housing. Provided Housing with Support services to assist 1,716 persons with serious mental illness in accessing and retaining permanent supportive housing by the end of CY 2017.	\$5,575	\$5,625	\$4,550	\$4,550

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<http://www.mnhum.org/>

AT A GLANCE

The Minnesota Humanities Center (MHC) brings the humanities to all Minnesotans through building relationships, active engagement, and programs of the highest quality. In fiscal year 2018:

- 77 organizations chose to partner with MHC.
- 15,395 people participated in 90 events.
- MHC reached 41 counties through programming and partnerships.
- 370 meetings and events were held at the MHC Event Center, serving 11,137 clients.
- More than 1,000 original resources were available in an online Absent Narratives Resource Collection, presented to 687 educators at 13 schools and conference events.

PURPOSE

The mission of the Minnesota Humanities Center (MHC) is to build a thoughtful, literate, and engaged society.

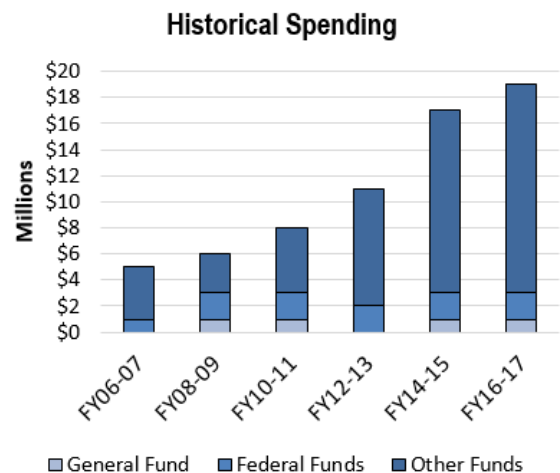
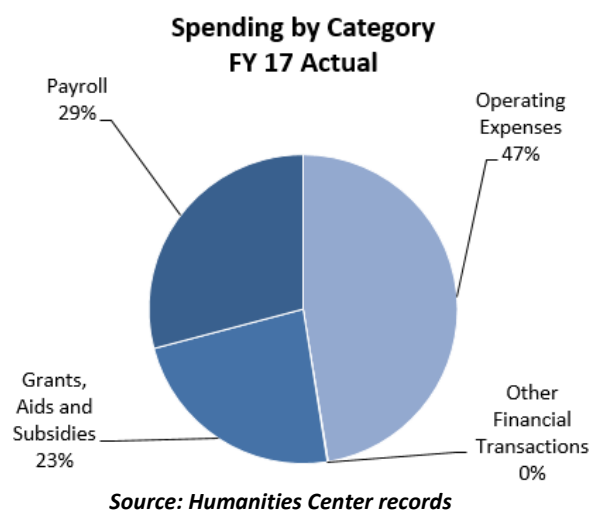
MHC partners with individuals, groups, and organizations to engage multiple perspectives, promote excellence in teaching, and build a more inclusive Minnesota.

MHC's full-service Event Center is a community resource where diverse organizations gather in conversation and active participation.

MHC supports the following statewide outcome:

- **Minnesotans have the education and skills needed to achieve their goals**

BUDGET



Source: Consolidated Fund Statement Consolidated Fund Statement and Humanities Center records.

Federal funds for the Humanities Center do not flow through the state's budget or treasury and are typically not included in statewide reporting, these funds are appropriations from the National Endowment for the Humanities, etc. Other Funds include Legacy funds, grants from state agencies, and individual, corporate & foundation

donations. Legacy and state agency funds flow through the state's budget and treasury, other funds in this category do not and thus are typically not included in statewide reporting.

STRATEGIES

MHC's humanities-based K-12 Education Strategy builds partnerships with schools and districts across the state to provide rigorous professional development opportunities for K-12 educators that further the schools' and districts' priorities. Through immersion-based learning, an online resource collection, and in-person workshops, educators in Minnesota are building their networks, and increasing student engagement in the classroom. Offerings include: Learning From Place trips, Increase Engagement Through Absent Narratives workshops, and a weeklong Summer Institute.

Veterans' Voices is an initiative that cultivates a network of Veterans who draw on the power of the humanities to call attention to their stories and contributions. This initiative amplifies, honors, and recognizes the voices of Minnesota Veterans and fosters connection through storytelling, educator and literature, and documentary-based discussion groups, and the Veterans' Voices Award.

We Are Water MN is a traveling exhibition and community engagement initiative that emerged from the Smithsonian Institution's Museum on Main Street project. Continued by the Humanities Center and several state partners, six greater Minnesota communities (Spicer, St. Peter, Red Wing, Sandstone, Lanesboro, and Detroit Lakes) hosted the exhibit in 2016-2017, and eight communities are scheduled to host the exhibit in 2018-2019 (Saint Paul, Bemidji, Crookston, Cloquet, Austin, Northfield, Grand Rapids, and Onamia). Through this initiative, the public explores the meaning of water as part of their identity, history, and culture.

MHC debuted the Cascading Conversations series as part of the Public Humanities program, bringing acclaimed and diverse authors together in conversations about war, memory, humanity, and connection. The Public Humanities initiative allows MHC to be responsive to emerging needs in communities through the humanities.

Other programming includes:

- Grant-making: Administering 17 legislatively mandated state grants, and awarding 43 small competitive grants to cultural organizations that foster statewide connections with other cultural organizations making an impact.
- Why Treaties Matter: Self-Government in Dakota and Ojibwe Nations exhibit, in partnership with Minnesota Indian Affairs Council, received new funding for the FY18-19 biennium that will result in a new statewide tour and educational resources beginning October 2018 through June of 2019. The exhibit is also now permanently displayed at the Minnesota State Capitol.

RESULTS

Since no one is required or obligated to use any of our services or programs, one key measure of success is demand: Do people and communities use MHC's programs and services and is there continuing and increased demand? Do partners and participants experience a new level of engagement in their communities, classrooms, and organizations as a result of working with MHC?

MHC evaluates and learns from how its programs and projects are working through the implementation of Utilization-Focused Developmental Evaluation plans. Internal and/or external evaluations are completed, with close attention focused on outcomes, criteria for success, and highlighting information and findings that key stakeholders can use to make improvements.

The success of MHC's work can be attributed to many factors. Program staff work in close partnership with community members, partner organizations, and community leaders to ensure authentic programming that meets real needs. MHC monitors and responds to feedback in real time, ensuring the most relevant and

meaningful experience possible for participants. MHC staff also seeks out resources to support important initiatives as needs emerge.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Professional Development Offerings (# of events/# of participants)	48/1,936	46/992	FY17, FY18
Quantity	Community/Public Offerings (# of events/# of participants)	39/885	38/1,765	FY17, FY18
Quantity	Traveling Exhibits (# of exhibits/# of host sites/# of visitors)	2/7/7,941	2/6/12,638	FY17, FY18
Quantity	Event Center Usage (# of events/# of participants)	344/9,349	370/11,137	FY17, FY18
Quantity	Grant Awarded to Other Agencies (# of grants/# of dollars awarded)	16/\$1,685,820	60/\$2,413,805	FY17, FY18

M.S. 138.911 charges MHC with providing leadership, programs, and resources that advance the study of the humanities in schools, colleges, and cultural organizations throughout the state.

(<https://www.revisor.mn.gov/statutes/cite/138.911>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	675	770	930	970	700	700	700	700
2301 - Arts & Cultural Heritage	2,465	1,867	2,412	3,635				
Total	3,140	2,637	3,342	4,605	700	700	700	700
Biennial Change				2,170		(6,547)		(6,547)
Biennial % Change				38		(82)		(82)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Humanities Center	3,140	2,637	3,342	4,605	700	700	700	700
Total	3,140	2,637	3,342	4,605	700	700	700	700

Expenditures by Category

Grants, Aids and Subsidies	3,140	2,637	3,342	4,605	700	700	700	700
Total	3,140	2,637	3,342	4,605	700	700	700	700

Humanities Center

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				20				
Direct Appropriation	675	770	950	950	700	700	700	700
Balance Forward Out			20					
Expenditures	675	770	930	970	700	700	700	700
Biennial Change in Expenditures				455		(500)		(500)
Biennial % Change in Expenditures				31		(26)		(26)
Governor's Change from Base								0
Governor's % Change from Base								0

2301 - Arts & Cultural Heritage

Balance Forward In			895	1,160				
Direct Appropriation	2,465	2,075	2,677	2,475	0	0	0	0
Transfers In			62					
Transfers Out			62					
Balance Forward Out		208	1,160					
Expenditures	2,465	1,867	2,412	3,635				
Biennial Change in Expenditures				1,715		(6,047)		(6,047)
Biennial % Change in Expenditures				40		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	950	950	950	1,900
Base Adjustments				
All Other One-Time Appropriations		(250)	(250)	(500)
Forecast Base	950	700	700	1,400
Total Governor's Recommendations	950	700	700	1,400
Fund: 2301 - Arts & Cultural Heritage				
FY2019 Appropriations	2,475	2,475	2,475	4,950
Base Adjustments				
One-Time Legacy Fund Appropriations		(2,475)	(2,475)	(4,950)
Forecast Base	2,475	0	0	0
Total Governor's Recommendations	2,475	0	0	0

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AT A GLANCE

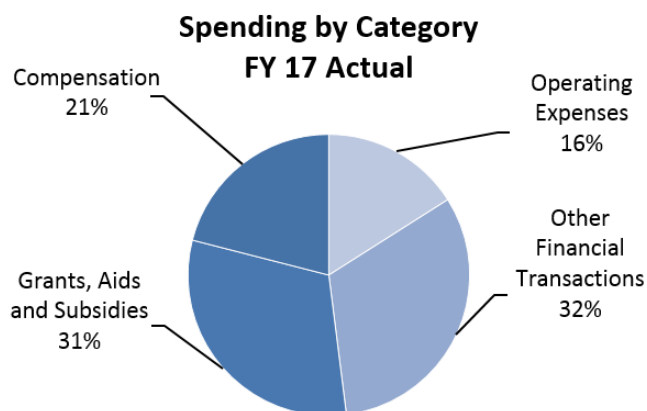
- The Council serves the entire state and the eleven sovereign Tribal Nations in Minnesota.
- There are approximately 61,000 American Indians statewide
- The Council has five full-time staff and two offices located in St. Paul and Bemidji
- The 28 member board is comprised of elected Tribal Leaders, the Governor's Office, members of the State Legislature, and State Agency Commissioners
- 6 member Urban Indian Advisory Board (UIAB) that advises the Council on issues specific to the urban American Indian communities in Minneapolis, St. Paul, Bemidji, and Duluth

PURPOSE

The mission of the Minnesota Indian Affairs Council (MIAC) is to enhance the sovereignty of the eleven Tribal Nations in Minnesota, and to ensure the well-being of American Indian citizens throughout the state. Established in 1963, the MIAC serves as the primary liaison between sovereign Tribal Nations and state government. The Council also advises and makes policy recommendations to the Governor and Legislature. The MIAC proposes the yearly agenda for the annual Governor/Tribal Leaders summit. The MIAC also fulfills duties under M.S. 307.08 and M.S. 138.00, through its Cultural Resource program. The Cultural Resource program works in collaboration with the office of the State Archaeologist to protect American Indian cemeteries, gravesites, and burial mounds statewide.

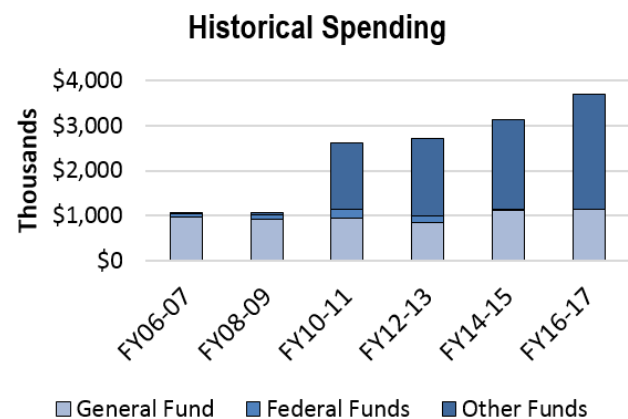
The Minnesota Indian Affairs Council contributes to the following statewide outcomes through its own work and by partnering with other agencies:

- **Strong and stable families and communities**
- **A thriving economy that encourages business growth and employment opportunities**
- **Minnesotans have the education and skills needed to achieve their goals**
- **All Minnesotans have optimal health**
- **A clean and healthy environment with sustainable uses of natural resources**
- **People in Minnesota are safe**
- **Efficient and accountable government services**

BUDGET

Grants Aid and Subsidies are the appropriations from the Arts and Cultural Heritage Fund for Language Revitalization and Cultural Resources.

Source: Budget Planning & Analysis System (BPAS)



Legend: General Fund, Federal Funds, Other Funds

MIAC no longer receives any federal funds in FY 14-15

Source: Consolidated Fund Statement

The Minnesota Indian Affairs Council has a total biennial budget of approximately \$3.8 million. The biennial General Fund support is approximately \$1.1 million. Funding from the Arts & Cultural Heritage Fund, consisting of grants to communities for Dakota and Ojibwe Language Revitalization, is approximately \$2.7 million.

STRATEGIES

To accomplish its mission, the Minnesota Indian Affairs Council uses the following strategies:

- Convene quarterly board meetings which bring together elected Tribal leaders representing eleven Tribal Nations (MIAC Executive Board), state government elected and appointed officials, key agency program staff, and the public. Executive Board discussion and formal action through adoption of resolutions leads to increased collaboration and coordination with state agency leadership.
- Make policy recommendations to the Governor, State Legislature, and state agencies.
- Educate the public and local governments on issues important to American Indian tribes and people.
- Promote the revitalization and preservation of the Dakota and Ojibwe Languages through the grants program supported by the Legacy Amendment.
- Coordinate with state agency Tribal liaisons to ensure effective program implementation.
- Partner with state agencies to plan and facilitate the Minnesota Tribal-State Relations Training.
- Assist state agencies in coordinating government-to-government consultation discussions.
- Citizen and public outreach through participation on State, Tribal, and community advisory boards, commissions, committees, and task forces.
- Educate the public and state agency employees through the use of the Why Treaties Matter Exhibit.

In 2017, MIAC secured a permanent installation of the Why Treaties Matter banner exhibit on the 3rd floor public space in the newly-renovated State Capitol building, elevating the visibility of Tribal Nations, and creating an educational opportunity for the public.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total grants awarded through Dakota and Ojibwe language revitalization grant program	17 Awarded Grants	17 Awarded Grants	FY16-17 FY 18-19
Quantity	Number of unique institutions/entities that have been awarded grants through Dakota and Ojibwe language revitalization grant program	20 total awarded entities	37 total awarded entities	FY14-15 FY18-19
Quality	Increase public knowledge about the unique relationships between Tribal Nations and the State through the Why Treaties Matter Exhibit	60,000 visitors	87,000 visitors	FY2016 FY2018
Quantity	Increase public knowledge about treaties and tribal sovereignty through the Why Treaties Matter Exhibit	99 host sites in 59 Minnesota cities	109 host sites in over 65 Minnesota cities	FY16 FY18

The Minnesota Indian Affairs Council's legal authority comes from MS 3.922 (<https://www.revisor.mn.gov/statutes/?id=3.922>).

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	515	619	385	780	586	586	1,119	1,106
2000 - Restrict Misc Special Revenue			39	36				
2001 - Other Misc Special Revenue	54		144	302				
2301 - Arts & Cultural Heritage	1,110	1,410	1,369	1,407				
2403 - Gift				16	20		20	
Total	1,680	2,029	1,937	2,541	606	586	1,139	1,106
Biennial Change				770		(3,286)		(2,233)
Biennial % Change				21		(73)		(50)
Governor's Change from Base								1,053
Governor's % Change from Base								88

Expenditures by Program

Indian Affairs Council	1,680	2,029	1,937	2,541	606	586	1,139	1,106
Total	1,680	2,029	1,937	2,541	606	586	1,139	1,106

Expenditures by Category

Compensation	445	426	463	783	424	431	830	851
Operating Expenses	136	317	247	583	182	155	309	255
Grants, Aids and Subsidies	435	638	773	675				
Other Financial Transaction	664	648	454	500				
Total	1,680	2,029	1,937	2,541	606	586	1,139	1,106

Full-Time Equivalents

5.35	4.97	4.96	5.27	4.00	4.00	8.00	8.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		64		195				
Direct Appropriation	569	576	580	585	586	586	1,119	1,106
Transfers Out		18						
Cancellations		3						
Balance Forward Out	54		195					
Expenditures	515	619	385	780	586	586	1,119	1,106
Biennial Change in Expenditures				30		7		1,060
Biennial % Change in Expenditures				3		1		91
Governor's Change from Base								1,053
Governor's % Change from Base								90
Full-Time Equivalents	4.60	4.24	4.07	3.74	4.00	4.00	8.00	8.00

2000 - Restrict Misc Special Revenue

Balance Forward In				36				
Receipts			75					
Balance Forward Out			36					
Expenditures			39	36				
Biennial Change in Expenditures				75		(75)		(75)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.27	0.28				

2001 - Other Misc Special Revenue

Balance Forward In				49				
Receipts	54		192	253				
Balance Forward Out			49					
Expenditures	54		144	302				
Biennial Change in Expenditures				391		(446)		(446)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.63			0.75				

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2301 - Arts & Cultural Heritage

Balance Forward In	21	221	136	87				
Direct Appropriation	1,325	1,325	1,320	1,320	0	0	0	0
Transfers In			40					
Transfers Out			40					
Cancellations	14	0	0					
Balance Forward Out	221	136	87					
Expenditures	1,110	1,410	1,369	1,407				
Biennial Change in Expenditures				256		(2,776)		(2,776)
Biennial % Change in Expenditures				10		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.12	0.73	0.62	0.50				

2403 - Gift

Balance Forward In	0	0	0	26	20		20	
Receipts	0	0	26	10				
Balance Forward Out	0	0	26	20				
Expenditures				16	20		20	
Biennial Change in Expenditures				16		4		4
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	585	585	585	1,170
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	585	586	586	1,172
Change Items				
Private Cemeteries Act Amendments (M.S. 307.08)		533	520	1,053
Total Governor's Recommendations	585	1,119	1,106	2,225
Fund: 2301 - Arts & Cultural Heritage				
FY2019 Appropriations	1,320	1,320	1,320	2,640
Base Adjustments				
One-Time Legacy Fund Appropriations		(1,320)	(1,320)	(2,640)
Forecast Base	1,320	0	0	0
Total Governor's Recommendations	1,320	0	0	0
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	36			
Forecast Base	36			
Total Governor's Recommendations	36			
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	302			
Forecast Base	302			
Total Governor's Recommendations	302			
Fund: 2403 - Gift				
Planned Spending	16	20		20
Forecast Base	16	20		20
Total Governor's Recommendations	16	20		20
Revenue Change Summary				
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	253			
Total Governor's Recommendations	253			

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2403 - Gift				
Forecast Revenues	10			
Total Governor's Recommendations	10			

Indian Affairs Council

FY 2020-21 Biennial Budget Change Item

Change Item Title: Private Cemeteries Act Amendments (MS 307.08)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	533	520	520	520
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	533	520	520	520
FTEs	4	4	4	4

Recommendation:

The Governor recommends amending the Private Cemeteries Act (MS 307.08) to more effectively protect American Indian cemeteries and burial features from inadvertent discovery or unintentional unearthing of human remains. The Governor also recommends additional funding of \$533 thousand in FY 2020 and \$520 thousand each year thereafter at the Minnesota Council of Indian Affairs (MIAC) for four additional staff and operating costs to comply with the Private Cemeteries Act amendments.

Rationale/Background:

American Indian cemeteries, burial mounds, and cultural sites are protected under state and federal law. The Minnesota Indian Affairs Council is responsible to manage, oversee, and protect American Indian cemetery sites, and is the sole authority to recover and rebury American Indian human remains that have been unintentionally disturbed, primarily due to construction and development. At any given time, the Minnesota Indian Affairs Council, in collaboration with the Minnesota Office of State Archeologist (OSA), are involved in multiple rescues and recoveries of unintentionally unearthed human remains. These burial recovery projects occur on public and private land, and involve multiple land jurisdictions and authorities, including: tribal, city, county, state, federal, and private.

MIAC, Tribes, cities, counties, and the state continue to be at risk for additional cemetery disturbances that could be prevented with appropriate review of proposed construction project and development plans. The most recent cemetery disturbances have caused a significant strain on state resources, including costly project delays, costly emergency burial recovery efforts, and strained relationships between the state and Minnesota Tribal Nations.

Proposal:

The Governor recommends amending the Private Cemeteries Act in an effort to more effectively protect American Indian cemeteries and burial features from inadvertent discovery or unintentional unearthing of human remains. This recommendation also promotes a more collaborative relationship between the Minnesota Indian Affairs Council and the Office of State Archeologist through the creation of an MOU between the two agencies. It strengthens the authority of the Minnesota Indian Affairs Council over cemeteries deemed to be American Indian, and provides greater flexibility in the qualified professionals and appropriate experts that can be utilized to assess or identify cemeteries. Finally, this recommendation provides greater protection to American Indian cemeteries by proposing additional construction and development plan review by the Indian Affairs Council if a proposed project is within 300 feet of an American Indian cemetery, burial features, historic American Indian villages, or historic cultural features.

The current base agency budget of the Indian Affairs Council is \$580,000. MIAC has also received a one-time biennial appropriation of \$200,000 from the Legacy Amendment – Arts and Cultural Heritage Fund for FY18-19, to fulfill its duties under MS 307.08 (Private Cemeteries Act). A majority of the agency budget is dedicated to supporting 5 FTE, including 2 FTE that work exclusively on cultural resources and cemetery protection. These two FTE have the responsibility to review all construction and development plans that come to the Indian Affairs Council requesting review, in addition to all other duties required, including archeology and burial recovery.

This recommendation includes funding for 4.0 new FTEs, office space and equipment, travel, training, contracted services, and supplies:

Expense	FY20	FY21
4 FTEs, 2 SPA Coordinators, 2 SPA seniors	\$406	\$420
Rent Administration Building (175 sq. ft. per person) for 4 new FTEs	\$18	\$18
Furniture \$7,000 per workstation (cubes for 4 new FTEs, cube and office for existing OSA staff)	\$24	\$0
Computer/Telephone Equipment	\$3	\$0
Communications & IT Support/Maintenance	\$8	\$8
Travel In-State	\$24	\$24
Travel Out-of-state	\$6	\$6
Supplies	\$4	\$4
Training	\$5	\$5
Contracted Services	\$35	\$35
Total	\$ 533	\$520

Equity and Inclusion:

American Indian citizens and Tribal Nations have been most impacted historically. Elected Tribal leaders and the Minnesota Indian Affairs Council have been advocating for these statute and policy amendments for years. Former State Archeologists weren't receptive to previous attempts to amend the statute, which promote a collaborative effort between MIAC and OSA, and strengthen the authority of the MIAC over American Indian cemetery sites. Tribal leaders have also personally requested these changes from the Governor, including this year when elected leaders representing Minnesota's four Dakota Tribes met with the Governor to express concern about the lack of resources and staff available to MIAC to fulfill their statutory duties. MIAC also issued a resolution in support of policy amendments and a request for additional appropriations. Tribal Elected Officials, Tribal Historic Preservation Officers, and American Indian communities have been consulted and collaborated with to develop the policy amendments and accompanying appropriation.

IT Related Proposals:

N/A

Results:

MIAC estimates close to 100 construction and development plans are currently reviewed per year. MIAC estimates that plans sent by state agencies and local governmental entities will increase to 800-1000 per year with implementation of the new 300-foot buffer that triggers review. State agencies that have typically conducted cultural resource reviews in-house, will now be required to send construction and development plans to both the Indian Affairs Council and the Office of State Archeologist. MnDOT has an estimated 600 projects that they would send MIAC for review on an annual basis. An additional 200 additional reviews would come from local government projects, once they become more aware of MN Stat. 307.08 regulations and requirements. The work volume for the Indian Affairs Council is anticipated to increase fivefold. Since current staff reviews close to 100

plans per year in addition to other duties, we assume the additional volume could be addressed by two additional FTE with responsibility to conduct plan review.

MIAC also currently performs preliminary condition assessments through low tech methods (shovel tests, records/map review) and does not have financial resources to contract for additional expertise needed such as ground penetrating radar or other non-invasive technologies that American Indian communities prefer to manual invasive testing. Currently, each cemetery assessment can take between 40 hours to 120 hours depending on the complexity of the assessment. In collaboration with OSA, MIAC staff complete approximately 20 assessments/year for a total of 1,500 hours.

MIAC assumes an increase in the number of request for cemetery condition assessments to increase from 20 to 100 resulting in the need for an additional 2 FTEs. Cemetery condition assessments require travel across Minnesota, and travel costs will be significant. There are eleven separate Tribal Nations in Minnesota that are all geographically located in greater Minnesota. MIAC has state-wide responsibility, and will be conducting assessments and initial project review on-site.

Statutory Change(s):

MS 307.08

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Investment Board

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AT A GLANCE

- The Minnesota State Board of Investment (SBI) has a total of \$96.2 billion under management as of June 30, 2018.
- Assets under management have grown by 69% since June 30, 2008 (Ten Year Period).
- The SBI manages money for retirement organizations, trust accounts, other post-employment benefit accounts, State accounts and numerous volunteer fire fighter accounts for a total of 387 plans.
- The three largest plans (Combined Funds) are the retirement organizations of PERA, TRA and MSRS. Together they account for \$68.3 billion in pension assets under management.
- The Combined Funds outperformed the benchmark for the 5, 10, 20 and 30 year time periods.
- The SBI manages the State's cash account, which totaled \$13.4 billion on June 30, 2018.
- The SBI manages funds for 333 volunteer fire fighter accounts.

PURPOSE

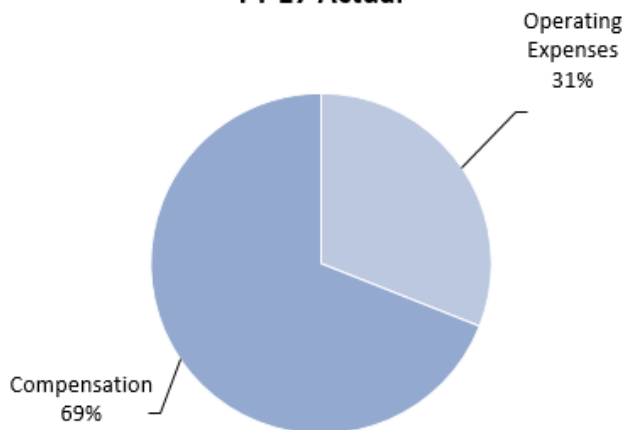
The State Board of Investment (SBI) develops and implements investment policies and strategies for the state's retirement funds, trust funds, and cash accounts. The statutory mission of the SBI is "to ensure that state and pension assets subject to this legislation will be responsibly invested to maximize the total rate of return without incurring undue risk" (Minnesota Statutes 11A.01).

The SBI supports the following statewide outcome(s).

- **A thriving economy that encourages business growth and employment opportunities**
- **Strong and stable families and communities**
- **Efficient and accountable government services**

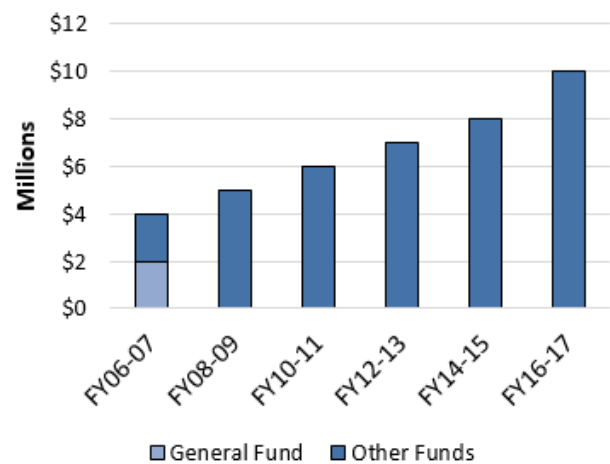
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



In FY2007 the MN SBI began invoicing plans for actual SBI expenditures.

Source: Consolidated Fund Statement

The SBI is primarily funded through dedicated receipts by billing our customers for the services provided. In addition to dedicated receipts, the SBI receives a small general fund appropriation. The split between dedicated

receipts and general fund is 97% (\$4,582,000) dedicated receipts and 3% (\$139,000) general fund for Fiscal Year 2017.

STRATEGIES

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership, as specified in the Constitution, is comprised of the Governor (Chair), State Auditor, Secretary of State and the State Attorney General. All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota Statutes Chapter 11A and Chapter 356A.

Areas of Responsibility:

- Combined Funds (MSRS, TRA and PERA): The overriding responsibility of the SBI with respect to the three retirement plans pension assets is to achieve a maximum total rate of return given an appropriate level of risk such that sufficient funds are available to finance promised benefits to plan participants.
- Cash Accounts: The SBI manages the cash balances in state agency accounts with the objective, in priority order, of preserving capital, meeting state agency liquidity needs and providing competitive money market rates of return.
- Additional Funds: The SBI also manages assets for a number of additional funds, including various Trust Funds, which have varying risk tolerances and investment objectives.

The SBI provides investment management services to the three statewide retirement plans (Combined Retirement Funds), the Permanent School Fund, the Environmental Trust Fund, Closed Landfill Fund, the Assigned Risk Plan, the Supplemental Investment Funds, Invested Treasurer's Cash and over 300 other plans.

- Combined Funds (Market Value June 30, 2018, \$68.3 billion) The SBI manages the retirement assets with the objective of providing sufficient funds to finance the promised benefits to participants. Our strategy is to take advantage of the long term nature of the pension liabilities and invest in appropriate return opportunities that will enhance the probability of meeting or exceeding the actuarial return target over the long-term. Pensions provide a positive contribution to strong and stable families, communities and the economy overall.
- Cash Accounts (Market Value June 30, 2018, \$13.4 billion) In order to preserve capital, ensure that state agency cash is available as needed, and is earning competitive money market rates of return, SBI invests the cash accounts in short-term, liquid, high-quality debt securities.
- Additional Funds (Market Value June 30, 2018, \$14.5 billion) The SBI also manages assets for the funds listed above with varying investment strategies as well as approximately 333 volunteer firefighter accounts.

To carry out its mission, SBI retains an executive director, an internal investment staff, internal accounting and support staff and external investment managers to execute its policies. In performing its duties, the SBI is assisted by the Investment Advisory Council (IAC), which is comprised of 17 individuals with investment and retirement fund expertise.

SBI staff:

- Execute board decisions;
- Recommend strategic planning alternatives to the IAC and board;
- Monitor and evaluate investment performance to ensure long-term investment objectives are met;
- Provide internal investment management for the state agency cash accounts;
- Seek and retain superior external money managers by monitoring the performance of all external managers retained by the board;
- Establish and periodically update the investment objectives, asset allocation and investment management structure for each of the funds;

- Assess developments in the broad financial markets and evaluate their potential impact on SBI operations and policies;
- Review prospective investment vehicles for legislative consideration.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	1. Meet or Exceed 10 Year Composite Index Total Return	FY17	FY18	6/30/2018
	Combined Funds 10 Year Annualized Return	6.2%	7.8%	
	Benchmark 10 Year Composite Annualized Return	6.0%	7.4%	
	Difference from Composite Benchmark	+2%	+4%	
Quality	2. Provide 20 year Real Return of 3-5 percentage points above inflation (CPI)			6/30/2018
	Combined Funds 20 Year Annualized Return	7.2%	6.8%	
	Benchmark 20 Year Annualized Return	2.1%	2.2%	
	Difference from CPI Benchmark	+5.1%	+4.6%	

Note: The outperformance of SBI relative to the broad capital markets (referred to as “benchmarks”) over the long-term is evidence of SBI’s ability to add value to returns, which is achieved through asset allocation and manager selection decisions made by the SBI. Additionally, SBI’s strict adherence to re-balancing activity enhances returns by imposing a low risk discipline of “buy low-sell high” among asset classes on a total fund basis.

Legal Citations:

Minnesota Statutes Chapter 11A (<https://www.revisor.mn.gov/statutes/cite/11A>)

Minnesota Statutes Chapter 356A (<https://www.revisor.mn.gov/statutes/cite/356A>)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	139	139	139	139	139	139	139	139
2000 - Restrict Misc Special Revenue	5,136	4,584	4,767	6,337	6,691	7,167	6,691	7,167
7504 - Invest Ext Money Managers #2	803	937	1,108	5,000	5,000	5,000	5,000	5,000
Total	6,078	5,659	6,014	11,476	11,830	12,306	11,830	12,306
Biennial Change				5,752		6,646		6,646
Biennial % Change				49		38		38
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Investment of Funds	5,275	4,723	4,906	6,476	6,830	7,306	6,830	7,306
Refunds/Retirement Funds	803	937	1,108	5,000	5,000	5,000	5,000	5,000
Total	6,078	5,659	6,014	11,476	11,830	12,306	11,830	12,306

Expenditures by Category

Compensation	3,873	3,876	3,969	5,131	5,282	5,437	5,282	5,437
Operating Expenses	2,179	1,755	2,020	6,320	6,513	6,834	6,513	6,834
Capital Outlay-Real Property	25	21						
Other Financial Transaction	1	8	25	25	35	35	35	35
Total	6,078	5,659	6,014	11,476	11,830	12,306	11,830	12,306

Full-Time Equivalents

25.34	24.84	23.88	30.00	30.00	30.00	30.00	30.00
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Investment Board

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	139	139	139	139	139	139	139	139
Expenditures	139	139	139	139	139	139	139	139
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	220	8	6	12				
Receipts	4,924	4,577	4,774	6,325	6,691	7,167	6,691	7,167
Transfers Out			1					
Balance Forward Out	8	1	12					
Expenditures	5,136	4,584	4,767	6,337	6,691	7,167	6,691	7,167
Biennial Change in Expenditures				1,384		2,754		2,754
Biennial % Change in Expenditures				14		25		25
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	25.34	24.84	23.88	30.00	30.00	30.00	30.00	30.00

7504 - Invest Ext Money Managers #2

Open Appropriation	803	937	1,108	5,000	5,000	5,000	5,000	5,000
Expenditures	803	937	1,108	5,000	5,000	5,000	5,000	5,000
Biennial Change in Expenditures				4,368		3,892		3,892
Biennial % Change in Expenditures				251		64		64
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	139	139	139	278
Forecast Base	139	139	139	278
Total Governor's Recommendations	139	139	139	278
Open				
Fund: 7504 - Invest Ext Money Managers #2				
FY2019 Appropriations	5,000	5,000	5,000	10,000
Forecast Base	5,000	5,000	5,000	10,000
Total Governor's Recommendations	5,000	5,000	5,000	10,000
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	6,337	6,691	7,167	13,858
Forecast Base	6,337	6,691	7,167	13,858
Total Governor's Recommendations	6,337	6,691	7,167	13,858
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	6,325	6,691	7,167	13,858
Total Governor's Recommendations	6,325	6,691	7,167	13,858
Non-Dedicated				
Fund: 2051 - Environmental Trust				
Forecast Revenues	50,828	61,387	61,387	122,774
Total Governor's Recommendations	50,828	61,387	61,387	122,774
Fund: 7504 - Invest Ext Money Managers #2				
Forecast Revenues	5,000	5,000	5,000	10,000
Total Governor's Recommendations	5,000	5,000	5,000	10,000

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Department of Iron Range Resources & Rehabilitation

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AT A GLANCE

- The mission of Iron Range Resources & Rehabilitation is to promote and invest in business, community and workforce development for the betterment of northeastern Minnesota.
- The Department of Iron Range Resources and Rehabilitation differs from other state agencies in that it operates on an annual budget that is established by the commissioner and approved by a nine-member board and the Governor.
- The agency is primarily funded by a portion of local taconite production taxes paid by mining companies on each ton of iron ore pellets or concentrates produced.
- Production taxes are paid by mining companies in lieu of local property taxes.
- The agency reinvests its income in businesses, cities and townships in a service area comprised of 13,000 square-miles of northeastern Minnesota.

PURPOSE

Established in 1941, the Department of Iron Range Resources and Rehabilitation was created to diversify the economy within a region largely dependent on the removal of minerals (iron ore and taconite) and other natural resources.

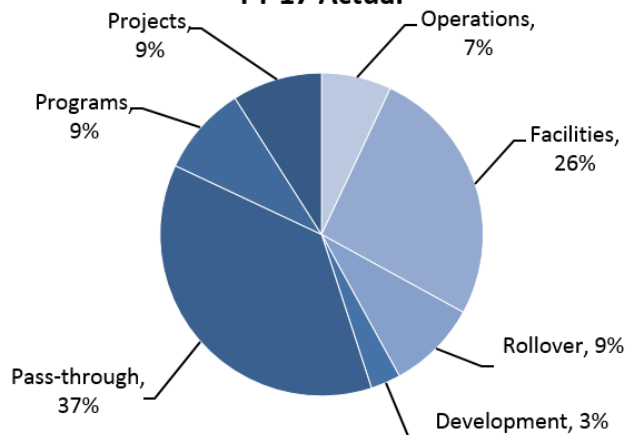
IRRR supports the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **Strong and stable families and communities**
- **Minnesotans have the education and skills needed to achieve their goals**

BUDGET

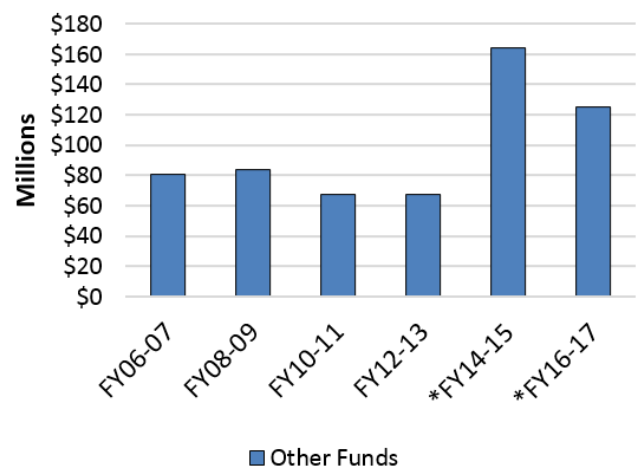
Spending by Program

FY 17 Actual



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



*Include DJJ Corpus, Event Center Construction & School Bond Payments

Source: Consolidated Fund Statement

STRATEGIES

- Iron Range Resources and Rehabilitation conducts business retention and expansion and recruits businesses from outside the area who may be considering expanding or relocating. The agency works individually with business clients to customize financial assistance packages that meet business goals and objectives. The agency also collaborates with funding partners – other businesses, banks, and economic development organizations to leverage capital and regional resources.
- The agency provides grants to local units of government and non-profits that contribute to stable, livable and healthy communities.
- The agency provides grants for innovative education and workforce development initiatives that address workforce skills needed by business and industry.

RESULTS

Iron Range Resources & Rehabilitation assists small businesses with the information and financing needed to stabilize and grow; provides larger business developments with agency and partnership support to encourage them to expand and relocate to northeastern Minnesota; and provides communities the resources to leverage financial investments that improve quality of life.

Results are measured in businesses/communities served by agency programs, agency investment, and total project investment.

- The agency served more businesses and communities in the current biennium than previously although the amount of funds per customer was lower.
- Overall agency investment was reduced in the current biennium because of decreased taconite production during the last three years – tax revenue from that downturn impacts agency income over several years due to averaging.
- Total project investment in the current biennium decreased less than 5%. This amount varies depending on project types, timing, the capacity of the businesses or municipalities, and their ability to access other state, federal or private funds.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of businesses/communities served by Iron Range Resources & Rehabilitation Programs	161	200	Previous FY15/16 and Current FY17/18
Quantity	Iron Range Resources & Rehabilitation Investment	\$47M	\$33.6M	Previous FY15/16 and Current FY17/18
Results	Total Project Cost for Projects that include IRRR Investment	\$313M	\$298M	Previous FY15/16 and Current FY17/18

M.S. 298.22 provides the legal authority for the Department of Iron Range Resources & Rehabilitation.

Iron Range Resources and Rehabilitation

Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2370 - Iron Range Resources & Rehab	32,743	42,482	31,722	35,525	28,717	28,779	28,717	28,779
2380 - Douglas J Johnson Econ Protect	22,180	2,429	18,486	14,622	2,622	2,620	2,622	2,620
4600 - Giants Ridge Golf & Ski Resort	9,140	16,454	10,535	12,082	10,000	10,000	10,000	10,000
Total	64,063	61,365	60,744	62,229	41,339	41,399	41,339	41,399
Biennial Change				(2,456)		(40,235)		(40,235)
Biennial % Change				(2)		(33)		(33)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Operations	23,631	4,037	20,127	16,301	4,301	4,301	4,301	4,301
Facilities	9,140	16,016	10,272	12,082	10,000	10,000	10,000	10,000
Development	2,316	2,099	2,087	2,690	2,690	2,690	2,690	2,690
Agency Roll Over	204	5,545	1,870	634				
Pass-through Funding	16,114	22,747	14,981	17,116	16,906	16,900	16,906	16,900
Programs	6,320	5,647	5,067	7,406	7,442	7,508	7,442	7,508
Projects	6,338	5,274	6,340	6,000				
Total	64,063	61,365	60,744	62,229	41,339	41,399	41,339	41,399

Expenditures by Category

Compensation	6,074	6,328	5,751	5,177	5,011	5,011	5,011	5,011
Operating Expenses	8,854	15,549	11,604	11,244	11,214	11,214	11,214	11,214
Grants, Aids and Subsidies	44,482	33,292	38,388	38,912	20,269	20,335	20,269	20,335
Capital Outlay-Real Property	349	443	342	2,782	730	730	730	730
Other Financial Transaction	4,305	5,752	4,660	4,114	4,115	4,109	4,115	4,109
Total	64,063	61,365	60,744	62,229	41,339	41,399	41,339	41,399

Total Agency Expenditures	64,063	61,365	60,744	62,229	41,339	41,399	41,339	41,399
Internal Billing Expenditures	0	0	0	14	14	14	14	14
Expenditures Less Internal Billing	64,063	61,365	60,744	62,215	41,325	41,385	41,325	41,385

Iron Range Resources and Rehabilitation

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Full-Time Equivalents</u>	74.02	74.37	45.21	45.68	45.68	45.68	45.68	45.68

Iron Range Resources and Rehabilitation

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	2,815	2,514	2,408	2,618	2,883	2,905	2,883	2,905
Transfers In	3,664	3,303	2,957	3,214	3,777	4,143	3,777	4,143
Transfers Out	6,479	5,817	5,365	5,832	6,660	7,048	6,660	7,048

2370 - Iron Range Resources & Rehab

Balance Forward In	47,468	55,237	47,143	48,228	54,574	69,240	54,574	69,240
Receipts	38,053	34,337	35,154	40,622	45,040	45,040	45,040	45,040
Transfers In	22,313	26,336	20,094	17,431	11,396	11,418	11,396	11,418
Transfers Out	21,423	26,706	24,046	16,344	13,215	13,215	13,215	13,215
Net Loan Activity	706	(372)	1,604	162	162	162	162	162
Balance Forward Out	54,375	46,349	48,227	54,574	69,240	83,866	69,240	83,866
Expenditures	32,743	42,482	31,722	35,525	28,717	28,779	28,717	28,779
Biennial Change in Expenditures				(7,978)		(9,751)		(9,751)
Biennial % Change in Expenditures				(11)		(15)		(15)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	34.52	33.72	34.10	34.33	34.33	34.33	34.33	34.33

2380 - Douglas J Johnson Econ Protect

Balance Forward In	45,828	36,659	44,742	30,408	19,766	29,262	19,766	29,262
Receipts	10,061	8,721	5,089	5,238	5,813	5,811	5,813	5,811
Transfers In	10,186	9,486	12,772	12,815	4,878	5,244	4,878	5,244
Transfers Out	10,186	13,754	12,363	9,601	1,101	1,101	1,101	1,101
Net Loan Activity	(13,989)	4,480	(1,346)	(4,472)	2,528	2,528	2,528	2,528
Balance Forward Out	19,720	43,163	30,408	19,766	29,262	39,124	29,262	39,124
Expenditures	22,180	2,429	18,486	14,622	2,622	2,620	2,622	2,620
Biennial Change in Expenditures				8,499		(27,866)		(27,866)
Biennial % Change in Expenditures				35		(84)		(84)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.28	7.12	6.48	8.35	8.35	8.35	8.35	8.35

Iron Range Resources and Rehabilitation

Agency Financing by Fund

4600 - Giants Ridge Golf & Ski Resort

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	1,798	2,152	527	2,281	349	469	349	469
Receipts	3,895	4,343	4,899	8,651	5,450	5,450	5,450	5,450
Transfers In	6,697	10,427	7,540	1,499	4,670	4,670	4,670	4,670
Transfers Out	1,109		149					
Balance Forward Out	2,141	468	2,281	349	469	589	469	589
Expenditures	9,140	16,454	10,535	12,082	10,000	10,000	10,000	10,000
Biennial Change in Expenditures				(2,977)		(2,617)		(2,617)
Biennial % Change in Expenditures				(12)		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	32.22	33.53	4.63	3.00	3.00	3.00	3.00	3.00

Iron Range Resources and Rehabilitation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Open				
Fund: 1000 - General				
FY2019 Appropriations	2,591	2,591	2,591	5,182
Base Adjustments				
Forecast Open Appropriation Adjustment		330	354	684
November Forecast Adjustment	17	(48)	(50)	(98)
February Forecast Adjustments	10	10	10	20
Forecast Base	2,618	2,883	2,905	5,788
Total Governor's Recommendations	2,618	2,883	2,905	5,788
Dedicated				
Fund: 2370 - Iron Range Resources & Rehab				
Planned Spending	35,525	28,717	28,779	57,496
Forecast Base	35,525	28,717	28,779	57,496
Total Governor's Recommendations	35,525	28,717	28,779	57,496
Fund: 2380 - Douglas J Johnson Econ Protect				
Planned Spending	14,622	2,622	2,620	5,242
Forecast Base	14,622	2,622	2,620	5,242
Total Governor's Recommendations	14,622	2,622	2,620	5,242
Fund: 4600 - Giants Ridge Golf & Ski Resort				
Planned Spending	12,082	10,000	10,000	20,000
Forecast Base	12,082	10,000	10,000	20,000
Total Governor's Recommendations	12,082	10,000	10,000	20,000
Revenue Change Summary				
Dedicated				
Fund: 2370 - Iron Range Resources & Rehab				
Forecast Revenues	40,622	45,040	45,040	90,080
Total Governor's Recommendations	40,622	45,040	45,040	90,080
Fund: 2380 - Douglas J Johnson Econ Protect				
Forecast Revenues	5,238	5,813	5,811	11,624
Total Governor's Recommendations	5,238	5,813	5,811	11,624
Fund: 4600 - Giants Ridge Golf & Ski Resort				
Forecast Revenues	8,651	5,450	5,450	10,900

Iron Range Resources and Rehabilitation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	8,651	5,450	5,450	10,900

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AT A GLANCE

The Board on Judicial Standards:

- Investigates complaints of judicial misconduct or disability
- Seeks or imposes discipline on judges when appropriate
- Advises and educates judges on proper conduct
- Has jurisdiction over all Minnesota trial and appellate judges (315 positions), retired judges in active service (92), referees, and other judicial officers.

PURPOSE

The mission of the Board on Judicial Standards is to maintain public confidence in the integrity and impartiality of the Minnesota judiciary by enforcing the Minnesota Code of Judicial Conduct and by educating and advising judges how to comply with the Code.

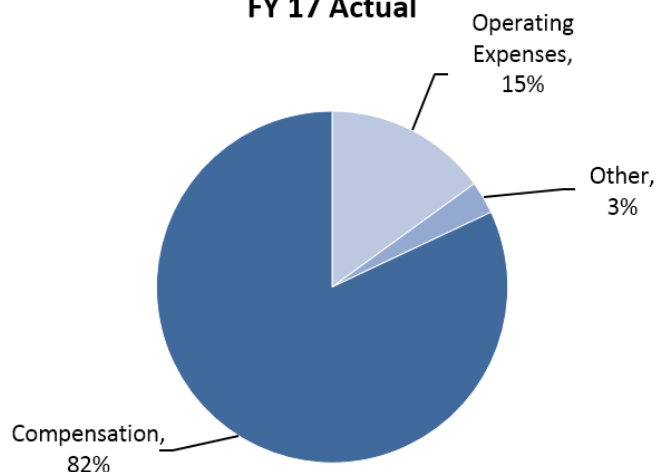
A society cannot function without a fair and effective way to resolve disputes. Acceptance of judicial rulings is based on public recognition that the judiciary and the court system are worthy of respect and trust. Public confidence in our judicial system directly depends on the proper conduct of our judges.

The Minnesota Constitution authorizes the Legislature to provide for the retirement or discipline of any judge who is disabled or guilty of conduct prejudicial to the administration of justice. The Legislature created the Board on Judicial Standards to carry out this task. The Minnesota Supreme Court adopted the Code of Judicial Conduct which sets forth the standards for judges to follow.

The Board has ten members: one judge from the Court of Appeals, three district court judges, two lawyers, and four citizens who are not judges or lawyers. All members are appointed by the Governor and, except for the judges, require confirmation by the Senate. The Board is supported by an Executive Secretary, a Staff Attorney, and an Executive Assistant. The Board on Judicial Standards supports the statewide outcome of efficient and accountable government services.

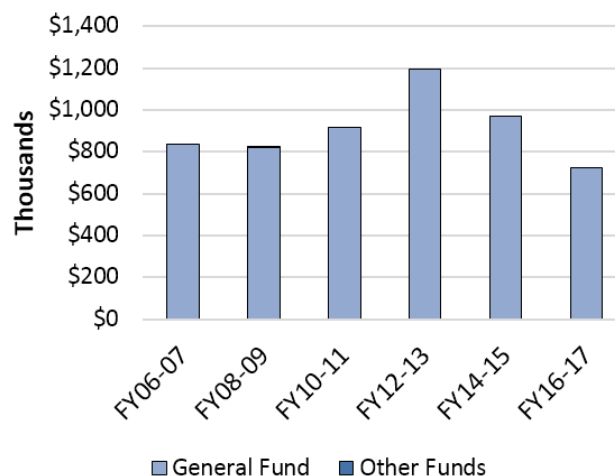
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

STRATEGIES

To accomplish its mission, the Board uses the following strategies:

- The Board promptly reviews complaints alleging judicial misconduct or disability, conducting investigations when necessary.
- The Board uses fair and open procedures that respect the judge's right to due process.
- If the Board finds serious misconduct, the Board may issue a public reprimand; or, if the misconduct is isolated and non-serious, the Board may issue a private admonition.
- If the Board issues a private admonition, the judge may request a panel to consider the Board's decision in a private hearing.
- In serious cases, the Board files a formal complaint against the judge, which can result in a public hearing by a panel and a recommendation to the Minnesota Supreme Court for discipline such as censure, suspension, or removal from office.
- The Board and its Executive Secretary advise and educate judges on applications of the Code of Judicial Conduct.
- The Board is not a substitute for the Court of Appeals. The Board does not review judicial decisions for legal error unless the judge acts in bad faith, or otherwise violates a provision of the code.

The Board continues to successfully reduce its expenditures for litigation by increasing its educational activities and through the thorough investigation and preparation of cases before seeking public discipline.

The Board continually strives to become more transparent to the judges, the public, and the Legislature. The board regularly updates its website with greatly revised and supplemented content to display more information about the Board's activities and to provide better guidance on ethics issues faced by judges.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Formal advisory opinions (published)	2	0	2016-2017
Quantity	Informal written advisory opinions to individual judges	140	122	2016-2017
Quantity	Supreme Court discipline	1	0	2016-2017
Quantity	Public reprimands	1	0	2016-2017
Quantity	Private admonitions, letters of caution, deferred dispositions	7	9	2016-2017

Performance Measures Notes:

The data shown is for calendar years 2016 (previous) and 2017 (current). The Board's activities in previous years are described in the Board's Annual Reports, available at the Board's website.

The Minnesota Constitution authorizes the Legislature to "provide for the retirement, removal, or other discipline of any judge who is disabled, incompetent, or guilty of conduct prejudicial to the administration of justice." Minn. Const. Art. 6, Sec. 9 (https://www.revisor.mn.gov/constitution/#article_6).

The 1971 Legislature created the Board on Judicial Standards to carry out this task. M.S. 490A.01-.03. (<https://www.revisor.mn.gov/statutes/cite/490A/pdf>). The Board operates under the Rules of Board on Judicial Standards adopted by the Minnesota Supreme Court.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	378	350	418	804	537	489	583	509
2000 - Restrict Misc Special Revenue	0							
Total	378	350	418	804	537	489	583	509
Biennial Change				494		(196)		(130)
Biennial % Change				68		(16)		(11)
Governor's Change from Base								66
Governor's % Change from Base								6

Expenditures by Program

Judicial Standards Board	378	350	418	804	537	489	583	509
Total	378	350	418	804	537	489	583	509

Expenditures by Category

Compensation	280	288	306	325	303	307	321	327
Operating Expenses	98	53	112	478	233	181	261	181
Other Financial Transaction		9		1	1	1	1	1
Total	378	350	418	804	537	489	583	509

Full-Time Equivalents

2.59	2.54	2.28	2.60	2.27	2.43	2.60	2.60
------	------	------	------	------	------	------	------

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	95	203	298	366	48		48	
Direct Appropriation	486	486	486	486	489	489	535	509
Cancellations		42						
Balance Forward Out	203	298	366	48				
Expenditures	378	350	418	804	537	489	583	509
Biennial Change in Expenditures				495		(196)		(130)
Biennial % Change in Expenditures				68		(16)		(11)
Governor's Change from Base								66
Governor's % Change from Base								6
Full-Time Equivalents	2.59	2.54	2.28	2.60	2.27	2.43	2.60	2.60

2000 - Restrict Misc Special Revenue

Receipts	0							
Transfers Out	0							
Expenditures	0							
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	486	486	486	972
Base Adjustments				
Pension Allocation		3	3	6
Forecast Base	486	489	489	978
Change Items				
Operating Adjustment		41	20	61
On-Line Complaint Submission Website Update		5		5
Total Governor's Recommendations	486	535	509	1,044

Board on Judicial Standards

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	41	20	20	20
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	41	20	20	20
Maintain FTEs	0.33	0.17	0.17	0.17

Recommendation:

The Governor recommends additional funding of \$61,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Board on Judicial Standards.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board on Judicial Standards, this funding will cover known employee compensation growth, pending retirement of board staff, and replacement of staff computers and printers.

This request is for additional funds to maintain the Board's current staffing and service levels. Among the cost drivers are personnel costs resulting from payroll and benefit increases, increased workload, pending retirement of Board staff, and the need to replace staff computers and printers.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Board on Judicial Standards

FY 2020-21 Biennial Budget Change Item

Change Item Title: On-Line Complaint Submission Website Update

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	5	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends one-time funding of \$5,000 to for the Board on Judicial Standards to create a website enhancement that allows for complaints to be submitted on-line using a standard web browser. The Board currently requires that complaints regarding Minnesota judges and judicial officers be submitted in writing by postal mail or facsimile.

Rationale/Background:

The Board's complaint submission process is currently paper-based. The public, board members, and other stakeholders increasingly expect public services to be consistent with the digital age. An on-line complaint submission feature will facilitate the public's access to the Board and to the process of submitting a complaint.

Proposal:

The Board proposes to use the funds to create an enhancement to the Board's current website. The enhancement would permit a complaint to be submitted to the Board by entering information into an on-line form using a standard web browser.

Because this is an upgrade to the Board's current website, the firm that developed and built the website will be most likely to do the programming.

It is expected that this upgrade will be implemented in FY2020.

Equity and Inclusion:

The website upgrade will facilitate exploring options for serving groups for whom English is not a native language. On-line complaint submission forms possibly could be more readily tailored for a variety of languages.

IT Related Proposals:

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Professional/Technical Contracts	5					

Results:

Initial performance data of interest will be the number of complaints submitted on-line.

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dli.mn.gov/

AT A GLANCE

The Department of Labor and Industry:

- administers wage and safety laws affecting Minnesota's 2.9 million employees and 167,000 employers;
- oversees workers' compensation claims and benefit payments for approximately 95,000 injuries annually;
- conducts almost 182,000 construction inspections each year;
- issues 86,000 personal and business licenses annually; and
- monitors more than 11,000 registered apprenticeships.

PURPOSE

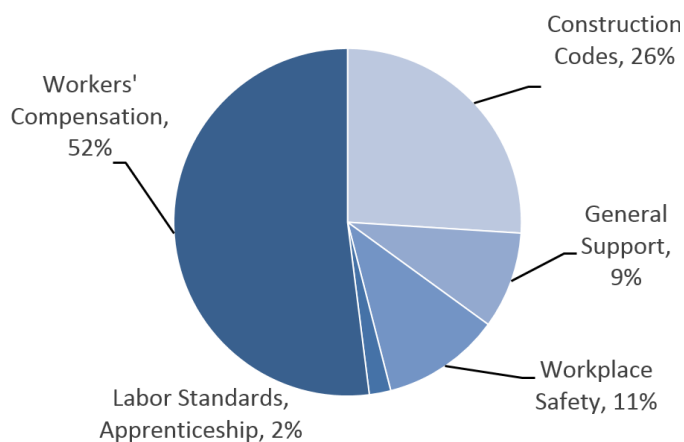
The mission of the Department of Labor and Industry (DLI) is to ensure Minnesota's work and living environments are healthy, safe and equitable. Our agency provides and enforces reasonable and uniform standards for Minnesota buildings and construction professionals. We also ensure workers' compensation benefits are provided to injured workers quickly and efficiently, and at a reasonable cost to employers. In addition, we ensure workers receive appropriate wages and work to promote work-based career development through registered apprenticeships. Our agency also monitors combative sporting events in Minnesota so they are operated safely and fairly.

Through these activities, DLI contributes to the following statewide outcomes:

- **people in Minnesota are safe;**
- **families and communities are strong and stable;**
- **a thriving economy encourages business growth and employment opportunities.**

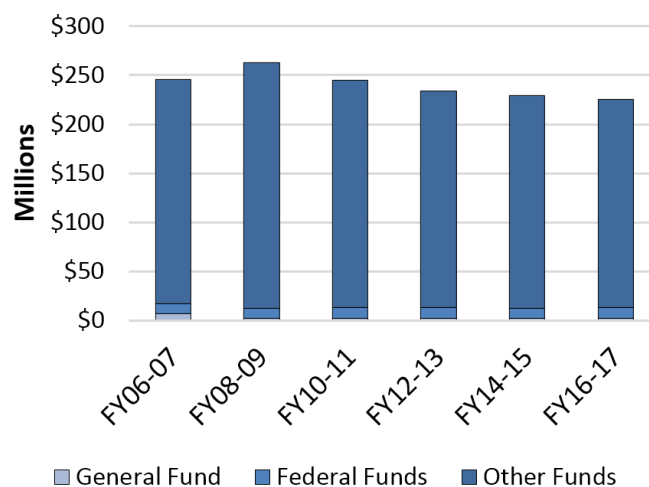
BUDGET

**Spending by Program
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Workers' Compensation Division is funded through an appropriation from the workers' compensation fund. The revenues are collected through an insurer premium surcharge and self-insured assessment. Workers' compensation benefits are paid on behalf of employees of uninsured and bankrupt self-insured employers. Reimbursements to insurers and self-insured employers under the supplemental benefits and second-injury programs make up the bulk of benefit payments.

The Workplace Safety Program is funded with federal grants and state matching funds. The Occupational Safety and Health Administration (OSHA) Compliance activity receives a 50 percent federal funding level. There is a 90 percent federal funding level for the OSHA Workplace Safety Consultation activity. Matching funds are provided through an appropriation from the workers' compensation fund.

The Construction Codes and Licensing Division is funded through a special revenue fund, the Construction Code Fund which is part of the State Government Special Revenue Fund, and operates on a fee-for-service basis. Fees are collected from industry stakeholders and deposited in the Construction Code Fund established in the state treasury.

The Labor Standards unit is financed by an appropriation from the general fund. The unit also collects back-wages owed to employees by employers, which are given to the employees; DLI does not retain these funds.

The Apprenticeship unit is funded by an appropriation from the workforce development fund.

The General Support Division is financed by an appropriation from the workers' compensation fund and by indirect cost revenue recovered from the agency's other programs.

STRATEGIES

To accomplish its mission, DLI uses the following strategies.

- **Dispute resolution:** Provide prompt and fair resolution of workers' compensation disputes.
- **Workplace safety:** Focus OSHA inspection and consultation resources where data indicates the greatest potential for improving workplace safety and health.
- **Education:** Educate employers and workers so they understand their rights and responsibilities under Minnesota labor standards, workers' compensation and OSHA laws.
- **Continuous improvement:** Improve efficiency and customer service by increasing the use of electronic processing of permits, licenses and other filings.
- **Workforce development:** Work with Minnesota employers and others to develop apprenticeship opportunities.

The Department of Labor and Industry's legal authority comes from Minnesota Statutes, chapters 175-178, 181-182, 184, 184B, 326B, 327 and 327B.

Labor and Industry

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,300	1,214	1,519	2,451	1,998	1,998	5,098	5,248
2000 - Restrict Misc Special Revenue	4,944	5,031	6,798	8,420	7,003	7,072	7,014	7,073
2020 - Construction Code	27,480	29,117	31,304	35,350	32,701	32,891	32,708	32,893
2390 - Workforce Development	786	1,439	1,655	2,804	2,184	2,184	2,784	2,784
2830 - Workers Compensation	73,435	70,061	62,632	76,367	76,745	68,118	79,745	68,118
3000 - Federal	4,924	5,695	6,332	5,546	6,210	5,557	6,210	5,557
6000 - Miscellaneous Agency	11		4	1	1	1	1	1
Total	112,880	112,557	110,243	130,939	126,842	117,821	133,560	121,674
Biennial Change				15,746		3,481		14,052
Biennial % Change				7		1		6
Governor's Change from Base								10,571
Governor's % Change from Base								4

Expenditures by Program

Workers Compensation Division	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188
Construction Codes & Licensing	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530
General Support Division	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841
Labor Standards & Apprenticeship	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236
Workplace Safety	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879
Total	112,880	112,557	110,243	130,939	126,842	117,821	133,560	121,674

Expenditures by Category

Compensation	38,827	41,061	41,978	44,032	45,344	45,528	46,252	46,436
Operating Expenses	21,671	22,865	26,279	39,613	36,997	29,792	42,269	32,209
Grants, Aids and Subsidies	52,316	48,618	41,420	46,674	44,429	42,429	44,967	42,957
Capital Outlay-Real Property	42	0						
Other Financial Transaction	24	13	566	620	72	72	72	72
Total	112,880	112,557	110,243	130,939	126,842	117,821	133,560	121,674

Total Agency Expenditures	112,880	112,557	110,243	130,939	126,842	117,821	133,560	121,674
Internal Billing Expenditures	3,649	3,924	4,141	4,151	5,261	5,320	5,445	5,504

Labor and Industry

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures Less Internal Billing	109,231	108,633	106,102	126,788	121,581	112,501	128,115	116,170

Full-Time Equivalents

419.44	428.62	429.07	439.53	441.03	436.97	450.86	446.81
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Labor and Industry

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	1,362	184		457				
Direct Appropriation	6,004	1,302	1,776	1,794	1,798	1,798	4,898	5,048
Transfers In	200	200	200	200	200	200	200	200
Transfers Out		399						
Cancellations	6,082	72						
Balance Forward Out	184		457					
Expenditures	1,300	1,214	1,519	2,451	1,998	1,998	5,098	5,248
Biennial Change in Expenditures				1,455		26		6,376
Biennial % Change in Expenditures				58		1		161
Governor's Change from Base								6,350
Governor's % Change from Base								159
Full-Time Equivalents	13.56	13.56	15.25	18.39	17.37	17.25	26.37	26.25

2000 - Restrict Misc Special Revenue

Balance Forward In	9,081	10,731	12,161	12,492	10,061	10,990	10,061	10,990
Receipts	6,640	6,510	7,128	5,989	7,932	7,431	7,943	7,432
Internal Billing Receipts	3,649	3,924	4,141	3,909	5,261	5,320	5,261	5,320
Transfers Out	45	50						
Balance Forward Out	10,731	12,160	12,492	10,061	10,990	11,349	10,990	11,349
Expenditures	4,944	5,031	6,798	8,420	7,003	7,072	7,014	7,073
Biennial Change in Expenditures				5,243		(1,143)		(1,131)
Biennial % Change in Expenditures				53		(8)		(7)
Governor's Change from Base								12
Governor's % Change from Base								0
Full-Time Equivalents	24.98	24.87	35.72	17.90	1.90	1.90	1.90	1.90

2020 - Construction Code

Balance Forward In	15,508	19,684	27,867	25,947	19,052	14,806	19,052	14,806
Receipts	31,467	32,335	29,384	28,455	28,455	28,455	28,462	28,457
Balance Forward Out	19,495	22,903	25,947	19,052	14,806	10,370	14,806	10,370
Expenditures	27,480	29,117	31,304	35,350	32,701	32,891	32,708	32,893
Biennial Change in Expenditures				10,057		(1,062)		(1,053)
Biennial % Change in Expenditures				18		(2)		(2)

Labor and Industry

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								9
Governor's % Change from Base								0
Full-Time Equivalents	148.20	149.25	146.99	151.00	156.00	156.00	156.00	156.00

2390 - Workforce Development

Balance Forward In	30	287	10	423				
Direct Appropriation	1,043	1,307	2,069	2,381	2,184	2,184	2,784	2,784
Cancellations		145						
Balance Forward Out	287	10	424					
Expenditures	786	1,439	1,655	2,804	2,184	2,184	2,784	2,784
Biennial Change in Expenditures				2,235		(91)		1,109
Biennial % Change in Expenditures				100		(2)		25
Governor's Change from Base								1,200
Governor's % Change from Base								27
Full-Time Equivalents	6.90	9.33	11.46	12.55	11.59	11.59	12.42	12.43

2830 - Workers Compensation

Balance Forward In	5,466	12,130	17,240	21,210	18,179	9,827	18,179	9,827
Direct Appropriation	25,419	27,975	24,975	25,031	22,088	22,088	25,088	22,088
Open Appropriation	49,754	45,188	38,115	44,200	42,200	40,200	42,200	40,200
Receipts	3,014	3,101	3,622	4,191	4,191	4,191	4,191	4,191
Transfers Out		2,000	111	86	86	86	86	86
Cancellations		25						
Balance Forward Out	10,217	16,307	21,210	18,179	9,827	8,102	9,827	8,102
Expenditures	73,435	70,061	62,632	76,367	76,745	68,118	79,745	68,118
Biennial Change in Expenditures				(4,497)		5,864		8,864
Biennial % Change in Expenditures				(3)		4		6
Governor's Change from Base								3,000
Governor's % Change from Base								2
Full-Time Equivalents	184.37	189.62	175.32	199.06	215.67	212.92	215.67	212.92

3000 - Federal

Balance Forward In	693	693	711	37	37	37	37	37
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Labor and Industry

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	4,924	5,007	5,659	5,546	6,210	5,557	6,210	5,557
Balance Forward Out	693	6	38	37	37	37	37	37
Expenditures	4,924	5,695	6,332	5,546	6,210	5,557	6,210	5,557
Biennial Change in Expenditures				1,260		(111)		(111)
Biennial % Change in Expenditures				12		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	41.43	41.99	44.33	40.63	38.50	37.31	38.50	37.31

6000 - Miscellaneous Agency

Balance Forward In	45	51	45	69	69	69	69	69
Receipts	18	(7)	28	1	1	1	1	1
Balance Forward Out	51	45	69	69	69	69	69	69
Expenditures	11		4	1	1	1	1	1
Biennial Change in Expenditures				(7)		(3)		(3)
Biennial % Change in Expenditures						(56)		(56)
Governor's Change from Base								0
Governor's % Change from Base								0

Labor and Industry

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	1,794	1,794	1,794	3,588
Base Adjustments				
Pension Allocation		4	4	8
Forecast Base	1,794	1,798	1,798	3,596
Change Items				
Wage Theft Prevention Act		1,850	1,700	3,550
DLI IT Systems Modernization		1,250	1,550	2,800
Total Governor's Recommendations	1,794	4,898	5,048	9,946
Fund: 2390 - Workforce Development				
FY2019 Appropriations	2,381	2,381	2,381	4,762
Base Adjustments				
All Other One-Time Appropriations		(200)	(200)	(400)
Pension Allocation		3	3	6
Forecast Base	2,381	2,184	2,184	4,368
Change Items				
Sustaining Youth Skills Training Program		600	600	1,200
Total Governor's Recommendations	2,381	2,784	2,784	5,568
Fund: 2830 - Workers Compensation				
FY2019 Appropriations	25,031	25,031	25,031	50,062
Base Adjustments				
One-Time IT Appropriations		(3,000)	(3,000)	(6,000)
Pension Allocation		57	57	114
Forecast Base	25,031	22,088	22,088	44,176
Change Items				
Workers' Compensation IT System Modernization		3,000		3,000
Total Governor's Recommendations	25,031	25,088	22,088	47,176
Open				
Fund: 2830 - Workers Compensation				
FY2019 Appropriations	55,200	55,200	55,200	110,400
Base Adjustments				
Forecast Open Appropriation Adjustment	(11,000)	(13,000)	(15,000)	(28,000)
Forecast Base	44,200	42,200	40,200	82,400
Total Governor's Recommendations	44,200	42,200	40,200	82,400

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	8,420	7,003	7,072	14,075
Forecast Base	8,420	7,003	7,072	14,075
Change Items				
Licensing Solar Contractors as Residential Contractors		13	3	16
Combative Sports Fee Reductions		(2)	(2)	(4)
Total Governor's Recommendations	8,420	7,014	7,073	14,087
Fund: 2020 - Construction Code				
Planned Spending	35,350	32,701	32,891	65,592
Forecast Base	35,350	32,701	32,891	65,592
Change Items				
Licensing Solar Contractors as Residential Contractors		7	2	9
Total Governor's Recommendations	35,350	32,708	32,893	65,601
Fund: 2830 - Workers Compensation				
Planned Spending	3,881	3,969	3,993	7,962
Forecast Base	3,881	3,969	3,993	7,962
Total Governor's Recommendations	3,881	3,969	3,993	7,962
Fund: 3000 - Federal				
Planned Spending	5,546	6,210	5,557	11,767
Forecast Base	5,546	6,210	5,557	11,767
Total Governor's Recommendations	5,546	6,210	5,557	11,767
Fund: 6000 - Miscellaneous Agency				
Planned Spending	1	1	1	2
Forecast Base	1	1	1	2
Total Governor's Recommendations	1	1	1	2
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	5,989	7,932	7,431	15,363
Change Items				
Licensing Solar Contractors as Residential Contractors		13	3	16
Combative Sports Fee Reductions		(2)	(2)	(4)
Total Governor's Recommendations	5,989	7,943	7,432	15,375

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2020 - Construction Code				
Forecast Revenues	28,455	28,455	28,455	56,910
Change Items				
Licensing Solar Contractors as Residential Contractors		7	2	9
Total Governor's Recommendations	28,455	28,462	28,457	56,919
Fund: 2830 - Workers Compensation				
Forecast Revenues	4,191	4,191	4,191	8,382
Total Governor's Recommendations	4,191	4,191	4,191	8,382
Fund: 3000 - Federal				
Forecast Revenues	5,546	6,210	5,557	11,767
Total Governor's Recommendations	5,546	6,210	5,557	11,767
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	142	142	142	284
Change Items				
Wage Theft Prevention Act		172	172	344
Total Governor's Recommendations	142	314	314	628
Fund: 2830 - Workers Compensation				
Forecast Revenues	75,710	67,392	62,392	129,784
Change Items				
Minnesota OSHA Federal Penalty Conformance		100	100	200
Total Governor's Recommendations	75,710	67,492	62,492	129,984

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: Wage Theft Prevention Act

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,850	1,700	1,700	1,700
Revenues	172	172	172	172
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,678	1,528	1,528	1,528
FTEs	9	9	9	9

Recommendation:

The Governor recommends \$1.850 million in FY20 and \$1.7 million in ongoing funding for the Department of Labor and Industry (DLI), to expand and enhance prevention and enforcement strategies to combat wage theft in Minnesota.

Rationale/Background:

Wage theft occurs when employers do not compensate their employees for all work performed. Wage theft often disproportionately impacts communities of color, low wage, and female workers. It has been estimated that 39,000 Minnesotans suffer wage theft per year resulting in \$11.9 million in unpaid wages.

There are 167,500 employers in Minnesota with a workforce of 2.9 million. DLI's Labor Standards unit has nine FTEs that process claims for final wages and conduct investigations of minimum wage, overtime, deductions, tips, child labor violations as well as certain provisions of the Women's Economic Security Act. The Division fields more than 20,000 inquiries and processes approximately 1,600 complaints annually. The unit audits employer records primarily on a complaint basis, which does not reflect the scope of the wage theft problem since many complaints are never brought forward by workers for fear of retaliation or loss of employment.

In FY18, DLI received a base increase of \$500,000 to support four additional FTEs which included three wage theft specialists to resolve worker final wages, and an outreach coordinator to engage workers and employers. In CY2018, the department responded to nearly 25,000 inquiries and processed a record 1,363 wage claims and nearly 600 cases resulting in workers receiving more than \$1.1 million in earned final wages and back pay. However, not all wage claims are successful. In addition, the unit is unable to investigate all complaints it receives. Furthermore, there are many workers who fear retaliation and loss of employment so they never report wage theft to the department.

This additional investment will fund 7 FTE labor investigators to perform strategic and employer-location inspections and investigations to identify violations; 2 FTE to provide office administrative support; inspector training development; ongoing case management modernization and reporting efforts; outreach; and grants for community-based partners to raise awareness about wage theft. The goal of this investment is to pivot the unit from a complaint-based desk-audit enforcement model to a strategic enforcement model that performs onsite inspection that identifies systemic wage theft where the violations occur. This investment and strategy promises a greater wage theft deterrent and protection of vulnerable workers who feel they cannot complain.

Proposal:

The Minnesota Wage Theft Prevention proposal strives to strengthen worker safeguards. This initiative proposes to strengthen anti-wage theft laws by:

- Establishing a definition of wage theft as a violation of state law and making wages owed and withheld by an employer in excess of \$10,000 a gross misdemeanor;
- Imposing certain employee notification requirements on employers;
- Establishing penalties for committing wage theft as well as increasing records penalties from \$1,000 to up to \$10,000 when employers do not maintain employee records per current law or do not disclose records when demanded by the Division for compliance;
- Establishing a citation and penalty process to quickly resolve wage theft claims of less than \$1,000 and requires payment of wages every 16 days rather than 31.
- Granting DLI additional subpoena power – similar to that given in other state agencies and units within DLI – to compel production of records when employers refuse to submit them;
- Requiring employers to keep additional records, including copies of personnel policies that are provided to employees; and
- Requiring employers to give employees notice of certain employment-related information, such as rate of pay, employer’s legal name, address and phone number.

The above changes would strengthen safeguards for the 2.9 million workers in the state of Minnesota and provide tools the department needs to ensure good employers don’t have to unfairly compete against employers who are not following the law.

Equity and Inclusion:

- Wage theft can impact all workers but often disproportionately impacts communities of color, low-wage earners, and female workers.
- Studies show that certain ethnic communities are more likely to be working in low-wage jobs and that those in low-wage jobs are more likely to be victims of wage theft.
- The impact of this initiative will result in greater employer compliance and fewer instances of worker exploitation of people of color and/or female workers.
- Workers will gain greater protection from retaliation for reporting their employer for violating the law.
- Workers will also gain greater stability of employment by knowing who exactly they are working for, when they will be paid and how much.

IT Related Proposals:

N/A

Results:

DLI anticipates the number of wage claims and amount of final wages collected will increase initially due to additional wage thefts reported to the agency. This will help more people get their rightful payments faster. Over time the increased penalties and subpoena authority should deter future wage theft activity.

Calendar Year	2017
Final Wages Collected	\$466,120
Number of Final Wage Claims	986
Average Amount of Final Wages per Claimant	\$472

Statutory Change(s):

The changes in the Minnesota Wage Theft Prevention Initiative require statutory changes at Minn. Stat. §§177.27, 177.30, 177.32, 181.03, 181.032, and 181.101.

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: Workers' Compensation IT System Modernization

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workers' Compensation				
Expenditures	3,000	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$3 million in FY20 for the Department of Labor and Industry (DLI) to replace a custom developed Workers' Compensation legacy system. This appropriation will complete the funding for the project, which the legislature appropriated \$16 million to launch in 2015. The additional funds will not require an increase to the special compensation fund assessment and any unspent dollars will return to the fund.

Rationale/Background:

DLI's current workers' compensation computer system was developed 20 years ago. The system maintains records of every reportable workers' compensation injury that occurs in Minnesota and performs a variety of other workers' compensation related functions for DLI, the Office of Administrative Hearings (OAH), and the Workers Compensation Court of Appeals (WCCA).

As part of DLI's continued efforts to drive program efficiency, increase program effectiveness and reduce overall program cost, it seeks additional investment. The new system will improve stakeholder outcomes by:

- Reducing complexity – enabling front end users to get information faster and make determinations that lead to a better workers' compensation system
- Reducing cycle time – enabling faster resolution of disputes and transforming from paper/form based to data driven processes
- Easier access to relevant data – providing stakeholders with secure, accessible and straight forward access to data regarding claims, benefits and disputes
- Improving overall quality of data – implementing automation and shifting data responsibilities to external stakeholders
- One coherent system – enabling a unified system for DLI units and, to the extent possible, with the OAH C-Track case management system and the WCCA.

It is expected that the new system will increase the speed, timeliness, and accuracy of filings, as well as the ability to quickly access the information in the system. This will benefit all stakeholders using the system, particularly injured workers. It will provide quicker access to claim information allowing injured workers to obtain treatment for their injuries and resolve their claims more efficiently, and at lower costs. The new system will also provide a streamlined business process within the division. DLI expects that the new system will incorporate all facets of the workers' compensation system. This will include scheduling of proceedings and vocational rehabilitation activities, as well as increasing the ease and accuracy of administering and reporting benefits by the Special Compensation Fund unit. Utilizing web technology, the new system will be more automated and provide greater online access for all stakeholders, resulting in more effective service to the Department's diverse customer base.

The Governor requested funds for the system replacement during the 2015 legislative session and the legislature funded the project with \$10 million in FY2016-17 and \$6 million in FY2018-19. Since funding was appropriated, DLI and MN.IT developed a project governance structure. A steering team oversees the project including deliverables, budget, and change management. The steering team reports up to an owner's team which monitors progress and manages risk.

Phase 1: Planning (12/1/2014 – 12/15/15)

Phase 1 analyzed the current Workers Compensation system, including business processes, technical design and functionality, workflow processes, and reporting. This phase also identified business and high-level design requirements for a new system, as well as analyzed technology options to meet these requirements.

Phase 2: Initiation (8/26/2016 – 8/1/2018)

Phase 2 published a request for proposals (RFP) from vendors and negotiated a contract with the winning vendor.

Phase 3. System Implementation [8/1/2018 – 12/31/2020]

With the contract negotiated and signed, system implementation began on 8/1/2018. Implementation will last over two years.

Proposal:

After receiving responses to the RFP, DLI evaluated the true costs of the modernization project. The 2015 request was only an estimate based on current processes and known technology at the time. The \$3 million dollars is needed to fully fund the modernization project through its completion in December 31, 2020. Remaining project costs include:

- Contract with CapTech, the winning bidder, to develop the software package;
- Service agreements with MN.IT to provide developers;
- User Acceptance Testing to ensure the system works as intended;
- Business project manager to oversee project and manage risk;
- Training and change management for work comp employees to modify business processes and learn the new system.

Equity and Inclusion:

The proposed change impacts injured workers, employers, insurance companies and their legal representation. The change does not directly impact racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities or veterans. No negative impacts to the groups outlined above are expected.

IT Related Proposals:

The \$3 million dollars proposed is required to fund the project through its completion in December 31, 2020. There are no project related costs past FY2021. DLI'S Workers' Compensation Division (WCD) operating budget will pay for the maintenance and license costs to maintain the system.

Results:

Upon project completion, the result will be a state-of-the art technology system for workers' compensation that will be streamlined and provide greatly improved service to all stakeholders in a more timely and efficient manner.

Success indicators for implementation of the new system include:

- Specifications and requirements are met and fully implemented.
- Staff are trained to enable them to use the new technology and documentation is complete.
- Historical data is successfully converted to allow staff to access the information.
- Interfaces to other systems are implemented and fully functional.

- The replacement system is fully implemented to meet the needs of the WCD and the broader state workers' compensation system to the degree possible; specifically integrating with the OAH C-Track Court Management System.

New quantity measurements post-system implementation.

- Number of phone calls per claim
- Number of times a file is opened/amended
- Number of days to resolve a dispute [filing to resolution]
- Number of active external system users
- Number of fines for failure to comply

Statutory Change(s):

N/A

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: Sustaining Youth Skills Training Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workforce Development Fund				
Expenditures	600	600	600	600
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	600	600	600	600
FTEs	1	1	1	1

Recommendation:

The Governor recommends \$1.2 million each biennium for the Youth Skills Training (YST) program. Currently the YST program has a budget of \$1 million per biennium for grants. This proposal increases grant funding for the YST to \$2 million per biennium and adds \$200,000 per biennium for 1 FTE project manager to continue managing the program as no funds are allocated to administer the program after June 30, 2019. In 2017, the legislature passed a one-time appropriation of \$200,000 from the Workforce Development Fund for the Department of Labor and Industry (DLI) to develop the program in FY 2018 and as such there are not sufficient resources for a fully staffed program.

Rationale/Background:

The Youth Skills Training program at the Department of Labor and Industry provides one approach to addressing the shortage of skilled workers in Minnesota. YST does this by supporting the development and implementation of experiential learning opportunities for students 16 and older by providing outreach, consultation, program approval, and grant administration. These locally developed programs are implemented in cooperation with employers, schools and other key stakeholders. YST programs include both classroom instruction and paid part-time employment and are approved and monitored by DLI.

The demand for YST grant funding significantly exceeds the amount of funding available to local partnerships to develop and implement these programs. In FY 2018, 25 partnerships throughout the state applied requesting a total of \$2,388,094 in grant funding. In FY 2019, 33 partnerships throughout the state applied requesting a total of \$3,160,290 in grant funding. Per current statute, DLI was only able to award five partnerships grants totaling \$475,000 for each of the grant rounds. Increasing grant funding allows local partnerships to develop even more YST programs and helps to address the shortage of skilled workers in Minnesota. The project manager position would provide outreach, support partnerships, technical assistance, approve YST programs and provide grant management for the agency. Program success is based on this consultative approach.

Proposal:

Additional funding would double the number of YST partnerships throughout the state by providing partnerships with the necessary grant resources to create and implement employment-based training programs for students 16+ in high-growth, high-demand, and living-wage occupations.

- **Proposal Request Outcomes: Increasing grant funding to \$2 million per biennium (\$1 million per year)**
 - Fund at least 20 local partnerships with grants to create and implement YST programs per biennium compared to the current 10 per biennium;

- Provide the option for local partnerships to receive grant funding in amounts ranging from \$50,000 - \$100,000 per grant;
- Increase industry exposure experiences for students from 2,000 students per biennium to 4,000 students per biennium;
- Increase students participating in meaningful work experiences from 250 student learners to at least 500 student learners per biennium; and
- Maintain the standard of at least 80 percent of eligible YST participants graduating from high school and at least 60 percent of YST participants receiving an industry-recognized credential.
- **Proposal Request Outcomes: Maintain 1 FTE YST project manager: \$200,000 per biennium (\$100,000 per fiscal year)**
 - Continue to monitor grantee progress and outcomes with annual reports;
 - Maintain outreach efforts by exposing over 4,000 new students, schools and businesses to the YST program and resources; and
 - Continue monitoring and managing YST letters of intent, grant applications, grant implementation, grant administration and grant approval. Provide YST programs with support in the creation and implementation of programs, and provide mentorship to YST grantees.

Equity and Inclusion:

This program does not discriminate based on race or ethnicity or any other characteristic. All students in partner schools aged 16+ who are interested in gaining work experiences in high-growth, high-demand occupations can take advantage of the opportunity. This proposal would be positive and proportionate to the student demographics of the schools that develop and implement YST programs.

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Proposed</i>	<i>End Date</i>
Quantity	YST grants for partnerships to create and implement YST programs	10	20	6/30/21
Quantity	Grant awards	5 grants up to \$100,000 each	Grants ranging from \$50,000 to \$100,000	6/30/21
Quantity	Student industry exposure opportunities per biennium	2,000 students	4,000 students	6/30/21
Quality	Paid, safe and meaningful work experiences for students per biennium	250 students	500 students	6/30/21

Statutory Change(s):

N/A

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: Licensing Solar Contractors as Residential Contractors

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Contractor Recovery (2000)				
Expenditures	13	3	13	3
Revenues	13	3	13	3
Construction Codes (2020)				
Expenditures	7	2	9	2
Revenues	7	2	9	2
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends requiring contractors that install residential solar photovoltaic (PV) systems to be licensed as a residential building contractor or remodeler. This change will increase consumer protection for homeowners by ensuring all installers have the education necessary for the complex installations and that they contribute to the Contractor Recovery Fund, allowing homeowner's access to make claims against the fund if needed.

Rationale/Background:

Installations of residential solar photovoltaic (PV) systems have increased significantly over the past several years due to advances in technology, reduction in the costs of the PV systems, and financial incentives offered by electric utilities and government agencies. The installation of PV panels on a residential roof is a complex endeavor that can require engineering calculations to ensure that the existing roof support system can carry the additional load of the PV panels. In many cases, additional structure must be added to the existing roof support system.

Licensed residential building contractors and remodelers pay into the Contractor Recovery Fund (CRF). The CRF exists to compensate consumers who suffer a financial loss because of a licensed residential building contractor's misconduct. By law, CRF can pay out up to \$300,000 on behalf of a single contractor, though individual homeowners can collect no more than \$75,000.

The largest cost in a PV installation is the solar panels themselves, causing solar contractors to seek higher down payments from their customers than other types of residential contractors. The higher down payment creates more risk to solar customers paying for the installation. DLI has secured a judgement against one solar contractor, licensed as an electrical contractor, who took close to \$2,000,000 from Minnesota consumers and businesses in 2017 and 2018. DLI is also currently seeking the revocation of the company's license and \$50,000 in monetary penalties. Despite the court order its' unlikely the consumers will ever be reimbursed. Had this company been licensed as a residential building contractor, residential customers would have access to share a portion of the \$300,000 available from the CRF. As it is, they will only be able to make claims against the electrical contractor's two \$25,000 surety bonds. Electrical contractors are required to have a minimum of one \$25,000 surety bond.

Proposal:

DLI is proposing to require all contractors who install residential PV systems to be licensed as a residential building contractor or remodeler. At least 15 solar companies are already licensed as residential building contractors, and DLI anticipates that this new requirement would apply to 50 current solar contractors.

The 50 current solar contractors licensed as electrical contractors would need to apply for a residential contractor or remodeler license, take the exam, and pay \$490.00 for the 2 year license.

	2020	2021	2022	2023
Application / Exam Fee	\$50	\$50	\$50	\$50
2 Year Business License	\$120	\$120	\$180	180
2020 Total	\$170	\$170	\$230	\$230
CRF Fee	\$320	\$320	\$320	\$320
Estimated # of Licensees	40	10	40	10
Total CCLD Fund revenue	\$6,800	\$1,700	\$9,200	\$2,300
Total CRF Fund revenue	\$12,800	\$3,200	\$12,800	\$3,200

The requirement increases consumer protection for homeowners interested in pursuing renewable energy installations. The impact to DLI would be small as the number of new license applications would be minimal and claims against the CRF would be included in the current workload of the agency. The CRF revenue would compensate consumers who suffer a financial loss as a result of a licensed residential building contractor's misconduct.

Equity and Inclusion:

The proposed change impacts contractors and their clients. The change does not directly impact racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities or veterans. No negative impacts to the groups outlined above are expected. Requiring contractors installing residential solar photovoltaic systems to be licensed as a residential contractor or remodeler would increase consumer protection for all homeowners installing solar to their residence.

IT Related Proposals:

N/A

Results:

Increased consumer protection for homeowners can be measured by the number of complaints on solar contractors to the department. Payments to homeowners out of the CRF fund will be tracked.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Proposed</i>
Quantity	Number of solar contractors licensed as residential contractors	15 (20%)	75 (100%)
Quantity	Number of homeowners that contact DLI regarding solar contractor misconduct	TBD	TBD
Quantity	CRF Payments due to solar contractor misconduct	0	TBD

Statutory Change(s):

M.S. 326B.805, subd. 1

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: DLI IT Systems Modernization

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,250	1,550	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,250	1,550	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$2.8 million, over the course of 2 fiscal years, to update the Department of Labor and Industry's (DLI) technology. DLI's applications are reliant on aged technology that will run out of vendor support beginning in January 2021. Moreover, technologists to support existing solutions are becoming increasingly scarce. DLI must update applications to a new platform to maintain service delivery and minimize risk to citizens. The re-platforming provides an opportunity to improve the citizen experience with the technology that is supporting DLI programs and deliver solutions to facilitate greater efficiency and effectiveness of program staff.

Rationale/Background:

Citizens expect improved transparency, accessibility and responsive service delivery from Minnesota state agencies. As part of the Minnesota Department of Labor and Industry's continued effort to preserve and improve service delivery efficiency and effectiveness, funding is recommended to modernize its application portfolio and underlying technical infrastructure.

Many of DLI's applications are reliant on old technology that will run out of vendor support beginning in January 2021. The code used within the applications is outdated and not used by the current IT workforce. The risk of doing nothing is operating DLI business processes on unsupported applications which could increase cyber-security vulnerabilities and over time will degrade service delivery. In addition, operational costs may increase as DLI looks to mitigate risks by paying for costly service contracts with vendors. Moreover, older applications are less flexible limiting DLI's ability to meet changing market demands and regulated industry changes.

Updating the technical infrastructure and applications will ensure seamless service delivery and an opportunity to streamline functions to improve citizen experience and program operations.

Proposal:

The Governor recommends new funds to maintain existing DLI service delivery by re-platforming applications onto supported technology. In addition, the re-platforming will allow the creation of more digital service opportunities for DLI programs to simplify service delivery to citizens that have been out of reach with dated technology.

This recommendation integrates with other technology investments occurring at DLI. The Department has already begun the process of modernizing technology that supports its Workers' Compensation, Labor Standards, and Construction, Codes and Licensing divisions' applications. Once funded, this proposal along with other changes

will complete a 100% modernization of DLI technology resulting in modern, supported, and secure technology solutions to serve citizens and DLI workers alike for years to come.

Several DLI applications and their underlying technology will run out of vendor support January 1, 2021. Specifically the programs effected include: OSHA, Apprenticeship, CCLD Licensing and other DLI general support applications.

To avoid risk and take advantage of opportunities, there is roughly 18-months to: 1. Assess applications; 2. Develop options; 3. Create roadmaps for DLI divisions and its technology; 4. Execute and implement solutions; 5. Retire existing solutions; and 6. Operationalize business and IT changes.

The timeline creates urgency and the need to run multiple projects concurrently. This requires greater resource commitment to effectively run the various projects and ensure timely implementation..

Equity and Inclusion:

The proposed change impacts DLI clients and stakeholders. The change does not directly impact racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities or veterans. No negative impacts to the groups outlined above are expected.

IT Related Proposals:

MNIT@DLI will leverage vendor and contracted resources due to scope and time constraints. State staff, existing and the new FTE, will provide strategic direction and program oversight.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll	250	125				
Professional/Technical Contracts	1,000	1,425				
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	1,250	1,550				
MNIT FTEs	2	1				
Agency FTEs						

Results:

Upon project completion, the result will be an assessment of all DLI technology platforms and up-to-date technology for Apprenticeship stakeholders, the Office of the General Counsel, and a streamlined interface to the SWIFT accounting system.

Success indicators for implementation of the infrastructure technology and applications include:

- Specifications and requirements are met and fully implemented.
- Staff are trained to enable them to use the new technology and documentation is complete.

- Historical data is successfully converted to allow staff to access the information.
- Interfaces to other systems are implemented and fully functional.

New quantity measurements post-system implementation.

- Number of phone calls pre/post technology
- Number of items submitted online pre/post technology
- Number of days to resolve a client question
- Number of active external system users

Statutory Change(s):

N/A

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota OSHA Federal Penalty Conformance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workers' Compensation Fund				
Expenditures	0	0	0	0
Revenues	100	100	100	100
Net Fiscal Impact = (Expenditures – Revenues)	(100)	(100)	(100)	(100)
FTEs	0	0	0	0

Recommendation:

The Governor recommends raising maximum penalties for willful, repeat, serious, nonserious, failure to correct, and posting violations of workplace safety standards to conform to federal law. This recommendation would also tie future penalties to the implicit price deflator. Penalties assessed by MN OSHA Compliance are deposited as nondedicated revenue in the Workers' Compensation Fund. The increase in total penalties will vary from year to year, but on average the change represents a 5% increase in OSHA Penalty revenue.

Rationale/Background:

MN OSHA is referred to as a "state plan," which means the federal Department of Labor delegates authority to Minnesota to enforce workplace safety and health laws. As a state plan, MN OSHA receives half of its funding in the form of matching grants from the federal Department of Labor. To meet the requirements of these grants, MN OSHA must be "at least as effective as" the federal OSHA laws. Congress recently passed legislation that increased the maximum penalties for federal OSHA. This proposal makes the state's penalty maximums comparable to federal penalty maximums. If Minnesota does not make the changes it may lose federal OSHA funding. Losing federal funding would result in the state forfeiting OSHA administration to the federal Department of Labor. Under this scenario, 750,000 state and local government employees would lose OSHA coverage, as federal OSHA does not cover public employees. Further, without conformity, higher federal penalties would go into effect without the availability of health and safety credits MN OSHA applies, causing employers to be faced with higher overall penalties.

Proposal:

MN OSHA penalties have not been adjusted in over 20 years. Conforming the maximum penalties to federal law and tying future penalty changes to the implicit price deflator encourages employers to take workplace safety and health violations more seriously. Without federal conformity the state would forfeit OSHA administration to the federal Department of Labor. Education and outreach to employer and safety organizations would start upon passage of the legislation. The new penalties would go into effect on July 1, 2019.

Equity and Inclusion:

The proposed change impacts only those Minnesota employers with willful, repeat, serious, nonserious, failure to correct, and posting violations of workplace safety standards. The change does not directly impact racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities or veterans. No negative impacts to the groups outlined above are expected. Increased penalties should increase workplace safety for all Minnesota employees.

IT Related Proposals:

N/A

Results:

The increase in maximum penalties will ensure continued federal funding and encourage employers to do more to keep workers safe.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total Workplace Injuries/Illness per 100 FTE	5.3	3.3	2004 2017
Quantity	Total Fatal Occupational Injuries	80	101	2004 2017

Statutory Change(s):

MN Statutes 182.659 and 182.666

Minnesota Department of Labor and Industry

FY 2020-21 Biennial Budget Change Item

Change Item Title: Combative Sports Fee Reductions

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	0	0	0	0
Revenues	(2)	(2)	(2)	(2)
Net Fiscal Impact = (Expenditures – Revenues)	2	2	2	2
FTEs	0	0	0	0

Recommendation:

The Governor recommends reducing license fees for the following combative sports officials: judges, managers, ring announcers, timekeepers, doctors and referees. The fee changes would decrease dedicated revenue deposited to the Special Revenue Fund by \$1,945.

Rationale/Background:

Minnesota does not have enough licensed officials for combative sports events held in the state. The Office of Combative Sports performed a fee analysis, comparing license fees in the surrounding states of Iowa, North and South Dakota and Wisconsin, and found Minnesota's fees were significantly higher.

Reducing license fees to align Minnesota with the surrounding states is intended to increase the number of licensed combative sports officials which will allow additional events to be scheduled and held in Minnesota.

Proposal:

The following changes are proposed to the current combative sports license fee structure:

	Current Fee	Proposed New Fee
Referees	\$80	\$25
Judges and Knockdown Judges	\$80	\$25
Ring Announcers	\$80	\$0
Timekeepers	\$80	\$25
Managers	\$80	\$0
Ringside Physicians	\$80	\$25

DLI is proposing to eliminate the manager and ringside announcer fees as those roles are not related to the safety of the event and therefore do not need to be licensed. There are currently 34 licensed officials in Minnesota. It is anticipated that the reduction of the license fee would attract 25 additional licenses however, the initial impact of the fee reduction would be a revenue reduction of \$1,945.

Upon passage of the fee changes, the Office of Combative Sports will engage in education and outreach within the combative sports community to ensure stakeholders are informed of the reduction and elimination of fees to ensure effective implementation.

Equity and Inclusion:

DLI does not anticipate any positive or negative impacts to any racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities and veterans with this proposal.

The fee reductions would align Minnesota's combative sports fees with surrounding states, creating a more equitable playing field for the combative sports community.

IT Related Proposals:

N/A

Results:

Lowering or eliminating license fees should result in additional individuals holding licenses and more events being held in Minnesota.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Proposed</i>	<i>Previous Dates</i>
Quantity	Number of Combative Sports Events	16	17	FY2016
Quantity	Number of Licenses (<i>may be more than one license per individual</i>)	34	59	FY2016

Statutory Change(s):

Minn. Stat. 341.30, Minn. Stat. 341.32 and Minn. Stat. 341.321

Program: Workers' Compensationdli.mn.gov/business/workers-compensation-businesses**AT A GLANCE**

In fiscal year 2018, the Workers' Compensation Division:

- resolved more than 5,000 disputes involving insurers, employers, employees, vocational rehabilitation providers and health care providers;
- conducted 338 mandatory coverage investigations;
- proactively contacted 5,762 new businesses to educate them about workers' compensation laws;
- maintained more than two million workers' compensation files; and
- provided vocational rehabilitation and placement services to more than 170 injured workers each month.

PURPOSE & CONTEXT

Workers' compensation ensures proper benefits and services are delivered to injured workers quickly and efficiently, and at a reasonable cost to employers. The division educates employers and employees about Minnesota's workers' compensation laws and enforces those laws. It also administers the Special Compensation Fund, also known as the Workers' Compensation Fund, which provides benefits to injured workers whose employers failed to carry workers' compensation insurance. The division provides alternative dispute resolution to quickly and cost-effectively resolve workers' compensation disputes.

SERVICES PROVIDED

The Workers' Compensation Division provides services in four primary areas through its four work units:

1. Alternative Dispute Resolution;
2. Compliance, Records and Training;
3. Special Compensation Fund; and
4. Vocational Rehabilitation.

The division:

- educates employees and employers about their rights and responsibilities under workers' compensation laws;
- provides mediation, ombudsman assistance and other dispute-resolution services;
- provides workers' compensation benefits to injured workers whose employers did not carry workers' compensation insurance;
- collects and maintains records pertaining to all workers' compensation injuries in Minnesota with claimed wage-loss or permanency; and
- provides vocational rehabilitation services to injured workers.

The Workers' Compensation Division is funded through an appropriation from the Workers' Compensation Fund. The revenues are based on the forecasted funding liability and collected through both an insurer premium surcharge paid by insurers and a self-insured assessment paid by self-insured employers. Workers' compensation benefits are paid on behalf of employees of uninsured and bankrupt self-insured employers. Reimbursements to insurers and self-insured employers under the supplemental benefits and second-injury programs make up the bulk of benefit payments.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Fiscal Year</i>
Quantity	Workers' compensation benefits paid*	\$64.1M	\$44.9M	2011, 2018
Quantity	Workers' compensation reimbursements collected	\$759,742	\$808,742	2015, 2018
Quantity	Hours of training provided to stakeholders	97	141	2011, 2018
Quantity	Number of mediations conducted	489	971	2010, 2018
Result	Mediated sessions that resulted in dispute resolution	89%	77%	2011, 2016
Quantity	Average number of days a Vocational Rehabilitation Services case is open	321.02	250.25	2011, 2018 (Calendar Year)
Result	Percent wages restored to pre-injury level of Vocational Rehabilitation clients who returned to work full-time	84%	89%	2011, 2016 (Calendar Year)

* Benefits are declining as work comp cases are settled and/or final payments are made.

Minnesota Statutes, chapter 176, provides the legal authority for this program's activities.

Workers Compensation Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	100							
2000 - Restrict Misc Special Revenue	51	63	20	41	33	40	33	40
2830 - Workers Compensation	60,166	56,087	49,373	62,295	62,794	54,148	65,794	54,148
Total	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188
Biennial Change				(4,737)		5,286		8,286
Biennial % Change				(4)		5		7
Governor's Change from Base								3,000
Governor's % Change from Base								3

Expenditures by Activity

Workers Compensation Division	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188
Total	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188

Expenditures by Category

Compensation	9,213	9,824	10,041	10,501	10,725	10,717	10,725	10,717
Operating Expenses	1,682	1,841	1,552	9,069	11,346	4,715	14,346	4,715
Grants, Aids and Subsidies	49,422	44,482	37,799	42,760	40,755	38,755	40,755	38,755
Other Financial Transaction	1	2	1	6	1	1	1	1
Total	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188

Total Agency Expenditures	60,317	56,149	49,393	62,336	62,827	54,188	65,827	54,188
Internal Billing Expenditures	36	37	38	37	48	49	48	49
Expenditures Less Internal Billing	60,281	56,112	49,355	62,299	62,779	54,139	65,779	54,139

Full-Time Equivalents

	109.90	113.35	112.65	113.60	114.60	112.30	114.60	112.30
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Workers Compensation Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	1,362							
Direct Appropriation	4,820							
Cancellations	6,082							
Expenditures	100							
Biennial Change in Expenditures				(100)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	48	19	12	19	18	10	18	10
Receipts	22	56	27	40	25	40	25	40
Balance Forward Out	19	12	19	18	10	10	10	10
Expenditures	51	63	20	41	33	40	33	40
Biennial Change in Expenditures				(53)		12		12
Biennial % Change in Expenditures				(46)		19		19
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.04	0.08	0.19					

2830 - Workers Compensation

Balance Forward In	329	5,294	10,295	14,008	10,865	2,273	10,865	2,273
Direct Appropriation	15,226	17,782	14,782	14,832	11,882	11,882	14,882	11,882
Open Appropriation	49,619	45,024	37,982	44,000	42,000	40,000	42,000	40,000
Receipts	286	305	322	320	320	320	320	320
Transfers Out		2,000						
Cancellations		24						
Balance Forward Out	5,294	10,295	14,008	10,865	2,273	327	2,273	327
Expenditures	60,166	56,087	49,373	62,295	62,794	54,148	65,794	54,148
Biennial Change in Expenditures				(4,584)		5,274		8,274
Biennial % Change in Expenditures				(4)		5		7
Governor's Change from Base								3,000
Governor's % Change from Base								3

Workers Compensation Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Full-Time Equivalents	109.86	113.27	112.46	113.60	114.60	112.30	114.60	112.30

Program: Construction Codes and Licensingdli.mn.gov/business/codes-and-laws**AT A GLANCE**

The Construction Codes and Licensing Division annually:

- issues or renews 128,000 personal and business licenses;
- administers 9,000 license exams;
- completes 3,000 building plan reviews;
- issues 120,000 construction permits; and
- performs 157,000 inspections.

PURPOSE & CONTEXT

The Construction Codes and Licensing Division (CCLD) works to protect the health, safety and welfare of the public by providing reasonable, uniform and balanced standards for Minnesota's buildings and construction professionals. This provides for the safety of the people of Minnesota and fosters a competitive construction economy that encourages business growth and employment opportunity.

SERVICES PROVIDED

CCLD performs the following services to protect the health, safety and welfare of the public.

- Code adoption and administration: Assures building safety through a comprehensive and effective process of code adoption and uniform statewide code administration.
- Licensing: Assesses the qualifications of construction professionals and protects consumers and workers through contractor licensing.
- Plan review: Reviews construction plans for state-owned and state-licensed facilities, plumbing installations and manufactured structures in a timely manner to ensure safe, code-compliant buildings that result in value for the owner.
- Construction permitting: Expedites safe building construction through the efficient processing of permits.
- Inspection services: Provides for the competent inspection of all building construction work under the authority of the state and regularly ensures the safe and operational integrity of elevators, boilers and high pressure piping.
- Enforcement: Provides fair and balanced enforcement to achieve compliance with licensure and code requirements.
- Outreach and education: Fosters and promotes safe, accessible and energy-efficient building design and construction through outreach and education to construction professionals and the public.
- Contractor recovery fund: Compensates owners or lessees of residential property in Minnesota who have suffered an actual and direct out-of-pocket loss due to a licensed contractor's fraudulent, deceptive or dishonest practices, conversion of funds or failure of performance.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Fiscal Year</i>
Quantity	Number/Percent of plumbing plans reviewed within 21 days	1,938/87%	2,537/98%	2013, 2018
Quantity	Number/Percent of building plans reviewed within 21 days	281/80%	394/89%	2013, 2018
Quantity	Number of licenses issued	74,455	86,585	2013, 2018
Quantity	Number of permits issued	111,356	111,358	2013, 2018
Quantity	Number of Boiler inspections	9,944	9,230	2013, 2018
Quantity	Number of Elevator inspections	5,601	7,533	2013, 2018
Quantity	Number of Plumbing inspections	2,766	4,310	2013, 2018
Quantity	Number of Building inspections	3,407	3,881	2013, 2018
Quantity	Number of Electrical inspections	139,871	157,377	2013, 2018
Quantity	Number of High pressure piping inspections	1,058	1,002	2013, 2018

Minnesota Statutes, chapter 326B, provides the legal authority for all programs within the Construction Codes and Licensing Division.

Construction Codes & Licensing

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	1,279	1,790	1,566	1,624	1,631	1,634	1,644	1,637
2020 - Construction Code	27,480	29,117	31,304	35,350	32,701	32,891	32,708	32,893
Total	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530
Biennial Change				10,178		(986)		(961)
Biennial % Change				17		(1)		(1)
Governor's Change from Base								25
Governor's % Change from Base								0

Expenditures by Activity

Construction Codes & Licensing	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530
Total	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530

Expenditures by Category

Compensation	14,812	15,494	15,507	16,135	17,062	17,189	17,062	17,189
Operating Expenses	12,795	13,750	15,626	18,839	15,811	15,877	15,818	15,879
Grants, Aids and Subsidies	1,149	1,659	1,402	1,400	1,400	1,400	1,413	1,403
Other Financial Transaction	3	4	335	600	59	59	59	59
Total	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530

Total Agency Expenditures	28,759	30,907	32,869	36,974	34,332	34,525	34,352	34,530
Internal Billing Expenditures	2,750	2,905	2,896	2,930	3,760	3,818	3,760	3,818
Expenditures Less Internal Billing	26,009	28,002	29,974	34,044	30,572	30,707	30,592	30,712

Full-Time Equivalents

	149.12	150.32	148.17	152.40	157.40	157.40	157.40	157.40
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Construction Codes & Licensing

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation		100						
Transfers Out		99						
Cancellations		1						

2000 - Restrict Misc Special Revenue

Balance Forward In	6,019	7,645	8,321	9,654	10,007	10,959	10,007	10,959
Receipts	2,905	2,466	2,899	1,977	2,583	2,008	2,596	2,011
Balance Forward Out	7,645	8,321	9,654	10,007	10,959	11,333	10,959	11,333
Expenditures	1,279	1,790	1,566	1,624	1,631	1,634	1,644	1,637
Biennial Change in Expenditures				121		75		91
Biennial % Change in Expenditures				4		2		3
Governor's Change from Base								16
Governor's % Change from Base								0
Full-Time Equivalents	0.92	1.07	1.18	1.40	1.40	1.40	1.40	1.40

2020 - Construction Code

Balance Forward In	15,508	19,684	27,867	25,947	19,052	14,806	19,052	14,806
Receipts	31,467	32,335	29,384	28,455	28,455	28,455	28,462	28,457
Balance Forward Out	19,495	22,903	25,947	19,052	14,806	10,370	14,806	10,370
Expenditures	27,480	29,117	31,304	35,350	32,701	32,891	32,708	32,893
Biennial Change in Expenditures				10,057		(1,062)		(1,053)
Biennial % Change in Expenditures				18		(2)		(2)
Governor's Change from Base								9
Governor's % Change from Base								0
Full-Time Equivalents	148.20	149.25	146.99	151.00	156.00	156.00	156.00	156.00

Program: General Supportdli.mn.gov/about-department/about-dli**AT A GLANCE**

In fiscal year 2018, the unit:

- supported approximately 428 agency employees located statewide;
- administered a \$146 million annual budget;
- facilitated nearly 5.6 million web hits;
- represented Department of Labor and Industry (DLI) programs in more than 165 legal cases;
- had more than 132,000 subscribers to DLI electronic publications; and
- responded to 110 requests for statistical data.

PURPOSE & CONTEXT

The General Support Division provides leadership and support to agency programs so they can be successful. Activities are customized to meet the unique needs of each activity while assuring adherence to statewide and agency standards for performance, management and documentation of decisions. Critical goals are to:

- develop and adhere to operating policies and services that meet or exceed statewide standards and policies;
- offer support services within the agency to meet particular programs goals as efficiently as possible while adhering to accepted audit standards;
- manage agency resources in as transparent a manner as possible to assure stakeholders our stewardship of their investments is sound; and
- create opportunities for electronic government transactions to assure existing resources can meet the needs of Minnesota's citizens.

This division serves agency programs that focus on the needs of workers, builders, building owners and employers in Minnesota.

SERVICES PROVIDED

The General Support Division strives to provide effective and efficient services and offer solutions to support agency programs. This is accomplished by each unit as follows.

- Communications: provides stakeholder outreach through the website and publications; promotes the work and services of the department.
- Financial Services: protects and ensures accountability for the financial resources entrusted to the department.
- Human Resources: recruits, assesses employee development needs and assists in retaining needed skill sets. Also provides services that promote a healthy, productive and respectful work environment and promotes diversity goals in all U.S. Equal Employment Opportunity Commission (EEOC) Job Groups for people with a disability.
- Office of Combative Sports: ensures combative events are conducted to minimize injuries and ensures fair competition.
- Office of General Counsel: provides legal advice to the department and advocates for the agency in enforcement and other administrative proceedings.
- Research and Statistics: collects, analyzes and reports workplace safety, workers' compensation and workplace standards data to inform decisionmakers and the public.

- Projects and Planning: provides organization development and continuous improvement support services, maintains and communicates the business continuity and emergency response plans for the agency.
- PIPELINE Program; the Private Investment, Public Education, Labor and Industry Experience program, that supports the growth and development of dual-training programs in the state. Dual training programs provide workers a combination of related instruction strategically paired with on-the-job training.
- DLI maintains its information technology services through a service-level agreement with MN.IT Services.

These infrastructure services provide agency support that enables programs to focus on their mission and achieve agency goals.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Fiscal Year</i>
Quantity	Percentage of accounts payable paid promptly	99.04%	99.12%	2014, 2018
Quantity	Number of and dollars spent with targeted vendors	18/ \$67,174	23/ \$435,119	2015, 2018
Quantity	Percent of staff who self-identified as women, minorities, or disabled.	65.1%	67.2%	2014, 2018
Quality	Percentage of performance appraisals that were timely completed	100%	100%	2017, 2018

Minnesota Statutes, chapters 176, 16A, 43A and 341, provide authority for this program's activities.

General Support Division

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	166	217	200	200	200	200	1,450	1,750
2000 - Restrict Misc Special Revenue	3,614	3,179	5,212	6,755	5,339	5,398	5,337	5,396
2390 - Workforce Development			201	1,098	800	800	1,400	1,400
2830 - Workers Compensation	5,866	6,510	6,085	6,153	6,153	6,153	6,153	6,153
3000 - Federal	111	109	121	135	138	142	138	142
Total	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841
Biennial Change				6,389		(838)		3,158
Biennial % Change				32		(3)		12
Governor's Change from Base								3,996
Governor's % Change from Base								16

Expenditures by Activity

General Support Division	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841
Total	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841

Expenditures by Category

Compensation	5,399	5,642	6,076	6,494	6,781	6,847	6,876	6,942
Operating Expenses	4,354	4,370	5,532	7,330	5,372	5,369	6,625	6,922
Grants, Aids and Subsidies		2	4	515	475	475	975	975
Other Financial Transaction	5	0	208	2	2	2	2	2
Total	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841

Total Agency Expenditures	9,758	10,014	11,820	14,341	12,630	12,693	14,478	14,841
Internal Billing Expenditures	17	30	61	82	74	76	79	81
Expenditures Less Internal Billing	9,741	9,984	11,758	14,259	12,556	12,617	14,399	14,760

Full-Time Equivalents

55.87	56.02	58.70	62.99	62.17	62.16	63.00	63.00
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General Support Division

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		34						
Direct Appropriation							1,250	1,550
Transfers In	200	200	200	200	200	200	200	200
Cancellations		17						
Balance Forward Out	34							
Expenditures	166	217	200	200	200	200	1,450	1,750
Biennial Change in Expenditures				17		0		2,800
Biennial % Change in Expenditures				4		0		700
Governor's Change from Base								2,800
Governor's % Change from Base								700
Full-Time Equivalents	1.54	1.66	1.70	1.97	1.95	1.93	1.95	1.93

2000 - Restrict Misc Special Revenue

Balance Forward In	3,014	3,067	3,828	2,819	36	21	36	21
Receipts	3,712	3,988	4,203	3,972	5,324	5,383	5,322	5,381
Internal Billing Receipts	3,649	3,924	4,141	3,909	5,261	5,320	5,261	5,320
Transfers Out	45	50						
Balance Forward Out	3,067	3,827	2,819	36	21	6	21	6
Expenditures	3,614	3,179	5,212	6,755	5,339	5,398	5,337	5,396
Biennial Change in Expenditures				5,175		(1,230)		(1,234)
Biennial % Change in Expenditures				76		(10)		(10)
Governor's Change from Base								(4)
Governor's % Change from Base								(0)
Full-Time Equivalents	24.02	23.72	34.35	16.50	0.50	0.50	0.50	0.50

2390 - Workforce Development

Balance Forward In			298					
Direct Appropriation			500	800	800	800	1,400	1,400
Balance Forward Out			299					
Expenditures			201	1,098	800	800	1,400	1,400
Biennial Change in Expenditures				1,299		301		1,501
Biennial % Change in Expenditures						23		115
Governor's Change from Base								1,200

General Support Division

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								75
Full-Time Equivalents			1.55	3.04	2.12	2.13	2.95	2.97

2830 - Workers Compensation

Balance Forward In		307						
Direct Appropriation	6,039	6,039	6,039	6,039	6,039	6,039	6,039	6,039
Open Appropriation	134	164	133	200	200	200	200	200
Transfers Out			87	86	86	86	86	86
Balance Forward Out	307							
Expenditures	5,866	6,510	6,085	6,153	6,153	6,153	6,153	6,153
Biennial Change in Expenditures				(138)		68		68
Biennial % Change in Expenditures				(1)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	28.59	29.13	19.68	40.35	56.35	56.35	56.35	56.35

3000 - Federal

Balance Forward In	6	6	6	6	6	6	6	6
Receipts	111	104	121	135	138	142	138	142
Balance Forward Out	6	2	6	6	6	6	6	6
Expenditures	111	109	121	135	138	142	138	142
Biennial Change in Expenditures				36		24		24
Biennial % Change in Expenditures				16		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.72	1.51	1.42	1.13	1.25	1.25	1.25	1.25

Program: Labor Standards and Apprenticeship<http://dli.mn.gov/business/employment-practices>**AT A GLANCE**

In 2018, the Labor Standards unit:

- recovered \$604,372 in final wages for 1,182 workers;
- completed 150 wage and hour investigations and collected \$175,399 in back wages for 744 workers;
- completed 29 prevailing-wage investigations and collected \$145,185 in back wages for 160 workers; and
- completed 51 on-site project reviews of state-funded construction.

In 2018, the Apprenticeship unit:

- registered 3,696 new apprentices, including 639 minorities and 525 females;
- assisted 210 registered apprenticeship program sponsors; and
- conducted 96 program reviews and 173 technical assistance visits to sponsors.

PURPOSE & CONTEXT

The Department of Labor and Industry's (DLI's) Labor Standards unit protects Minnesota's economy by ensuring workers are paid correctly and workplace rights and responsibilities are enforced. It conducts outreach and investigations to ensure compliance with Minnesota's Fair Labor Standards laws, including minimum wage, prevailing wage, pregnancy and parental leave, and child labor.

DLI's Apprenticeship unit supports Minnesota's economy as it fosters and promotes work-based career development through registered apprenticeship programs that provide structured training to develop a skilled workforce.

SERVICES PROVIDED

The Labor Standards unit:

- protects workers and promotes compliance through enforcement of wage, hour and payment laws, including minimum wage, overtime, child labor, women's economic security and prevailing wage;
- investigates wage theft complaints and audits employers to ensure employees are paid for their work and employers are competing fairly in the marketplace;
- increases awareness of wage theft through outreach and education;
- provides outreach and training through its child labor initiative to educate employers, schools and parents to protect youth in the workplace;
- provides outreach and education to employers and workers about the state's minimum wage law passed in 2014 and annual wage-rate changes associated with that legislation;
- conducts outreach and enforcement efforts related to the Women's Economic Security Act that includes protections for pregnancy accommodation, pregnancy and parenting leave, sick and safe leave, nursing mothers and wage disclosure; and
- conducts an annual prevailing-wage survey to establish wage rates for workers on publicly funded construction projects.

The Apprenticeship unit:

- engages and assists employers and associations in developing registered apprenticeship programs to recruit, train and retain a highly skilled workforce;
- conducts ongoing technical assistance and compliance activities to ensure each program delivers the training, instruction and rigor outlined in its standards registered with the department;
- engages various community-based organizations, labor groups, employers and associations to foster and promote greater ethnic, racial, gender and veteran participation in registered apprenticeship programs;
- assists registered apprenticeship programs in developing personalized outreach and diversity recruiting plans;
- assists workers and apprentices in connecting with apprenticeship resources;
- develops and supports introductions to construction careers programs for youth, including Construct Tomorrow; and
- fosters and promotes the expansion of registered apprenticeship programs in health care, manufacturing and other industries.

RESULTS

Labor Standards

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Median days from receipt to completion of wage claims	17 days	6 days	FY 2012, FY 2018
Quantity	Number of outreach trainings and events/number of stakeholders reached	109 / 47,757	105 / 45,165	CY 2011, CY 2017

Apprenticeship

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Calendar years</i>
Quantity	Number of registered apprentices/new apprentices	8,607 / 1,743	14,002 / 3,599	2011, 2018
Quantity	Number of active registered apprenticeship programs/new programs	222 / 6	216 / 17	2011, 2018
Quantity	Number of occupations with registered apprentices	333	337	2011, 2018
Quantity	Percentage of active registered apprentices – female/minority/veteran	4.7%/12.6%/4.0%	7.2%/20.2%/6.6%	2011, 2018

Minnesota Statutes, chapters 177, 178 and 181, provide authority for this program's activities. Minnesota Statutes §§ 177.21-.35 (Minnesota Fair Labor Standards Act), 177.41-.44 (Prevailing Wage Act), 178 (Apprenticeship Training Act, in accordance with 29 Code of Federal Regulations part 29 and part 30), 181.01-.171 (Payment of wages), 181.940-.944 (Parenting leave, Women's Economic Security Act) and 181A (Child Labor Standards Act).

Labor Standards & Apprenticeship

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,034	997	1,319	2,251	1,798	1,798	3,648	3,498
2390 - Workforce Development	786	1,439	1,454	1,706	1,384	1,384	1,384	1,384
3000 - Federal		746	1,059	349	1,010	353	1,010	353
6000 - Miscellaneous Agency	11		4	1	1	1	1	1
Total	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236
Biennial Change				3,129		(413)		3,137
Biennial % Change				62		(5)		39
Governor's Change from Base								3,550
Governor's % Change from Base								46

Expenditures by Activity

Labor Standards & Apprenticeship	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236
Total	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236

Expenditures by Category

Compensation	1,529	1,894	2,304	2,705	2,585	2,558	3,398	3,371
Operating Expenses	198	504	994	1,299	1,507	877	2,519	1,739
Grants, Aids and Subsidies	103	782	536	301	101	101	126	126
Other Financial Transaction	0	2		2				
Total	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236

Total Agency Expenditures	1,831	3,183	3,835	4,307	4,193	3,536	6,043	5,236
Internal Billing Expenditures	10	208	208	197	252	237	431	416
Expenditures Less Internal Billing	1,821	2,974	3,627	4,110	3,941	3,299	5,612	4,820

<u>Full-Time Equivalents</u>	18.92	21.64	25.61	27.63	26.39	25.68	35.39	34.68
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Labor Standards & Apprenticeship

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		150		457				
Direct Appropriation	1,184	1,202	1,776	1,794	1,798	1,798	3,648	3,498
Transfers Out		300						
Cancellations		55						
Balance Forward Out	150		457					
Expenditures	1,034	997	1,319	2,251	1,798	1,798	3,648	3,498
Biennial Change in Expenditures				1,539		26		3,576
Biennial % Change in Expenditures				76		1		100
Governor's Change from Base								3,550
Governor's % Change from Base								99
Full-Time Equivalents	12.02	11.90	13.55	16.42	15.42	15.32	24.42	24.32

2390 - Workforce Development

Balance Forward In	30	287	10	125				
Direct Appropriation	1,043	1,307	1,569	1,581	1,384	1,384	1,384	1,384
Cancellations		145						
Balance Forward Out	287	10	125					
Expenditures	786	1,439	1,454	1,706	1,384	1,384	1,384	1,384
Biennial Change in Expenditures				935		(392)		(392)
Biennial % Change in Expenditures				42		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.90	9.33	9.91	9.51	9.47	9.46	9.47	9.46

3000 - Federal

Receipts		746	1,059	349	1,010	353	1,010	353
Balance Forward Out			0					
Expenditures		746	1,059	349	1,010	353	1,010	353
Biennial Change in Expenditures				662		(45)		(45)
Biennial % Change in Expenditures						(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.41	2.15	1.70	1.50	0.90	1.50	0.90

Labor Standards & Apprenticeship

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
6000 - Miscellaneous Agency								
Balance Forward In	45	51	45	69	69	69	69	69
Receipts	18	(7)	28	1	1	1	1	1
Balance Forward Out	51	45	69	69	69	69	69	69
Expenditures	11		4	1	1	1	1	1
Biennial Change in Expenditures				(7)		(3)		(3)
Biennial % Change in Expenditures						(56)		(56)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Workplace Safetydli.mn.gov/business/safety-and-health-work**AT A GLANCE**

Each year, on average, the Minnesota Occupational Safety and Health Administration (MNOSHA):

- conducts almost 1,900 compliance inspections;
- assists employers through 855 consultation visits;
- responds to 1,200 employee complaints;
- investigates 23 workplace fatalities;
- provides safety grants for 155 employer safety projects;
- presents safety and health outreach to 20,000 participants;
- works with 100 cooperative programs and alliances with employers; and
- affects the safety and health of 2.9 million workers at 168,000 Minnesota worksites.

PURPOSE & CONTEXT

The goal of MNOSHA is that every employee returns home safe and healthy at the end of each working day. MNOSHA believes workplaces must share a commitment to workplace safety by employers, employees and their authorized representatives. MNOSHA focuses on regulation through its Compliance unit and on assistance through its Workplace Safety Consultation unit, helping industries with the highest injury and illness rates. MNOSHA is a state plan, one of 28 states and territories authorized by Congress to administer an occupational safety and health program “at least as effective as” the federal OSHA program.

SERVICES PROVIDED

MNOSHA keeps Minnesota employees and workplaces safe by:

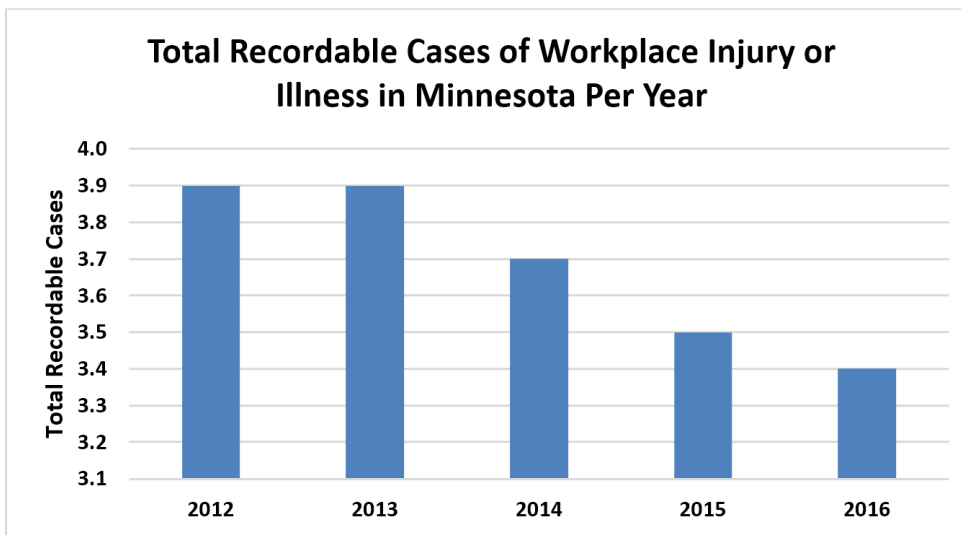
- conducting planned compliance inspections focused on high-hazard industries;
- investigating workplace fatalities, serious injuries and catastrophic events;
- responding to complaints by employees about unsafe conditions at their workplace;
- reviewing employee’s protected rights after alleged improper termination or other adverse action;
- providing training and outreach to employee, employer and citizen groups about safety and health topics;
- making consultation visits to employers that request assistance about how to make their workplaces safer;
- working cooperatively with employers through voluntary prevention programs and partnerships; and
- issuing safety grants to help employers boost their safety and health programs.

RESULTS

Fatal occupational injuries per 100,000 full-time-equivalent workers, 2016

State	Fatality rate		
	2014	2015	2016
Minnesota	2.3	2.7	3.4
Wisconsin	3.5	3.6	3.6
Iowa	6.0	3.9	3.8
South Dakota	4.8	4.9	7.5
North Dakota	9.8	12.5	7.0

Source: Census on Fatal Occupational Injuries (CFOI), Bureau of Labor Statistics. The CFOI accounts for all fatalities resulting from a work injury. Minnesota has a lower percentage of employees dying from work-related injuries than neighboring states, demonstrating success of the MNOSHA program.



Source: Survey on Occupational Injuries and Illnesses (SOII), Bureau of Labor and Statistics (BLS). The SOII surveys a sample of employers to gather OSHA log data and estimates the number of work-related injuries and illnesses and the rate at which they occur.

Minn. Statute 182, provides the legal authority for this program's activities. As a state plan, Minnesota OSHA enforces 29 CFR 1904, 1910, 1915, 1917, 1918, 1926, and 1928; and Minn. Rules 5205 through 5208, 5210 & 5215.

WSC: 29 CFR 1908; 29 CFR 1910.266; Minn. Stat. 79.253; Minn. Stat. 90.145; Minn. Stat. 176.130 and Minn. Rules 5203

Workplace Safety

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2830 - Workers Compensation	7,403	7,465	7,173	7,919	7,798	7,817	7,798	7,817
3000 - Federal	4,813	4,840	5,153	5,062	5,062	5,062	5,062	5,062
Total	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879
Biennial Change				788		432		432
Biennial % Change				3		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Workplace Safety	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879
Total	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879

Expenditures by Category

Compensation	7,875	8,208	8,050	8,197	8,191	8,217	8,191	8,217
Operating Expenses	2,643	2,399	2,574	3,076	2,961	2,954	2,961	2,954
Grants, Aids and Subsidies	1,641	1,693	1,679	1,698	1,698	1,698	1,698	1,698
Capital Outlay-Real Property	42	0						
Other Financial Transaction	15	4	23	10	10	10	10	10
Total	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879

Total Agency Expenditures	12,215	12,304	12,326	12,981	12,860	12,879	12,860	12,879
Internal Billing Expenditures	836	744	937	905	1,127	1,140	1,127	1,140
Expenditures Less Internal Billing	11,379	11,561	11,389	12,076	11,733	11,739	11,733	11,739

Full-Time Equivalents

85.63	87.29	83.94	82.91	80.47	79.43	80.47	79.43
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Workplace Safety

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2830 - Workers Compensation								
Balance Forward In	5,137	6,529	6,945	7,202	7,314	7,554	7,314	7,554
Direct Appropriation	4,154	4,154	4,154	4,160	4,167	4,167	4,167	4,167
Receipts	2,728	2,795	3,300	3,871	3,871	3,871	3,871	3,871
Transfers Out			24					
Cancellations		1						
Balance Forward Out	4,616	6,013	7,202	7,314	7,554	7,775	7,554	7,775
Expenditures	7,403	7,465	7,173	7,919	7,798	7,817	7,798	7,817
Biennial Change in Expenditures			225		523		523	
Biennial % Change in Expenditures			2		3		3	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	45.92	47.22	43.18	45.11	44.72	44.27	44.72	44.27

3000 - Federal

Balance Forward In	687	687	705	31	31	31	31	31
Receipts	4,813	4,157	4,479	5,062	5,062	5,062	5,062	5,062
Balance Forward Out	687	5	31	31	31	31	31	31
Expenditures	4,813	4,840	5,153	5,062	5,062	5,062	5,062	5,062
Biennial Change in Expenditures				562		(91)		(91)
Biennial % Change in Expenditures				6		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	39.71	40.07	40.76	37.80	35.75	35.16	35.75	35.16

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Department of Labor 17.005	Bureau of Labor Standards, Occupational Safety and Health Statistics (BLS): Partially funds agency activities that collect, compile, and analyze statistics for the census of fatal occupational injuries and the survey of occupational injuries and illnesses.	-	\$121	\$135	\$138	\$142	Match	1.25
	Program B4230 Total		\$121	\$135	\$138	\$142		1.25
U.S. Department of Labor U.S. Department of Labor 17.285	Employment and Training: Apprenticeship USA Expansion Grant: Expand strategies for apprenticeship programs to additional high-growth industries. Addresses racial and economic disparities in registered apprenticeship.	-	\$863	\$349	\$1,010	\$353	-	1.75
U.S. Department of Labor 17.285	Employment and Training: Apprenticeship USA Accelerator Grant: Grant funded the development and implementation of eight strategic initiatives to allow Apprenticeship MN to foster and promote the registered apprenticeship model.	-	\$196	-	-	-	-	-
	Program B4240 Total		\$1,059	\$349	\$1,010	\$353		1.75
U.S. Department of Labor 17.504	Occupational Safety and Health Administration Consultation agreement grant: Partially funds consultation services, on request, to help employers prevent accidents and diseases through several employer-assistance programs.	-	\$1,139	\$1,070	\$1,070	\$1,070	Match	7.17
U.S. Department of Labor 17.503	Occupational Safety and Health Administration (OSHA) Compliance Grant: Partially funds agency activities that improve workplace safety and health through outreach, consultation, and enforcement.	-	\$4,014	\$3,992	\$3,992	\$3,992	Match	27.99
	Program B4260 Total		\$5,153	\$5,062	\$5,062	\$5,062		35.16
	Federal Fund – Agency Total		\$6,333	\$5,546	\$6,210	\$5,557		38.16

Narrative:

The Occupational Safety and Health Administration (OSHA) Compliance and Consultation grants are essential to continue the downward trend in occupational fatalities, injuries, and illnesses, and thereby reduce the suffering of workers and families and containing workers' compensation costs. Compliance efforts concentrate inspection efforts on high-hazard industries, companies with high workers' compensation injury rates, and employee complaints. OSHA consultation efforts focus on small- and medium-sized employers.

The Bureau of Labor Standards, Occupational Safety and Health Statistics grant provides the funding necessary to conduct surveys to collect, analyze, and report data on workplace injuries.

The U.S. Department of Labor Employment and Training Administration grants support the development and implementation of strategic initiatives to allow Apprenticeship Minnesota to foster and promote the registered apprenticeship model through innovation, communication, engagement and reporting. The Accelerator grant ended in FY2018 and the Expansion grant will end October 2020.

Federal funding contributes to 4% of the agencies expenditures. Federal funds received through the OSHA Compliance and Bureau of Labor Statistics programs require matching state funds of 50%. The OSHA Consultation program requires matching state funds of 10%. The required state match is provided by the Workers' Compensation fund. Funding levels are anticipated to be stable and is based on historical trends.

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Minnesota Council on Latino Affairs

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mn.gov/mcla

AT A GLANCE

The Minnesota Council on Latino Affairs represents more than 276,000 Latinos in Minnesota. The Council advises the governor and legislature on legislation and works to keep Latino Minnesotans informed on policy and legislation. The Council focuses on the areas of Education, Economic Development, Health, and Immigration.

General State of the Minnesota Latino Community

One-third of the Latino population lives in greater Minnesota
 The median age of the Minnesota Latino population is 24 years old
 Latinos have the highest labor force participation rate in Minnesota

PURPOSE

Minnesota Statute 15.0145 states that the council must work for the implementation of economic, social, legal, and political equality for its constituency. The council shall work with the legislature and governor to carry out this work by performing the following duties:

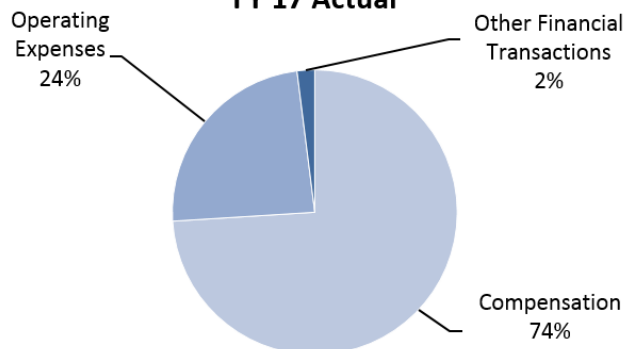
- Advise the governor and the legislature on issues of importance to the Latino community such as:
 - Administrative and legislative changes needed to improve the economic and social condition
 - Implications and effect of proposed administrative and legislative changes
- Serve as a liaison between state government and organizations that serve the Latino community
 - May include working with other organizations to develop informational programs or publications
- Design and execute studies designed to suggest solutions to the problems in the Latino community in the areas of education, employment, human rights, health, housing, social welfare, and other related areas.

MCLA supports the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities – in all communities in Minnesota**
- **All Minnesotans have the education and skills needed to achieve their goals**
- **All Minnesotans have optimal health**
- **That Minnesota has strong and stable families and communities regardless of their make up**
- **All people in Minnesota are safe and have an equal opportunity to pursue life, liberty and the pursuit of happiness**

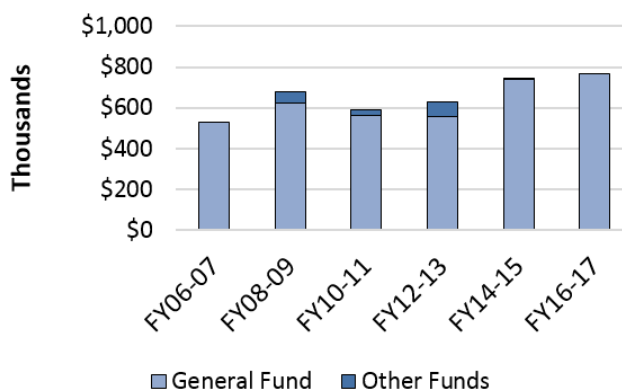
BUDGET

Spending by Category
FY 17 Actual



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Minnesota Council on Latino affairs activities are funded through general fund appropriations and grants from Minnesota foundations. MCLA has a total FY 2018-2019 biennial appropriation of \$971 thousand dollars, with an additional \$57,500 from foundations. This funding serves to cover expenses to operate MCLA's office, which includes four full time employees, contractors, and student workers that carry out the agency's statutory requirements.

STRATEGIES

Four focus areas: Education, Economic Development, Health, and Immigration

Our strategies are focused on the legislative and policy making process which include the following:

- Trusted source of information to the Governor's office, Legislature and community
- Draft legislation derived from community input and needs
- Consult with legislators and state agencies
- Provide research based testimony, position statements, reports and policy recommendations
- Facilitate constituency input and participation in the legislative process

Direct constituency communication

- Consistent and Targeted information to state wide constituency by focus areas and geographical location
- Targeted meetings and conference calls with Latino serving organizations state wide
- Intentional use of social media to inform and connect with constituency

Community outreach

- Connect constituency with legislators, state program administrators and other Latino serving agencies
- Collaborate in inter-agency and community efforts to address Latino Minnesotan needs through legislative and policy recommendations
- Organize and collaborate with other agencies on legislative and policy forums and presentations
- Attend community events and gatherings

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Legislation and Policy: <ul style="list-style-type: none"> • Drafted legislation • Tracking legislation • Legislative testimony/position statements • Advise and inform legislators and department leadership 	<ul style="list-style-type: none"> • 3 • 117 • 39 • 200 	<ul style="list-style-type: none"> • 5 • 129 • 15 • 200+ 	FY2017, FY2018
Quantity	Statewide Community Engagement: <ul style="list-style-type: none"> • Community forums and listening sessions • Meetings with constituents, community leaders, and local organizations 	<ul style="list-style-type: none"> • 17 • 300 	<ul style="list-style-type: none"> • 23 • 340 	FY2017, FY2018

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
	<ul style="list-style-type: none"> Events: promoting MCLA and the State of Minnesota Constituents reached through social media and traditional communication 	<ul style="list-style-type: none"> 100 12,000 	<ul style="list-style-type: none"> 48 14,000 	
Quantity	Reports and Studies: <ul style="list-style-type: none"> Community outreach and engagement report Mid and end of legislative session reports Develop publications to advise legislators, the governor's office, and constituency through graphs, charts, infographics, and legislative district-specific fact sheets 	<ul style="list-style-type: none"> 0 2 67 	<ul style="list-style-type: none"> 2, yearly 4, yearly 211, yearly 	FY2017, FY2018
Quantity	Targeted Group Small Business Contracts: <ul style="list-style-type: none"> Recruited and added targeted-group contractors to the Minnesota state vendors list 	<ul style="list-style-type: none"> 11 	<ul style="list-style-type: none"> 13 	FY2017, FY2018

Tracked activities are aimed at fulfilling the Council's following statutory responsibilities:

- Legislation and Policy: Statute 15.0145, Sub. 6, Sections A, C, D, & F
- Statewide Community Engagement: Statute 15.0145, Sub. 6, Sections B & E
- Reports and Studies: Statute 15.0145, Sub. 6, Section B, E & F
- Targeted Group Small Business Contracts: Statute 15.0145, Sub. 6, Sections C & F

Legal Authority: Minn. Stat. § 15.0145 (<https://www.revisor.mn.gov/statutes/?id=15.0145>) provides the legal authority for the Minnesota Council on Latino Affairs.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	362	405	397	574	495	495	679	685
2000 - Restrict Misc Special Revenue			58					
2403 - Gift				11				
Total	362	405	454	585	495	495	679	685
Biennial Change				272		(49)		325
Biennial % Change				36		(5)		31
Governor's Change from Base								374
Governor's % Change from Base								38

Expenditures by Program

Latino Affairs Council	362	405	454	585	495	495	679	685
Total	362	405	454	585	495	495	679	685

Expenditures by Category

Compensation	319	299	351	431	372	376	546	561
Operating Expenses	41	96	103	152	121	117	131	122
Grants, Aids and Subsidies	1							
Other Financial Transaction	0	10		2	2	2	2	2
Total	362	405	454	585	495	495	679	685

Full-Time Equivalents

3.67	3.44	4.26	4.20	4.00	4.00	6.00	6.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		20		80				
Direct Appropriation	381	386	477	494	495	495	679	685
Cancellations		0						
Balance Forward Out	19		80					
Expenditures	362	405	397	574	495	495	679	685
Biennial Change in Expenditures				204		19		393
Biennial % Change in Expenditures				27		2		41
Governor's Change from Base								374
Governor's % Change from Base								38
Full-Time Equivalents	3.67	3.44	3.89	4.20	4.00	4.00	6.00	6.00

2000 - Restrict Misc Special Revenue

Receipts			58			
Expenditures			58			
Biennial Change in Expenditures				58	(58)	(58)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents			0.37			

2403 - Gift

Balance Forward In	10	10	10	11		
Receipts	0	0	0			
Balance Forward Out	10	10	11			
Expenditures				11		
Biennial Change in Expenditures				11	(11)	(11)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	494	494	494	988
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	494	495	495	990
Change Items				
Addition of Communications Specialist and Office Assistant		160	160	320
Operating Adjustment		24	30	54
Total Governor's Recommendations	494	679	685	1,364
Dedicated				
Fund: 2403 - Gift				
Planned Spending	11			
Forecast Base	11			
Total Governor's Recommendations	11			

Minnesota Council on Latino Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: Addition of Communications Specialist and Office Assistant

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	160	160	160	160
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	160	160	160	160
FTEs	2	2	2	2

Recommendation:

The Governor recommends additional funding of \$320 thousand in the FY 2020-2021 biennium to expand the capacity of the Minnesota Council of Latino Affairs.

Rationale/Background:

The Latino community is estimated at about 276,000 people, or about 5.6% of Minnesota's total population. The Council was created to address state-wide disparities and promote equity for the Latino community. The four most important areas to the Latino community are education, economic development, health, and immigration. The Council has become a trusted source of information in these areas in the legislative, policy, and research process, and as the demand from the general public for equity in these areas continues to grow, so does the demand to the Council for support.

Within the four areas of focus, the Council conducts community engagement on behalf of all state government within the Latino communities. The Council is a critical contact point for state government and has developed and maintains good working relationships with the Latino community across the state. Community members and organizations regularly request information in both English and Spanish so that they can disseminate information to their networks. To accommodate these request, the Council strives to provide certified interpreters at its community events and listening sessions. The Council also translates all official reports and most official communication on our website, social media, and other communication platforms.

The Council does not have a dedicated communications position, so these and all other communications tasks are distributed amongst the Executive Director and three staff. This impacts staff productivity as it limits staff time dedicated to the Council's four policy areas, and requires ongoing training in areas outside of the legislative and policy realm. This position will support our efforts to provide constant bilingual communication and engage Minnesotans statewide through both traditional and social media platforms.

Additionally, the Council does not have a dedicated office assistant. All administrative needs are currently handled by the Executive Director and three staff. With the growing demand for the Council, the time spent on administrative tasks reduces the effectiveness and support that the Council provides, including official correspondence, preparing documents for the legislative session, supporting the Council's community engagement, and planning official events logistics. The need to have a designated person to support the overall daily needs of the Council are of great importance for future success.

Proposal:

The Governor recommends additional funding for the Council to operate more efficiently and effectively, supporting equity and inclusion efforts at a time when racial equity is of such high importance to Minnesotans. The funding will allow the Council to add two new FTEs: a Communications Specialist and an Office Assistant. The Communications Specialist would lead the Council's bilingual communication efforts, using both traditional and social media platforms. The Office Assistant would support the Executive Director and all staff administrative needs in order for the Council staff to be able to provide more timely and technical support in their designated area of focus. This recommendation includes \$5 thousand in FY2020 for one-time staff set up and administrative costs, and \$5 thousand in FY 2020 and each year thereafter for IT costs.

Equity and Inclusion:

The Latino community is a significant part of the state's economic and social fabric, and it will continue to grow. Investing in and improving the lives of the Latino community is vital for the overall prosperity of Minnesota. All members of the Latino community, which includes those that are Spanish speaking, bilingual, LGBTQ, persons with disabilities, veterans, undocumented, mix status families, and others, would be positively impacted by this recommendation. The additional FTEs would increase the Council's capacity to reduce and eliminate disparities issues in education, economic development, health, and immigration across the state.

Results:

Currently the performance of the Council has seen positive growth in most areas measured. This is due to the larger number of requests coming from stakeholders as well as the significant increase in the Councils community engagement, and production of reports and studies.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Legislation and Policy: <ul style="list-style-type: none"> Drafted legislation Tracking legislation Legislative testimony/position statements Advise and inform legislators and department leadership 	<ul style="list-style-type: none"> 3 117 39 200 	<ul style="list-style-type: none"> 5 129 15 200 	FY2017, FY2018
Quantity	Statewide Community Engagement: <ul style="list-style-type: none"> Community forums and listening sessions Meetings with constituents, community leaders, and local organizations Events: promoting MCLA and the State of Minnesota Constituents reached through social media and traditional communication 	<ul style="list-style-type: none"> 17 300 100 12,000 	<ul style="list-style-type: none"> 23 340 48 14,000 	FY2017, FY2018
Quantity	Reports and Studies: <ul style="list-style-type: none"> Community outreach and engagement report Mid and end of legislative session reports Develop publications to advise legislators, the governor's office, and constituency through graphs, charts, infographics, and legislative district-specific fact sheets 	<ul style="list-style-type: none"> 0 2 67 	<ul style="list-style-type: none"> 2, yearly 4, yearly 211, yearly 	FY2017, FY2018
Quantity	Targeted Group Small Business Contracts: <ul style="list-style-type: none"> Recruited and added targeted-group contractors to the Minnesota state vendors list 	<ul style="list-style-type: none"> 11 	<ul style="list-style-type: none"> 13 	FY2017, FY2018

Tracked activities are aimed at fulfilling the Council's following statutory responsibilities:

- Legislation and Policy: Statute 15.0145, Sub. 6, Sections A, C, D, & F)
- Statewide Community Engagement: Statute 15.0145, Sub. 6, Sections B & E)
- Reports and Studies: Statute 15.0145, Sub. 6, Section B, E & F)
- Targeted Group Small Business Contracts: Statute 15.0145, Sub. 6, Sections C & F)

Statutory Change(s):

N/A

Minnesota Council on Latino Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	24	30	30	30
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	24	30	30	30
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$24 thousand in FY 2020 and \$30 thousand each year thereafter to maintain the current level of service delivery at the Minnesota Council of Latino Affairs.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related cost increases. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Council, this funding will cover a reclassification of current employees' compensation to properly reflect the level of expertise and work produced by the Council.

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

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Legal Professions Boards

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AT A GLANCE

- The Boards regulate approximately 29,000 licensed Minnesota lawyers and assist the public of the state that use legal services.
- The Office of Lawyers Professional Responsibility (OLPR) processed 1,110 complaints against Minnesota attorneys in calendar 2017.
- 40 Minnesota lawyers were publicly disciplined in 2017; 5 lawyers were disbarred.
- The Client Security Board (CSB) authorized payment of approximately \$750,000 to 67 victims of lawyer dishonesty in FY 2017.
- The Office of the Board of Law Examiners (BLE) received 1,199 applications from law graduates and out-of-state lawyers seeking admission to the Minnesota bar in 2017.
- The Minnesota Board of Continuing Legal Education (CLE) approved 14,009 courses in 2017.
- The Lawyer Registration Office (LRO) processed 28,718 annual registration statements.
- The Minnesota Board of Legal Certification (BLC) oversaw 5 agencies that certified 883 Minnesota-licensed lawyers as specialists.

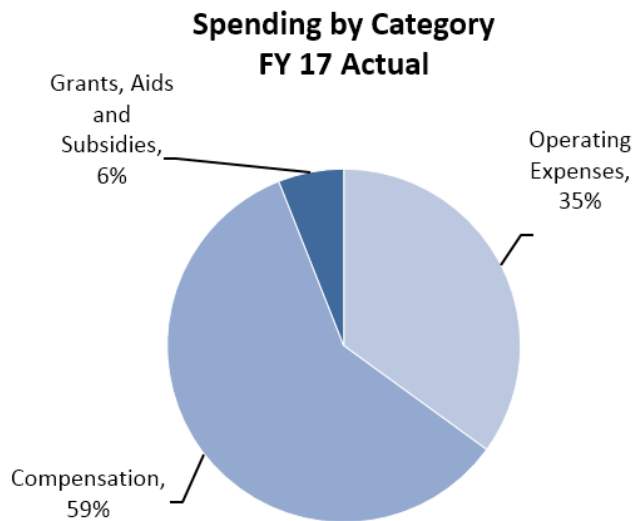
PURPOSE

The Minnesota Supreme Court has the inherent constitutional as well as statutory authority to regulate the practice of law in Minnesota. The Supreme Court has established several regulatory boards to assist in the regulation of lawyers licensed to practice law in Minnesota. Key issues addressed by these agencies include:

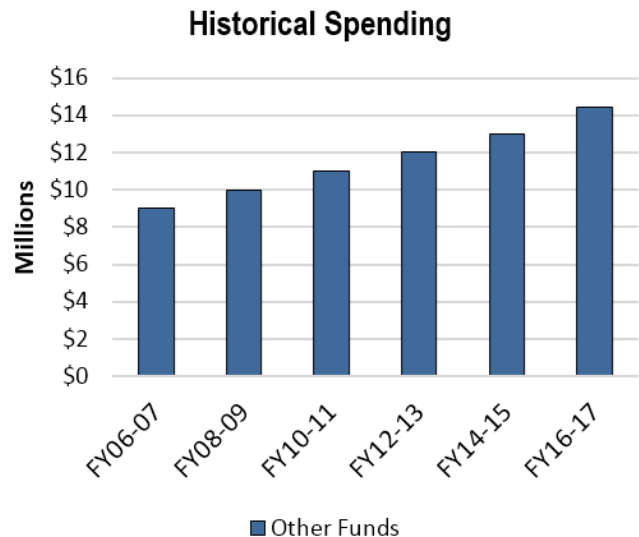
- The Board of Law Examiners (BLE) conducts a background investigation of each Bar applicant and twice a year administers the Bar Exam to assess lawyer competence.
- The Board of Continuing Legal Education (CLE) accredits qualifying courses as continuing legal education (CLE) and ensures that lawyers, as a condition of continued licensure, fulfill their obligation to continue their professional education.
- The Board of Legal Certification (BLC) reviews and accredits qualifying agencies that have the authority to certify lawyers as specialists.
- The Office of Lawyers Professional Responsibility (OLPR), working in conjunction with district ethics committees throughout the state, investigates complaints of unprofessional conduct against lawyers, and recommends and prosecutes discipline, public and private, where appropriate. The Court is assisted in its oversight of the OLPR by the Lawyers Professional Responsibility Board (LPRB).
- The Client Security Board (CSB) reviews claims from clients who have experienced monetary loss because of attorney dishonesty (in the form of theft or embezzlement) and, where the claim meets criteria established by the Board, reimburses the client for the loss up to \$150,000 per claim.
- The Lawyer Registration Office (LRO) collects attorneys' annual registration statements and fees, and demographic and other data from Minnesota lawyers, and administratively suspends lawyers who fail to comply with the Rules.

The Supreme Court Boards support the following statewide outcomes: Strong and stable families and communities; People in Minnesota are safe; and Efficient and accountable government services.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

Dedicated revenue, not General Fund monies, fully fund the operations of these boards. The Supreme Court assesses each Minnesota-licensed lawyer an annual registration fee that funds these activities. The registration fee is authorized by statute and court rule, and is held in trust for the regulation of the bar. The registration fee revenue is divided among each of the boards (with the exception of the Legal Certification Board, which is funded entirely by user fees) as determined after public hearing by Court's Rules for Registration of Lawyers. The Board of Law Examiners assesses a bar application fee to each applicant for admission to the bar. The Board of Continuing Legal Education assesses course application fees and various administrative fees. Disciplined attorneys are also assessed costs for public discipline. The fees for those boards are included in the Department Earnings Report.

STRATEGIES

The Boards have extensive written rules, policies, and procedures that ensure fair and accurate processing of applications, course approval applications, the prompt investigation and disposition of lawyers' alleged disability or unprofessional conduct, as well as a well-trained and carefully managed staff who conscientiously carry out their obligations. In addition, volunteer Board members comprised of lawyers and non-lawyer members of the public volunteer their time to oversee the policies and procedures through which each of the Boards carry out its responsibilities, and in some cases assist in the work of the Boards.

The Boards contribute to the statewide outcomes by ensuring that only those who are competent and have good character are licensed to practice law; that only those who continue their legal education are able to continue to hold a law license; that ethics complaints against Minnesota lawyers warranting professional discipline are investigated and prosecuted; and that clients who suffer loss of money or other property from the dishonest conduct of their attorney are reimbursed. These activities contribute to the administration of justice and ensure that members of the Minnesota Bar provide legal service to those in need of legal counsel and to communities in need of civic members who will uphold the rule of law.

Key partners in the work of the Boards are the Minnesota State Bar Association and its committees and sections, Lawyers Concerned for Lawyers, deans and associate deans of law schools, particularly the deans of the three law schools located in Minnesota; bar regulation administrators in other states, district ethics committees (DEC), colleagues in the Judicial Branch, and the public who are consumers of legal services.

RESULTS

The Board of Law Examiners, Board of Continuing Legal Education, and Board of Legal Certification know their strategies are working when the following results are manifest:

- Some applicants to the bar are denied admission for failure to comply with Board of Law Examiners' requirements. New certifying agencies continue to apply for accreditation to certify lawyers as specialists. In response to routine surveys, the Boards' customers' responses affirm that services are provided in a timely and professional manner.
- Some attorneys are removed from the roles of active Minnesota lawyers due to failure to comply with their continuing legal education requirements or attorney registration obligations.
- The Minnesota Bar is well-educated and prepared to carry out the obligations of licensure. As a result of the accreditation of reputable agencies, only those members of the bar who have met high standards of demonstrated expertise, may hold themselves out as specialists in a field of law.

The factors driving their stable or improving performance trend include the development and implementation of computer technology that permits timely and accurate completion of investigations and valid administration of professional examinations. While the performance trend is stable, the Boards look for and find new ways to improve performance and increase efficiencies in operation.

The OLPR knows its strategies are working when attorneys are disciplined for misconduct. The OLPR also responded to more than 2,000 calls from lawyers asking for assistance on how to meet their ethical obligations in 2017. The OLPR proactively speaks on issues of ethics education, increasing its outreach by approximately 21% in FY18.

The legal professions is also the only profession that has a dedicated fund created by members of the profession to make restitution to individuals who have been victims of lawyer dishonesty. The Client Security Fund, administered by the CSB, goes a long way to maintain the integrity of the profession and to protect the public from the few attorneys who grievously misuse their position of trust.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of applicants for admission to the Bar	1,245	1,199	2015/ 2017
Quantity	Number of approved Continuing Legal Education courses	14,157	14,009	2015/ 2017
Quantity	Number of lawyers certified as specialists	941	883	2015/ 2017
Quantity	Number of complaints received by Office of Lawyers Professional Responsibility	1,210	1,110	2015/ 2017
Quantity	Number of complaint files closed by Office of Lawyers Professional Responsibility	1,332	1,073	2015/ 2017

M.S. 481.01 <https://www.revisor.mn.gov/statutes/?id=480.01> and the constitutional authority of the Supreme Court provide the legal authority for the Boards.

Legal Professions Boards

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

2000 - Restrict Misc Special Revenue	6,606	7,812	7,615	10,275	9,387	9,334	9,387	9,334
Total	6,606	7,812	7,615	10,275	9,387	9,334	9,387	9,334
Biennial Change				3,472		831		831
Biennial % Change				24		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Lawyers Board	6,606	7,812	7,615	10,275	9,387	9,334	9,387	9,334
Total	6,606	7,812	7,615	10,275	9,387	9,334	9,387	9,334

Expenditures by Category

Compensation	4,371	4,587	4,641	4,939	4,939	4,939	4,939	4,939
Operating Expenses	1,749	2,733	2,487	4,507	3,624	3,571	3,624	3,571
Grants, Aids and Subsidies	434	451	480	565	560	560	560	560
Capital Outlay-Real Property	36	16	1	35	35	35	35	35
Other Financial Transaction	15	24	6	229	229	229	229	229
Total	6,606	7,812	7,615	10,275	9,387	9,334	9,387	9,334

Full-Time Equivalents

46.02	46.57	47.33	47.33	47.33	47.33	47.33	47.33
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	11,855	11,906	10,684	9,670	5,837	2,892	5,837	2,892
Receipts	6,656	6,421	6,601	6,442	6,442	6,442	6,442	6,442
Transfers Out		25						
Balance Forward Out	11,905	10,489	9,669	5,837	2,892		2,892	
Expenditures	6,606	7,812	7,615	10,275	9,387	9,334	9,387	9,334
Biennial Change in Expenditures				3,472		831		831
Biennial % Change in Expenditures				24		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	46.02	46.57	47.33	47.33	47.33	47.33	47.33	47.33

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	10,275	9,387	9,334	18,721
Forecast Base	10,275	9,387	9,334	18,721
Total Governor's Recommendations	10,275	9,387	9,334	18,721
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	6,442	6,442	6,442	12,884
Total Governor's Recommendations	6,442	6,442	6,442	12,884

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Minnesota Legislature

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AT A GLANCE

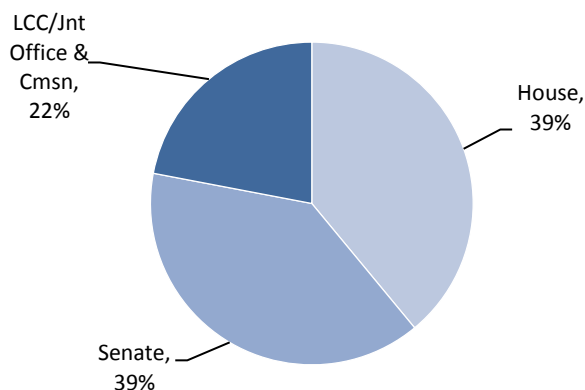
- The constitution provides that the Legislature may meet up to 120 days during a two-year period.
- For the 17-18 biennial legislative session and 2017 special session 4,550 bills were introduced in the House, 4,120 bills were introduced in the Senate. Of those, 222 bills were presented to the governor for signing and were fully enacted.
- The biennial budget for the legislature is approximately \$164 million, which is 0.36% of the state general fund budget.

PURPOSE

The legislature is one of three branches of state government (the others being the executive and judicial branches) created by the constitution of the State of Minnesota. The legislative branch is responsible for the enactment and revision of state laws, establishing a state budget and tax policy, electing regents of the University of Minnesota, overseeing the work of state government, as well as proposing amendments to the state constitution. The Minnesota legislature consists of two bodies: the House of Representatives and the Senate. In addition, the House and Senate have created joint legislative offices and commissions under the fiscal and administrative oversight of the Legislative Coordinating Commission.

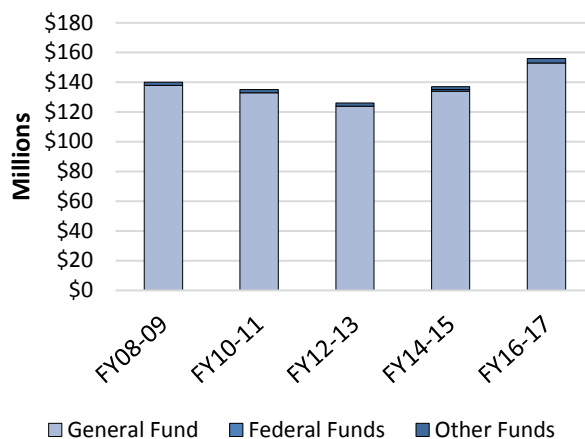
BUDGET

**Spending by Program
FY 17 Actual**



Source: SWIFT

Historical Spending



Source: SWIFT

The Minnesota House of Representatives and the Minnesota Senate are established under Article 4, Section 1 (<https://www.revisor.mn.gov/constitution>) of the Minnesota Constitution. Primary statutory citations regarding operations and legal authority for the joint offices and commissions of the Minnesota Legislature can be found in: M.S. 3 (<https://www.revisor.mn.gov/statutes>)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	73,056	79,980	81,690	96,727	83,418	82,758	83,418	82,758
1300 - Minnesota Resources		4	3					
2000 - Restrict Misc Special Revenue	236	156	115	717	223	100	223	100
2050 - Environment & Natural Resources	597	511	542	1,260				
2300 - Outdoor Heritage	482	508	506	1,620				
2301 - Arts & Cultural Heritage	7	1	8	4				
2302 - Clean Water	3	2	13	7			9	
2303 - Parks and Trails	1	1	6	3			7	
2360 - Health Care Access	67	68	61	192	128	128	128	128
2403 - Gift			23	24				
3000 - Federal	83							
6000 - Miscellaneous Agency	363	424	327	463	463	463	463	463
Total	74,895	81,654	83,294	101,017	84,232	83,449	84,248	83,449
Biennial Change				27,762		(16,630)		(16,614)
Biennial % Change				18		(9)		(9)
Governor's Change from Base								16
Governor's % Change from Base								0

Expenditures by Program

House of Representatives	29,761	31,877	32,782	36,517	32,683	32,683	32,683	32,683
Senate	27,468	31,614	31,585	38,738	32,268	32,268	32,268	32,268
Legislative Coordinating Comm	10,996	11,648	11,993	17,095	11,964	11,181	11,980	11,181
Legislative Audit Comm	6,670	6,515	6,935	8,667	7,317	7,317	7,317	7,317
Total	74,895	81,654	83,294	101,017	84,232	83,449	84,248	83,449

Expenditures by Category

Compensation	14,462	14,521	14,748	17,544	15,539	15,337	15,539	15,337
Operating Expenses	60,276	66,884	67,701	82,749	68,529	67,973	68,545	67,973
Capital Outlay-Real Property	140	250	843	529	164	139	164	139
Other Financial Transaction	17	(1)	2	195				
Total	74,895	81,654	83,294	101,017	84,232	83,449	84,248	83,449

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Full-Time Equivalents</u>	143.47	142.37	144.05	149.25	140.25	139.25	140.25	139.25

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	16,076	19,113	20,873	21,923	8,090	7,420	8,090	7,420
Direct Appropriation	76,198	82,161	82,065	82,141	81,995	81,995	81,995	81,995
Transfers In	396	6,243	9,288	6,243	763	763	763	763
Transfers Out	269	6,248	8,559	5,490	10	10	10	10
Cancellations		1,547	54					
Balance Forward Out	19,344	19,743	21,923	8,090	7,420	7,410	7,420	7,410
Expenditures	73,056	79,980	81,690	96,727	83,418	82,758	83,418	82,758
Biennial Change in Expenditures			25,381		(12,241)		(12,241)	
Biennial % Change in Expenditures			17		(7)		(7)	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	133.96	134.29	135.79	138.25	139.25	139.25	139.25	139.25

1300 - Minnesota Resources

Balance Forward In		25	21			
Direct Appropriation	25					
Cancellations			18			
Balance Forward Out	25	21				
Expenditures	4	3				
Biennial Change in Expenditures			(2)		(3)	(3)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents		0.06				

2000 - Restrict Misc Special Revenue

Balance Forward In	596	461	405	490	123		123	
Direct Appropriation			100	250	0	0	0	0
Transfers In	218	100	124	100	100	100	100	100
Transfers Out	118		24					
Balance Forward Out	461	405	490	123				
Expenditures	236	156	115	717	223	100	223	100
Biennial Change in Expenditures				441		(509)		(509)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures				113		(61)		(61)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.06	0.08		3.00	1.00		1.00	

2050 - Environment & Natural Resources

Balance Forward In	122	1,505	780	821				
Direct Appropriation	2,072	75	1,205	439	0	0	0	0
Transfers Out	93	213	623					
Cancellations		76						
Balance Forward Out	1,505	780	821					
Expenditures	597	511	542	1,260				
Biennial Change in Expenditures				695		(1,802)		(1,802)
Biennial % Change in Expenditures				63		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.30	4.20	4.26	4.00				

2300 - Outdoor Heritage

Balance Forward In	738	864	963	1,035				
Direct Appropriation	608	607	579	585	0	0	0	0
Cancellations		230						
Balance Forward Out	864	733	1,035					
Expenditures	482	508	506	1,620				
Biennial Change in Expenditures				1,136		(2,126)		(2,126)
Biennial % Change in Expenditures				115		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.01	3.69	4.00	4.00				

2301 - Arts & Cultural Heritage

Balance Forward In	6	4	3	4				
Direct Appropriation			9					

Legislature

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Receipts	5							
Balance Forward Out	4	3	4					
Expenditures	7	1	8	4				
Biennial Change in Expenditures				4		(12)		(12)
Biennial % Change in Expenditures				51		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.14							

2302 - Clean Water

Balance Forward In	9	6	5	7				
Direct Appropriation			15				9	
Balance Forward Out	6	5	7					
Expenditures	3	2	13	7			9	
Biennial Change in Expenditures				15		(20)		(11)
Biennial % Change in Expenditures				328		(100)		(55)
Governor's Change from Base								9
Governor's % Change from Base								

2303 - Parks and Trails

Balance Forward In	4	3	2	3				
Direct Appropriation			7				7	
Balance Forward Out	3	2	3					
Expenditures	1	1	6	3			7	
Biennial Change in Expenditures				7		(9)		(2)
Biennial % Change in Expenditures				342		(100)		(22)
Governor's Change from Base								7
Governor's % Change from Base								

2360 - Health Care Access

Balance Forward In	191	125	185	252	188	188	188	188
Direct Appropriation	128	128	128	128	128	128	128	128
Transfers In	125	122	128					

Legislature

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Transfers Out	252	122	128					
Balance Forward Out	125	185	252	188	188	188	188	188
Expenditures	67	68	61	192	128	128	128	128
Biennial Change in Expenditures				118		3		3
Biennial % Change in Expenditures				88		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.05						

2403 - Gift

Balance Forward In	45	45	46	24				
Receipts	0	0	0					
Balance Forward Out	45	46	24					
Expenditures			23	24				
Biennial Change in Expenditures				47		(47)		(47)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	83							
Expenditures	83							
Biennial Change in Expenditures				(83)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

6000 - Miscellaneous Agency

Balance Forward In	111	142	127	214	216	218	216	218
Receipts	395	409	415	465	465	465	465	465
Transfers In				11				
Transfers Out				11				
Balance Forward Out	142	127	215	216	218	220	218	220

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	363	424	327	463	463	463	463	463
Biennial Change in Expenditures				3		136		136
Biennial % Change in Expenditures				0		17		17
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	82,041	82,041	82,041	164,082
Base Adjustments				
Current Law Base Change		(46)	(46)	(92)
Forecast Base	82,041	81,995	81,995	163,990
Change Items				
Chapter 1 - OLA	100			
Total Governor's Recommendations	82,141	81,995	81,995	163,990
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	250	250	250	500
Base Adjustments				
All Other One-Time Appropriations		(250)	(250)	(500)
Forecast Base	250	0	0	0
Total Governor's Recommendations	250	0	0	0
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	439	439	439	878
Base Adjustments				
All Other One-Time Appropriations		(439)	(439)	(878)
Forecast Base	439	0	0	0
Total Governor's Recommendations	439	0	0	0
Fund: 2300 - Outdoor Heritage				
FY2019 Appropriations	585	585	585	1,170
Base Adjustments				
One-Time Legacy Fund Appropriations		(585)	(585)	(1,170)
Forecast Base	585	0	0	0
Total Governor's Recommendations	585	0	0	0
Fund: 2302 - Clean Water				
Change Items				
LCC Legacy Fund Website		9		9
Total Governor's Recommendations		9		9
Fund: 2303 - Parks and Trails				
Change Items				
LCC Legacy Fund Website		7		7
Total Governor's Recommendations		7		7

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2360 - Health Care Access				
FY2019 Appropriations	128	128	128	256
Forecast Base	128	128	128	256
Total Governor's Recommendations	128	128	128	256
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	372	223	100	323
Forecast Base	372	223	100	323
Total Governor's Recommendations	372	223	100	323
Fund: 2360 - Health Care Access				
Planned Spending	64			
Forecast Base	64			
Total Governor's Recommendations	64			
Fund: 2403 - Gift				
Planned Spending	24			
Forecast Base	24			
Total Governor's Recommendations	24			
Fund: 6000 - Miscellaneous Agency				
Planned Spending	463	463	463	926
Forecast Base	463	463	463	926
Total Governor's Recommendations	463	463	463	926
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	465	465	465	930
Total Governor's Recommendations	465	465	465	930
<i>Non-Dedicated</i>				
Fund: 1000 - General				
Forecast Revenues	191	191	191	382
Total Governor's Recommendations	191	191	191	382

Legislature

FY 2020-21 Biennial Budget Change Item

Change Item Title: Legislative Coordinating Commission Legacy Fund Website

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water				
Expenditures	9	0	0	0
Revenues	0	0	0	0
Parks and Trails				
Expenditures	7	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	16	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$9,000 from the Clean Water Fund and \$7,000 from the Parks and Trails Fund in FY 2020 for the Legislative Coordinating Commission to maintain the Clean Water Fund and the Parks and Trails Fund portions of the Legacy Fund website as required under Minnesota Statutes, section 3.303, subdivision 10. This is a one-time appropriation.

Rationale/Background:

Minnesota Statutes, section 3.303, subdivision 10 requires the Legislative Coordinating Commission to develop and maintain a user-friendly, public-oriented website that informs, educates, and demonstrates to the public how the constitutionally dedicated funds are being expended to meet the requirements established for each fund in the state constitution.

These appropriations provide funding for the Legislative Coordinating Commission's costs to maintain the Clean Water Fund and the Parks and Trails Fund portions of the Legacy Fund website.

Proposal:

The Governor recommends \$9,000 from the Clean Water Fund and \$7,000 from the Parks and Trails Fund in FY 2020 for the Legislative Coordinating Commission to maintain the Clean Water Fund and the Parks and Trails Fund portions of the Legacy Fund website.

Equity and Inclusion:

Not applicable.

Results:

Not applicable.

Statutory Change(s):

None.

Program: House of Representativeswww.house.leg.state.mn.us**AT A GLANCE**

- 134 representatives compose the Minnesota House of Representatives.
- Representatives serve 2-year terms.

PURPOSE & CONTEXT

There are 134 members of the House of Representatives (<https://www.house.leg.state.mn.us>). Each member represents a geographically area of the state and is elected by the voters of the district every two years.

The DFL Caucus (<https://www.house.leg.state.mn.us/caucuses.asp>) and the Republican Caucus (<http://www.house.leg.state.mn.us/caucuses.asp>) departments each provide legislative services to their respective members. Services provided include legislative management, member administrative support, committee administration and support services, constituent and communication/media services, and caucus research services.

The Chief Clerk's Office (<https://www.house.leg.state.mn.us/cco/cco.asp>) provides assistance and advice to the speaker and members of the House of Representatives in meeting the legal and parliamentary requirements of the lawmaking process and to record the history of that process in a clear, unbiased, and accurate manner. The chief clerk, first and second assistant clerks, index clerk, and chaplain are elected officers of the house. The Chief Clerk's Office is responsible for all computer technology functions in the House, such as managing a secure local area network, managing numerous application programs and coordinating computer support to all house staff.

The House Research Department (<https://www.house.leg.state.mn.us/hrd/hrd.aspx>) provides research and legal services to the house and its members and committees. The work of House Research focuses on legislative decision-making: helping house members and committees develop and evaluate government policies and laws. The department is an agency of the House of Representatives as a whole, rather than a committee or caucus. House Research provides nonpartisan, confidential services to all members of the house without regard to partisan affiliation or legislative position. The department strives to be politically neutral and impartial on the issues. Its staff does not advocate, endorse, promote, or oppose legislation or legislative decision.

The Fiscal Analysis Department (<https://www.house.leg.state.mn.us/fiscal/fahome.asp>) provides professional, nonpartisan, and confidential services for all members of the House of Representatives, and provides assistance to the house finance and tax committees on state budgetary and fiscal legislation. Department staff analyzes spending requests, aid committees in developing and analyzing budgetary options, draft legislation to implement budget decisions, track legislative decisions, and provide analysis for legislative oversight of enacted budgets. Fiscal analysts respond to requests from individual members needing analyses or information on state budgetary issues or government finances. The Fiscal Analysis Department researches, prepares, and distributes publications providing information on state budget issues and government finances.

The House Public Information Services Department (<https://www.house.leg.state.mn.us/hinfo/hinfo.asp>) is a contact point to help the public connect to the Legislature. The mission of the department is to provide credible and timely nonpartisan services that inform the general public of legislative actions, educate the public about the legislative process and encourage public participation in the Minnesota Legislature. The department produces and distributes Session Weekly newsmagazine, Session Daily, committee schedules, committee rosters, members and

staff lists, legislative directories, and various publications that explain the state's symbols, governmental structure and lawmaking process. It provides photography services for members, staff and the public, and distributes audio CD copies of all House meetings, and DVD copies of all House television coverage. The department creates and distributes unedited, gavel-to-gavel television coverage of all House floor sessions, select committee hearings, press conferences, and informational and educational programming. Beginning with the start of each legislative session, programming is broadcast, in conjunction with the Senate, weekdays from 8 a.m. to 6 p.m. on the digital Minnesota Channel, which is available statewide on Minnesota's public television stations. Live webcasting and video archives of all House television programming is available on the Internet.

The House Budget & Accounting Department and Human Resources Department performs the financial and human resources functions for the house. Financial functions include: accounting, budgeting, staff and member payroll, accounts payable, and expense reimbursements. Human resources function includes compensation and benefit administration, personnel policy development and communication and house staffing management.

The Sergeant-At-Arms Office (<https://www.house.leg.state.mn.us/sergeant/sergeant.asp>) provides temporary support staff (pages), parking, facility management, telephone system management, supply and equipment purchases, security, post office, duplication and printing, and educational program services for members, staff, and the public. The speaker appoints the chief sergeant. The assistant sergeants, postmaster, and assistant postmaster are elected by house members to serve with the chief sergeant as officers of the house. Pages serve as support staff for all house and conference committee hearings and aid all departments in accomplishing their duties.

The Minnesota House of Representatives is established under Article 4, Section 1 (<https://www.revisor.mn.gov/constitution>) of the Minnesota Constitution. Primary statutory citations regarding House operations can be found in M.S. 3 (<https://www.revisor.mn.gov/statutes>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	29,481	31,552	32,443	36,153	32,383	32,383	32,383	32,383
2360 - Health Care Access	64	62	61	64				
6000 - Miscellaneous Agency	216	263	278	300	300	300	300	300
Total	29,761	31,877	32,782	36,517	32,683	32,683	32,683	32,683
Biennial Change				7,660		(3,933)		(3,933)
Biennial % Change				12		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

House of Representatives	29,761	31,877	32,782	36,517	32,683	32,683	32,683	32,683
Total	29,761	31,877	32,782	36,517	32,683	32,683	32,683	32,683

Expenditures by Category

Operating Expenses	29,761	31,877	32,782	36,517	32,683	32,683	32,683	32,683
Total	29,761	31,877	32,782	36,517	32,683	32,683	32,683	32,683

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	8,331	10,289	11,120	11,060	7,290	7,290	7,290	7,290
Direct Appropriation	31,439	32,383	32,383	32,383	32,383	32,383	32,383	32,383
Transfers In		2,789	3,382					
Transfers Out		2,789	3,382					
Balance Forward Out	10,289	11,120	11,060	7,290	7,290	7,290	7,290	7,290
Expenditures	29,481	31,552	32,443	36,153	32,383	32,383	32,383	32,383
Biennial Change in Expenditures				7,562		(3,830)		(3,830)
Biennial % Change in Expenditures				12		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0

2360 - Health Care Access

Balance Forward In	64	62	61	64				
Transfers In	62	61	64					
Balance Forward Out	62	61	64					
Expenditures	64	62	61	64				
Biennial Change in Expenditures				(1)		(125)		(125)
Biennial % Change in Expenditures				(1)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

6000 - Miscellaneous Agency

Balance Forward In	40	62	65	67	67	67	67	67
Receipts	239	265	281	300	300	300	300	300
Transfers In				11				
Transfers Out				11				
Balance Forward Out	62	65	67	67	67	67	67	67
Expenditures	216	263	278	300	300	300	300	300
Biennial Change in Expenditures				98		22		22
Biennial % Change in Expenditures				21		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Minnesota Senatewww.senate.mn**AT A GLANCE**

- 67 senators compose the Minnesota State Senate.
- Senators serve 4-year terms.

PURPOSE & CONTEXT

There are 67 members of the Minnesota State Senate (<http://www.senate.mn>). Each member represents a geographical area of the state and is elected by the voters of their district every four years. In addition to the functions listed under agency purpose for the Minnesota Legislature, the Senate also has the responsibility to advise and consent to the governor's appointments.

The Minnesota State Senate include the Majority and Minority caucuses, the office of the Secretary of the Senate and Senate Council and Fiscal Analysis

The Republican Caucus (<http://www.senate.mn/caucus/index.php?ls=#header>) and the DFL Caucus (<http://www.senate.mn/caucus/index.php?ls=#header>) support their members for committee assignments and structural organization, via administrative support, committee administration, constituent communication and research services.

The office of the Secretary of the Senate

(http://www.senate.mn/departments/office_bio.php?office_id=1005&ls=) includes:

- Engrossing is responsible for producing all committee reports for the Senate during the legislative session.
- The Front Desk ensures that the Senate functions smoothly and conforms to Senate Rules and the constitutional and statutory provisions that relate to the mechanics of enacting legislation.
- Human Resources provides services to Senate members and staff with recruiting, hiring, and employee relations.
- Senate Index provides information via the Internet concerning the content, status and progress of bills before the Senate.
- Journal Production publishes the daily and permanent Journal of the Senate.
- Media Services produces television programs, web-based media and photographs to provide transparency of Senate and legislative activities.
- Printing and Purchasing maintains multi-functional printers and copiers throughout the Capitol and Senate buildings.
- Senate Information staff handle the production and distribution of Senate publications, as well as public inquiries.
- Senate Sergeant at Arms provides a wide variety of security and administrative services to the Minnesota Senate members and staff.
- Fiscal Services operates the financial infrastructure of the Minnesota Senate.
- Senate Information Systems is responsible for the operation, installation and coordination of the Senate's information technology infrastructure.

The office of Senate Counsel, Research and Fiscal Analysis

(http://www.senate.mn/departments/office_bio.php?office_id=1007&ls=) provides nonpartisan professional staff services to each Senator, including bill drafting, committee and floor amendment drafting, budget tracking and fiscal note development

The Minnesota Senate is established under Article 4, Section 1 (<https://www.revisor.mn.gov/constitution>) of the Minnesota Constitution. Primary statutory citations regarding Senate operations can be found in M.S. 3 (<https://www.revisor.mn.gov/statutes>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	27,322	31,453	31,535	38,575	32,105	32,105	32,105	32,105
6000 - Miscellaneous Agency	147	161	49	163	163	163	163	163
Total	27,468	31,614	31,585	38,738	32,268	32,268	32,268	32,268
Biennial Change				11,240		(5,787)		(5,787)
Biennial % Change				19		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Senate	27,468	31,614	31,585	38,738	32,268	32,268	32,268	32,268
Total	27,468	31,614	31,585	38,738	32,268	32,268	32,268	32,268

Expenditures by Category

Operating Expenses	27,468	31,614	31,585	38,738	32,268	32,268	32,268	32,268
Total	27,468	31,614	31,585	38,738	32,268	32,268	32,268	32,268

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	4,769	5,290	5,707	6,470				
Direct Appropriation	27,962	32,286	32,299	32,105	32,105	32,105	32,105	32,105
Transfers In	127	3,270	5,143	5,480				
Transfers Out		3,270	5,143	5,480				
Balance Forward Out	5,537	6,123	6,470					
Expenditures	27,322	31,453	31,535	38,575	32,105	32,105	32,105	32,105
Biennial Change in Expenditures				11,336		(5,900)		(5,900)
Biennial % Change in Expenditures				19		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0
2360 - Health Care Access								
Balance Forward In	127	62	124	188	188	188	188	188
Transfers In	62	61	64					
Transfers Out	127							
Balance Forward Out	62	124	188	188	188	188	188	188
6000 - Miscellaneous Agency								
Balance Forward In	71	80	63	147	149	151	149	151
Receipts	156	144	135	165	165	165	165	165
Balance Forward Out	80	63	148	149	151	153	151	153
Expenditures	147	161	49	163	163	163	163	163
Biennial Change in Expenditures				(96)		114		114
Biennial % Change in Expenditures				(31)		54		54
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Legislative Coordinating Commissionwww.commissions.leg.state.mn.us**AT A GLANCE**

- The LCC is composed of joint legislative commissions and offices of the Minnesota Legislature.
- Joint offices provide services to the Minnesota House of Representatives and the Minnesota Senate.

PURPOSE & CONTEXT

The House and Senate have created joint legislative offices and commissions under the fiscal and administrative oversight of the Legislative Coordinating Commission.

The Legislative Coordinating Commission (<https://www.lcc.leg.mn>) (LCC) serves as the umbrella organization for legislative commissions, joint agencies, and other boards. LCC staff provide staff support to numerous commissions and task forces, as well as providing administrative and fiscal support services to joint legislative offices. The Geographic Information Services Office (<https://www.gis.leg.mn>) of the LCC is the repository for statewide boundary information for legislative use and provides mapping and data services for the legislature, state agencies and the public. The LCC maintains the Minnesota's Legacy (<https://www.legacy.mn.gov>) website which displays how funds from the Legacy Amendment and the Environment and Natural Resources Trust Fund are being utilized throughout the state. The LCC facilitates arrangements for visiting international and state delegations to the legislature.

The LCC provides staff and fiscal support for the Compensation Council, the Joint House/Senate Subcommittee on Claims, the Office of the Economic Status of Women, the Regent Candidate Advisory Council, the Trustee Candidate Advisory Council, the Mississippi River Parkway Commission, the Legislative Water Commission, and the Subcommittee on Employee Relations and a number of other commissions and task forces. All joint legislative offices and commissions (<https://www.commissions.leg.state.mn.us/depts.htm>) are nonpartisan.

The Legislative Reference Library (<https://www.leg.state.mn.us/lrl/lrl>) was established by the legislature in 1969 as a nonpartisan, joint office. The Library supports the legislative process by providing unbiased research services and information resources to legislators and legislative staff. The Library's collection is focused on public policy materials relevant to the work of state governments. As the state government document depository, the Library's collection includes state documents and consultants' reports, with particular attention paid to collecting reports mandated by the legislature. The Library's collection also includes primary legislative materials, including House and Senate committee minutes and audio and video recordings, and over 350 current periodicals and newspapers. To preserve the history of the legislature, the Library creates unique print and online collections of articles, documents, and data about sessions, members, and lawmaking in Minnesota. The Library also maintains a biographical database of all legislators who have served in Minnesota, from territorial times to the present.

The Office of the Revisor of Statutes (<https://www.revisor.mn.gov>) provides drafting, editing, publication, and computer services to members of both houses of the legislature as well as constitutional offices, state agencies and departments. Drafting services are provided on a confidential, nonpartisan basis, and include bills, engrossments, and enrollments presented to the governor, plus administrative rules. The office is the official publisher of Laws of Minnesota, Minnesota Statutes, and Minnesota Rules, both in books and on the internet, and has provided national leadership in accessibility, authentication, and preservation of online legal material. The Revisor's computer unit provides a system used for drafting by offices across the legislature, core infrastructure

services for legislative telephone and WiFi, and the systems used for book and internet publication of Minnesota law.

The Legislative Budget Office provides the house of representatives and senate with nonpartisan, accurate, and timely information on the fiscal impact of proposed legislation, without regard to political factors.

The Legislative Commission on Pensions and Retirement (<https://www.lcpr.leg.mn>) considers, hears testimony and makes recommendations regarding proposed legislation relating to pension and retirement benefits for public employees and the State's pension and retirement plans. The Commission receives and reviews the annual actuarial valuations and periodic experience studies of the State's public pension plans, monitors the sufficiency of plan funding and recommends adjustments to assumptions and contributions. The Commission also studies and hears testimony on other retirement-related topics, including national trends, pension reform and federal law changes.

The Legislative Energy Commission (<https://www.lec.leg.mn/>) (LEC) evaluates the energy policies of the state, assessing the impact on the future of the environment and the economy of the State. The LEC monitors the State of Minnesota's progress in achieving goals to develop renewable sources of electric energy, evaluates progress in reducing greenhouse gas emissions, reviews and recommends proposed energy legislation and takes public testimony on energy issues.

The Legislative-Citizen Commission on Minnesota Resources (<https://www.lccmr.leg.mn>) advises the legislature and provides oversight on the allocation of certain dedicated environment and natural resources funding sources, primarily the constitutionally dedicated Environment and Natural Resources Trust Fund from State Lottery proceeds, for projects for the public purpose of protection, conservation, preservation and enhancement of the state's air, water, land, fish, wildlife, and other natural resources.

The Lessard-Sams Outdoor Heritage Council (<https://www.lsohc.leg.mn>) (LSOHC) recommends funding from the Outdoor Heritage Fund to the legislature. The LSOHC ensures that recommendations are consistent with the Constitution and state law and that they will achieve the outcomes of natural resource plans including the Minnesota Conservation and Preservation Plan directly related to the restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife. Recommendations preventing forest fragmentation, encouraging forest consolidation, and expanding restored native prairie receive emphasis.

Legal authority for the LCC: M.S. 3 (<https://www.revisor.mn.gov/statutes>)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	9,584	10,461	10,783	13,677	11,613	10,953	11,613	10,953
1300 - Minnesota Resources		4	3					
2000 - Restrict Misc Special Revenue	236	156	110	372	223	100	223	100
2050 - Environment & Natural Resources	597	511	542	1,260				
2300 - Outdoor Heritage	482	508	506	1,620				
2301 - Arts & Cultural Heritage	7	1	8	4				
2302 - Clean Water	3	2	13	7			9	
2303 - Parks and Trails	1	1	6	3			7	
2360 - Health Care Access	3	6		128	128	128	128	128
2403 - Gift			23	24				
3000 - Federal	83							
Total	10,996	11,648	11,993	17,095	11,964	11,181	11,980	11,181
Biennial Change			6,444		(5,943)		(5,927)	
Biennial % Change			28		(20)		(20)	
Governor's Change from Base							16	
Governor's % Change from Base							0	

Expenditures by Activity

Legislative Coordinating Comm	10,517	11,142	11,495	15,486	11,964	11,181	11,980	11,181
Lessard Sams Outdoor Heritage	479	507	498	1,609				
Total	10,996	11,648	11,993	17,095	11,964	11,181	11,980	11,181

Expenditures by Category

Compensation	8,506	8,587	8,399	10,574	9,033	8,831	9,033	8,831
Operating Expenses	2,350	2,865	2,751	5,992	2,767	2,211	2,783	2,211
Capital Outlay-Real Property	140	198	843	529	164	139	164	139
Other Financial Transaction		(1)						
Total	10,996	11,648	11,993	17,095	11,964	11,181	11,980	11,181

Full-Time Equivalents

84.98	86.23	83.13	83.25	77.25	76.25	77.25	76.25
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	2,685	3,350	3,656	3,488	800	130	800	130
Direct Appropriation	10,233	10,771	10,639	10,989	10,943	10,943	10,943	10,943
Transfers In	30	18	10	10	10	10	10	10
Transfers Out	30	22	34	10	10	10	10	10
Cancellations		1,547						
Balance Forward Out	3,334	2,109	3,488	800	130	120	130	120
Expenditures	9,584	10,461	10,783	13,677	11,613	10,953	11,613	10,953
Biennial Change in Expenditures			4,415		(1,894)		(1,894)	
Biennial % Change in Expenditures			22		(8)		(8)	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	75.47	78.15	74.87	74.25	76.25	76.25	76.25	76.25

1300 - Minnesota Resources

Balance Forward In		25	21			
Direct Appropriation	25					
Cancellations			18			
Balance Forward Out	25	21				
Expenditures	4	3				
Biennial Change in Expenditures			(2)		(3)	(3)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents		0.06				

2000 - Restrict Misc Special Revenue

Balance Forward In	596	461	405	395	123		123	
Transfers In	218	100	124	100	100	100	100	100
Transfers Out	118		24					
Balance Forward Out	461	405	395	123				
Expenditures	236	156	110	372	223	100	223	100
Biennial Change in Expenditures				90		(159)		(159)
Biennial % Change in Expenditures				23		(33)		(33)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.06	0.08		1.00	1.00		1.00	

2050 - Environment & Natural Resources

Balance Forward In	122	1,505	780	821				
Direct Appropriation	2,072	75	1,205	439	0	0	0	0
Transfers Out	93	213	623					
Cancellations		76						
Balance Forward Out	1,505	780	821					
Expenditures	597	511	542	1,260				
Biennial Change in Expenditures				695		(1,802)		(1,802)
Biennial % Change in Expenditures				63		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.30	4.20	4.26	4.00				

2300 - Outdoor Heritage

Balance Forward In	738	864	963	1,035				
Direct Appropriation	608	607	579	585	0	0	0	0
Cancellations		230						
Balance Forward Out	864	733	1,035					
Expenditures	482	508	506	1,620				
Biennial Change in Expenditures				1,136		(2,126)		(2,126)
Biennial % Change in Expenditures				115		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.01	3.69	4.00	4.00				

2301 - Arts & Cultural Heritage

Balance Forward In	6	4	3	4				
Direct Appropriation			9					
Receipts	5							

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	4	3	4					
Expenditures	7	1	8	4				
Biennial Change in Expenditures				4		(12)		(12)
Biennial % Change in Expenditures				51		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.14							

2302 - Clean Water

Balance Forward In	9	6	5	7				
Direct Appropriation			15				9	
Balance Forward Out	6	5	7					
Expenditures	3	2	13	7			9	
Biennial Change in Expenditures				15		(20)		(11)
Biennial % Change in Expenditures				328		(100)		(55)
Governor's Change from Base								9
Governor's % Change from Base								

2303 - Parks and Trails

Balance Forward In	4	3	2	3				
Direct Appropriation			7				7	
Balance Forward Out	3	2	3					
Expenditures	1	1	6	3			7	
Biennial Change in Expenditures				7		(9)		(2)
Biennial % Change in Expenditures				342		(100)		(22)
Governor's Change from Base								7
Governor's % Change from Base								

2360 - Health Care Access

Direct Appropriation	128	128	128	128	128	128	128	128
Transfers Out	125	122	128					
Expenditures	3	6		128	128	128	128	128
Biennial Change in Expenditures				119		128		128

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures				1,370				
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.05						

2403 - Gift

Balance Forward In	45	45	46	24				
Receipts	0	0	0					
Balance Forward Out	45	46	24					
Expenditures			23	24				
Biennial Change in Expenditures				47		(47)		(47)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Receipts	83							
Expenditures	83							
Biennial Change in Expenditures				(83)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Legislative Audit Commissionwww.auditor.leg.state.mn.us**AT A GLANCE**

- OLA is the auditor of Minnesota state government. It conducts audits, evaluations, and investigations.
- OLA is comparable to a federal Office of Inspector General and the Congressional Government Accountability Office (GAO).

PURPOSE & CONTEXT

The Office of the Legislative Auditor (<https://www.auditor.leg.state.mn.us>) (OLA) is a professional, nonpartisan, audit and evaluation office established in 1973 to strengthen accountability and legislative oversight.

OLA has authority to audit all organizations in the executive and judicial branches of state government, as well as various metropolitan organizations. When state government grants money to or contracts with private organizations, OLA has authority to audit the use of that money as well. In addition, OLA's Program Evaluation Division annually conducts six to eight evaluations of state-funded programs in response to requests from legislators. OLA investigates alleged misuse of public resources and conducts special reviews of issues of legislative concern. OLA has access to all documents and data regardless of classification but may not disclose documents or data classified as not public. OLA is directed by the Legislative Auditor, who is appointed by the Legislative Audit Commission (composed of 12 legislators with equal representation from the House and Senate majority and minority caucuses).

Legal authority for the Minnesota Office of the Legislative Auditor: M.S. 3
(<https://www.revisor.mn.gov/statutes/cite/3>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	6,670	6,515	6,929	8,322	7,317	7,317	7,317	7,317
2000 - Restrict Misc Special Revenue			5	345				
Total	6,670	6,515	6,935	8,667	7,317	7,317	7,317	7,317
Biennial Change				2,418		(968)		(968)
Biennial % Change				18		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Legislative Auditor	6,670	6,515	6,935	8,667	7,317	7,317	7,317	7,317
Total	6,670	6,515	6,935	8,667	7,317	7,317	7,317	7,317

Expenditures by Category

Compensation	5,956	5,934	6,349	6,970	6,506	6,506	6,506	6,506
Operating Expenses	697	528	584	1,502	811	811	811	811
Capital Outlay-Real Property		52						
Other Financial Transaction	17		2	195				
Total	6,670	6,515	6,935	8,667	7,317	7,317	7,317	7,317

Full-Time Equivalents

58.49	56.14	60.92	66.00	63.00	63.00	63.00	63.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	290	184	391	905				
Direct Appropriation	6,564	6,721	6,744	6,664	6,564	6,564	6,564	6,564
Transfers In	239	166	753	753	753	753	753	753
Transfers Out	239	166						
Cancellations			54					
Balance Forward Out	184	391	904					
Expenditures	6,670	6,515	6,929	8,322	7,317	7,317	7,317	7,317
Biennial Change in Expenditures			2,067		(617)		(617)	
Biennial % Change in Expenditures			16		(4)		(4)	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	58.49	56.14	60.92	64.00	63.00	63.00	63.00	63.00

2000 - Restrict Misc Special Revenue

Balance Forward In				95				
Direct Appropriation			100	250	0	0	0	0
Balance Forward Out			95					
Expenditures			5	345				
Biennial Change in Expenditures				350		(350)		(350)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents				2.00				

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mnlottery.com/

AT A GLANCE

- Minnesota voters approved a Constitutional amendment to authorize a lottery in 1988.
- Sales began in April of 1990.
- Since then, the Lottery has raised more than 2.9 billion dollars for the State, including:
 - \$1.7 Billion for the General Fund,
 - \$796 Million for the Environment and Natural Resources Trust Fund,
 - \$209 Million for the Game and Fish Fund and
 - \$209 Million for the Natural Resources Fund.
- During the past year, 42% of Minnesota adults chose to purchase a Lottery ticket, making it one of the most popular forms of gambling in the state.

PURPOSE

The Minnesota Lottery exists to provide revenue for state programs as identified by the Minnesota Constitution and the legislature. We do this by offering fun, innovative and secure games of chance to adults living in and visiting Minnesota.

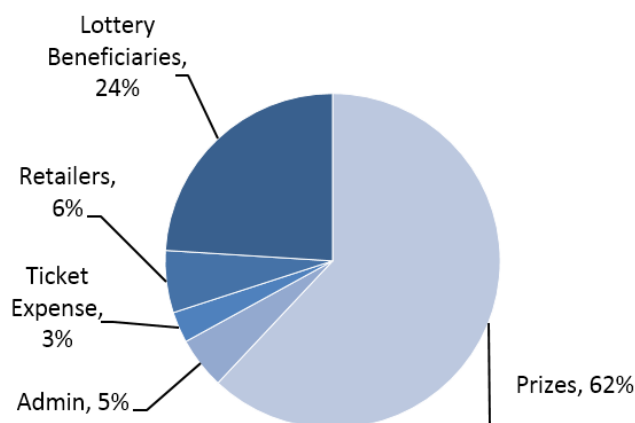
We contribute to a **thriving economy that encourages business growth and employment opportunities** by designing and marketing a mix of lottery games each year. We partner with approximately 3,000 grocery stores, convenience stores and other retail locations to sell these games to the public. Last year our retail partners earned approximately \$36 million in commissions and incentives.

We contribute to a **clean, healthy environment with sustainable uses of natural resources** by fulfilling our constitutional mandate as a funding mechanism for the Environmental and Natural Resources Trust Fund as well as the Game and Fish Fund and the Natural Resources Fund.

We provide **efficient and accountable government services** by keeping our expenses below the limit set by the legislature and answering directly to our customers' preferences for game design and product mix. Since we are an entirely self-funded agency – we do not receive an annual funding appropriation – sales of lottery tickets provide our operating expenses.

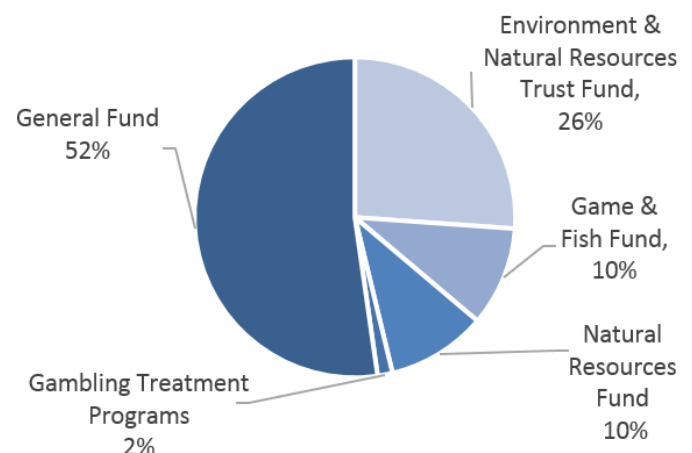
BUDGET

FY 2018 Lottery Revenue Distribution



Source: Minnesota State Lottery

FY 2018 Lottery Beneficiaries



(Percentages rounded)
Source: Minnesota State Lottery

In accordance with the Minnesota Constitution, 40 percent of net lottery proceeds are dedicated to the Environment and Natural Resources Trust Fund. The remaining 60 percent is dedicated to the General Fund by statute. In addition, revenue from a 6.5% in-lieu-of-sales tax on lottery tickets is divided by statute between the General Fund, the Game and Fish Fund, and the Natural Resources Fund.

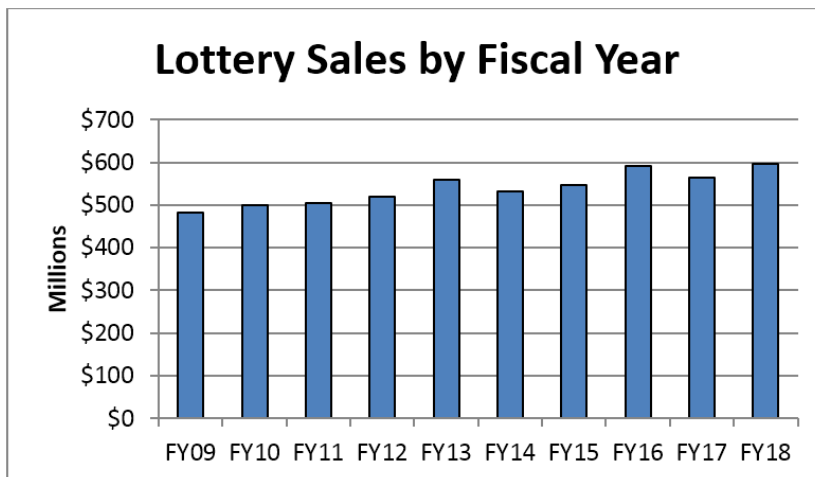
In FY 2018, the Lottery generated \$596 million in total sales and other revenue. Of that amount, \$371 million (62%) was paid to players winning prizes; retailers earned \$36 million (6%); the cost of producing and distributing tickets was \$16 million (3%); administrative expenses totaled \$29 million (5%) and lottery beneficiaries received \$145 million (24%). Of that \$145 million, the General Fund received \$79 million (54%), including \$1.8 million designated for compulsive gambling treatment programs; the Environment and Natural Resources Trust Fund received \$38 million (26%), and the Natural Resources Fund and the Game & Fish Fund each received \$14 million (10% apiece).

STRATEGIES

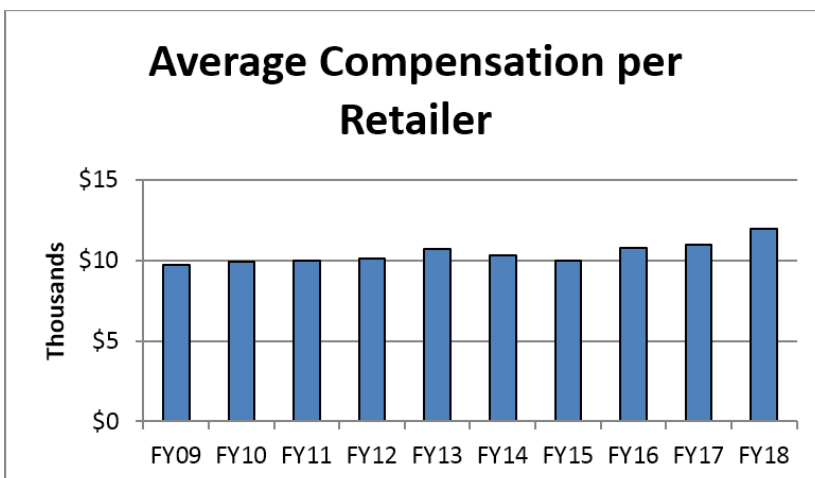
As a self-funded enterprise, we work to:

- Understand our customers by investing in market research, monitoring sales results of our products, talking with our business partners and listening to players and others who have questions, suggestions or concerns.
- Design lottery games that appeal to adults living in or visiting Minnesota who choose to play.
- Distribute those games by working with our retail business partners to sell our product.
- Support those products with appropriate advertising, promotions and incentives.

RESULTS

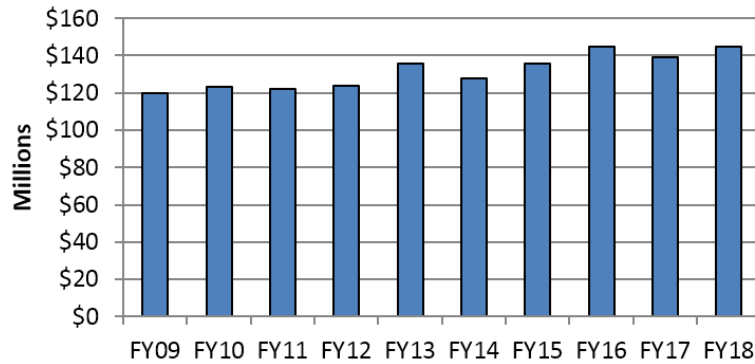


Sales have increased from about \$480 million a year in FY 09 to almost \$600 million over the past nine years, including a record \$596 million in FY 18.



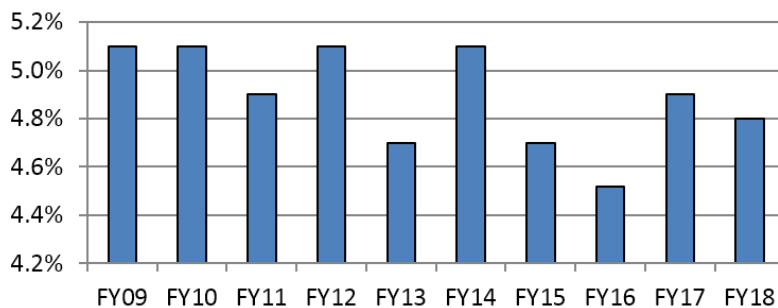
Retailer compensation has also been growing. In FY 18, they earned \$36 million or, on average, \$12,000.

Revenue Raised for Minnesota



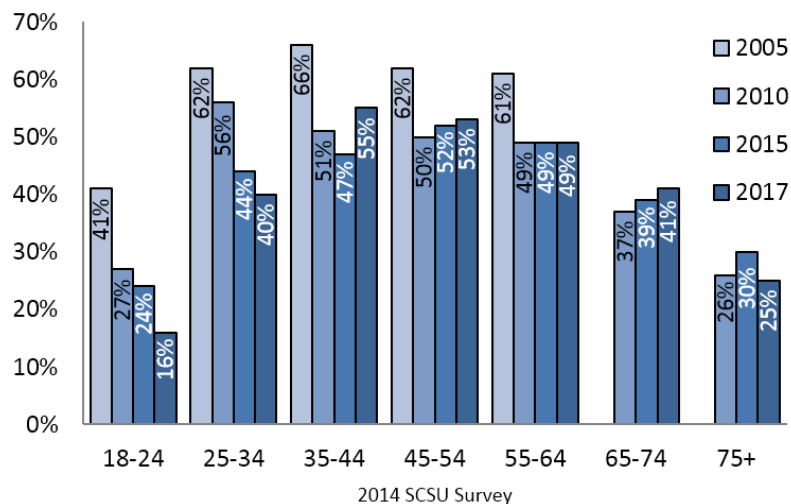
Our most important measure of success is contributions to the state. Revenue to the state has exceeded \$118 million every year since FY 09. FY 18 saw the highest contributions to state programs in the Lottery's history.

Administrative Expense as a Percent of Total Income



We have been able to increase sales and revenue while keeping our administrative expense close to five percent of total income.

Past Year Lottery Play by Age



The greatest challenge facing the Minnesota Lottery is the declining interest in lottery games by young adults.

Statutes governing the Minnesota Lottery are found in M.S. 349A <https://www.revisor.mn.gov/statutes/?id=349A>.

Minnesota State Lottery
(\$ in thousands)

	<i>Actual FY2016</i>	<i>Actual FY2017</i>	<i>Actual FY2018</i>	<i>Forecast FY2019</i>	<i>Forecast FY2020</i>	<i>Forecast FY2021</i>
Revenue						
Instant Sales:						
Scratch Ticket Sales	\$394,653	\$398,311	\$411,166	\$420,000	\$422,000	\$424,000
EIT Sales	109					
Total Instant Sales	\$394,762	\$398,311	\$411,166	\$420,000	\$422,000	\$424,000
Lotto Sales:						
Daily 3	16,691	17,401	17,687	17,700	17,700	17,800
Northstar Cash	10,097	9,250	10,338	10,000	10,200	10,300
Powerball	95,690	62,387	72,737	80,850	79,500	81,450
Power Play	2,801	2,374	2,653	3,000	3,000	3,000
Gopher 5	15,051	15,046	18,033	15,000	16,500	18,000
Hot Lotto	8,642	9,939	5,678			
Hot Lotto Sizzler	929	1,019	523			
Raffle Game	6,999	6,999	6,998	7,000	7,000	7,000
Print-N-Play	11,481	12,755	11,697	12,000	12,000	12,000
Mega Millions	17,187	15,901	24,769	45,000	19,000	20,000
Megaplier	1,296	1,235	1,268	1,250	1,250	1,250
All or Nothing	3,238	3,144				
Lucky for Life	7,989	7,743	6,630	7,200	7,200	7,200
Lotto America			5,684	7,000	7,000	7,000
All Star Bonus			616	1,000	1,000	1,000
Monopoly Millionaires' Club						
Total Online Sales	198,091	165,192	185,312	207,000	181,350	186,000
Game Development/New Initiatives						
Total Sales Revenue	592,853	563,503	596,478	627,000	603,350	610,000
Less In-Lieu-of-Sales Tax	38,535	36,628	38,771	40,755	39,218	39,650
Gross Receipts	554,317	526,875	557,706	586,245	564,132	570,350
Non-operating Income	339	481	551	500	500	500
Gross Revenue	554,657	527,356	558,258	586,745	564,632	570,850
Direct Costs						
Prize Expense	365,900	348,383	370,625	390,649	376,390	380,036
Unclaimed Prizes Paid to State Treasury	8,769	12,440	9,027	9,540	9,453	9,570
Compulsive Gambling from Prize Fund	1,617	1,775	1,804	2,236	2,236	2,236
Retailer Commissions and Incentives	35,708	33,965	36,027	42,134	40,545	40,992
Ticket Costs	5,978	5,689	6,036	6,322	6,352	6,382
Lotto Vendor Expense	13,951	9,117	10,368	12,220	11,520	11,779
Total Direct Costs	431,923	411,368	433,886	463,100	446,496	450,995
Operating Expense						
Advertising	5,969	6,570	7,399	8,182	8,500	8,500
Promotions	2,279	1,506	1,187	1,422	2,000	2,000
Game Development/New Initiatives						
Brand/Beneficiary Awareness	0	0	0	0	0	0
Salaries and Benefits	12,550	13,190	13,434	14,852	15,600	16,400
Occupancy Costs	1,568	1,697	1,705	1,783	1,784	1,783
Communications	590	438	427	513	500	500
Purchased Services	1,657	1,714	2,006	2,504	2,200	2,200
Depreciation	598	533	572	630	650	670
Supplies and Materials	963	1,137	1,172	1,602	1,602	1,602
Other	801	888	971	1,297	1,225	1,225
Total Operating Expense	26,975	27,672	28,874	32,787	34,061	34,880
Net Proceeds	\$95,758	\$88,316	\$95,497	\$90,858	\$84,076	\$84,975
PAID TO STATE BENEFICIARY						
General Fund						
In-Lieu-of-Sales Tax	\$10,624	\$10,098	\$10,689	\$11,236	\$10,812	\$10,932
Net Proceeds	57,455	52,990	57,298	54,515	50,446	50,985
Unclaimed Prizes	8,769	12,440	9,027	9,540	9,453	9,570
Unclaimed Prizes Held in Trust for State						
Compulsive Gambling from Prize Fund	1,617	1,775	1,804	2,236	2,236	2,236
Total General Fund	78,466	77,303	78,818	77,527	72,947	73,723
Envir. and Natural Resources Fund						
Net Proceeds	38,303	35,326	38,199	36,343	33,630	33,990
Unclaimed Prizes						
Total Envir and Natural Resources Fund	38,303	35,326	38,199	36,343	33,630	33,990
Game and Fish Fund						
Net Proceeds	13,956	13,265	14,041	14,759	14,203	14,359
Natural Resources Fund	13,956	13,265	14,041	14,759	14,203	14,359
TOTAL PAID TO STATE BENEFICIARY	\$144,680	\$139,158	\$145,099	\$143,389	\$134,983	\$136,431
	24.40%	24.70%	24.33%	22.87%	22.37%	22.37%

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AT A GLANCE

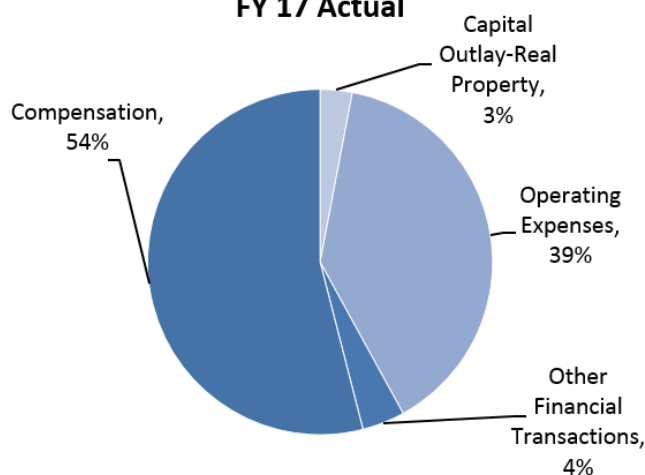
- Provides all information technology (IT) services to 64 executive branch entities and offers a sub-set of services to cities, counties and other non-executive branch entities
- Responsible for 2,271 IT employees in FY 18
- Hosting and support of more than 2,800 agency applications in FY 18
- Manages security for systems and applications at 135 locations
- Oversight of executive branch IT application and project portfolio

PURPOSE

We partner with Minnesota state agencies to deliver technology solutions that transform how government connects to provide services for the people of Minnesota. As the State's provider of efficient and cost-effective IT services for agencies and citizens, MN.IT Services directly contributes to the State's results-based outcome of: **Efficient and accountable government services**. In addition, we support all of the results-based outcomes, including health, public safety, employment and economic development, education and natural resources, by providing IT computing and telecommunications resources to support agency business goals, and by managing the applications that run agency programs.

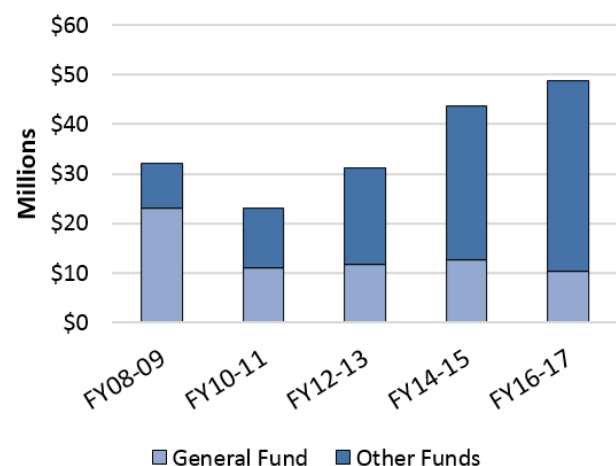
BUDGET

Spending by Category
FY 17 Actual



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Note: This chart excludes enterprise chargebacks to agencies and includes other agency funds dedicated to Information and Telecommunications Account projects.

Source: Consolidated Fund Statement

MN.IT spending is primarily funded by chargebacks to agencies for IT services through the enterprise technology fund (excluded from Spending Chart above), which, in budget fiscal year 2017, totaled \$472.8 million. General fund appropriations provide funding for the Chief Information Officer (CIO) office, enterprise security, and geospatial (MNGeo) functions and some projects. General fund spending increased in FY 2008-09 primarily for enterprise security, which was reduced in subsequent biennia. The remaining spending occurs in the special revenue fund, which consists of agency contributions to enterprise IT projects.

Since the 2011 Legislature enacted IT consolidation, MN.IT consolidated finances, purchasing, and data centers to produce cost avoidance for the state. Current enterprise service projects focus on those IT functions that can be more efficiently delivered through a centralized service. These projects are managed in stages to avoid disruption to state business and for efficiency.

STRATEGIES

Securing the State – As part of MN.IT’s efforts to protect Minnesotans from cyber threats and protect the State’s sensitive data assets, MN.IT is currently implementing an Information Security Strategic Plan. The plan prioritizes initiatives for the management, control, and protection of assets, including:

- Proactively managing risk
- Improving situational awareness
- Having a robust crisis and incident response
- Partnering with public and private entities to ensure success

Optimizing Enterprise Services – As part of a multi-year effort to fully realize the benefits of IT consolidation, MN.IT is transitioning agencies from a diverse, decentralized IT delivery model to a common, centralized IT service model for a subset of IT services that can be more efficiently and effectively consumed as a commodity service. Maximizing shared technologies gives the state the opportunity to provide high value services to customers. This approach improves the security of agency systems and allows our agency partners to focus on serving citizens and building value-added business applications.

Strengthening IT Modernization Program Management – With Minnesota’s executive branch state agencies in the midst of several concurrent IT system modernization efforts, MN.IT is strengthening IT program management and oversight practices through its Enterprise Program Management Office (ePMO) to maximize the potential for project success, apply lessons learned across agency silos, bring consistency to project reporting and tracking, and ensure project risks are appropriately mitigated.

MN.IT Services legal authority comes from M.S. 16E
(<https://www.revisor.leg.state.mn.us/statutes/?id=16E&view=chapter>).

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	4,796	5,443	4,339	4,151	2,599	2,599	17,299	12,496
2000 - Restrict Misc Special Revenue	6,067	2,927	2,841	1,126	1,717	1,717	1,717	1,717
2001 - Other Misc Special Revenue	18,091	11,579	13,869	321,857	262,849	240,815	262,849	240,815
5000 - Master Lease	4,411	3,860	9,372	10,700	9,350	8,950	9,350	8,950
5500 - MN.IT Services	340,705	462,040	483,105	178,024	199,019	202,111	199,019	202,111
Total	374,069	485,848	513,526	515,858	475,534	456,192	490,234	466,089
Biennial Change			169,467		(97,658)		(73,061)	
Biennial % Change			20		(9)		(7)	
Governor's Change from Base							24,597	
Governor's % Change from Base							3	

Expenditures by Program

IT for Minnesota Government	374,069	485,848	513,526	515,858	475,534	456,192	490,234	466,089
Total	374,069	485,848	513,526	515,858	475,534	456,192	490,234	466,089

Expenditures by Category

Compensation	207,555	263,003	278,813	279,118	273,209	282,341	276,089	285,221
Operating Expenses	146,213	187,426	203,138	209,641	176,449	148,375	188,269	155,392
Grants, Aids and Subsidies	17	44	6					
Capital Outlay-Real Property	7,253	13,386	12,415	10,861	9,500	9,100	9,500	9,100
Other Financial Transaction	13,031	21,991	19,154	16,238	16,376	16,376	16,376	16,376
Total	374,069	485,848	513,526	515,858	475,534	456,192	490,234	466,089

Full-Time Equivalents

1,753.39	2,197.66	2,271.37	2,354.86	2,312.85	2,312.85	2,334.85	2,334.85
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	4,807	3,647	3,048	1,411				
Direct Appropriation	2,526	2,622	2,642	2,670	2,679	2,679	17,379	12,576
Transfers In	735	2,096	200	150				
Transfers Out	25	25	140	80	80	80	80	80
Cancellations		25						
Balance Forward Out	3,248	2,874	1,411					
Expenditures	4,796	5,443	4,339	4,151	2,599	2,599	17,299	12,496
Biennial Change in Expenditures				(1,748)		(3,292)		21,305
Biennial % Change in Expenditures				(17)		(39)		251
Governor's Change from Base								24,597
Governor's % Change from Base								473
Full-Time Equivalents	15.86	19.15	15.31	17.63	17.59	17.59	39.59	39.59

2000 - Restrict Misc Special Revenue

Balance Forward In	13,699	9,059	6,892	4,391	3,605	2,228	3,605	2,228
Transfers In	340	328	340	340	340	340	340	340
Cancellations		0						
Balance Forward Out	7,972	6,460	4,391	3,605	2,228	851	2,228	851
Expenditures	6,067	2,927	2,841	1,126	1,717	1,717	1,717	1,717
Biennial Change in Expenditures				(5,027)		(533)		(533)
Biennial % Change in Expenditures				(56)		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.58	4.10	2.19	2.69	2.69	2.69	2.69	2.69

2001 - Other Misc Special Revenue

Balance Forward In	40,854	26,121	30,874	19,304	8,360	3,891	8,360	3,891
Receipts	2,712	3,178	2,300	310,913	258,380	239,155	258,380	239,155
Transfers In	23,344	12,048						
Transfers Out	25,030		5					
Cancellations		0						
Balance Forward Out	23,788	29,769	19,300	8,360	3,891	2,231	3,891	2,231
Expenditures	18,091	11,579	13,869	321,857	262,849	240,815	262,849	240,815

MN.IT Services

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				306,056		167,938		167,938
Biennial % Change in Expenditures				1,032		50		50
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	26.70	22.01	25.86	1,527.80	1,452.84	1,452.84	1,452.84	1,452.84

5000 - Master Lease

Balance Forward In	0	0						
Receipts	4,411	3,859	9,372	10,700	9,350	8,950	9,350	8,950
Balance Forward Out	0							
Expenditures	4,411	3,860	9,372	10,700	9,350	8,950	9,350	8,950
Biennial Change in Expenditures				11,802		(1,772)		(1,772)
Biennial % Change in Expenditures				143		(9)		(9)
Governor's Change from Base								0
Governor's % Change from Base								0

5500 - MN.IT Services

Balance Forward In	11,753	14,583	20,011	117,279	7,203	8,749	7,203	8,749
Receipts	345,639	459,514	475,646	178,023	200,640	200,640	200,640	200,640
Transfers In	290,178	314,473	110,014					
Transfers Out	236,203	320,396	5,286	110,075	75	75	75	75
Balance Forward Out	70,662	6,133	117,279	7,203	8,749	7,203	8,749	7,203
Expenditures	340,705	462,040	483,105	178,024	199,019	202,111	199,019	202,111
Biennial Change in Expenditures				(141,615)		(259,999)		(259,999)
Biennial % Change in Expenditures				(18)		(39)		(39)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1,704.25	2,152.40	2,228.01	806.74	839.73	839.73	839.73	839.73

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	2,670	2,670	2,670	5,340
Base Adjustments				
Pension Allocation		9	9	18
Forecast Base	2,670	2,679	2,679	5,358
Change Items				
IT Portfolio and Project Management Oversight		2,050	2,050	4,100
Securing the State		12,650	7,847	20,497
Total Governor's Recommendations	2,670	17,379	12,576	29,955
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	743	1,377	1,377	2,754
Forecast Base	743	1,377	1,377	2,754
Total Governor's Recommendations	743	1,377	1,377	2,754
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	321,857	262,849	240,815	503,664
Forecast Base	321,857	262,849	240,815	503,664
Total Governor's Recommendations	321,857	262,849	240,815	503,664
Fund: 5000 - Master Lease				
Planned Spending	10,700	9,350	8,950	18,300
Forecast Base	10,700	9,350	8,950	18,300
Total Governor's Recommendations	10,700	9,350	8,950	18,300
Fund: 5500 - MN.IT Services				
Planned Spending	178,024	199,019	202,111	401,130
Forecast Base	178,024	199,019	202,111	401,130
Total Governor's Recommendations	178,024	199,019	202,111	401,130
Revenue Change Summary				
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	310,913	258,380	239,155	497,535
Total Governor's Recommendations	310,913	258,380	239,155	497,535

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 5000 - Master Lease				
Forecast Revenues	10,700	9,350	8,950	18,300
Total Governor's Recommendations	10,700	9,350	8,950	18,300
Fund: 5500 - MN.IT Services				
Forecast Revenues	178,023	200,640	200,640	401,280
Total Governor's Recommendations	178,023	200,640	200,640	401,280

Change Item Title: IT Portfolio and Project Management Oversight

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,050	2,050	1,200	1,200
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,050	2,050	1,200	1,200
FTEs	8	8	8	8

Recommendation:

The Governor recommends a \$2.050 million General Fund increase for the Minnesota IT Services (MNIT) Enterprise Program Management Office in FY 2020 and in FY 2021, and a \$1.2 million increase each fiscal year thereafter to boost oversight of the State IT project portfolio. Funding from this request will provide resources to yield a more robust and consistent approach to MNIT portfolio and project oversight across the Executive Branch.

This recommendation is equal to a 77% increase to MNIT's General Fund base budget for the FY 2020-2021 biennium and a 45% increase in the FY 2022-2023 biennium.

Rationale/Background:

IT project management oversight is a significant challenge for large and widely-distributed IT project portfolios. To help mitigate risk and ensure portfolio and project governance, organizations spend tens of millions of dollars to govern their IT portfolios through enterprise project management offices, specialized project-audit departments, risk-mitigation strategists and carefully developed policies and automated processes to make IT project governance more effective. Mature organizations (Google, Facebook, and Microsoft, for example) are successful in their project delivery because of the vast amounts of time and money they devote to critical governance oversight.

Minnesota IT Services faces many of the same IT governance challenges. MNIT is a large and complex organization that serves the IT needs for 34,000 state employees and the 5.6 million residents of Minnesota. MNIT has 350+ complex IT projects in process at any given time, ranging from multi-month to multi-year, multi-million dollar projects. This is in addition to myriad IT maintenance, hardware modernization and troubleshooting activities taking place at any given time across Minnesota. MNIT project teams and technical service staff are distributed across 70+ agencies, boards and commissions, employing 2,300+ staff in 90 physical locations, connecting all 87 counties, 300 cities and 200 higher-education campuses.

MNIT has been making progress in portfolio and project management oversight. Over the past three years MNIT has implemented portfolio management programs that have:

1. Increased the transparency of MNIT's IT portfolio through improved real-data reports to the Legislature.
2. Implemented online project management software as an enterprise-wide common repository for managing project data and project development activity in a software tool that all project managers can easily access.
3. Adapted the Information Telecommunications Account funding program to include a process for the review and approval of project/funding through the Legislative Advisory Council.

4. Implemented a comprehensive outreach program to connect MNIT Chief Business Technology Officers (CBTOs) and their project management leaders with information on Minnesota State project-management statutes and MNIT project management policies, standards, and best practices.

While project oversight has improved, wide gaps still exist between what MNIT is able to do with its limited number of current staff and the critical operations it still needs to put in place.

Proposal:

MNIT proposes to leverage this increased General Fund to support project oversight through investments and activities that will:

1) Deliver measurably improved project tracking and executive reporting of leading indicators for managing MNIT's project portfolio, by:

- a. Allowing for proactive course-corrections and demonstrable improvements in portfolio and project monitoring and control,
- b. Providing MNIT executives with improved decision-making abilities, based on accurate and robust portfolio and project data,
- c. More fully controlling the Information Telecommunications Account funding program—based on Legislative Auditor findings, and,
- d. Engaging a dedicated outside contractor to 1) uncover and address systemic barriers to delivering successful projects, 2) develop and implement an action plan to improve the mitigation of project risks, and 3) ensure that IT project proposals include quantifiable performance and success criteria against a set of tangible, measurable business outcomes.

2) Strengthen enforcement of enterprise-wide project management standards, compliance to ensure that:

- a. Project-risk assessments and audits are more uniformly conducted and findings are addressed according to Minnesota statutory and other oversight body requirements,
- b. Project managers are working in an environment with clear project-management policies and standards, common project-management tools, and best practices consistent across agencies. (An added benefit of this environment will be a more robust portfolio and project reporting structure.),
- c. Project managers are properly trained and informed of MNIT's project management policies and standards,
- d. Needed processes are in place to monitor and measure enterprise-wide compliance to State statutes, and MNIT project management policies and standards.

3) Assess and verify delivered project benefits to:

- a. Ensure that projects are not started without clear benefits and success criteria as part of the overall project plan,
- b. Measure and monitor project progress against specified success criteria to ensure that projects are on target to deliver the promised benefits to stakeholders.

This proposal includes one-time funding for a two-year professional service contract to investigate and analyze gaps in MNIT's project management oversight process, create an improvement roadmap plan, set goals, and implement this plan, which will address existing oversight gaps, improve project oversight, and conduct periodic reviews of the program's success and make adjustments, as needed.

This proposal's ongoing funding will cover costs for eight staff to strengthen and better administer IT portfolio and project management oversight and control. Currently there are three staff funded by the MNIT Internal Service Fund, who have large portfolios to manage.

Equity and Inclusion:

Individuals who utilize government services of any kind rely on IT projects to improve and simplify their interactions with government offices.

IT Related Proposals:

This request is for ongoing information technology staff support, as well as professional services for analysis, training, and follow up. There are no associated IT system operations or maintenance costs.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Professional/Technical Contracts	850,000	850,000				
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Total	2,050,000	2,050,000	1,200,000	1,200,000	1,200,000	1,200,000
MNIT FTEs	8	8	8	8	8	8
Agency FTEs						

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>
Quantity	Number of IT projects reviewed by MNIT's Executive Steering Team	4	15
Quality	Percentage of IT monthly project status reports submitted on time	68%	90%

Statutory Change(s):

None.

Change Item Title: Securing the State

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	12,650	7,847	7,347	7,347
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	12,650	7,847	7,347	7,347
FTEs	14	14	14	14

Recommendation:

The Governor recommends a \$12.650 million General Fund increase in FY 2020, a \$7.847 million increase in FY 2021, and a \$7.347 million increase each fiscal year thereafter to support a robust cybersecurity program at Minnesota IT Services (MNIT) to defend state systems and information. FY 2020 funding will reduce the state's cyber risk by shrinking the number of datacenters and improving MNIT's cybersecurity program. The recommended ongoing funding allows MNIT to maintain a baseline security posture and capability through a combination of internal staff, licensed tools, and outsourced consultation and services. These investments will prevent more low-sophistication attacks and expedite detection and response to moderate- and higher-sophistication attacks.

This recommendation is equal to a 383% increase to MNIT's General Fund base budget for the FY 2020-2021 biennium and a 274% increase in the FY 2022-2023 biennium.

Rationale/Background:

Entities in both the public and private sector face unprecedented and continuously advancing cybersecurity challenges. Low-to-moderate sophistication attacks are more effective and profitable than ever, giving rise to significant increase in their frequency. Investments in offensive cyber operations by both criminal organizations and nation states has also led to an increase in the most sophisticated attacks. Further, the pervasiveness of information systems in everything government does increases the effectiveness, impact, and disruption resulting from such attacks. Studies by lead researchers in the field suggest this trend is unlikely to reverse any time soon.

Government faces the particular challenge of not only attracting the attention of profit-motivated attackers but also politically motivated activists. Minnesota experiences an average of 83 security incidents every month, a quarter of which are email phishing attacks. Some incidents become data breaches which cost the state time, money, and the confidence of citizens. On average, comparably-sized private sector organizations spend greater than 6% of their overall IT budget on cybersecurity, a value that increases year over year. Despite facing the same or, in many cases, greater challenges, Minnesota spends less than 2%.

While some agencies have historically invested in security, most have not, and before certain efficiencies can be realized, those agencies must be brought up to a minimum supportable standard. A first-year investment sets up the state to more effectively leverage longer-term security spend. In recent years, all agencies have benefited by sharing resources that result in broader availability of deeper expertise. Bringing under-investing agencies up to a minimum baseline will free more resources to improve services for all agencies, regardless of historical spend.

Proposal:

MNIT's "Securing the State" proposal will decrease the frequency and impact of security and data breaches by executing two separate but related initiatives:

Reduce the Attack Surface

Bring agency IT into enterprise-grade, physically secure, and robust datacenters.

- Consolidate the physical aspect of information systems, improving the resilience of many IT systems against weather or power interruption
- Simplify the technology by reducing the number of systems and distance over which state systems must communicate to perform basic functions
- Integrate physical security, monitoring tools, and vulnerability management solutions into the enterprise environment

Reinforce and Equip the State's Cybersecurity Team

Staff the security program and equip that staff with tools and consultants that make them more effective.

- Mature agency application security capabilities
- Jumpstart statewide PCI compliance initiative
- Improve detection and blocking of attacks on State employees
- Develop System Security Plans for new systems under development
- Conduct ongoing security risk assessments of existing agency business systems
- Expand security awareness training for the state workforce
- Improve access management capabilities, including expanded oversight of people with powerful system administrator accounts
- Use independent assessors to confirm the adequacy of security controls
- Secure appropriate cyber insurance coverage for the State of Minnesota
- Invest in and deploy advanced cybersecurity tools to detect security anomalies faster and mitigate the risk of distributed denial of service attacks
- Improve situational awareness and response times through around the clock monitoring
- Develop and perform ongoing tests of disaster recovery strategies

This recommendation upgrades the state's existing cybersecurity toolset and adds 14 security professionals to the state's enterprise cybersecurity team. The funding would also allow for the procurement of commercial professional/technical services in the areas of monitoring, vulnerability management, incident response/forensics, risk and compliance, and state employee security training. This funding would also enable the acceleration of existing data center consolidation efforts which improve IT system economy, resiliency, and facilitate security.

This proposal includes what can reasonably be implemented in FY 2020 and FY 2021, after which further assessment against the evolving threat landscape will be required to determine residual risk and what further investment is warranted. Funding for ongoing performance assessments is part of this recommendation.

Equity and Inclusion:

Individuals who utilize government services of any type are disproportionately at risk of their private data being breached in the event of a cyber-attack on Minnesota state government. In addition, individuals who rely on government services would be disproportionately impacted if a cyber-attack were to render government technology systems inoperable. This proposal includes one-time funding to bolster the state's cyber defenses to combat such an attack and includes ongoing funding to help ensure the security of state systems and citizen data held by executive branch state agencies.

IT Related Proposals:

This proposal is for ongoing information technology staff support, as well as tools and services including infrastructure, hardware, software and training.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll	1,680,000	1,680,000	1,680,000	1,680,000	1,680,000	1,680,000
Professional/Technical Contracts	1,721,400	725,000	225,000	225,000	225,000	225,000
Infrastructure						
Hardware	3,604,052					
Software	4,259,150	4,057,275	4,057,275	4,057,275	4,057,275	4,057,275
Training	385,000	385,000	385,000	385,000	385,000	385,000
Enterprise Services						
Other Operating Expenses	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total	12,649,602	7,847,275	7,347,275	7,347,275	7,347,275	7,347,275
MNIT FTEs	14	14	14	14	14	14
Agency FTEs						

Results:

Type of Measure	Name of Measure	Current	Target	Dates
Quantity	Number of state data centers	16	5	
Quantity	Ratio of phishing attacks received by state employees versus systematically blocked per week	N/A	<1:100	
Quantity	Average vulnerability score of MNIT managed computers or systems	N/A	<5,000	

Statutory Change(s):

None.

Change Item Title: Cash Flow Assistance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends authorization of cash flow assistance of up to \$50 million for the FY 2020-2021 biennium and repayment with interest by the end of the fiscal year 2021 closing period.

Rationale/Background:

Minnesota Management and Budget (MMB) is authorized by Minnesota Statute 16A.129 to provide cash flow assistance to agencies within a budget period. In 2013, MMB was first specifically authorized to provide cash flow assistance to Minnesota IT Services (MNIT) of up to \$110 million within the FY 2014-2015 biennium. (See Laws of 2013, Chapter 142, Article 1, Section 10.)

The assistance was authorized to address working capital needs due to a lengthy cash conversion cycle: the time between MNIT incurring expenses on behalf of agencies, such as procurement and payroll expenses, and receipt of agency payments for those expenses. MNIT has learned over the past several years that the volume of purchases processed on behalf of larger agencies places significant pressure on the cash flow conversion cycle. The current cash conversion cycle ranges between 30-90 days.

MNIT is requesting a reduced amount of cash flow assistance for the FY 2020-2021 biennium. Previously, MNIT has requested \$110 million. The reason for the reduction is that the Agency IT Services budgets have moved to the Special Revenue Fund.

There is no net cost impact to the General Fund since this is a cash assistance that will be repaid with interest.

Proposal:

This proposal provides cash flow assistance of up to \$50 million for the FY 2020-2021 biennium and provides the General Fund repayment with interest by the end of the fiscal year 2021 closing period. The proposed cash assistance is needed to manage MNIT's cash flow effectively.

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Statutory Change(s):

None.

Program: IT for Minnesota Government

Activity: IT Services

mn.gov/mnit/

AT A GLANCE

- Internal service fund consisting of enterprise and shared IT services provided to agencies through rates
- Data center management for 2 enterprise data centers
- Service desk and desktop support for 40,000 customers
- Enterprise communication/collaboration tools for 38,700 users
- MNET (Minnesota's Network for Enterprise Telecommunications)- the State network for education, local governments and agencies with 1,300 locations and 36 regional network hubs
- Local and long distance telephone service delivered by 70 different vendors to 100 customers

PURPOSE & CONTEXT

This activity meets the need for an effective, secure and reliable IT infrastructure capable of providing the wide range of IT services and business functionality required by agencies to meet program goals and objectives. The activity is comprised of both enterprise standard services and those that are provided at the agency-based office level. The primary customers are state government entities and, by extension, the citizens of Minnesota.

SERVICES PROVIDED

IT Services include all of the computing, telecommunications, and Wide Area Network (WAN) services that underlie and support the program applications upon which state agencies rely:

- Mainframe and server infrastructure required to run agency applications, as well as data center management
- Client Computing (worker support): Service Desk, Mobile Device Management, Workstation Management
- Contracted Telecom Services: local and long distance voice services contracted through third party telephone vendors
- Internet protocol (IP): the state's voice over internet phone system
- Contact Center Minnesota: call center providing customer solutions
- Wide Area Network Services (WAN): services that enable the use of the state's communications network for voice, data, and video
- Local Area Network (LAN): communications network connecting devices within a building or campus
- Enterprise Unified Communication and Collaboration (EUCC): email, instant messaging, SharePoint, video and voice conferencing

Priorities are aimed at making the IT infrastructure more efficient so we can focus MN.IT's staff, budget and creativity on the application-layer services that most directly make a difference for customers and citizens.

Priorities for the coming biennium include:

- Combine all agency user active directory (AD) systems and resources into a single executive branch active directory system. An active directory (AD) authenticates and authorizes all users and computers in a Windows domain type network.
- Increase resiliency and versatility in the State network core in order to improve performance and to facilitate the movement to cloud-based services.

- Design and create an enterprise server environment and a managed hosting service that is delivered by a dedicated enterprise team, allowing the state to decrease the number of data centers it operates and to improve the security of the State's data assets.
- Initiate and operate a common mobile device management service to manage state and personally owned mobile devices that are permitted to have access to state resources and data.
- Create a centrally managed service desk and work management function for all executive branch agencies.
- Combine individual agency SharePoint and other collaboration tools in order to leverage our investment in the cloud-based EUCC infrastructure.
- Embed security functionality and monitoring into enterprise infrastructure services such as hosting and storage.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of data centers	27	16	FY 2016, FY 2018
Quality	Digital State Survey by the Center for Digital Government, a review of all 50 states' electronic government capabilities	B+	A-	Sept 2016, Sept 2018
Quality	% of MN.IT services rated as 'Reasonable' to 'Best Value' vis a vis other states as determined by independent rates analysis study	77%	93%	FY 2016 FY 2017
Results	Customer Survey Results. Percent of respondents reporting they are generally satisfied with the technology and support received from MNIT.	N.A.	66%	August 2017
Results	State network core. On an annual basis, the percent of time the network is available to users.	99.99%	99.99%	FY 2016, FY 2018
Quantity	Disk capacity in PetaBytes (PB). Increase in capacity meets growth in demand for storage.	2.5 PB	8.4PB	Jul 2016, Jul 2018
Quantity	Email mailboxes. Expanded capacity accommodates a greater number of users.	45,362	46,617	Jul 2016, Aug 2018

MN.IT Services legal authority comes from M.S. 16E

(<https://www.revisor.leg.state.mn.us/statutes/?id=16E&view=chapter>)

IT Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
5000 - Master Lease	4,411	3,860	9,372	10,700	9,350	8,950	9,350	8,950
5500 - MN.IT Services	340,705	462,040	483,105	178,024	199,019	202,111	199,019	202,111
Total	345,115	465,899	492,478	188,724	208,369	211,061	208,369	211,061
Biennial Change				(129,813)		(261,772)		(261,772)
Biennial % Change				(16)		(38)		(38)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	201,659	257,801	273,630	72,777	91,676	94,770	91,676	94,770
Operating Expenses	124,414	173,808	187,598	96,729	94,431	94,429	94,431	94,429
Grants, Aids and Subsidies	17	44	6					
Capital Outlay-Real Property	6,917	13,051	12,273	10,700	9,350	8,950	9,350	8,950
Other Financial Transaction	12,108	21,195	18,971	8,518	12,912	12,912	12,912	12,912
Total	345,115	465,899	492,478	188,724	208,369	211,061	208,369	211,061

Full-Time Equivalents

1,704.25	2,152.40	2,228.01	806.74	839.73	839.73	839.73	839.73
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IT Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
5000 - Master Lease								
Balance Forward In	0	0						
Receipts	4,411	3,859	9,372	10,700	9,350	8,950	9,350	8,950
Balance Forward Out	0							
Expenditures	4,411	3,860	9,372	10,700	9,350	8,950	9,350	8,950
Biennial Change in Expenditures				11,802		(1,772)		(1,772)
Biennial % Change in Expenditures				143		(9)		(9)
Governor's Change from Base								0
Governor's % Change from Base								0

5500 - MN.IT Services

Balance Forward In	11,753	14,583	20,011	117,279	7,203	8,749	7,203	8,749
Receipts	345,639	459,514	475,646	178,023	200,640	200,640	200,640	200,640
Transfers In	290,178	314,473	110,014					
Transfers Out	236,203	320,396	5,286	110,075	75	75	75	75
Balance Forward Out	70,662	6,133	117,279	7,203	8,749	7,203	8,749	7,203
Expenditures	340,705	462,040	483,105	178,024	199,019	202,111	199,019	202,111
Biennial Change in Expenditures				(141,615)		(259,999)		(259,999)
Biennial % Change in Expenditures				(18)		(39)		(39)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1,704.25	2,152.40	2,228.01	806.74	839.73	839.73	839.73	839.73

Program: IT for Minnesota Government
Activity: Applications, Projects and Initiatives

mn.gov/mnit/

AT A GLANCE

- Responsible for management and oversight of 2,800 agency applications
- MNIT's FY18 project portfolio included:
 - Approximately 375 actively managed projects at any point in time.
 - Projects associated with biennial IT (BIT) appropriations to agencies.
 - 92 agency-funded Information Technology Account (ITA) project budgets addressing specific agency needs—\$28.6 M budgeted in FY18.
- Special revenue initiatives set aside for a specific purpose

PURPOSE & CONTEXT

MNIT is responsible for the development and management of IT applications that meet the business requirements of executive branch agencies. The Enterprise Program Management Office (ePMO) and Project Management Office (PMO) provide oversight of approved IT projects, both enterprise and agency-specific. This activity focuses on development of citizen-facing systems as well as smaller, internal systems development, upgrades, and operational improvements. An example of a citizen-facing system is the Department of Employment and Economic Development's Unemployment Insurance system, which enables citizens to apply for and obtain unemployment insurance benefits through an online, self-service system.

SERVICES PROVIDED

Applications and Projects include all of the activities related to the development, implementation, and support of the IT application and project portfolio of the executive branch. This includes:

- Oversight and monitoring of agency applications by MNIT executive management in partnership with agency customers
- Enterprise project and portfolio management, including creation of standards for project management, business analysis, and quality assurance
- FY 2020-21 biennial IT (BIT) business application projects for agencies and agency-contributed funds to the Information Technology Account (ITA) also known as Odyssey projects
- Special revenue initiatives set aside for a specific purpose
 - BUY.IT group that negotiates software license agreements on behalf of the enterprise
 - Special appropriation that addresses enterprise accessibility requirements-Telecommunications Access MN (TAM)
 - MMIS Service Contract (DHS)
 - Enterprise e-licensing surcharge account
 - Homeland Security grant

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Completed projects	241	240	FY15, FY17

MN.IT Services legal authority comes from M.S.16E
<https://www.revisor.leg.state.mn.us/statutes/?id=16E&view=chapter>.

Applications, Projects and Initiatives

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,643	2,505	2,109	1,289				
2000 - Restrict Misc Special Revenue	5,779	2,549	2,544	743	1,377	1,377	1,377	1,377
2001 - Other Misc Special Revenue	18,091	11,579	13,869	321,857	262,849	240,815	262,849	240,815
Total	26,513	16,633	18,521	323,889	264,226	242,192	264,226	242,192
Biennial Change				299,264		164,008		164,008
Biennial % Change				694		48		48
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	3,934	2,948	3,124	204,305	179,374	185,360	179,374	185,360
Operating Expenses	21,329	12,789	15,093	111,741	81,254	53,234	81,254	53,234
Capital Outlay-Real Property	336	335	143	161	150	150	150	150
Other Financial Transaction	915	561	162	7,682	3,448	3,448	3,448	3,448
Total	26,513	16,633	18,521	323,889	264,226	242,192	264,226	242,192

Full-Time Equivalents

33.09	25.99	26.34	1,527.86	1,452.84	1,452.84	1,452.84	1,452.84
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Applications, Projects and Initiatives

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	4,807	3,283	3,048	1,139				
Transfers In	735	2,096	200	150				
Cancellations		1						
Balance Forward Out	2,899	2,874	1,139					
Expenditures	2,643	2,505	2,109	1,289				
Biennial Change in Expenditures				(1,751)		(3,398)		(3,398)
Biennial % Change in Expenditures				(34)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	1.81	1.88	0.29	0.06				

2000 - Restrict Misc Special Revenue

Balance Forward In	13,699	9,006	6,892	4,348	3,605	2,228	3,605	2,228
Transfers In		3						
Cancellations		0						
Balance Forward Out	7,921	6,460	4,348	3,605	2,228	851	2,228	851
Expenditures	5,779	2,549	2,544	743	1,377	1,377	1,377	1,377
Biennial Change in Expenditures				(5,041)		(533)		(533)
Biennial % Change in Expenditures				(61)		(16)		(16)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.58	2.10	0.19					

2001 - Other Misc Special Revenue

Balance Forward In	40,854	26,121	30,874	19,304	8,360	3,891	8,360	3,891
Receipts	2,712	3,178	2,300	310,913	258,380	239,155	258,380	239,155
Transfers In	23,344	12,048						
Transfers Out	25,030		5					
Cancellations		0						
Balance Forward Out	23,788	29,769	19,300	8,360	3,891	2,231	3,891	2,231
Expenditures	18,091	11,579	13,869	321,857	262,849	240,815	262,849	240,815
Biennial Change in Expenditures				306,056		167,938		167,938
Biennial % Change in Expenditures				1,032		50		50

Applications, Projects and Initiatives

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	26.70	22.01	25.86	1,527.80	1,452.84	1,452.84	1,452.84	1,452.84

Program: IT for Minnesota Government

Activity: Leadership

mn.gov/mnit/

AT A GLANCE

Leadership includes general funded functions that support the enterprise:

- State Chief Information Officer (CIO) office (strategy, direction, planning)
- Enterprise Security Services
- MN Geospatial Information Office

PURPOSE & CONTEXT

IT leadership covers the administrative and oversight functions of an agency with more than 30 locations. It provides the management strategy and high-level tactics that help MN.IT Services fulfill its mission and provides organizational management based on the agency's key priorities. In addition, IT leadership develops and guides IT consolidation priorities and projects. Key partners include the Governor's Office, the legislature, agency business leadership, and MN.IT services management and staff.

SERVICES PROVIDED

The CIO Office, Enterprise Security, and MN Geospatial Office listed provide the leadership, planning, and support that allow IT services to be delivered to customers in a high-value, cost-effective and safe manner. IT leadership funded by general appropriations for the FY 2020-21 biennium are:

- The State CIO Office provides the overall strategy, direction and planning over executive branch information technology. This responsibility includes management of the migration of infrastructure from agency-based offices to enterprise services.
- The Enterprise Security Office (ESO) provides the vision and strategy necessary to secure the state.
 - Implement the security foundation for the executive branch that includes a comprehensive Service Delivery Model, Policy and Standard Framework and an Information Security Strategic Plan
 - Promote collaboration and partnership Provide with other levels, units, and branches of government, in order to more effectively address the increasing barrage of advanced and persistent threats.
 - Improve Minnesota's cybersecurity workforce through partnerships with academia, promotion of cybersecurity careers, and innovative programs like Scholarship for Service.
- MnGeo's primary role is to provide geospatial coordination and collaboration and to act as a service bureau to the state agencies on geospatial matters. This involves outreach and communication between state agencies, with local and national government agencies, as well as with non-government organizations and citizens. It also involves data coordination efforts, especially stewardship of important statewide datasets, fostering use of data standards, and identification and prioritization of data gaps. These coordination efforts have led to MnGeo and several partners creating the Minnesota Geospatial Commons, <https://gisdata.mn.gov>, a collaborative place for users and publishers of geospatial resources about Minnesota.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	<p>IT Spend percent of total state expenditures. By comparison, Gartner, a marketing research firm, reported IT Spend (as a % of expenditures) for state/local government entities (greater than \$10B in expenditures) as follows: FY14, 2.25%; FY15, 2.1%.</p> <p>Note: IT Spend ratio to expense is a key measure of the amount of IT resources relative to the size of an organization. Therefore, it can be seen as a measure of IT efficiency and relative IT funding.</p>	1.56%	1.28%	FY17, FY18
Quantity	Number of agencies contributing data to the Geospatial Commons	24	29	FY17, FY18

MN.IT Services legal authority comes from M.S. 16E
<https://www.revisor.leg.state.mn.us/statutes/?id=16E&view=chapter>).

Leadership

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	2,152	2,938	2,230	2,862	2,599	2,599	17,299	12,496
2000 - Restrict Misc Special Revenue	288	378	297	383	340	340	340	340
Total	2,441	3,316	2,527	3,245	2,939	2,939	17,639	12,836
Biennial Change				16		106		24,703
Biennial % Change				0		2		428
Governor's Change from Base								24,597
Governor's % Change from Base								418

Expenditures by Category

Compensation	1,962	2,253	2,059	2,036	2,159	2,211	5,039	5,091
Operating Expenses	470	829	447	1,171	764	712	12,584	7,729
Grants, Aids and Subsidies	0							
Other Financial Transaction	8	234	21	38	16	16	16	16
Total	2,441	3,316	2,527	3,245	2,939	2,939	17,639	12,836

Full-Time Equivalents

16.05	19.27	17.02	20.26	20.28	20.28	42.28	42.28
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Leadership

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		364		272				
Direct Appropriation	2,526	2,622	2,642	2,670	2,679	2,679	17,379	12,576
Transfers Out	25	25	140	80	80	80	80	80
Cancellations		24						
Balance Forward Out	349		272					
Expenditures	2,152	2,938	2,230	2,862	2,599	2,599	17,299	12,496
Biennial Change in Expenditures				2		106		24,703
Biennial % Change in Expenditures				0		2		485
Governor's Change from Base								24,597
Governor's % Change from Base								473
Full-Time Equivalents	14.05	17.27	15.02	17.57	17.59	17.59	39.59	39.59

2000 - Restrict Misc Special Revenue

Balance Forward In		53		43				
Transfers In	340	325	340	340	340	340	340	340
Balance Forward Out	52		43					
Expenditures	288	378	297	383	340	340	340	340
Biennial Change in Expenditures				14		0		0
Biennial % Change in Expenditures				2		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.00	2.00	2.00	2.69	2.69	2.69	2.69	2.69

MNIT Services

Enterprise Technology Fund (5500)

Revenues, Expenses and Changes in Net Assets (Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	\$ 450,702	\$ 168,665	\$ 200,640	\$ 200,640
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	\$ 450,702	\$ 168,665	\$ 200,640	\$ 200,640
Gross Margin	\$ 450,702	\$ 168,665	\$ 200,640	\$ 200,640
Operating Expenses:				
Purchased Services	\$ 135,233	\$ 77,616	\$ 81,587	\$ 81,587
Salaries and Fringe Benefits	\$ 264,636	\$ 70,130	\$ 91,676	\$ 94,770
Depreciation and Amortization	\$ 12,634	\$ 6,589	\$ 8,340	\$ 8,340
Supplies and Materials	\$ 17,893	\$ 11,866	\$ 15,775	\$ 15,775
Repairs and Maintenance	\$ 9,661			
Indirect Costs	\$ 1,352	\$ 1,361	\$ 1,360	\$ 1,360
Other Expenses	\$ 57			
Total Operating Expenses	\$ 441,465	\$ 167,562	\$ 198,738	\$ 201,832
Operating Income (Loss)	\$ 9,237	\$ 1,103	\$ 1,902	\$ (1,192)
Nonoperating Revenues (Expenses):				
Investment Income	\$ 171	\$ 200		
Interest and Financing Costs	\$ (1,072)	\$ (641)	\$ (280)	\$ (280)
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets	\$ (3,813)			
Total Nonoperating Revenues (Expenses)	\$ (4,714)	\$ (441)	\$ (280)	\$ (280)
Income (Loss) Before Transfers and Contributions	\$ 4,523	\$ 662	\$ 1,622	\$ (1,472)
Capital Contributions				
Transfers in	\$ (48,058)			
Transfers out			\$ (75)	\$ (75)
Change in Net Assets	\$ (43,535)	\$ 662	\$ 1,547	\$ (1,547)
Net Assets, Beginning as Reported	\$ 39,048	\$ (17,800)	\$ (17,138)	\$ (15,591)
Change in Accounting Principle	\$ (13,313)			
Net Position Beginning as Restated	\$ 25,735			
Net Assets, Ending	\$ (17,800)	\$ (17,138)	\$ (15,591)	\$ (17,138)
Rate increase/(decrease)				
Full Time Equivalents (FTE)			839.7	839.7

Note:

1. These financials do not include pension liability adjustments
2. FY20-21 financials are based on the submitted rate package

MNIT Services

Enterprise Technology Fund (5500)

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$66,744	\$87,701
Investments		
Accounts Receivable	\$97,214	\$51,560
Accrued Investment/Interest Income		
Inventories		
Prepaid Expenses	\$16,705	\$9,180
Total Current Assets	\$180,663	\$148,441
Noncurrent Assets:		
Prepaid Expenses	\$7,088	\$871
Depreciable Capital Assets (Net)	\$28,198	\$29,463
OPEB Deferred Out	\$871	\$871
Total Noncurrent Assets	\$36,157	\$31,205
Total Assets	\$216,821	\$179,646
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$36,436	\$7,785
Interfund Payables	\$110,257	\$110,000
Unearned Revenue	\$29,613	\$18,891
Loans Payable	\$4,564	\$4,564
Compensated Absences Payable	\$3,417	\$3,417
Total Current Liabilities	\$184,287	\$144,657
Noncurrent Liabilities:		
Loans Payable	\$7,355	\$9,147
Compensated Absences Payable	\$27,049	\$27,049
Other Liabilities	\$15,930	\$15,930
Total Noncurrent Liabilities	\$50,334	\$52,126
Total Liabilities	\$234,622	\$196,783
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$16,279	\$15,752
Unrestricted	(\$34,080)	(\$32,890)
Total Net Assets	(\$17,801)	(\$17,138)

Note:

1. These financials do not include pension liability adjustments

MNIT Services

Enterprise Technology Fund (5500)

Brief Narrative

Background:

MN.IT Services (Fund 5500) operates as an internal service fund and provides enterprise IT services mainly to the executive branch and some enterprise services to other Minnesota government customers.

Detail of any loans from the general fund, including dollar amounts:

As per Legislation of 2017 (Special Session), Chapter 4, Article 1, Section 10, Subd. 2 authorizes MMB to provide cash flow authority up to 110 million to MNIT Services. MNIT has borrowed 110 million and this will be repaid with interest by the end of FY19 hard close.

Proposed investments in technology or equipment of \$100,000 or more:

The FY20-21 budget includes Master Lease expenditures for replacement of Local Area Network (LAN), server, and storage equipment (end-of-life) and maintenance contracts associated with new and existing equipment.

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Net Asset change from FY16 to FY18 is primarily due to GAAP accounting principle change for Other Post Employment Benefits (OPEB) liability as well as increase in compensated absence liability. No change to net asset is projected for FY19 and later years.

Explain any reasons for rate changes:

For the FY20-21 rate package, MNIT continued to establish rates based upon forecasted volume and expenses. Volumes are based upon agency demand estimates and expenses take into account contractual salary and vendor cost increases. 84% of FY20 rates were lower or unchanged compared to FY18 rates due to increased volume and/or a shift of certain overhead activities into administrative charges that are direct billed to agencies. Product line margins are monitored on a quarterly basis to assess the potential over or under recovery that may require a rate adjustment or rebate/bill. As a result of the quarterly review process, six (6) enterprise service rates were adjusted in FY19 resulting in \$3.4 million savings to agencies. MNIT will continue to monitor product line net margins for the remainder of FY19 and into FY20 which may result in further rate or billing adjustments.

Impact of rate changes on affected agencies:

The overall impact of FY20 enterprise rates to agencies (excluding volume changes) is favorable. Beginning in FY18/19 MNIT changed the method of overhead allocation to be fairer to small agencies and boards. Some overhead, e.g. HR, procurement, for instance, is direct billed to agencies while other overhead is allocated to services. As a result, some larger agencies may experience an increase in their overhead costs. However an agencies' total IT costs depends upon: (1)the type of services consumed, (2)the consumption level (volume) of those services, (3)overhead shifts due to allocation methodology change, and (4)agency pass-through expenses, which consists primarily of applications and projects. An agency impact analysis of proposed FY20-21 enterprise service rates and underlying assumptions was submitted to MMB on September 14, 2018 followed by a complete rate package on October 31, 2018. MNIT communicated with individual agencies about the impact of proposed FY20-21 rates in order to accommodate their need to submit biennial change item requests or make adjustments to service levels if necessary.

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AT A GLANCE

- MNsure is Minnesota's health insurance marketplace. Through the MNsure website, Minnesotans can access public health care programs and shop, compare and choose private health insurance coverage.
- The Minnesota Eligibility Technology System (METS) determines eligibility for Medical Assistance, Minnesota Care, and Advanced Premium Tax Credits (APTC).
- MNsure provides customer assistance through its call center and network of assisters.
- MNsure employs between 175 and 200 people throughout the year, increasing staff levels during open enrollment.

PURPOSE

The purpose of MNsure is to ensure that every Minnesota resident and small business, regardless of health status, can easily find, choose, and purchase a health insurance product that they value and does not consume a disproportionate share of their income. MNsure is a one-stop health insurance marketplace where consumers can compare, shop, and find affordable, comprehensive health insurance coverage.

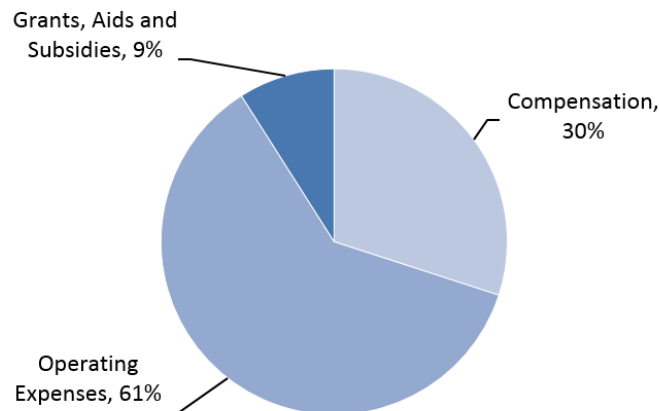
Plans and programs available to enroll in through MNsure:

- **Private:** Health and dental plans are offered by partnering insurance companies through the MNsure marketplace. These are known as qualified health plans (QHPs) or qualified dental plans (QDPs). All private plans offer the same core set of benefits called "essential health benefits" which include preventive services, mental health and substance abuse services, emergency services, prescription drugs and hospitalization, and follow established limits on cost-sharing (deductibles, co-payments and out-of-pocket maximum amounts). Each private health and dental plan has been reviewed by state regulators and are approved to be sold through MNsure. Most Minnesotans purchasing a QHP qualify for APTC (tax credits).
- **Public:** Medical Assistance (MA or Medicaid), and MinnesotaCare (Basic Health Plan). MA is the largest of Minnesota's publicly funded health care programs, providing health care coverage to a monthly average of 1.1 million low-income Minnesotans. Like MA, MinnesotaCare provides health care coverage for people with low incomes, but has higher income limits.

MNsurre's work contributes to the goals of optimal health for Minnesotans, a thriving economy that encourages business growth and employment opportunities, and Minnesota families and communities that are strong and stable.

BUDGET

Spending by Category FY 18 Actual



Total FY 18 Spending = \$50.5 million

Source: Budget Planning & Analysis System (BPAS) FY 18 Spending as of September, 2018.

MNsure is a self-sustainable agency utilizing QHP premium withhold revenue and reimbursements from the Department of Human Services (DHS) for costs incurred which benefit public programs. Expenditures that benefit both public and private program enrollees are allocated between MNsure and DHS based on the Public Assistance Cost Allocation Plan (PACAP). The plan allocates these expenditures using a number of metrics, such as public program enrollment and call center utilization. For Fiscal Year 2018, it is estimated that 12 percent of the budget will have been funded with federal grants, 53 percent funded with QHP premium withhold revenue, and 36 percent funded with DHS resources. Federal grants for establishment of the exchange were fully expended by December 31, 2017. For Fiscal Year 2019, the budget will be funded with QHP premium withhold revenue and DHS reimbursements.

STRATEGIES

MNsure utilizes three primary strategies to promote enrollment in health insurance: financial assistance, customer service and application assistance, and outreach campaigns.

MNsure is the only place where consumers can access financial help to make the cost of insurance more affordable. Consumers may be eligible for tax credits to reduce private insurance premiums, a low-cost plan through MinnesotaCare, or a no-cost plan through Medical Assistance. Consumers access MNsure at www.mnsure.org where they can apply for and receive financial assistance based on income and family size.

MNsure employs a number of customer service channels that consumers can access for help with the application and enrollment process. MNsure operates a toll-free call center that supports consumers Mondays through Fridays with extended hours during open enrollment, including Saturdays and some Sundays. Within the call center, MNsure has dedicated staff working closely with insurance agents, brokers, navigators, and insurance carriers. MNsure also supports a network of insurance agents, brokers, and navigators who provide consumers with in-person help.

MNsure executes an outreach and marketing campaign before and during the annual open enrollment period to drive enrollment and awareness. This campaign includes traditional, digital, and social media, as well as grassroots activation and outreach.

MNsure depends on information technology to support the organization and deliver value to both MNsure and its consumers.

- MNsure relies on the Minnesota Eligibility Technology System (METS) to determine whether customers are eligible to purchase a QHP and receive federal tax benefits, or whether they qualify for assistance in a public health program. MNsure agents and DHS/county caseworkers also use METS on a daily basis for case maintenance tasks. The software uses the Modified Adjusted Gross Income (MAGI) methodology to determine public program and tax credit eligibility, as required by the federal Affordable Care Act (ACA). The METS system was first introduced in 2013 and is a shared platform between MNsure, DHS, and Minnesota counties. METS IT development and maintenance is overseen by MNIT.
- MNsure uses commercial off-the-shelf software for the website's plan comparison and shopping tools. The provider of these tools made the decision to exit the marketplace. In response, MNsure issued an RFP for decision support, shopping, enrollment and system of record software. MNsure awarded a contract in December 2018 and the vendor has delivered Phase 1 of the project. Phase 2 will be delivered in 2019, in time for 2020 open enrollment.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Insured Rate in Minnesota ¹	95.7%	93.7%	2015 vs 2017
Quantity	MNsured Enrollment ²	414,631	442,096	7/20/16 vs 7/15/18
Result	Savings via Tax Credits to Consumers ³	\$107.4 Million	\$320.3 Million	2016 vs 2017
Quantity	Percentage of Minnesotans Receiving Tax Credits ²	63%	65%	7/20/16 vs 7/15/18

M.S. 62V <https://www.revisor.mn.gov/statutes/?id=62V> provides the legal authority for MNsure.

¹ Minnesota Department of Health, Health Economics Program, 2017 Minnesota Health Access Survey.

² MNsure Board of Directors Meeting, MNsure Slide Decks, July 20, 2016 and July 18, 2018.

³ MNsure staff, tax credits Jan 2016 – Dec 2016 and Jan 2017 – Dec 2017.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

2360 - Health Care Access							57,501	175,281
4120 - MN Health Insurance Exchange	52,301	53,643	47,791	40,665	37,291	38,361	37,511	43,869
Total	52,301	53,643	47,791	40,665	37,291	38,361	95,012	219,150
Biennial Change				(17,488)		(12,804)		225,706
Biennial % Change				(17)		(14)		255
Governor's Change from Base								238,510
Governor's % Change from Base								315

Expenditures by Program

Health Insurance Marketplace	52,301	53,643	47,791	40,665	37,291	38,361	95,012	219,150
Total	52,301	53,643	47,791	40,665	37,291	38,361	95,012	219,150

Expenditures by Category

Compensation	12,650	13,915	14,946	14,454	14,430	14,600	18,713	21,197
Operating Expenses	35,209	35,160	28,383	21,586	18,236	19,136	22,316	21,481
Grants, Aids and Subsidies	4,437	4,503	4,453	4,600	4,600	4,600	53,958	176,447
Other Financial Transaction	5	65	9	25	25	25	25	25
Total	52,301	53,643	47,791	40,665	37,291	38,361	95,012	219,150

Full-Time Equivalents

165.15	178.25	191.01	182.00	182.00	182.00	235.00	273.50
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2360 - Health Care Access								
Direct Appropriation							57,501	175,281
Expenditures							57,501	175,281
Biennial Change in Expenditures				0		0		232,782
Biennial % Change in Expenditures								
Governor's Change from Base								232,782
Governor's % Change from Base								
Full-Time Equivalents							53.00	40.50
4120 - MN Health Insurance Exchange								
Balance Forward In	840	1,049	7,296	7,333	3,126	2,098	3,126	5,391
Receipts	52,279	56,167	47,846	36,458	36,263	36,263	39,776	44,477
Transfers Out			18					
Balance Forward Out	819	3,573	7,332	3,126	2,098		5,391	5,999
Expenditures	52,301	53,643	47,791	40,665	37,291	38,361	37,511	43,869
Biennial Change in Expenditures				(17,488)		(12,804)		(7,076)
Biennial % Change in Expenditures				(17)		(14)		(8)
Governor's Change from Base								5,728
Governor's % Change from Base								8
Full-Time Equivalents	165.15	178.25	191.01	182.00	182.00	182.00	182.00	233.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 2360 - Health Care Access				
Change Items				
20% Premium Subsidy		56,260	126,075	182,335
State Based Premium Tax Credit		1,241	49,206	50,447
Total Governor's Recommendations		57,501	175,281	232,782
Dedicated				
Fund: 4120 - MN Health Insurance Exchange				
Planned Spending	40,665	37,291	38,361	75,652
Forecast Base	40,665	37,291	38,361	75,652
Change Items				
20% Premium Subsidy		220	5,403	5,623
State Based Premium Tax Credit			105	105
Total Governor's Recommendations	40,665	37,511	43,869	81,380
Revenue Change Summary				
Dedicated				
Fund: 4120 - MN Health Insurance Exchange				
Forecast Revenues	36,458	36,263	36,263	72,526
Change Items				
20% Premium Subsidy		3,513	7,026	10,539
State Based Premium Tax Credit			1,188	1,188
Total Governor's Recommendations	36,458	39,776	44,477	84,253

Change Item Title: 20 Percent Premium Subsidy

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Health Care Access Fund				
Expenditures	56,260	126,075	145,267	155,883
Revenues	0	0	0	0
MNSure Enterprise Fund				
Expenditures	220	5,403	4,958	4,958
Revenues	3,513	7,026	7,026	7,026
Net Fiscal Impact = (Expenditures – Revenues)	52,967	124,452	143,198	153,815
FTEs	51.5	51	45	45

Recommendation:

The Governor recommends establishing a 20 percent health insurance premium subsidy available to Minnesotans purchasing qualified health plans (QHPs) through MNSure who have been determined ineligible for Advanced Premium Tax Credits (APTC). The proposal includes an \$8.052 million appropriation to MNSure from the health care access fund in FY 2020. Ongoing program management expenses would be paid using MNSure premium withhold revenue.

Rationale/Background:

Approximately 150,000 people are expected to purchase insurance on the individual health insurance market in 2020. Approximately 80,000 Minnesotans are purchasing in the individual market and are not receiving federal tax credits.

In Plan Year 2016, average premiums for plans purchased through MNSure averaged \$377/month. In Plan Year 2017, these premiums swelled to \$571/month. Minnesota has attempted several measures to make premiums more affordable for individual market consumers, including a premium subsidy program in 2017 and a reinsurance program in 2018 and 2019. Unlike a reinsurance program, a premium subsidy program will target those consumers who do not already benefit from federal assistance.

Anyone purchasing health insurance through MNSure in 2020 and beyond, who is not receiving federal APTC or enrolled in a state public program, would be eligible to receive the 20 percent premium subsidy. Up to 80,000 people could participate in the program.

Proposal:

A 20 percent premium subsidy will be available to Minnesotans purchasing qualified health plans (QHPs) in the individual market through MNSure and were determined ineligible to receive APTC. The premium subsidy will be applied as a 20 percent discount off monthly premiums.

MNSure's shopping tool will be enabled to implement this premium subsidy so that at the point of purchase Minnesotans will see the true premium price they will pay. Consumers who wish to see estimated costs using "anonymous shopping" prior to setting up an account with MNSure will also be able to do so. This functionality will be applied to eligible consumers renewed into plan year 2020 coverage and for new consumers submitting applications starting on November 1, 2019. This premium subsidy will continue into future years unless or until a change in law occurs.

- The subsidy will be available toward Bronze, Silver, Gold, or Platinum plans offered through MNsure.
- MNsure will administer the premium subsidy through payments to carriers, reimbursing them for premium subsidy discounts applied to premium bills sent to enrollees.
- Eligibility for a given month during the coverage year is tied to whether or not a consumer is found eligible to receive APTC for that particular month.
- MNsure will provide an online end-of-year statement to each premium subsidy recipient by January 31, 2021 and each January thereafter.

Equity and Inclusion:

MNsure's mission is to ensure all Minnesotans have the security of health insurance.

We serve Minnesota individuals and families who are:

- Uninsured and underinsured
- Buying health coverage on their own
- Seeking a better option
- Qualifying for Medical Assistance (MA) or MinnesotaCare applicants and recipients

Since October 1, 2013, MNsure has processed over 2.8 million enrollments in health and dental insurance coverage. Over 75% of these enrollments resulted in a Minnesotan receiving subsidized insurance coverage, whether via a public program or federal tax credits and cost sharing reductions.

This proposal will enhance Minnesotans ability to purchase affordable health care coverage. The proposal provides relief for consumers who do not qualify for other state-based health coverage programs or do not receive affordable employer-provided insurance, such as self-employed and small business owners.

Results:

Providing this subsidy would mean approximately 80,000 Minnesotans currently in the individual market could be eligible for a reduction in their health insurance premium costs. Analysts at the Departments of Commerce and Health estimate take-up at 70,640 Minnesotans, including 1,040 uninsured Minnesotans. Approximately 40,000 of these individuals are already purchasing through MNsure. We have estimated the remaining 30,640 new recipients will purchase through MNsure to obtain the subsidy.

Statutory Change(s):

Requires new section of MS 62V.

FY 2020-21 Biennial Budget Change Item

Change Item Title: Premium Tax Credit

Tax Aids and Credits				
Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Health Care Access Fund				
Expenditures	0	0	1,037	880
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	1,037	880
FTEs	0	0	11	10.3
MNSure				
Health Care Access Fund				
Expenditures	1,241	49,206	117,158	140,100
Revenues	0	0	0	0
MNSure Enterprise Fund				
Expenditures	0	105	3,193	2,748
Revenues	0	1,188	2,503	2,696
Net Fiscal Impact = (Expenditures – Revenues)	1,241	48,123	117,848	140,152
FTEs	1.5	40.5	40	34

Recommendation:

The Governor recommends providing a state-based premium tax credit for Minnesotans who earn too much to qualify for federal assistance to increase affordability of individual market health coverage. The tax credit would be available to reduce the cost of qualified health plan (QHP) coverage starting in plan year 2021.

Rationale/Background:

The Affordable Care Act (ACA) established health insurance exchanges to assist people without health care insurance to find information about health insurance options and purchase health care insurance. Minnesota established a state-based exchange known as MNSure. Qualified Health Plans (QHP) purchased through MNSure may be eligible for a federal premium tax credit to either reduce the cost of the monthly premium or to be claimed after the end of the plan year on the tax return.

In Minnesota, the federal premium tax credit is available for individuals and households with an income above the threshold of public program health coverage, such as Medical Assistance or MinnesotaCare programs, and at or below 400% of the federal poverty level (FPL). Under the Federal Poverty Guidelines for 2019, 400% of FPL for an individual is \$49,960 and for a family of four is \$103,000.

Minnesotans who exceed the 400% FPL threshold do not qualify for federal premium tax credits. Even for many Minnesotans above 400% of FPL, premiums now exceed 10 percent of household budgets.

Proposal:

The proposal establishes a state-based tax credit (SBTC) for Minnesotans who purchase a QHP in the individual market through MNSure. SBTC will be available to any customer who applies for financial assistance through MNSure, projects their household's annual income to be above 400% FPL, meets other program eligibility requirements, and enrolls in QHP coverage.

The amount of the SBTC will be the dollar amount necessary to reduce the premium of the second lowest cost silver plan available to the household to the affordability threshold established under the ACA (9.86% of annual income in tax year 2019, but varying by federal formula each year) after application of the 20% premium subsidy, if any.

Minnesotans will be able to qualify for the credit during the enrollment period, which starts on November 1, 2020, for plan year 2021 coverage. Similar to the federal premium tax credit, the SBTC can be applied to their monthly bill from their insurance provider, during the tax year to which it relates. This allows customers to receive a monthly reduction in premiums with the SBTC amount being paid directly to the insurance company.

Customers will also have an option to decline to claim the SBTC in advance and instead claim the credit upon filing a state tax return for the applicable tax year, generally filed during the following year.

MNsure will:

- Collect pertinent information needed to determine eligibility and facilitate the application of the SBTC, when appropriate, toward the cost of QHPs offered on the exchange.
- Enable the MNsure shopping tool to calculate the proper SBTC amount so that at the point of purchase, customers will see the actual premium price they will pay.
- Provide notice to consumers confirming amount of SBTC applied toward their selected health plan, as well as other program requirements.
- Assist consumers with change to income or other eligibility criteria throughout the coverage year.
- Administer SBTC through payments to carriers reimbursing them for SBTC discounts applied to monthly premium bills sent to enrollees and conduct regular data reconciliation with health insurance carriers.
- Provide an end-of-year file to the Department of Revenue reporting SBTC payments made to customers.
- Provide an end-of-year statement to each taxpayer by January 31 reporting the amount of advance tax credit, beginning in January 2022 and each January thereafter. This statement will include the amount of SBTC received and the premium amount of the second lowest cost silver plan available to the individual or family, less any state premium subsidy received, for each coverage month.

NOTE: The administrative costs for MNsure in this proposal reflect shared investments made in the Governor's 20 percent premium subsidy proposal. The administrative impact and staffing requirements of this program are higher than reflected in this change page and premium withhold revenue is insufficient to cover expenses if considered apart from the premium subsidy proposal.

The Minnesota Department of Revenue will reconcile advanced credits paid and credits due as a part of the individual income tax filing process. The department will review income and SBTC information to determine the appropriate amount of credit. The department will issue refunds for unclaimed or underpaid credits and assess additional tax as necessary to reconcile the credit. The Minnesota Department of Revenue will provide information to MMB annually to reconcile the appropriation.

Equity and Inclusion:

MNsure's mission is to ensure all Minnesotans have the security of health insurance.

MNsure serves Minnesota individuals and families who are:

- Uninsured and underinsured
- Buying health coverage on their own
- Seeking a better option
- Qualifying for Medical Assistance (MA) or MinnesotaCare applicants and recipients

Since October 1, 2013, MNsure has processed over 2.8 million enrollments in health and dental insurance coverage. Over 75% of these enrollments resulted in a Minnesotan receiving subsidized insurance coverage, whether via a public program or federal tax credits and cost sharing reductions.

This proposal will enhance Minnesotans ability to purchase affordable health care coverage. The proposal provides relief for consumers who do not qualify for other state-based health coverage programs or do not receive employer-provided insurance, such as self-employed and small business owners.

Results:

Analysts at the Departments of Commerce and Health estimate providing this state based tax credit would mean approximately 34,880 Minnesotans currently in the individual market would receive this tax credit by 2023 and see a reduction in their health insurance premium costs. Additionally, 13,080 uninsured Minnesotans are expected to enroll in coverage and receive this insurance premium reduction.

Statutory Change(s):

Minnesota Statutes, Chapter 290

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AT A GLANCE

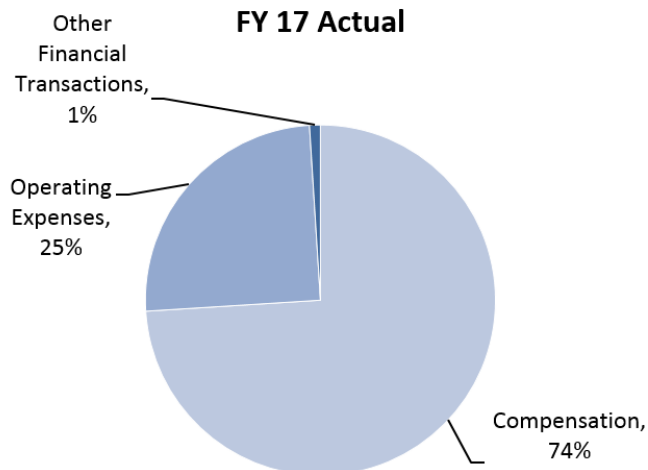
- Regulates 2,725 licensees: 2,387 licensed marriage and family therapists (LMFT); 338 licensed associate marriage and family therapists (LAMFT) (as of 08/01/2018)
- Issues an average of 365 new licensees annually (approximately 200 LMFT and 165 LAMFT)
- Processes over 625 license-related applications annually (initial/exam, LAMFT, LMFT final, reciprocity)
- Annually receives and investigates 60-70 complaints
- 100% fee-supported

PURPOSE

The Board of Marriage and Family Therapy's mission is to protect the public and ensure a standard of competent and ethical care through effective licensure and enforcement of the statutes and rules governing the practice of marriage and family therapy. Minnesotans are well-served by our efficient licensing process, monitoring of each licensee's continuing competency through education, thorough and effective investigation of complaints, educational outreach, and publication of disciplinary and corrective actions. The Board's work helps keep Minnesotans **safe** while providing **efficient and accountable government services**.

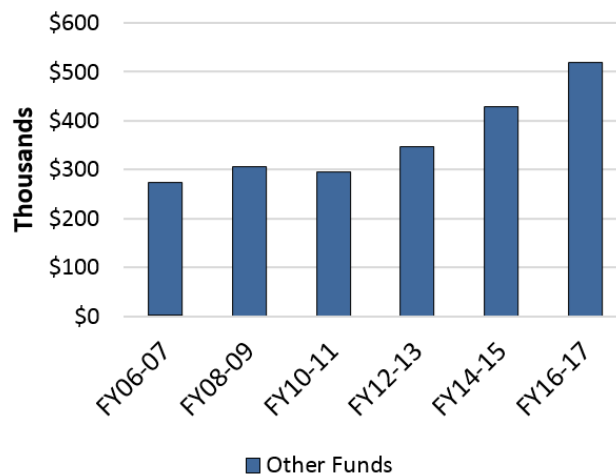
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board is funded by licensure fees collected from applicants, licensees and continuing education sponsors and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, fees collected also fund joint/multiple board entities, such as the Administrative Services Unit, the Health Professionals Services Program and the Criminal Background Check Office, as well as funding legal services provided by the MN Office of the Attorney General.

Initial license and license renewal fees are over 80% of collected revenue with application filings (14%) and continuing education program applications (5%) accounting for the majority of other revenue received.

STRATEGIES

To accomplish the Board's mission, we:

- Set standards for initial licensure, including a review of each applicant's education and training;
- Conduct an in-person examination of each applicant's knowledge of the laws and rules governing the practice of marriage and family therapy in Minnesota prior to issuing marriage and family therapy license;
- Annually review qualifications and renew licenses of current, qualified licensees;
- Investigate complaints made against licensees and applicants, and allegations of unlicensed practice of marriage and family therapy;
- Take disciplinary or corrective action against a licensee or applicant when warranted by conduct and necessary to protect the public;
- Review and approve all continuing education programs used by licensees to meet continuing education requirements for license renewal;
- Monitor and enforce continuing education requirements for license renewal;
- Maintain mandated and educational information on a public website;
- Work collaboratively with academic institutions and national and state marriage and family therapy professional associations to identify, discuss and address issues involving the education, licensure and practice of marriage and family therapists;
- Provide information about licensure and standards of practice to citizens and other business entities;
- Regularly collaborate with other government entities including Minnesota Department of Human Services, Minnesota Department of Health, Health Professional Services Program, and Minnesota Department of Revenue.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of licensees (LAMFT & LMFT)	2,240	2,565	FY15 (year-end); FY17 (year-end)
Quantity	Applications processed (Initial/exam, LMFT final, reciprocity)	393	466	FY15; FY17
Quantity	LMFT licensure oral examinations administered	190	227	Calendar year 2015; Calendar year 2017
Quality	Percent of LMFT licenses renewed online	97%	98%	2015 renewal period (December 2015); 2017 renewal period (December 2017)
Quality	Percent of LAMFT licenses renewed online	97%	100%	2015 renewal periods (January & June 2015); 2017 renewal periods (January & June 2017)
Quantity	Complaints received	74	61	FY2015; FY2017

Source: ALIMS and SBLM board database systems.

The Board of Marriage and Family Therapy is authorized by M.S. 148B.01-.39 (<https://www.revisor.mn.gov/statutes/?id=148B>) and operates pursuant to Administrative Rule 5300 (<https://www.revisor.mn.gov/rules/?id=5300>). The Board is also governed by provisions found in various Minnesota Statutes, including chapters 13, 13D, 14, 15 and 214.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	254	265	303	422	376	377	394	399
2000 - Restrict Misc Special Revenue			4	11	10	10	10	10
Total	254	265	307	433	386	387	404	409
Biennial Change				222		33		73
Biennial % Change				43		4		10
Governor's Change from Base								40
Governor's % Change from Base								5

Expenditures by Program

Marriage & Family Therapy Bd	254	265	307	433	386	387	404	409
Total	254	265	307	433	386	387	404	409

Expenditures by Category

Compensation	198	195	235	276	276	279	287	293
Operating Expenses	56	67	72	147	110	108	117	116
Other Financial Transaction		3	0	10				
Total	254	265	307	433	386	387	404	409

Full-Time Equivalents

2.34	2.09	2.55	3.00	3.00	3.00	3.00	3.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		37		60				
Direct Appropriation	274	287	363	362	366	367	384	389
Open Appropriation	12				10	10	10	10
Transfers In	6							
Cancellations		60						
Balance Forward Out	37		60					
Expenditures	254	265	303	422	376	377	394	399
Biennial Change in Expenditures				206		28		68
Biennial % Change in Expenditures				40		4		9
Governor's Change from Base								40
Governor's % Change from Base								5
Full-Time Equivalents	2.34	2.09	2.55	3.00	3.00	3.00	3.00	3.00

2000 - Restrict Misc Special Revenue

Balance Forward In				1				
Receipts			5	10	10	10	10	10
Balance Forward Out			1					
Expenditures			4	11	10	10	10	10
Biennial Change in Expenditures				15		5		5
Biennial % Change in Expenditures						29		29
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	362	362	362	724
Base Adjustments				
Current Law Base Change		3	4	7
Pension Allocation		1	1	2
Forecast Base	362	366	367	733
Change Items				
Operating Adjustment		18	22	40
Total Governor's Recommendations	362	384	389	773
Open				
Fund: 1201 - Health Related Boards				
Base Adjustments				
Forecast Open Appropriation Adjustment		10	10	20
Forecast Base		10	10	20
Total Governor's Recommendations		10	10	20
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	11	10	10	20
Forecast Base	11	10	10	20
Total Governor's Recommendations	11	10	10	20
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	10	10	10	20
Total Governor's Recommendations	10	10	10	20
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	391	391	391	782
Total Governor's Recommendations	391	391	391	782

Marriage and Family Therapy, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	18	22	17	17
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	18	22	17	17
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding and spending authority of \$40,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at The Board of Marriage and Family Therapy. The Board is solely fee supported and will collect sufficient revenue to meet projected operational cost increases.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board of Marriage and Family Therapy, this funding will cover known employee compensation growth, rulemaking, and IT costs. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases.

Small Agency Increase:	FY 2020	FY 2021	FY 2022	FY 2023
Increased salary & benefit cost of Board staff (3.0 FTE)	\$6,000	\$9,000	\$9,000	\$9,000
Rulemaking	\$5,000	\$5,000	\$0	\$0
MN.IT / Technology Costs (See detail below)	\$7,000	\$8,000	\$8,000	\$8,000
Total	\$18,000	\$22,000	\$17,000	\$17,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination. There are no potential positive or negative impacts on identified groups.

IT Related Proposal:

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	\$4,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Staff costs (MNIT or agency)						
Total	\$7,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
MNIT FTEs						
Agency FTEs						

Results:

This proposal is intended to allow the Board to continue to provide current levels of service and information to the public.

Statutory Change(s):

No statutory change is required.

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Mayo Clinic: School of Medicine and Family Medicine Residency

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AT A GLANCE

- Mayo Clinic operates hospitals and clinics throughout Minnesota with the main facility located in Rochester, Minnesota. In addition, Mayo Clinic has facilities in Wisconsin, Iowa, Arizona, and Florida.
- Total expenditure toward the educational mission of Mayo Clinic was \$318.2 million in calendar year 2017.
- Capitation funds are used for tuition grants for Minnesota residents attending Mayo Clinic School of Medicine and salaries for Family Medicine residents in Mayo Clinic School of Graduate Medical Education.
- Minnesota residents have comprised 39% of all Mayo Clinic School of Medicine students.
- On average, Mayo Clinic School of Medicine graduates have 36% of debt compared to the typical U.S. medical school graduate.
- Beginning in 1978, 269 trainees have graduated from the Mayo Clinic's Family Medicine Residency program and all training slots have been filled for over 30 years.
- In 2018, 45% of the graduates of the Family Medicine Residency program chose to stay in Minnesota.

PURPOSE

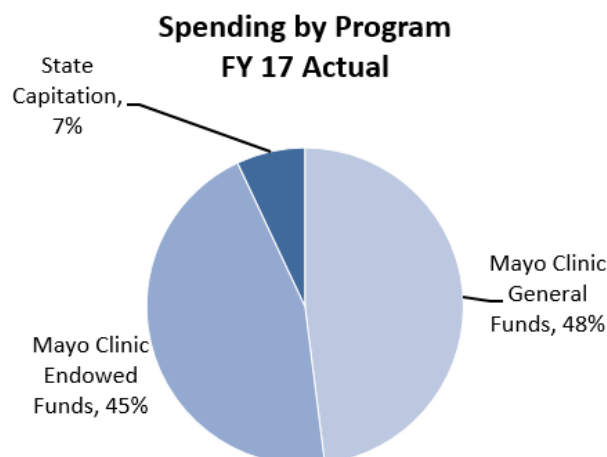
The mission of Mayo Clinic School of Medicine is to train physicians and physician scientist leaders who will practice and teach patient-centered, science-driven, team-based, high-value health care, and contribute to a resilient, diverse and culturally competent physician workforce.

The Mayo Clinic School of Graduate Medical Education Family Medicine Residency Program educates and inspires medical school graduates to pursue careers as family physicians. The program emphasizes training in rural primary care, augmented by subspecialty training.

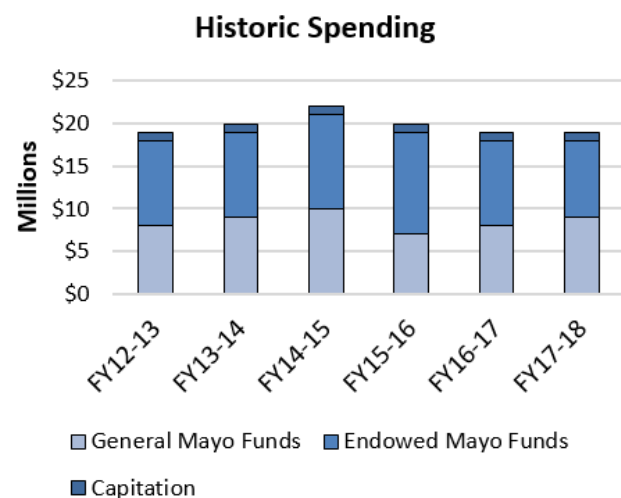
These two Mayo Clinic programs work to assure that:

- Minnesotans have the education and skills needed to achieve their goals
- All Minnesotans have optimal health
- Minnesota will have strong and stable families and communities

BUDGET



Total Expenditure in FY 2017-18: \$19,621,200
Source: Mayo Clinic Education Finance Department



Source: Mayo Clinic Education Finance Department

The overall operating expenses in the 2017-2018 fiscal year for the School of Medicine and the Family Medicine Residency Program was \$19,621,200. State Capitation of \$1,351,000 represents 6.9% of the overall operating expenses of the two programs.

STRATEGIES

The State Capitation funds are used in direct support for the Minnesota residents attending Mayo Clinic School of Medicine. As of July 2018, 39% of the matriculants to Mayo Clinic School of Medicine were Minnesota residents. In the past five years, 40% of Mayo Clinic School of Medicine graduates have chosen a career in primary care. Primary care includes: Family Practice, Internal Medicine, Obstetrics and Gynecology, Pediatrics and Psychiatry. To accomplish this, Mayo Clinic School of Medicine recruits and matriculates high achieving Minnesota undergraduate students who aspire to serve society as physicians by assuming leadership roles in medical practice, education and research. Mayo Clinic School of Medicine offers students opportunities to experience clinical rotations in regional and rural practices. Mayo Clinic School of Medicine remains committed to and focused on containing educational costs for students below the median for private medical schools and mitigating educational debt, which allows students to choose a career in primary care.

The Mayo Clinic School of Graduate Medical Education Family Medicine Residency training program prepares the prospective family physician for primary care medicine in all settings, with special emphasis on population health, team-based care and a practice orientation towards rural and smaller communities. The residents-in-training spend a major portion of their training providing ambulatory, primary and continuity care to patients. The residents participate fully in the department's population management initiatives to improve quality and decrease costs of employee/dependent healthcare. The three-year Family Medicine training program was established in 1978, beginning with four residents. It currently has a maximum of 27 resident training positions. Over time it has grown in size and success, with all training positions filled for the past 37 years. The program has graduated 269 family physicians. The Minnesota capitation appropriation has supported residents' training stipends since 1978.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of Mayo Clinic School of Medicine (MCSOM) Students who were Minnesota Residents	42%	39%	2016 vs 2018
Quantity	Percent of MCSOM graduates who chose to practice in primary care	28%	30%	2016 vs 2018
Quantity	Percent of debt MCSOM graduates have compared to the national average	44%	36%	2016 vs 2018
Quantity	Percent of Family Medicine Residency Graduates practicing in Minnesota	42%	44%	2016 vs 2018
Quantity	Percent of Family Medicine Residency Graduates practicing in rural Minnesota	44%	43%	2016 vs 2018

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351
Total	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Mayo Medical School	665	665	665	665	665	665	665	665
Mayo Family Practice	686	686	686	686	686	686	686	686
Total	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351

Expenditures by Category

Grants, Aids and Subsidies	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351
Total	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351
Expenditures	1,351	1,351	1,351	1,351	1,351	1,351	1,351	1,351
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	1,351	1,351	1,351	2,702
Forecast Base	1,351	1,351	1,351	2,702
Total Governor's Recommendations	1,351	1,351	1,351	2,702

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mn.gov/bms/

AT A GLANCE

- The Bureau of Mediation Services (BMS) oversees the collective bargaining relationship between all public sector employers, charitable hospitals, some private sector employers and their unionized employees.
- Of the 260,000 MN Public Employees; 72% work under 3,548 union contracts.
- In FY18 the BMS received 1,032 requests for service and during the same period there were zero strikes.
- BMS grant funding helped nonprofit mediation centers to provide conflict resolution services in approximately 2,007 neighbor, family, school, housing and other similar types of cases in 2017.

PURPOSE

The BMS mission is to promote orderly and constructive labor-management relations and to advance the use of alternative dispute resolution and collaborative processes.

Labor-Management Relations

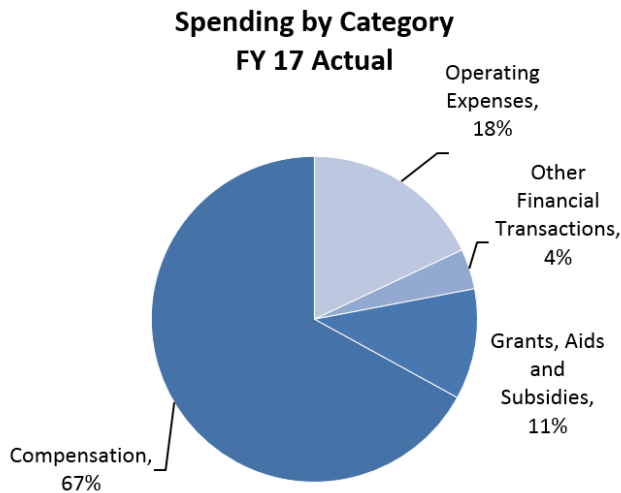
1. The BMS monitors collective bargaining disputes and works to prevent strikes and arbitration by directly mediating labor negotiations and grievances and by providing labor-management training.
2. Representation rights (employee's right to unionize or refrain from such) are regulated through a quasi-judicial administrative process including administrative investigations, hearings and elections.
3. BMS clients are: employers, labor organizations, employees, elected officials, labor attorneys and other labor relations professionals.
4. BMS assists the Public Employment Labor Relations Board while the independent board prepares to resolve unfair labor practice claims beginning July 1, 2020.

Alternative Dispute Resolution and Collaborative Processes

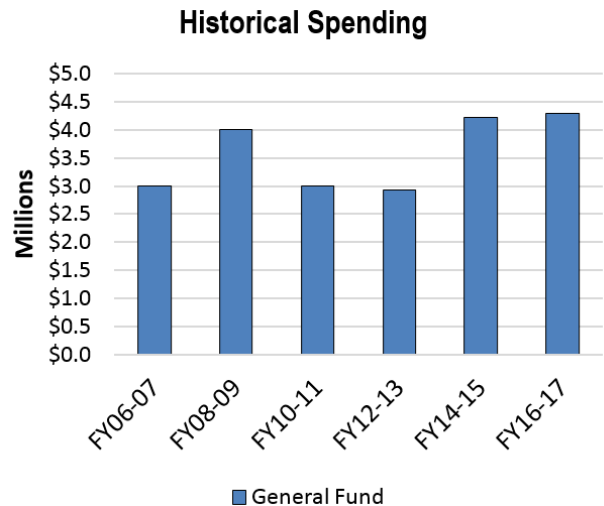
Through the Office of Collaboration and Dispute Resolution (OCDR), BMS provides: 1) public policy collaborative problem solving services; 2) funds and promotes the broad use of community-based dispute resolution across Minnesota; and, 3) assistance to other state and local agencies in effectively implementing collaborative and dispute resolution initiatives. The OCDR works with elected officials, state and local government employees, and citizen stakeholders to develop sustainable solutions to contentious public policy issues.

The BMS contributes to the statewide outcomes of: **A thriving economy that encourages business growth and employment opportunities; strong and stable families and communities; and efficient and accountable government services.**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

STRATEGIES

The BMS contributes to statewide outcomes by:

- Mediating collective bargaining and grievance disputes and promoting voluntary resolution of representation questions.
- Promoting cooperation among labor and management through worksite labor management committees.
- Administering a statewide labor-management grant program.
- Maintaining a roster of qualified neutral arbitrators to hear and decide contract and grievance disputes that cannot be resolved through mediation.
- Training labor and management representatives in the skills of negotiation, mediation, conflict resolution, relationship management and interest focused bargaining.
- Ensuring the sustainable resolution of matters of disputes by providing collaborative problem solving services to state and local government.
- Administering a \$160,000 annual grant program to community dispute resolution centers which provide free and low cost mediation services across the state.
- Building capacity of state and local government officials and staff to meaningfully engage the public.

RESULTS

In FY18 BMS resolved a total of 439 grievance and contract cases improving the efficiency and effectiveness of the public and private sector due to stable labor management relations. This resulted in dollars and work hours saved by the prevention of strikes, arbitration, and litigation, and contributed to improved productivity and higher employee morale. The collaborative resolution of public policy disputes improves the efficiency and effectiveness of government by preventing gridlock, generating higher quality solutions, and speeding up implementation of more sustainable solutions.

Measures of BMS work are successful case settlement rates, timely resolution of representation petitions and the quantity of successful community mediations.

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Percentage of collective bargaining contract and grievance disputes successfully settled through mediation	90%	92%	FY17, FY18
Quality	Percentage of representation elections successfully completed within 90 days	97%	92%	FY17, FY18
Quality	Percentage of OCDR cases successfully settled through collaborative problem solving.	67%	100%	FY17, FY18
Quantity	Number of mediations provided by BMS funded nonprofit dispute resolution centers	1,973	2,007	CY16, CY17
Quality	Percentage of conflict resolution services provided by BMS funded centers which successfully reached resolution	69%	72%	CY16, CY17

Bureau of Mediation Services Statutory Jurisdiction:

Minnesota Labor Relations Act – M.S. 179, <https://www.revisor.leg.state.mn.us/statutes/?id=179&view=chapter>

Public Employment Labor Relations Act – M.S. 179A, <https://www.revisor.leg.state.mn.us/statutes/?id=179A>

Data Practices Act – M.S. 13.37 – 13.43, <https://www.revisor.leg.state.mn.us/statutes/?id=13>

Mediation Services, Bureau of

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	2,026	2,266	2,101	2,821	2,519	2,519	3,066	3,066
2001 - Other Misc Special Revenue	20		4	40	31	31	31	31
Total	2,046	2,266	2,105	2,861	2,550	2,550	3,097	3,097
Biennial Change				653		134		1,228
Biennial % Change				15		3		25
Governor's Change from Base								1,094
Governor's % Change from Base								21

Expenditures by Program

Mediation Services	2,046	2,266	2,105	2,861	2,550	2,550	3,097	3,097
Total	2,046	2,266	2,105	2,861	2,550	2,550	3,097	3,097

Expenditures by Category

Compensation	1,436	1,528	1,459	1,680	1,728	1,770	2,241	2,283
Operating Expenses	391	400	417	951	592	550	626	584
Grants, Aids and Subsidies	217	251	228	228	228	228	228	228
Other Financial Transaction	2	87	2	2	2	2	2	2
Total	2,046	2,266	2,105	2,861	2,550	2,550	3,097	3,097

Full-Time Equivalents

12.61	12.15	12.25	13.00	13.00	13.00	18.70	18.70
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Mediation Services, Bureau of

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		183		306				
Direct Appropriation	2,208	2,622	2,417	2,525	2,529	2,529	3,076	3,076
Transfers Out	1	253	10	10	10	10	10	10
Cancellations	2	286						
Balance Forward Out	178		306					
Expenditures	2,026	2,266	2,101	2,821	2,519	2,519	3,066	3,066
Biennial Change in Expenditures				629		116		1,210
Biennial % Change in Expenditures				15		2		25
Governor's Change from Base								1,094
Governor's % Change from Base								22
Full-Time Equivalents	12.61	12.15	12.25	13.00	13.00	13.00	18.70	18.70

2001 - Other Misc Special Revenue

Balance Forward In	28	34	47	58	32	26	32	26
Receipts	25	13	15	14	25	25	25	25
Balance Forward Out	34	47	58	32	26	20	26	20
Expenditures	20		4	40	31	31	31	31
Biennial Change in Expenditures				24		18		18
Biennial % Change in Expenditures						40		40
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	2,525	2,525	2,525	5,050
Base Adjustments				
Pension Allocation		4	4	8
Forecast Base	2,525	2,529	2,529	5,058
Change Items				
Mediator Training Program		112	112	224
Public Employment Relations Board Operations		435	435	870
Total Governor's Recommendations	2,525	3,076	3,076	6,152
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	40	31	31	62
Forecast Base	40	31	31	62
Total Governor's Recommendations	40	31	31	62
Revenue Change Summary				
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	14	25	25	50
Total Governor's Recommendations	14	25	25	50

Mediation Services, Bureau of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Mediator Training Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	112	112	112	112
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	112	112	112	112
FTEs	1	1	1	1

Recommendation:

The Governor recommends \$112,000 in FY20 and \$112,000 in FY21 for the creation of an extensive and comprehensive mediator training program within the Bureau of Mediation Services (BMS). This program is meant to hire, train and educate one individual to the unique profession of mediation. In addition to salary costs, this proposal includes state travel, per diem, educational expenses, and supplies.

Rationale/Background:

For more than 78 years, the BMS has provided mediation services to employer and employee groups within the State of Minnesota. In 1971 these services were extended to public employers with the passage of the Public Employment Labor Relations Act, increasing the agency's caseload to over 1,500 cases per year. The success of the BMS is due in large part to the highly qualified and experienced mediation staff, who have served in the labor relations field for a number of years. The experience needed to become a successful mediator often makes hiring a diverse and well qualified staff challenging. Often applicants are educated in employee relations or human resources and have access to many other career options, or applicants are highly experienced making the hiring process very competitive. Additionally, as the BMS seeks experts in the mediation field, many do not look to public employment due in part to sub industry wages. Because of this the agency is seeking a program to hire and train individuals who are new to field of mediation.

By reinstituting the mediator training program, the Bureau can seek individuals coming out of school and train them in the unique aspects of labor management relations. This two year training program covers all the areas mediators are customarily presented; contract negotiations, interest based bargaining, negotiation impasse, arbitration, certifying issues, strikes, employee representation, certification and officer elections, unfair election charges, grievances, arbitration, independent review, determining appropriate units, unit clarifications, determining public employee status, identifying public employers, labor-management committee training, issue facilitation, and unfair labor practices.

Proposal:

The Governor recommends the creation of a mediator training program within the Bureau of Mediation Services. This program will train one new professional mediator, increasing the supply of quality and diverse mediators. This program will fund one mediator salary, travel costs, and education costs, as well as work materials including MN.IT services.

Equity and Inclusion:

The creation of a mediator training program allows the BMS to consider a larger pool of applicants when hiring and creates more opportunities for employment in the field of mediation for those who may not have previously had the qualifications or are underrepresented in the field. Upon completion of this program the trainee will have gained the skills and experience for a profession in mediation.

Results:

The BMS has a case load of over 1,500 cases per year. By increasing mediation staff, it is expected that the wait time for public employees and employers to access mediation services will be decreased.

Statutory Change(s):

N/A

Mediation Services, Bureau of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Public Employment Relations Board Operations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	435	435	435	435
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	435	435	435	435
FTEs	4.7	4.7	4.7	4.7

Recommendation:

The Governor recommends \$435,000 per year for operational funding for the Public Employment Relations Board (PERB). This recommendation increases the PERB's base of \$125,000 per year to \$560,000 per year in order to ensure the board is fully operational by the statutory effective date of July 1, 2020.

Rationale/Background:

Since the 1971 adoption of the Public Employment Labor Relations Act (PELRA), unfair labor practices (ULPs) have been adjudicated by Minnesota's District Courts. This process is slow and costly. In Session Laws of Minnesota 2014, Chapter 211, the Minnesota Legislature amended PELRA to create PERB, a citizen board appointed by the Governor to hear and resolve ULPs. Chapter 211 did not allocate funds directly to the PERB but instructed the Bureau of Mediation Services (BMS) to assist the Board and appropriated \$125,000 annually for this purpose. The Bureau is the fiscal agent with respect to PERB funding. Presently, the Board has been appointed but has not hired permanent staff. The appropriation sought here represents an estimate of the resources needed to carry out the operations of the PERB Board when it is fully functional.

According to Minnesota Statutes 179A.041 the Public Employment Relations board shall consist of three members and will have the powers assigned to the board under M.S. 179A.13 as it relates to resolving unfair labor practices. Under this law whenever it is charged that any party has engaged in an ULP, an investigator designated by the board shall conduct an investigation of the charge. The board must then issue a complaint and cause and give notice of a hearing.

The statute sets forth requirements that "Hearing officers must be licensed to practice law in the State of Minnesota and must conduct the hearings and issue recommended decisions and orders" and also sets forth the board shall appoint a general counsel. Therefore, this will require the hiring of additional staff or contracting for services. BMS mediation staff will continue to mediate ULP claims where they are already working with the parties in other disputes, investigate and decide unfair election practices. This recommendation includes a request for the hiring of up to four staff to perform the duties of the PERB. Any additional funding will be used to provide support of the office that cannot be absorbed by the BMS.

Proposal:

Additional funding is necessary for the Public Employee Relations Board to carry out their functions set in statute. Current statute sets the PERB effective date as July,1,2020. In order to conduct investigations and carry out hearings set forth in statute and to carry out the operations of such an office the Governor recommends adding \$435,000 per year to the PERB's base.

Equity and Inclusion:

This recommendation supports all claims of unfair labor practices filed by individual public employees, exclusive representatives or employers in the state and does not directly impact racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities or veterans.

IT Related Proposals:

None.

Results:

This is a new statutory function and performance measures will need to be adopted by the PERB.

Statutory Change(s):

N/A

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AT A GLANCE

- 2,901 New credentials issued
- 31,359 Active credentials
- 899 New complaints received
- 774 Complaints resolved
- 85 Disciplinary and Corrective actions against credentialed professionals
- 187 Credentialed professionals monitored under disciplinary or corrective actions
- The Board is comprised of 11 physicians and 5 public members appointed by the Governor
- 20 FTE Staff

FY 2017 data (transactions in one year)

PURPOSE

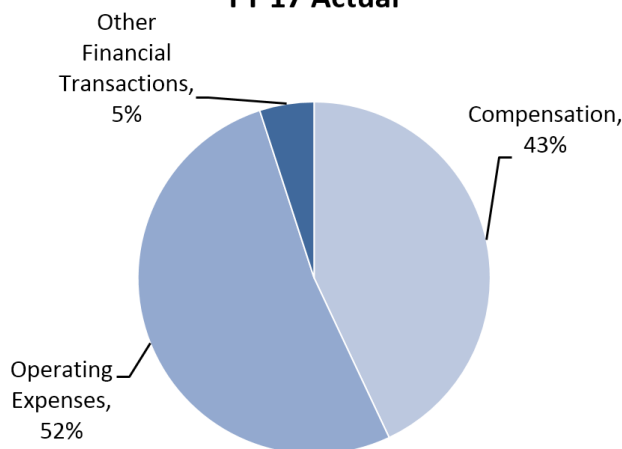
The Board of Medical Practice (Board) established on July 1, 1887, is mandated by M.S. 214 & M.S. 147.01 to protect the public from the improper and unlawful practice of medicine. The Board carries out its mission by granting qualified applicants the privilege to practice in Minnesota and by investigating complaints relating to the competency or behavior of credentialed individuals.

The Board contributes to the statewide outcomes of:

- **All Minnesotans have optimal health**
- **People in Minnesota are safe**
- **Efficient and accountable government services**

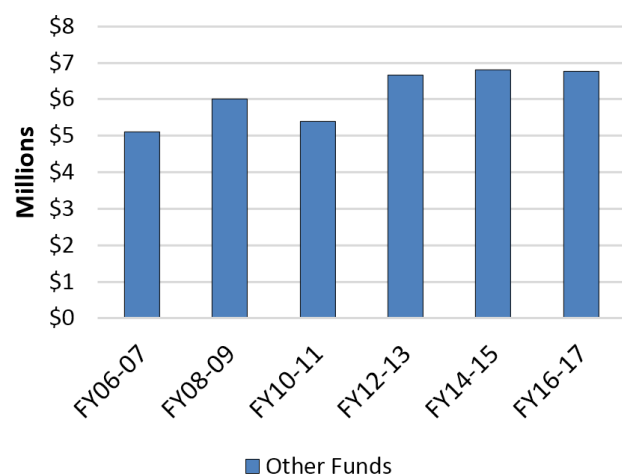
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs

associated with disciplinary/contested cases, and operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are: the Administrative Services Unit (interboard), Health Professionals Services Program (interboard), HIV, HBV and HCV Prevention Program (Department of Health), Prescription Monitoring Program (Pharmacy Board), Office of the Attorney General for legal services, Criminal Background Check Program (interboard), and the Voluntary Healthcare Provider Program (interboard).

STRATEGIES

- The Board regulates professional practice and enforces applicable laws and rules by issuing credentials, monitoring continuing professional education requirements, engaging in quality review and investigating complaints.
- The Board ensures minimum standards of care through education and corrective or disciplinary actions against impaired or incompetent practitioners.
- The Board provides information and education about licensing and registration requirements, as well as professional profile and enforcement actions to the public, the professions and other interested audiences.
- The Board provides administrative management of the Health Professionals Services Program, ensures that the program is operating in accordance with its statutory authority, sets the budget for the program, enters into contracts on behalf of the program and provides guidance on general operations of the program.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Active credentials	29,421	31,359	FY 16, 17
	New credentials issued	2,901	3,518	FY 16, 17
Quantity	Complaints received	804	899	FY 16, 17
Quality	Complaints resolved	730	774	FY 16, 17
	Number of complaints resolved (<180 days)	563	586	FY 16, 17
Results	Disciplinary actions	80	85	FY 16, 17
	Corrective actions	6	11	FY 16, 17

Minnesota Statutes chapters 147 (<https://www.revisor.mn.gov/statutes/?id=147>), 147A – F (<https://www.revisor.mn.gov/statutes/cite/147a>, <https://www.revisor.mn.gov/statutes/cite/147b>, <https://www.revisor.mn.gov/statutes/cite/147C>, <https://www.revisor.mn.gov/statutes/cite/147D>, <https://www.revisor.mn.gov/statutes/cite/147e>, <https://www.revisor.mn.gov/statutes/cite/147f>) and 148.7801 – 148.7815 (<https://www.revisor.mn.gov/statutes/cite/148.7801>) provide the Board of Medical Practice with legal authority to regulate medical practice and allied health professions for the purpose of public protection.

Minnesota Statutes chapter 214.32, Subd. 1(a) and (b) (<https://www.revisor.mn.gov/statutes/cite/214.32>) provides the Board of Medical Practice with the designated legal authority to provide administrative management of the Health Professionals Services Program for the purpose of public protection. The Health Professionals Services Program is legally authorized under Minnesota Statutes chapter 214.31 (<https://www.revisor.mn.gov/statutes/cite/214.31>)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	4,077	4,370	3,858	6,729	5,405	5,405	6,067	6,050
2000 - Restrict Misc Special Revenue			36	81	69	70	69	70
Total	4,077	4,370	3,893	6,810	5,474	5,475	6,136	6,120
Biennial Change				2,256		246		1,553
Biennial % Change				27		2		15
Governor's Change from Base								1,307
Governor's % Change from Base								12

Expenditures by Program

Medical Practice Board	4,077	4,370	3,893	6,810	5,474	5,475	6,136	6,120
Total	4,077	4,370	3,893	6,810	5,474	5,475	6,136	6,120

Expenditures by Category

Compensation	2,225	2,206	2,148	2,716	2,820	2,854	3,139	3,209
Operating Expenses	1,836	1,948	1,737	3,747	2,627	2,594	2,970	2,884
Other Financial Transaction	16	216	8	347	27	27	27	27
Total	4,077	4,370	3,893	6,810	5,474	5,475	6,136	6,120

Full-Time Equivalents

	26.28	25.78	24.85	29.48	30.48	30.48	32.48	32.48
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		790		1,416				
Direct Appropriation	4,797	4,862	5,232	5,296	5,351	5,351	6,013	5,996
Open Appropriation	45	43	41	17	54	54	54	54
Transfers In	23	62						
Transfers Out	14	394						
Cancellations		992						
Balance Forward Out	774		1,416					
Expenditures	4,077	4,370	3,858	6,729	5,405	5,405	6,067	6,050
Biennial Change in Expenditures				2,139		223		1,530
Biennial % Change in Expenditures				25		2		14
Governor's Change from Base								1,307
Governor's % Change from Base								12
Full-Time Equivalents	26.28	25.78	24.85	29.48	30.48	30.48	32.48	32.48

2000 - Restrict Misc Special Revenue

Balance Forward In				13				
Receipts			49	68	69	70	69	70
Balance Forward Out			13					
Expenditures			36	81	69	70	69	70
Biennial Change in Expenditures				117		22		22
Biennial % Change in Expenditures						19		19
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	5,296	5,296	5,296	10,592
Base Adjustments				
Current Law Base Change		48	48	96
Pension Allocation		7	7	14
Forecast Base	5,296	5,351	5,351	10,702
Change Items				
Operating Adjustment		134	134	268
HPSP Operating Adjustment		59	78	137
New Staffing		150	150	300
HPSP - Database Document Management Enhancement		50		50
Attorney General Increase		69	83	152
ALIMS (E-licensing) Database and Document Management System		200	200	400
Total Governor's Recommendations	5,296	6,013	5,996	12,009
Open				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	17	17	17	34
Base Adjustments				
Forecast Open Appropriation Adjustment		37	37	74
Forecast Base	17	54	54	108
Total Governor's Recommendations	17	54	54	108
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	81	69	70	139
Forecast Base	81	69	70	139
Total Governor's Recommendations	81	69	70	139
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	68	69	70	139
Total Governor's Recommendations	68	69	70	139
Non-Dedicated				
Fund: 1201 - Health Related Boards				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	6,267	6,329	6,391	12,720
Total Governor's Recommendations	6,267	6,329	6,391	12,720

Medical Practice, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue Fund				
Expenditures	134	134	134	134
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	134	134	134	134
FTEs				

Recommendation:

The Governor recommends additional funding of \$268,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Board of Medical Practice.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The Board currently employs 20 full time staff. The Board is entirely fee supported and receives no General Fund dollars to carry out all services. Fees must be collected to cover all direct and indirect expenditures and are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Minnesota Legislature makes appropriations from the fund to pay for expenses incurred by the Board.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board of Medical Practice, this funding will cover known employee compensation growth, staff development and conference traveling, rent, and other operating costs.

The Board has experienced staff turnover following retirements and internal promotions. The Board will seek opportunities for staff development and enhance capacity through participation in educational activities and networking opportunities both in-state and out-of-state, including but not limited to educational conferences, national meetings, regulatory work groups, and health-related events.

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Salary Increases (current staff increases)	\$54,000	\$54,000	\$54,000	\$54,000
In-State Travel Increases	\$25,000	\$25,000	\$25,000	\$25,000
Out-of-State Travel Increases	\$25,000	\$25,000	\$25,000	\$25,000
Staff Development	\$5,000	\$5,000	\$5,000	\$5,000
Equipment and Supplies	\$25,000	\$25,000	\$25,000	\$25,000
Total	\$134,000	\$134,000	\$134,000	\$134,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

Results:

The ability to adequately staff the Board will assure more efficient delivery of services to clients, assure that the Board's work and mission are carried out competently, and assure the capacity to recruit and retain a skilled and dedicated workforce.

The ability to train and develop Board staff will assure effective and efficient delivery of Board services to the public and other stakeholders, assure that the Board's work and mission are carried out competently, and assure the capacity to recruit and retain a skilled and dedicated workforce.

The ability to participate in educational and networking opportunities will optimize Board members' Board staff and Board representatives' performance.

The ability to maintain a fully-functioning office with optimal supplies and equipment will allow the Board to carry out its mission to protect the public.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Active credentials	29,421	31,359	FY 16 & FY 17
	New credentials issued	2,901	3,518	FY 16 & FY 17
	Complaints received	804	899	FY 16 & FY 17
Quality	Complaints resolved	730	774	FY 16 & FY 17
	Number of complaints resolved (,180 days)	563	586	FY 16 & FY 17
Results	Disciplinary actions	80	85	FY 16 & FY 17
	Corrective actions	6	11	FY 16 & FY 17

Statutory Change(s):

No statutory change is required.

Medical Practice, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Health Professionals Services Program Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue Fund				
Expenditures	59	78	78	78
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	59	78	78	78
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$137,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at The Board of Medical Practice for the Health Professionals Services Program (HPSP).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The Health Professional Service Program is a small program of the Minnesota health related licensing boards. HPSP is funded by the health related licensing boards (95.94%), the Emergency Medical Services Regulatory Board (3.75%) and the Department of Health (0.31%). The health related licensing boards' funding comes from licensing fees, which are placed in the State Government Special Revenue Fund (not a part of the General Fund).

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Health Professionals Services Program within the Board of Medical Practice, this funding will cover known employee compensation growth and IT database maintenance. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases. This initiative will be implemented when the funds are allocated.

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Salary Increases (current staffing)	\$49,000	\$68,000	\$68,000	\$68,000
MN.IT Services - Data Base Maintenance	\$10,000	\$10,000	\$10,000	\$10,000
Total	\$59,000	\$78,000	\$78,000	\$78,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

IT Related Proposals:

A portion of this proposal includes a request for database maintenance through MN.IT Services.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
MNIT FTEs						
Agency FTEs						

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of referrals	460	423	FY17-18
Quantity	Number of discharges	424	460	FY17-18
Quality	Number discharged, no illness to monitor	101	79	FY17-18
Results	Number of monitoring contracts signed	214	213	FY17-18

Statutory Change(s):

This proposal does not require statutory changes.

Medical Practice, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: New Staffing

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue Fund				
Expenditures	150	150	152	154
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	150	150	152	154
FTEs	2	2	2	2

Recommendation:

The Governor recommends funding for two staff positions at the Minnesota Board of Medical Practice.

Rationale/Background:

The Complaint Review Unit has experienced significant increases in the number of complaints received annually. The Board anticipates the need for additional staff to timely process complaints to assure public protection. Additionally, the Board has been legislatively authorized to regulate additional professions, join a medical licensure compact, and implement criminal background checks for new applicants. The Board currently regulates physicians and seven allied health professions. In the last ten years, the number of providers regulated by the Board has increased by 10,000. Efficiencies gained through enhanced technology no longer adequately address the increased work load.

The Board currently employs 20 full-time staff for all of its operations.

The Board is entirely fee supported and receives no General Fund dollars to provide all services. Fees must be collected to cover all direct and indirect expenditures and are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Minnesota Legislature makes appropriations from the fund to pay for expenses incurred by the Board. The Board collects sufficient revenue to cover all expense and this change item increase.

Proposal:

The Investigator will respond to inquiries from the public, licensees and stakeholders; will assure timely processing of complaints; will manage investigative processes; and will facilitate licensing actions necessary to protect the public. The Office and Administrative Specialist Intermediate will respond to inquiries from the public, licensees and stakeholders, will support the administrative operations of the Board, and will work with all staff to efficiently and accurately process the work of the Board.

Additional Staff:	FY2020	FY2021	FY2022	FY2023
Investigator Salary Increases (current staff increases)	\$77,000	\$78,000	\$79,000	\$80,000
Office & Administrative Specialist Intermediate	\$70,000	\$72,000	\$73,000	\$74,000
One-time purchase of equipment (for each new position)	\$3,000	\$0	\$0	\$0
Total	\$150,000	\$150,000	\$152,000	\$154,000

Equity and Inclusion:

The positive impact of this change will be for all people of the State of Minnesota, without discrimination.

Results:

Hiring new staff will enable the Board to meet the increased demands of the agency. The addition of these three positions will assure that:

- The increased volume of applications and complaints will be processed in a more timely and efficient manner.
- Applications and complaints will be processed by staff with the necessary expertise to analyze, summarize and present such information for consideration by the Boards' Committees, Advisory Councils and the Board.
- Greater responsiveness and efficiency in licensing and regulatory processes will reduce overall costs while providing a higher level of service.
- With appropriate staffing levels, overtime will be reduced and employee retention will improve.
- The Administrative Unit will gain the necessary support to carry out operational functions.
- Employee recruitment, training and retention will assure a strong and dedicated workforce to carry out the Board's mission of public protection.

Statutory Change(s):

No statutory change is required.

Medical Practice, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: HPSP Database Document Management Enhancement

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue Fund				
Expenditures	50	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a one-time appropriation to make enhancements to the Health Professionals Services Program's (HPSP) CMS database's reporting capabilities and document management at the Board of Medical Practice.

Rationale/Background:

HPSP is a program of the Minnesota Health Licensing Boards. Enhancements to the current database and document management system (DMS) are necessary to adequately capture intake and compliance data, improve effective and efficient processing of data, timely identify and respond to noncompliance with monitoring, and create queries and reports. Upgrading the database and DMS will directly and positively impact the program's effectiveness and efficiency, as well as positively impact stakeholder engagement with the program.

The HPSP is funded by the health related licensing boards (95.94%), the Emergency Medical Services Regulatory Board (3.75%) and the Department of Health (0.31%). The health related licensing boards' funding comes from licensing fees, which are nondedicated revenue to the State Government Special Revenue Fund (not part of the General Fund).

Proposal:

This is a new project that will improve the efficiency and effectiveness of HPSP's DMS by enhancing its ability to collect, enter, and analyze data in two primary ways:

- The case management intake template will be further developed to:
 - Increase the number of fields that may be queried for data management, reporting and quality assurance and improvement purposes
 - Enhance data input mechanisms to increase the accuracy and consistency of intake data, and streamline the data entry process
 - Remove barriers for inputting and saving data
- Enable creation of queries/reports/documents to:
 - Enable staff to effectively use the DMS for tracking and reporting purposes
 - Increase efficiency in monitoring and reporting processes
 - Enable staff to establish and modify data field formats for compiling and querying data on specific populations (i.e. nurses, physicians) or conditions;

- Add additional document management fields, as deemed necessary to carry out program processes

It will also improve data management operations. HPSP plans to start the project in fiscal year 2020 after funds are allocated and a contract is secured. A contract will start in fiscal year 2021 for ongoing database and DMS maintenance.

Equity and Inclusion:

This proposal will not affect a specific protected class. It will impact health care practitioners with potentially impairing illnesses that are licensed or regulated in Minnesota.

IT Related Proposals:

This funding proposal supports enhancements of IT infrastructure.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	\$50,000					
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$50,000					
MNIT FTEs						
Agency FTEs						

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of referrals	460	423	FY17 & FY18
Quantity	Number of discharges	424	460	FY17 & FY18
Quality	Number discharged, no illness to monitor	101	79	FY17 & FY18
Results	Number of monitoring contracts signed	214	213	FY17 & FY18

Statutory Change(s):

This proposal does not require statutory changes.

Medical Practice, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Attorney General Increases

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue Fund				
Expenditures	69	83	97	111
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	69	83	97	111
FTEs				

Recommendation:

The Governor recommends funding for a base budget increase to support anticipated increases in legal services provided by the Attorney General's Office for the Board of Medical Practice.

Rationale/Background:

The Attorney General's Office anticipates hourly rate increases for attorney and legal assistant services. The Board has seen an approximate 50% increase in the volume of complaints filed. The Attorney General's Office reviews all complaints filed with the Board, provides legal counsel to Board Committees and litigates cases on behalf of the Board. Costs for all legal services are expected to increase. Each category of services are based on service rate increases of \$2.00 per hour and an increased volume of complaints.

The Board is entirely fee supported and receives no General Fund dollars to carry out all services. Fees must be collected to cover all direct and indirect expenditures and are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Minnesota Legislature makes appropriations from the fund to pay for expenses incurred by the Board. The Board collects sufficient revenue to cover all expenses.

Proposal:

This proposal reflects increased rates and volume of service. This change will not require an increase in license fees for any of the Board's regulated professionals and will enhance the ability to carry out the Board's mandate of public protection.

Attorney General Increase:	FY2020	FY2021	FY2022	FY2023
Attorney fees	\$266,000	\$270,000	\$274,000	\$278,000
Legal assistant fees	\$425,000	\$435,000	\$445,000	\$455,000
Total	\$691,000	\$705,000	\$719,000	\$733,000
Less Current Base Budget	-\$622,000	-\$622,000	-\$622,000	-\$622,000
Total Increase	\$69,000	\$83,000	\$97,000	\$111,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of State of Minnesota without discrimination.

Results:

This will assure all necessary legal services will be in place.

Statutory Change(s):

No statutory change is required.

Medical Practice, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Automated Licensure Information Management System (ALIMS) Database and Document Management System

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue Fund				
Expenditures	200	200	100	40
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	200	200	100	40
FTEs				

Recommendation:

The Governor recommends funding to support completion of the upgrade and ongoing maintenance of the new Automated Licensure Information Management System (ALIMS) database and document management system for the Board of Medical Practice.

Rationale/Background:

The Board's legacy database is currently being upgraded to the new ALIMS platform which is being implemented across multiple health licensing boards. The base budget increase will cover vendor contract to complete and maintain database upgrades.

The Board is entirely fee supported and receives no General Fund dollars to carry out all services. Fees must be collected to cover all direct and indirect expenditures and are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Minnesota Legislature makes appropriations from the fund to pay for expenses incurred by the Board. The Board collects sufficient revenue to cover all expenses. The board collects sufficient revenue to cover all expense and this change item increase.

Proposal:

This change will not require an increase in license fees for any of the Board's regulated professionals and will enhance the ability to carry out the Board's mandate of public protection.

Centralized IT Increase:	FY2020	FY2021	FY2022	FY2023
Professional/Technical IT vendor contracts	\$200,000	\$200,000	\$100,000	\$40,000
Total	\$200,000	\$200,000	\$100,000	\$40,000

Equity and Inclusion:

The positive impact of this change will be for all people of the State of Minnesota, without discrimination.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	\$200,000	\$200,000	\$100,000	\$40,000	\$40,000	\$40,000
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$200,000	\$200,000	\$100,000	\$40,000	\$40,000	\$40,000
MNIT FTEs						
Agency FTEs						

Results:

Assure completion of the upgrade and maintenance of the new ALIMS database which will create efficiencies, implement enhanced technology and access to information and services, streamline processes and increase data security.

Statutory Change(s):

No statutory change is required.

Medical Practice, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Move Fees from Rule to Statute

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs				

Recommendation:

The Governor recommends making technical corrections to codify fee authority under the practice acts for each profession regulated by the Board of Medical Practice. This would be a technical correction to capture fees in the individual practice acts.

Rationale/Background:

In 2017, legislation was passed that moved current fees from rule to statute, as shown in the table below, and repealed Minn. Rules section 5600.2500, however not all fees were captured under the individual practice acts. This proposal will recapture current fees and codify them in the practice acts for professions it regulates, including Minn. Stat. 147, 147A, 147B, 147C, 147D, 147E, 147F, and 148.7801 – 148.7815.

Proposal:

This change will not require an increase in license fees for any of the Board's regulated professionals.

Current Fees – Move from MN Rule 5600.2500 to MN Statute.

Fee Name	Rule # / Statute	Current Fee Amount	Proposed Fee Amount
Physician Assistant Application Fee	MN Rule 5600.2500 G	\$120	\$120
Physician Assistant Annual Registration (prescribing)	MN Rule 5600.2500 H	\$135	\$135
Physician Assistant Annual Registration (no prescribing)	MN Rule 5600.2500 I	\$115	\$115
Physician Assistant Temporary Registration	MN Rule 5600.2500 J	\$115	\$115
Physician Assistant Temporary Permit	MN Rule 5600.2500 K	\$60	\$60
Physician Assistant Locum Tenens Permit	MN Rule 5600.2500 L	\$25	\$25
Physician Assistant Late Fee	MN Rule 5600.2500 M	\$50	\$50
Acupuncture Temporary Permit	MN Rule 5600.2500 N	\$60	\$60
Acupuncture Inactive Status Fee	MN Rule 5600.2500 O	\$50	\$50
Respiratory Care Annual Registration	MN Rule 5600.2500 P	\$90	\$90
Respiratory Care Application Fee	MN Rule 5600.2500 Q	\$100	\$100
Respiratory Care Late Fee	MN Rule 5600.2500 R	\$50	\$50

Fee Name	Rule # / Statute	Current Fee Amount	Proposed Fee Amount
Respiratory Care Inactive Status	MN Rule 5600.2500 S	\$50	\$50
Respiratory Care Temporary Permit	MN Rule 5600.2500 T	\$60	\$60
Respiratory Care Temporary Registration	MN Rule 5600.2500 U	\$90	\$90
Duplicate License or Registration Fee (all regulated professions)	MN Rule 5600.2500 V	\$20	\$20
Certification Letter (all regulated professions)	MN Rule 5600.2500 W	\$25	\$25
Education or Training Program Approval Fee	MN Rule 5600.2500 Y	\$100	\$100
Report Creation and Generation (all regulated professions)	MN Rule 5600.2500 Z	\$60	\$60
Examination Administrative Fee (1) Half Day (all regulated professions)	MN Rule 5600.2500 AA (1)	\$50	\$50
Examination Administrative Fee (2) Full Day (all regulated professions)	MN Rule 5600.2500 AA (2)	\$80	\$80

Equity and Inclusion:

The positive impact of this change will be for all professionals regulated by the Board, without discrimination.

Results:

The ability to capture all current fees for professions regulated by the Board in appropriate sections of statute.

Statutory Change(s):

Minnesota Rules 5600.2500 and Minnesota Statutes 147D.27.

- a. traditional midwifery annual registration, \$100;
- b. traditional midwifery application fee, \$100;
- c. traditional midwifery late fee, \$75;
- d. traditional midwifery inactive status, \$50;
- e. traditional midwifery temporary permit, \$75;
- f. traditional midwifery certification fee, \$25;
- g. duplicate license or registration fee, \$20;
- h. certification letter, \$25;
- i. education or training program approval fee, \$100;
- j. report creation and generation, \$60 per hour billed in quarter-hour increments with a quarter-hour minimum; and
- k. examination administrative fee:
 - (1) half day, \$50; and
 - (2) full day, \$80.

The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Statutory Change(s):

Minnesota Rules 5600.2500 and Minnesota Statutes 147E.27.

- a. naturopathic doctor certification fee, \$25;
- b. naturopathic doctor duplicate license fee, \$20;
- c. naturopathic doctor emeritus registration fee, \$50;

- d. naturopathic doctor certification fee, \$25;
- e. duplicate license or registration fee, \$20;
- f. education or training program approval fee, \$100;
- g. report creation and generation, \$60 per hour billed in quarter-hour increments with a quarter-hour minimum; and
- h. examination administrative fee:
 - (1) half day, \$50; and
 - (2) full day, \$80.

The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Statutory Change(s):

Minnesota Rules 5600.2500 and Minnesota Statutes 147F.17.

- a. genetic counselor certification fee, \$25;
- b. duplicate license fee, \$20;
- c. education or training program approval fee, \$100;
- d. report creation and generation, \$60 per hour billed in quarter-hour increments with a quarter-hour minimum; and
- e. examination administrative fee:
 - (1) half day, \$50; and
 - (2) full day, \$80.

The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Statutory Change(s):

Minnesota Rules 5600.2500 and Minnesota Statutes 148.7815

- a. athletic trainer certification fee, \$25;
- b. athletic trainer duplicate license fee, \$20;
- c. naturopathic doctor certification fee, \$25;
- d. duplicate license or registration fee, \$20;
- e. education or training program approval fee, \$100;
- f. report creation and generation, \$60 per hour billed in quarter-hour increments with a quarter-hour minimum; and
- g. examination administrative fee:
 - (1) half day, \$50; and
 - (2) full day, \$80.

The revenue generated from the fees must be deposited in an account in the state government special revenue fund.

Program: Board of Medical Practice

Activity: Board of Medical Practice

mn.gov/boards/medical-practice/

AT A GLANCE

BOARD OF MEDICAL PRACTICE

- 31,359 active credentials
- 2,901 New credentials issued
- 85 Actions against credentialed professionals (74 disciplinary actions and 11 corrective actions)
- 187 credentialed professionals currently subject to monitoring pursuant to an action (removal of resigned, cancelled, surrendered, revoked, and deceased individuals)
- The Board is comprised of 11 physicians and 5 public members appointed by the Governor
- 20 Full Time Employees (FTE) Board of Medical Practice; 8 FTE Health Professionals Services Program

FY 2017 data (transactions in one year)

PURPOSE & CONTEXT

The Board of Medical Practice (Board) established on July 1, 1887, is mandated by M.S. 214 & M.S. 147.01 to protect the public from the improper and unlawful practice of medicine. Laws and regulations provide authority to grant and govern the subsequent use of credentials to practice medicine and seven allied health professions; Acupuncturists, Athletic Trainers, Genetic Counselors, Naturopathic Doctors, Physician Assistants, Respiratory Therapists, and Traditional Midwives.

The Board also serves as the designated administering board for the Health Professionals Services Program, a confidential monitoring program that serves the health-related licensing boards pursuant to M.S. 214.31.

The Board carries out its mission of public protection by granting qualified applicants the privilege to practice in Minnesota and by investigating complaints relating to the competency or behavior of credentialed individuals.

SERVICES PROVIDED

The Board uses the licensure and registration fees of the professions it regulates to fund the operations and services provided by the Board. The Board also manages HPSP's funds for the operations and services provided under the program's authority utilizing the following strategies:

- The Board regulates professional practice and enforces applicable laws and rules by issuing credentials, monitoring continuing professional education requirements, and engaging in quality review and investigating complaints.
- The Board ensures minimum standards of care through education and corrective or disciplinary actions against impaired or incompetent practitioners.
- The Board provides information and education about licensing and registration requirements, as well as professional profile and enforcement actions to the public, the professions, and other interested audiences.
- The Board provides administrative management of the Health Professionals Services Program, ensures that the program is operating in accordance with its statutory authority, sets the budget for the program, enters into contracts on behalf of the program and provides guidance on general operations of the program.

Primary services for the Board include:

1. **Licensure:** The Board assures that applicants have met minimum licensure and registration standards established by the Board. These standards include primary source verification that the applicant has successfully completed accredited education and training, and has successfully passed a qualifying national examination. The Board also establishes that the applicant is competent to practice in the credentialed profession by reviewing the applicant's background and fitness to practice. As of January 1, 2018, all applicant's for initial licensure are required to complete a fingerprint based criminal background check, providing additional information for the Board to consider when making licensure decisions.
2. **Continued Competence:** The Board requires continuing education for all credentialed professionals under its regulatory authority. The Board conduct CE audits to assure compliance with educational requirements.
3. **Complaint Investigation and Resolution:** The Board investigates and resolves all jurisdictional complaints against health care professionals under its regulatory authority. Deviations from minimum practice standards are identified and conduct that places patients at risk is addressed through appropriate disciplinary, corrective and educational remedies. Appropriate and timely resolution of complaints assures public protection.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Active credentials	29,421	31,259	FY 16, 17
Quantity	New complaints Complaints received	2,901 804	3,518 899	FY 16, 17 FY 16, 17
Quality	Complaints resolved Complaints resolved within 180 days Percent of online renewals	730 563 98.8	774 586 98.6	FY 16, 17 FY 16, 17 FY 16, 17
Results	Disciplinary actions Corrective actions	80 6	85 11s	FY 16, 17 FY 16, 17

Minnesota Statutes chapters 147 (<https://www.revisor.mn.gov/statutes/?id=147>), 147A – F (<https://www.revisor.mn.gov/statutes/cite/147a>, <https://www.revisor.mn.gov/statutes/cite/147b>, <https://www.revisor.mn.gov/statutes/cite/147C>, <https://www.revisor.mn.gov/statutes/cite/147D>, <https://www.revisor.mn.gov/statutes/cite/147e>, <https://www.revisor.mn.gov/statutes/cite/147f>) and 148.7801 – 148.7815 (<https://www.revisor.mn.gov/statutes/cite/148.7801>) provide the Board of Medical Practice with legal authority to regulate medical practice and allied health professions for the purpose of public protection.

Minnesota Statutes chapter 214.32, Subd. 1(a) and (b) (<https://www.revisor.mn.gov/statutes/cite/214.32>) provides the Board of Medical Practice with the designated legal authority to provide administrative management of the Health Professionals Services Program for the purpose of public protection.

Medical Practice Operations

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	3,257	3,501	3,088	5,573	4,467	4,467	5,020	5,034
2000 - Restrict Misc Special Revenue			36	81	69	70	69	70
Total	3,257	3,501	3,124	5,654	4,536	4,537	5,089	5,104
Biennial Change				2,020		295		1,415
Biennial % Change				30		3		16
Governor's Change from Base								1,120
Governor's % Change from Base								12

Expenditures by Category

Compensation	1,499	1,504	1,489	1,931	2,025	2,060	2,295	2,347
Operating Expenses	1,742	1,821	1,629	3,402	2,490	2,456	2,773	2,736
Other Financial Transaction	16	177	6	321	21	21	21	21
Total	3,257	3,501	3,124	5,654	4,536	4,537	5,089	5,104

Full-Time Equivalents

18.56	18.36	18.02	21.00	21.00	21.00	23.00	23.00
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Medical Practice Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		750		1,224				
Direct Appropriation	3,933	3,984	4,277	4,332	4,427	4,427	4,980	4,994
Open Appropriation	36	34	35	17	40	40	40	40
Transfers In	23	53						
Transfers Out		380						
Cancellations		941						
Balance Forward Out	735		1,224					
Expenditures	3,257	3,501	3,088	5,573	4,467	4,467	5,020	5,034
Biennial Change in Expenditures				1,903		273		1,393
Biennial % Change in Expenditures				28		3		16
Governor's Change from Base								1,120
Governor's % Change from Base								13
Full-Time Equivalents	18.56	18.36	18.02	21.00	21.00	21.00	23.00	23.00

2000 - Restrict Misc Special Revenue

Balance Forward In				13				
Receipts			49	68	69	70	69	70
Balance Forward Out			13					
Expenditures			36	81	69	70	69	70
Biennial Change in Expenditures				117		22		22
Biennial % Change in Expenditures						19		19
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Board of Medical Practice

Activity: Health Professionals Services Program

mn.gov/boards/hpsp/

AT A GLANCE

- Serves the 16 health regulatory boards, the Emergency Services Regulatory Board, the Department of Health, and the practitioners they regulate
- Over 400 health practitioners referred annually
- Over 400 health practitioners discharged annually
- An average of 550 health practitioners are active in HPSP at any given time

NOTE: HPSP is a program providing services on behalf of the State agencies that regulate healthcare professionals. HPSP's structure requires that its budget and oversight be assigned to one of the Health Regulatory Boards. In FY2015, the Board of Physical Therapy acted as the administering board for HPSP and remained the fiscal agent through FY2016-2017. The Board of Medical Practice became the administering board for HPSP in FY2017 and the fiscal agent for HPSP beginning FY2018 and moving forward.

PURPOSE & CONTEXT

People in Minnesota Are Safe

The Health Professionals Services Program's (HPSP) mission is to protect the public by monitoring regulated health professionals whose illnesses may impair their ability to practice safely. HPSP achieves its mission by promoting early intervention, diagnosis, and treatment as an alternative to board discipline. Early intervention improves the chances for successful treatment before clinical skills are compromised and patients may be harmed.

Efficient and Accountable Government Services

HPSP provides services to all of the health related licensing boards in Minnesota. This enables all boards to access the same service while eliminating the need for duplicative services. It also enables health practitioners, their employers, and treatment providers easy access to program services and expertise.

SERVICES PROVIDED

Health practitioners self-refer or are referred to HPSP for the monitoring of their substance, psychiatric, and/or other medical disorders which may impair their ability to practice safely. HPSP protects the public by immediately intervening with health practitioners who are unsafe to practice, which directly contributes to the statewide outcome that **people in Minnesota are safe**. Additionally, HPSP's enabling legislation allows some practitioners to report to HPSP without board involvement, allowing them to benefit from HPSP monitoring outside of board disciplinary processes.

To accomplish its mission, HPSP provides the following services to regulated health practitioners in Minnesota:

- Determine whether health practitioners have potentially impairing illnesses that warrant monitoring and implement immediate practice restrictions if appropriate (HPSP interventions start even before monitoring contracts are signed)
- Create and implement monitoring contracts for health practitioners with potentially impairing illnesses

- Monitor health practitioners' professional practice, continuing care, and compliance with monitoring contracts
- Report practitioners who are unsafe to practice or who violate the conditions of their monitoring contracts to their regulatory board
- Provide outreach and education to professional schools, health care employers, treatment programs, and other stakeholders about HPSP services

RESULTS

HPSP protects the public by implementing monitoring contracts that require accountability and provide structure for practitioners to manage their illnesses, while also monitoring their work performance. HPSP protects the public by identifying and addressing non-compliance with treatment and monitoring or performance issues. This includes reporting or discharging practitioners to their regulatory boards where they may face disciplinary action. The measurements below do not show factors that contribute to practitioner non-compliance with monitoring (i.e. financial resources, insurance, stable support system).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of practitioners referred	501	423	FY14 & FY18
Quantity	Number of practitioners discharged to their board due to non-compliance with monitoring.	321	255	FY14 & FY18
Quality	Percent of monitoring contracts signed within 60 days	90%	93%	FY14 & FY18

M.S. 214.31 to M.S. 214.37 (<https://www.revisor.mn.gov/statutes/?id=214.31>) provides the legal authority for HPSP.

Health Professionals Services Program

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1201 - Health Related Boards	820	869	769	1,156	938	938	1,047	1,016
Total	820	869	769	1,156	938	938	1,047	1,016
Biennial Change				236		(49)		138
Biennial % Change				14		(3)		7
Governor's Change from Base								187
Governor's % Change from Base								10

Expenditures by Category

Compensation	725	702	659	785	795	794	844	862
Operating Expenses	95	128	108	345	137	138	197	148
Other Financial Transaction	1	39	2	26	6	6	6	6
Total	820	869	769	1,156	938	938	1,047	1,016

Full-Time Equivalents

7.72	7.42	6.83	8.48	9.48	9.48	9.48	9.48
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Health Professionals Services Program

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		39		192				
Direct Appropriation	864	878	955	964	924	924	1,033	1,002
Open Appropriation	9	9	6		14	14	14	14
Transfers In		8						
Transfers Out	14	14						
Cancellations		51						
Balance Forward Out	39		192					
Expenditures	820	869	769	1,156	938	938	1,047	1,016
Biennial Change in Expenditures				236		(49)		138
Biennial % Change in Expenditures				14		(3)		7
Governor's Change from Base								187
Governor's % Change from Base								10
Full-Time Equivalents	7.72	7.42	6.83	8.48	9.48	9.48	9.48	9.48

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AT A GLANCE

- 3.1 million residents in the seven-county area in 2017 (55 percent of total state population)
- 888,000 more people from 2010 to 2040 (31% increase) per Council forecasts
- 419,000 more households from 2010 to 2040 (38% increase) per Council forecasts
- 495,000 more jobs from 2010 to 2040 (32% increase) per Council forecasts
- 95.4 million transit rides in 2017
- 2.3 million rides on Metro Mobility in 2017
- 250 million gallons of wastewater treated daily
- 109 communities provided with wastewater treatment in 2017
- Eight treatment plants and 600 miles of regional sewers
- 58 million regional park visits in 2017
- 63 regional parks and park reserves totaling 55,000 acres in the seven-county metropolitan area
- 51 regional trails totaling 389 miles in the seven-county metropolitan area
- 7,200 low-income households provided affordable housing by the Council's Metro HRA in 2017

PURPOSE

The Metropolitan Council is the regional policy-making body, planning agency, and provider of essential services for the Twin Cities metropolitan region. The Council's mission is to foster efficient and economic growth for a prosperous region in partnership with more than 180 communities and seven counties.

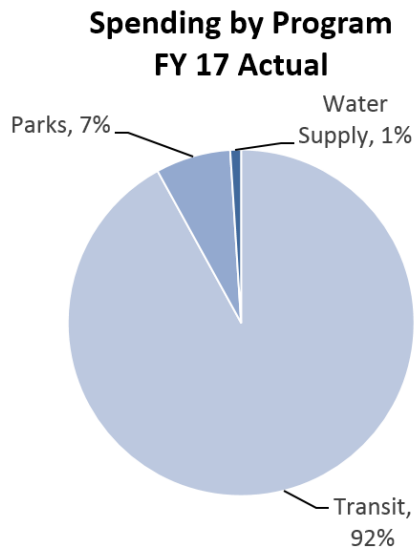
We provide cost-effective transit and wastewater services, assist households with low and moderate incomes to find affordable housing, and support communities as they plan for anticipated growth.

As our region grows and its demographics change, the Council is working in partnership with communities to ensure we are prepared to support the continued growth of our region. As the economic engine of the state, the metro region's health and vitality has a statewide impact. Through our planning activities and the provision of regional services, we contribute to the following statewide outcomes:

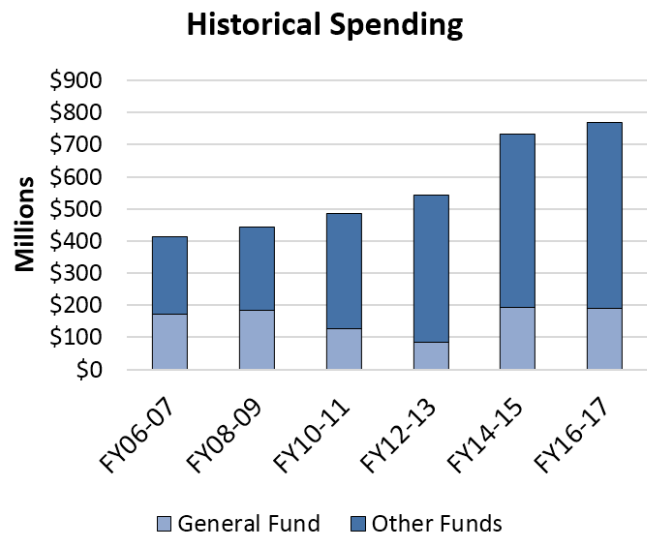
- A thriving economy that encourages business growth and employment opportunities
- A clean, healthy environment with sustainable uses of natural resources
- Sustainable options to safely move people, goods, services, and information
- A livable and attractive place for people of all races, ethnicities, incomes, and abilities to call home and be prosperous

The charts on the next page show appropriations to the Metropolitan Council recorded in SWIFT. The Council's unified operating budget for calendar year 2018 is \$1.1 billion. State appropriations for transit and parks operations and water supply planning provided approximately 38 percent of agency funding in CY18. The majority of our operating funding comes from charges for services (wastewater fees and passenger fares), federal funds, property taxes and local funds.

BUDGET



Source: BPAS



Source: Consolidated Fund Statement

STRATEGIES

Our governing body – the 17-member Metropolitan Council – plays a key convening role, bringing together communities to develop policies and a shared vision for the region. To achieve our mission, we carry out planning initiatives and provide essential services to the region.

Planning Initiatives

- Our regional plan, Thrive MSP 2040, is the overarching policy and planning document that defines the regional vision, guides the development of the region through its land use policy, and defines the high level approach outlined in each related policy plans. Development of the document included several years of engagement with residents, local governments, and other partners to create a framework for a shared vision for a prosperous, equitable, and livable region.
- Regional planning initiatives include transportation, parks, water resources, community planning, and housing.

Transportation

- We continue to look for adequate financial resources to support the transit system. As the demand for service grows and service costs increase, revenue is not keeping up. We anticipate that transit demand will increase 80 percent by 2040. At the same time, forecasted growth in motor vehicle sales tax revenues, a major source of transit funding, has flattened and is volatile.
- Our Metro Transit bus and rail systems provide more than 80 million rides every year, getting people to work, school, and services. This contributes to managing road congestion by taking single-occupancy vehicles off metropolitan highways so businesses can move their goods efficiently.
- Our Metro Mobility and Transit Link services transport people unable to use regular-route transit service.
- Our transportation planners play a key role in collaborating with local communities to create our vision for roads, airports, and transit to ensure effective and cost-efficient investments.

Parks

- We partner with 10 parks implementing agencies to plan, acquire land, and develop facilities for regional parks and trails. Our goal is to preserve natural resources and provide recreational opportunities throughout the region.

Clean water and wastewater treatment

- We foster a safe and healthy environment through our award-winning and cost-effective wastewater treatment services, water supply planning, and water quality monitoring initiatives.

Planning and development

- Our Livable Communities grants help fund affordable housing; clean polluted land for redevelopment; and create new models for livable, walkable, connected neighborhoods and transit-oriented developments, stimulating and leveraging private investment and increasing communities' tax base.
- We coordinate local communities' comprehensive plans, providing technical assistance and resources, to ensure coordinated, orderly, and efficient development in the region.

Housing

- Our Housing Policy Plan identifies regional housing needs and priorities, connects housing to other Council system plans, and provides guidance for local housing planning.
- Our Metro HRA provides rent assistance for more than 7,200 low-income residents in nearly 100 communities.

Minnesota Statutes, Chapter 473 (<https://www.revisor.mn.gov/statutes/?id=473>) provides the legal authority for Metropolitan Council.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
<u>Expenditures by Fund</u>								
1000 - General	3,070	3,070	2,540	2,540	2,540	2,540	2,540	2,540
2050 - Environment & Natural Resources	917	382	31	2,212				
2108 - Metro Pks & Trls Lott In Lieu	5,670	5,670	6,000	6,000	6,000	6,000	6,000	6,000
2302 - Clean Water	1,225	1,225	950	950			1,500	1,500
2303 - Parks and Trails	17,237	18,067	16,584	18,891			19,750	20,230
Total	28,119	28,414	26,105	30,593	8,540	8,540	29,790	30,270
Biennial Change				165		(39,618)		3,362
Biennial % Change				0		(70)		6
Governor's Change from Base								42,980
Governor's % Change from Base								252

Expenditures by Program

Parks	28,119	28,414	26,105	30,593	8,540	8,540	29,790	30,270
Total	28,119	28,414	26,105	30,593	8,540	8,540	29,790	30,270

Expenditures by Category

Grants, Aids and Subsidies	28,119	28,414	26,105	30,593	8,540	8,540	29,790	30,270
Total	28,119	28,414	26,105	30,593	8,540	8,540	29,790	30,270

Metropolitan Council - Environment

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	3,070	3,070	2,540	2,540	2,540	2,540	2,540	2,540
Transfers In	200	200						
Transfers Out	200	200						
Expenditures	3,070	3,070	2,540	2,540	2,540	2,540	2,540	2,540
Biennial Change in Expenditures				(1,060)		0		0
Biennial % Change in Expenditures				(17)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2050 - Environment & Natural Resources

Balance Forward In	125	1,125	743	2,212				
Direct Appropriation	1,000		1,500					
Balance Forward Out	208	743	2,212					
Expenditures	917	382	31	2,212				
Biennial Change in Expenditures				944		(2,243)		(2,243)
Biennial % Change in Expenditures				73		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2108 - Metro Pks & Trls Lott In Lieu

Direct Appropriation	5,670	5,670	6,000	6,000	6,000	6,000	6,000	6,000
Expenditures	5,670	5,670	6,000	6,000	6,000	6,000	6,000	6,000
Biennial Change in Expenditures				660		0		0
Biennial % Change in Expenditures				6		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2302 - Clean Water

Direct Appropriation	1,225	1,225	950	950	0	0	1,500	1,500
Transfers In	250							
Transfers Out	250							
Expenditures	1,225	1,225	950	950			1,500	1,500
Biennial Change in Expenditures				(550)		(1,900)		1,100

Metropolitan Council - Environment

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				(22)		(100)		58
Governor's Change from Base								3,000
Governor's % Change from Base								

2303 - Parks and Trails

Direct Appropriation	17,237	18,067	16,584	18,891	0	0	19,750	20,230
Expenditures	17,237	18,067	16,584	18,891			19,750	20,230
Biennial Change in Expenditures				171		(35,475)		4,505
Biennial % Change in Expenditures				0		(100)		13
Governor's Change from Base								39,980
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	2,540	2,540	2,540	5,080
Forecast Base	2,540	2,540	2,540	5,080
Total Governor's Recommendations	2,540	2,540	2,540	5,080
Fund: 2108 - Metro Pks & Trls Lott In Lieu				
FY2019 Appropriations	6,000	6,000	6,000	12,000
Forecast Base	6,000	6,000	6,000	12,000
Total Governor's Recommendations	6,000	6,000	6,000	12,000
Fund: 2302 - Clean Water				
FY2019 Appropriations	950	950	950	1,900
Base Adjustments				
One-Time Legacy Fund Appropriations		(950)	(950)	(1,900)
Forecast Base	950	0	0	0
Change Items				
Water Demand Reduction Grants		500	500	1,000
Water Supply Sustainability Support		1,000	1,000	2,000
Total Governor's Recommendations	950	1,500	1,500	3,000
Fund: 2303 - Parks and Trails				
FY2019 Appropriations	18,891	18,891	18,891	37,782
Base Adjustments				
One-Time Legacy Fund Appropriations		(18,891)	(18,891)	(37,782)
Forecast Base	18,891	0	0	0
Change Items				
Parks and Trails Legacy Appropriation		19,750	20,230	39,980
Total Governor's Recommendations	18,891	19,750	20,230	39,980
Revenue Change Summary				
Non-Dedicated				
Fund: 2108 - Metro Pks & Trls Lott In Lieu				
Forecast Revenues	6,642	6,391	6,462	12,853
Total Governor's Recommendations	6,642	6,391	6,462	12,853

Metropolitan Council

FY 2020-21 Biennial Budget Change Item

Change Item Title: Parks and Trails Legacy Appropriation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Parks and Trails Fund				
Expenditures	19,750	20,230	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	19,750	20,230	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends 40 percent of the Parks and Trails Legacy Fund each year be appropriated to the Metropolitan Council to finance grants to ten regional park implementing agencies to advance goals from the 25-year Parks and Trails Legacy Plan. The focus of the work includes:

- Connecting people to the outdoors through environmental education, recreation programming, volunteer coordination, and outreach efforts to inform the public about outdoor recreation opportunities.
- Acquiring land for regional parks and trails.
- Creating opportunities by constructing new park and trail facilities.
- Taking care of resources by replacing worn-out facilities and restoring degraded natural resources areas.
- Coordinating with partners through shared planning and research work.

Rationale/Background:

The Clean Water, Land and Legacy Amendment created the Parks and Trails Fund to supplement traditional funding sources in support of park and trails of regional and statewide significance. Based on the current state revenue forecast, the Metropolitan Council's share of the funding would be \$19.75 million in FY20 and \$20.23 million in FY21. The Metropolitan Council disburses the appropriations to ten regional park implementing agencies under an allocation formula in Minnesota Statute 85.53, Subdivision 3.

Table 1: Fiscal Years 2020-21 Parks and Trails Legacy Fund Grant Allocations (\$000s)			
Metro Regional Parks Implementing Agency	FY 2020	FY 2021	FY 2020-21 Total
Anoka County Parks	\$1,617	\$1,656	\$3,273
City of Bloomington Parks	\$328	\$336	\$664
Carver County Parks	\$386	\$395	\$781
Dakota County Parks	\$1,385	\$1,418	\$2,803
Minneapolis Park and Recreation Board	\$4,189	\$4,291	\$8,480
Ramsey County Parks	\$1,458	\$1,493	\$2,951
City of St Paul Parks	\$2,591	\$2,654	\$5,246
Scott County Parks	\$453	\$464	\$917
Three Rivers Park District / Scott County	\$209	\$214	\$424
Three Rivers Park District	\$4,238	\$4,342	\$8,580
Washington County Parks	\$920	\$942	\$1,862
Park Agency Allocation Total	\$17,775	\$18,207	\$35,982
10 % for Park Acquisition Opportunity Grants	\$1,975	\$2,023	\$3,998
Total	\$19,750	\$20,230	\$39,980

Proposal:

The Metropolitan Council serves as the fiscal agent for this funding sources and does not receive any of the funds. Grants are made to the ten regional park implementing agencies and will continue to advance the four strategic directions associated with the 25-year Parks and Trails Legacy Plan. The four strategic directions are:

- **Connect People to the Outdoors.** This work helps park agencies attract new park users and retain existing ones. Through recreational programs, environmental education programs, increased use of volunteers, and enhanced access and information about parks and the natural environment, people are connected to regional parks and trails.
- **Acquire Land, Create Opportunities.** Ten percent of the appropriation will be spent to acquire land for regional parks and trails as required by Minnesota Statute 85.53, Subdivision 3. Additionally, this appropriation will be spent to develop new recreation facilities and trails and redevelop aging facilities and infrastructure.
- **Take Care of What We Have.** Significant public investments have been made to establish and develop the Metropolitan Regional Parks System. These funds will go to reinvest in the system to ensure that there are safe, high-quality experiences for current and future users, including restoration of high-quality natural resources.
- **Coordinate with Partners.** The Metropolitan Council helps coordinate work across park agencies, including shared planning and research services.

Equity and Inclusion:

This change item will benefit residents across the Twin Cities metropolitan region by improving recreational options through strengthening the metropolitan regional parks and trails system. The metropolitan region is growing and changing; by 2040, approximately 39 percent of residents will be people of color/indigenous peoples. However, our region has among the largest racial/ethnic disparities among peer metro areas. Recognizing that our region cannot compete economically if we are leaving a growing share of our population behind, the Metropolitan Council incorporated an “equity” outcome into Thrive MSP 2040, the comprehensive development guide required by state statute. The Thrive MSP 2040 equity outcome commits the Metropolitan Council to creating real choices in where we live, how we travel, and where we recreate for all residents across race, ethnicity, economic means, and ability. This outcome also commits the Metropolitan Council to fully engaging communities in decision-making in accordance with the Metropolitan Council’s Public Engagement Plan when setting regional parks policy.

IT Related Proposals:

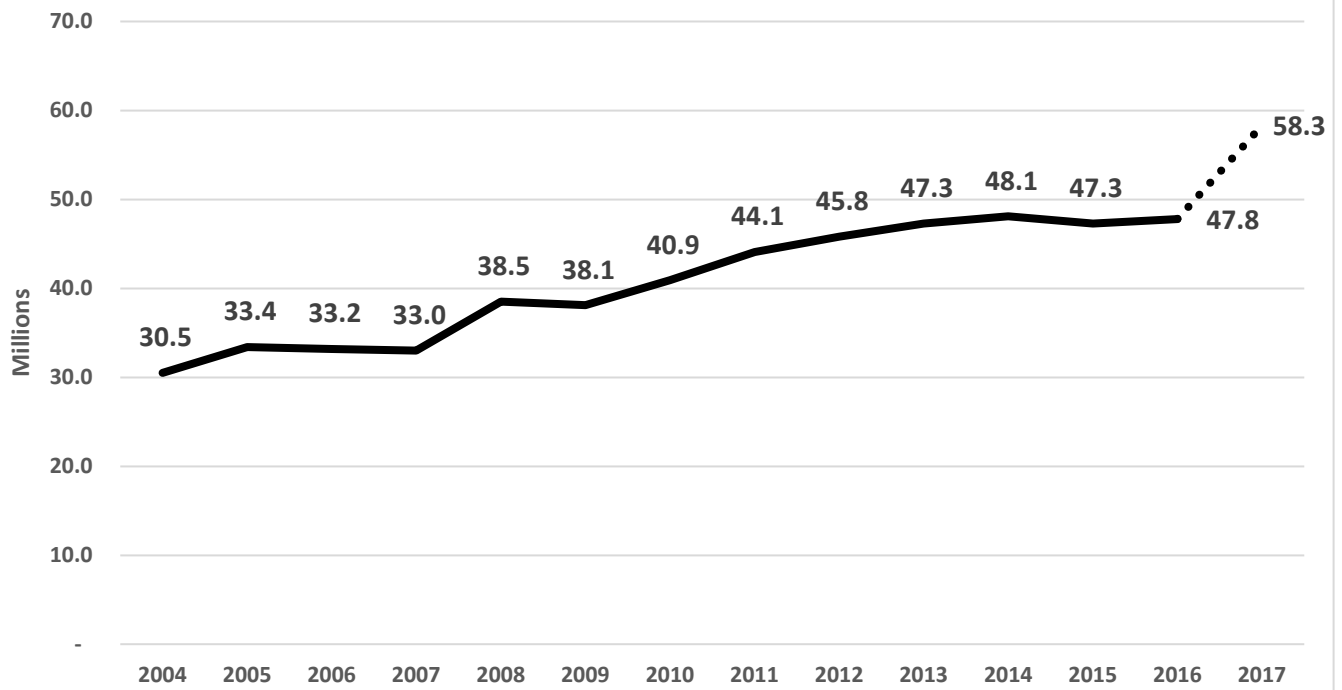
Not applicable

Results:

From 2014 to 2016, annual visits to regional parks and trails increased 49 percent, or 4 percent annually. The 2017 annual use estimate was 58.3 million visits, an increase of 22 percent from the 2016 estimate. The increase is due in part to new, more accurate attendance estimates that demonstrate that more visits are happening in off-peak times of the year (winter) than previously thought.

Park surveys done in 2016 showed that respondents have very positive impressions of regional parks and trails facilities in terms of the quality of facilities, services and recreational opportunities. Ninety five percent of respondents rated the quality of facilities, services and recreational opportunities very good (64 percent) or good (31 percent). Less than one percent rated quality as poor or very poor. There are no longitudinal surveys on regional park quality or visitor satisfaction.

Regional Parks and Trails Annual Visits: 2004-2017



Statutory Change(s):

None

Metropolitan Council

FY 2020-21 Biennial Budget Change Item

Change Item Title: Water Demand Reduction Grant Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	500	500	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$1.0 million in the FY20-21 biennium be appropriated from the Clean Water Fund to the Metropolitan Council's Water Demand Reduction Grant Program for grants to local governments.

Rationale/Background:

- Although the seven-county region is relatively water-rich, the region's steady population growth, increased groundwater pumping, changing land use, and variable weather and climate is challenging some communities' ability to meet current and future demand. Our rising dependence on groundwater for drinking water, particularly since 1980, has become a significant issue. In parts of the region, groundwater levels are declining.
- One important factor to improve water supply management practices is to reduce water use in communities through implementation of demand reduction measures. There is a need to provide financial assistance to incentivize communities to implement water demand reduction measures to reduce reliance on groundwater which will help prevent groundwater degradation in locations around the region.
- State regulators require water suppliers to reduce water use and increase water conservation and efficiency. Funding for this requirement has not been provided through other means. This grant program uses matching funds from local water suppliers to incentivize reduced use of our water resources.

Proposal:

Met Council will continue passing through this funding as grants to encourage implementation of water demand reduction measures by municipalities in metro area. Some of these measures include but are not limited to:

- Municipal, commercial and residential water use audits
- Replacing inefficient appliances and fixtures
- Summer peak use reduction, mainly targeting irrigation water use

The Council will collaborate with local units of government, state agencies and other stakeholder groups to collaboratively use this fund to address local, and regional water use issues.

Equity and Inclusion:

The program goal is to ensure that all residents of the Metropolitan Area have access to reliable, clean and affordable water supply now and in the future. Since the program's inception in FY16, Clean Water Fund has been the only source of funding for this program to Grants to LGUs to reduce water use. Metropolitan Council's Master

Water Supply Plan (2015) identified goals and strategies to ensure drinking water supply sustainability for 2040 in the metro area, one of these goals is to reduce residential water use from 95 gallons per person per day to 75 gallons per person per day. To achieve these goals, water demand reduction grants supported by this program are essential to ensure the reliability and protection of drinking water supplies.

IT Related Proposals:

Not applicable.

Results:

- The activity outcomes implemented measures to reduce water use by communities resulting in reducing reliance on groundwater, reducing impacts on aquifers, groundwater quality and surface water features.
- A total of 19 metropolitan communities are participating in the current Water Demand Reduction Grant Program. The first and second quarters of 2016 have resulted in the following activities:

	Clothes Washers	Toilets	Irrigation Controllers	Annual Gallons Saved	Total Rebate (includes municipal contribution)
Q1	230	218	7	3,980,608	\$34,502.77
Q2	162	200	91	5,022,643	\$45,125.79
Sum	392	418	98	9,003,251	\$79,628.56

Statutory Change(s):

None.

Metropolitan Council

FY 2020-21 Biennial Budget Change Item

Change Item Title: Water Supply Sustainability Support

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,000	1,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$2.0 million of state funding from the Clean Water Fund be appropriated to the Metropolitan Council's Water Supply Sustainability Program. \$1.9 million was appropriated to the Council in the prior biennium so this request would be a 5 percent change from the last biennium.

Rationale/Background:

- The Twin Cities metropolitan area is home to three million people, more than half of Minnesota's population. 74 percent of the region's population relies on groundwater resources for their source of water supply. Securing their safe and plentiful drinking water, while protecting the region's diverse water resources, requires coordinated and ongoing effort.
- Although the seven-county region is relatively water-rich, the region's steady population growth, increased groundwater pumping, changing land use, and variable weather and climate is challenging some communities' ability to meet current and future demand.
- Our rising dependence on groundwater for drinking water, particularly since 1980, has become a significant issue. In parts of the region, groundwater levels are declining.

Proposal:

- The Council will continue to support communities implementing projects that address emerging drinking water supply threats, provide cost-effective regional solutions, leverage inter-jurisdictional coordination, support local implementation of wellhead protection plans, and prevent degradation of groundwater resources.
- These activities will provide communities with:
 - Potential solutions to balance regional water use through utilization of surface water, storm water, wastewater, and groundwater
 - Analysis of infrastructure requirements for different alternatives
 - Development of planning level cost estimates, including capital cost and operation cost
 - Identify funding mechanisms and equitable cost-sharing structure for regionally-beneficial water supply development projects

Through established and proposed workgroups, the Council will collaborate with local units of government, state agencies, and other stakeholders' groups to collaboratively address local and regional water supply issues.

Equity and Inclusion:

The program goal is to ensure that all residents of the metropolitan area have access to reliable, clean, and affordable water supply now and in the future. Since the program's inception in FY10, the Clean Water Fund has

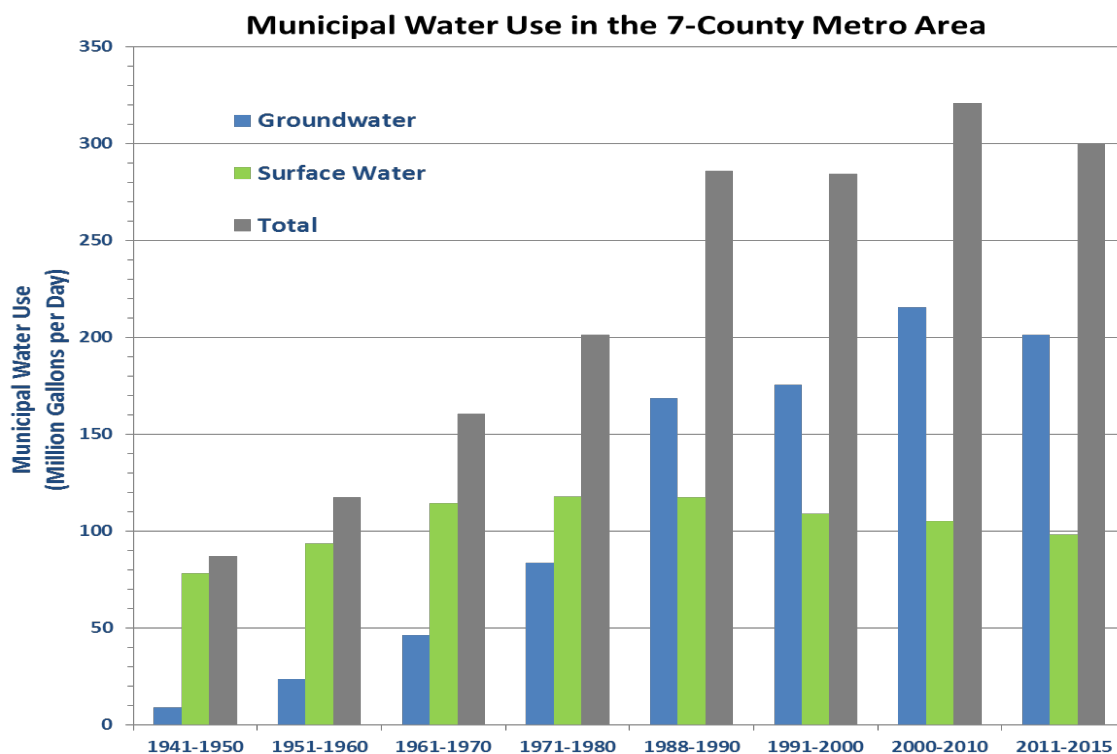
been the only source of funding for this program to support studies, tools, and projects. Metropolitan Council's Master Water Supply Plan (2015) identified goals and strategies to ensure drinking water supply sustainability for 2040 in the metro area. To achieve these goals water supply sustainability studies, tools, and projects supported by this program are essential to ensure the reliability and protection of water supplies.

IT Related Proposals:

Not applicable.

Results:

- This proposal will support efforts to ensure supplies of drinking water are adequate for the region's current and projected population; avoid competition and conflict over water supply; and foster regional collaboration to address water supply challenges and limitations in a manner that takes advantages of regional and sub-regional economies of scale.
- The activity outcomes will recommend measures to improve groundwater use, to reduce impacts on aquifers, groundwater quality, and surface water features, highlight groundwater-surface water interaction risk factors for all communities in the Metro area, and provide recommendations to prevent and address these risks and achieve the drinking water security through improved water use, conservation, and reuse which collectively lead to:
 - protect groundwater from degradation- quantity and quality
 - protect drinking water source
- Success Indicators:
 - From 2005 to 2016, number of communities received technical support from the council through facilitated sub-regional workgroups increased 65 percent.
 - Improve groundwater use: currently 74 percent of the metropolitan area population relies on groundwater; the intended long-term outcome is to sustainably use groundwater in the metro area in addition to other available resources.



Statutory Change(s):

None.

Program: Parks

Activity: Water Sustainability

metro council.org/Wastewater-Water.aspx

AT A GLANCE

- Serve 186 communities, 105 water supply providers
- 74% of residents use groundwater as their source of water
- Municipal Water Use:
 - Current: 350 Million Gallons per day
 - 250 Million from Groundwater
 - 100 Million from Mississippi River
 - Projected (2030): 450 Million Gallons per day
 - 330 Million from Groundwater
 - 120 Million from Mississippi River
 - Average per capita water use per day: 100 gallons

PURPOSE & CONTEXT

The purpose of the Metropolitan Water Supply Planning is to ensure that supplies of potable water are sustainable and adequate for the region's current population and projected growth.

SERVICES PROVIDED

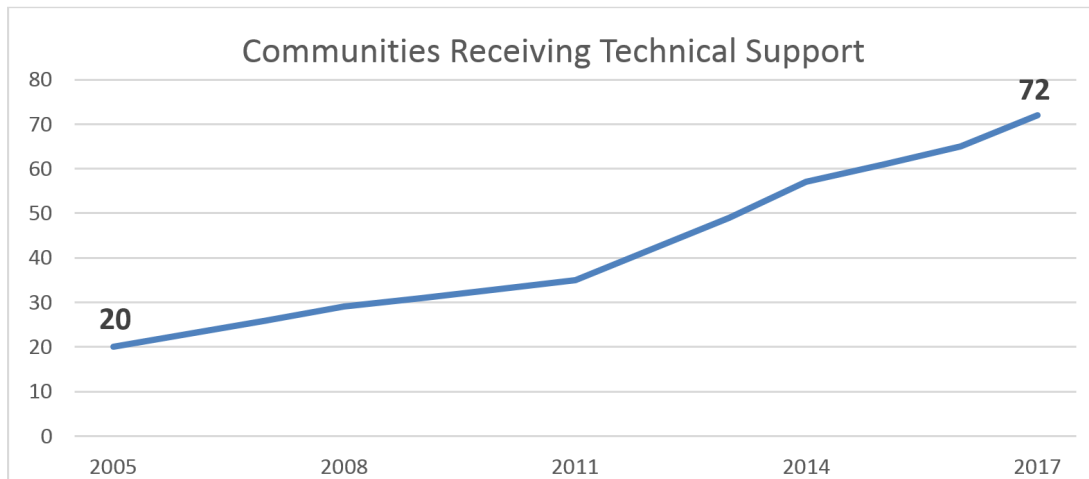
The data and tools generated and the projects implemented by the Council's Water Supply Planning Program benefit communities by enhancing communities' planning processes, and ensuring a more coordinated and regionally sustainable approach to water supply. Cities in the region are the suppliers of water to residents, but the Council plays a coordinating and technical assistance role.

Council Role In Water Supply

<i>Council Role</i>	<i>Outcome/Goal</i>
Provide technical assistance: information and tools	Better understanding of water supply issues and trends
Develop and update Regional Master Water Supply Plan	Guidance for local water supply systems and regional investments
Provide assistance in plan development and review services to local and state entities	Consistency of local water supply plans with the regional master plan (MS 103G.291, Subd.3(b))
Analyze regional and local water supply emerging issues and providing solutions	Local government units make informed and effective water supply decisions
Facilitate cooperation between communities and support local effort	Regional, cost effective, long-term, reliable and sustainable solutions to current and potential problems

RESULTS

From 2005 to 2017 the number of communities that received technical support from the council through facilitated sub-regional workgroups increased from 20 to 72.



Minnesota Statute 473.1565 (<https://www.revisor.mn.gov/statutes/cite/473.1565>) directs the Council to carry out water supply planning activities including development of a Master water Supply Plan.

Minnesota Statute 103G.291 (<https://www.revisor.mn.gov/statutes/cite/103G.291>) require that all local water supply plans in the metropolitan area, must be consistent with the Master Water Supply Plan (<http://www.metrocouncil.org/Wastewater-Water/Planning/Water-Supply-Planning/Master-Water-Supply-Plan.aspx>).

Water Sustainability

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
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Expenditures by Fund

1000 - General	200	200						
2302 - Clean Water	1,225	1,225	950	950			1,500	1,500
Total	1,425	1,425	950	950			1,500	1,500
Biennial Change				(950)		(1,900)		1,100
Biennial % Change				(33)		(100)		58
Governor's Change from Base								3,000
Governor's % Change from Base								

Expenditures by Category

Grants, Aids and Subsidies	1,425	1,425	950	950			1,500	1,500
Total	1,425	1,425	950	950			1,500	1,500

Water Sustainability

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Transfers In	200	200						
Expenditures	200	200						
Biennial Change in Expenditures				(400)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Direct Appropriation	1,225	1,225	950	950	0	0	1,500	1,500
Transfers In	250							
Transfers Out	250							
Expenditures	1,225	1,225	950	950			1,500	1,500
Biennial Change in Expenditures				(550)		(1,900)		1,100
Biennial % Change in Expenditures				(22)		(100)		58
Governor's Change from Base								3,000
Governor's % Change from Base								

Program: Parks

Activity: Parks and Trails

metro council.org/Parks.aspx

AT A GLANCE

- 58 million regional park and trail visits in 2017 in the seven-county metropolitan area
- 63 regional parks, special recreation features and park reserves totaling almost 55,000 acres in the seven-county metropolitan area
- 51 regional trails total 389 miles in the seven-county metropolitan area
- Ten regional park implementing agencies own and manage regional parks and trails

PURPOSE & CONTEXT

The purpose of the Metropolitan Regional Parks System is to meet the outdoor recreation needs of residents and visitors and to preserve natural resources, including green space and wildlife habitat. Regional parks and trails complement state parks and trails in the Metropolitan Area. Parks are critical to the Metropolitan Area's current and future livability, sustainability, stewardship, and prosperity.

SERVICES PROVIDED

Under state law, Metropolitan Council is charged with overseeing the acquisition and development of regional parks and trails. The agency partners that own and operate the parks are called regional park implementing agencies. Together, Metropolitan Council and the ten regional park implementing agencies plan and finance the Metropolitan Regional Parks System. The ten agencies are:

- | | |
|-----------------------|---|
| • Anoka County Parks | • Washington County Parks |
| • Carver County Parks | • Three Rivers Park District |
| • Dakota County Parks | • Minneapolis Park & Recreation Board |
| • Ramsey County Parks | • City of Bloomington Parks (portion of one park reserve) |
| • Scott County Parks | • City of St. Paul Parks |

Metropolitan Council's responsibilities include:

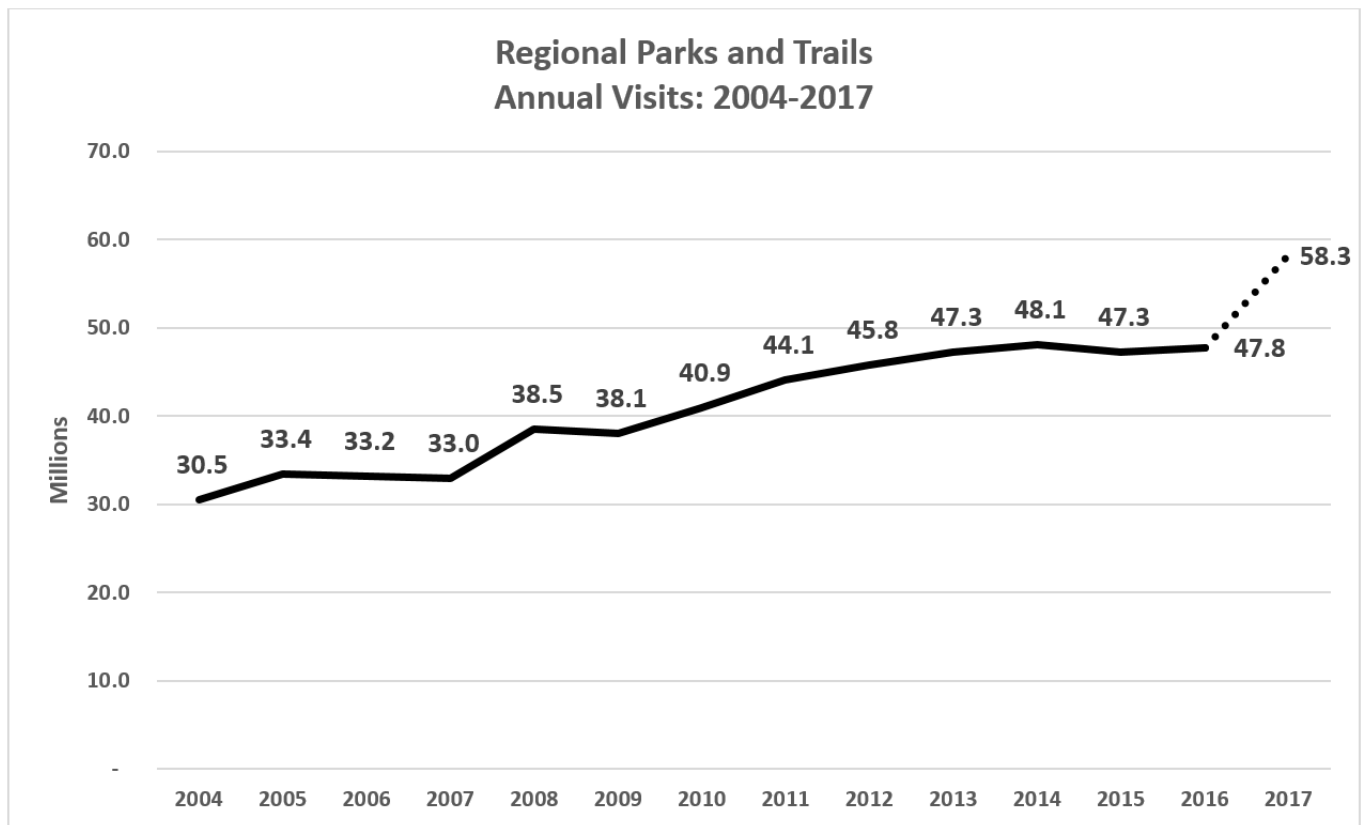
- Choose locations for new regional parks and trails to serve the region's growing population and to protect natural resources
- Review and approve park and trail master plans and plan amendments that define a park's or trail's location and costs for recreation facilities.
- Survey park and trail visitors to measure what activities they prefer, how far they travel, and how often they visit a park or trail.
- Disburse state and regional funds to park agencies to finance operations and maintenance, land acquisition, recreation facility construction and recreation programs and staff in accordance with state law and Council allocation plans.

In the last three biennia, the Legislature has appropriated 40 percent of the Parks and Trails Legacy funding to the Metropolitan Council, 40 percent to the Department of Natural Resources for state parks, and 20 percent to Greater Minnesota, with 1 percent "off the top" for Coordinating with Partners activities.

RESULTS

From 2004 to 2016, annual visits to regional parks and trails increased 57%, or 4% annually. The 2017 annual use estimate was 58.3 million visits, which represents an increase of 22% from 2016. This increase is due in some part to new, more accurate attendance estimates, which demonstrate that more visits are happening in off-peak times of the year (winter) than previously thought.

Park surveys done in 2016 showed that respondents have very positive impressions of regional parks and trails facilities in terms of quality of facilities and services and recreation opportunities. Ninety five percent of respondents rated the quality of facilities, services, and recreation opportunities very good (64%) or good (31%). Less than 1% rated quality as poor or very poor.



Source: Metropolitan Council Park User Surveys

Minnesota Statutes 473.351 (<https://www.revisor.mn.gov/statutes/cite/473.351>) and Minnesota Statutes 297A.94 (e) (3) (<https://www.revisor.mn.gov/statutes/cite/297A.94>) authorize funds for operating and maintaining regional parks and trails.

Minnesota Statutes 85.53, Subdivision 3 (<https://www.revisor.mn.gov/statutes/cite/85.53>) authorize allocations of Parks and Trails Legacy Fund appropriations among 10 regional park agencies.

Parks and Trails

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,870	2,870	2,540	2,540	2,540	2,540	2,540	2,540
2050 - Environment & Natural Resources	917	382	31	2,212				
2108 - Metro Pks & Trls Lott In Lieu	5,670	5,670	6,000	6,000	6,000	6,000	6,000	6,000
2303 - Parks and Trails	17,237	18,067	16,584	18,891			19,750	20,230
Total	26,694	26,989	25,155	29,643	8,540	8,540	28,290	28,770
Biennial Change				1,115		(37,718)		2,262
Biennial % Change				2		(69)		4
Governor's Change from Base								39,980
Governor's % Change from Base								234

Expenditures by Category

Grants, Aids and Subsidies	26,694	26,989	25,155	29,643	8,540	8,540	28,290	28,770
Total	26,694	26,989	25,155	29,643	8,540	8,540	28,290	28,770

Parks and Trails

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	3,070	3,070	2,540	2,540	2,540	2,540	2,540	2,540
Transfers Out	200	200						
Expenditures	2,870	2,870	2,540	2,540	2,540	2,540	2,540	2,540
Biennial Change in Expenditures				(660)		0		0
Biennial % Change in Expenditures				(12)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2050 - Environment & Natural Resources

Balance Forward In	125	1,125	743	2,212				
Direct Appropriation	1,000		1,500					
Balance Forward Out	208	743	2,212					
Expenditures	917	382	31	2,212				
Biennial Change in Expenditures				944		(2,243)		(2,243)
Biennial % Change in Expenditures				73		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2108 - Metro Pks & Trls Lott In Lieu

Direct Appropriation	5,670	5,670	6,000	6,000	6,000	6,000	6,000	6,000
Expenditures	5,670	5,670	6,000	6,000	6,000	6,000	6,000	6,000
Biennial Change in Expenditures				660		0		0
Biennial % Change in Expenditures				6		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2303 - Parks and Trails

Direct Appropriation	17,237	18,067	16,584	18,891	0	0	19,750	20,230
Expenditures	17,237	18,067	16,584	18,891			19,750	20,230
Biennial Change in Expenditures				171		(35,475)		4,505
Biennial % Change in Expenditures				0		(100)		13
Governor's Change from Base								39,980
Governor's % Change from Base								

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AT A GLANCE

- 3.1 million residents in the seven-county area in 2017 (55 percent of total state population)
- 888,000 more people from 2010 to 2040 (31% increase) per Council forecasts
- 419,000 more households from 2010 to 2040 (38% increase) per Council forecasts
- 495,000 more jobs from 2010 to 2040 (32% increase) per Council forecasts
- 95.4 million transit rides in 2017
- 2.3 million rides on Metro Mobility in 2017
- 250 million gallons of wastewater treated daily
- 109 communities provided with wastewater treatment in 2017
- Eight treatment plants and 600 miles of regional sewers
- 58 million regional park visits in 2017
- 63 regional parks and park reserves totaling 55,000 acres in the seven-county metropolitan area
- 51 regional trails totaling 389 miles in the seven-county metropolitan area
- 7,200 low-income households provided affordable housing by the Council's Metro HRA in 2017

PURPOSE

The Metropolitan Council is the regional policy-making body, planning agency, and provider of essential services for the Twin Cities metropolitan region. The Council's mission is to foster efficient and economic growth for a prosperous region in partnership with more than 180 communities and seven counties.

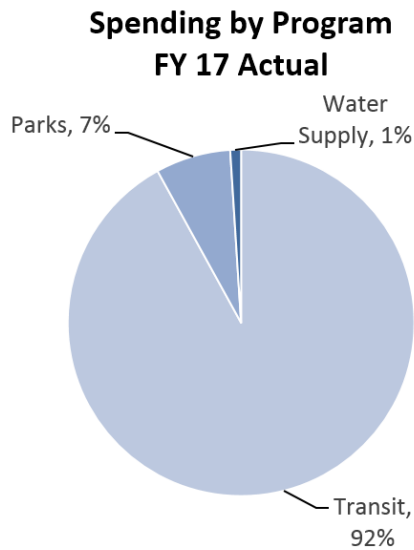
We provide cost-effective transit and wastewater services, assist households with low and moderate incomes to find affordable housing, and support communities as they plan for anticipated growth.

As our region grows and its demographics change, the Council is working in partnership with communities to ensure we are prepared to support the continued growth of our region. As the economic engine of the state, the metro region's health and vitality has a statewide impact. Through our planning activities and the provision of regional services, we contribute to the following statewide outcomes:

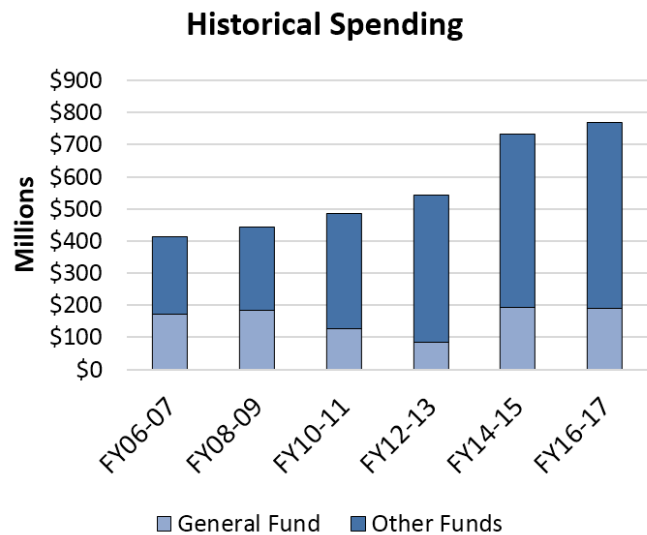
- A thriving economy that encourages business growth and employment opportunities
- A clean, healthy environment with sustainable uses of natural resources
- Sustainable options to safely move people, goods, services, and information
- A livable and attractive place for people of all races, ethnicities, incomes, and abilities to call home and be prosperous

The charts on the next page show appropriations to the Metropolitan Council recorded in SWIFT. The Council's unified operating budget for calendar year 2018 is \$1.1 billion. State appropriations for transit and parks operations and water supply planning provided approximately 38 percent of agency funding in CY18. The majority of our operating funding comes from charges for services (wastewater fees and passenger fares), federal funds, property taxes and local funds.

BUDGET



Source: BPAS



Source: Consolidated Fund Statement

STRATEGIES

Our governing body – the 17-member Metropolitan Council – plays a key convening role, bringing together communities to develop policies and a shared vision for the region. To achieve our mission, we carry out planning initiatives and provide essential services to the region.

Planning Initiatives

- Our regional plan, Thrive MSP 2040, is the overarching policy and planning document that defines the regional vision, guides the development of the region through its land use policy, and defines the high level approach outlined in each related policy plans. Development of the document included several years of engagement with residents, local governments, and other partners to create a framework for a shared vision for a prosperous, equitable, and livable region.
- Regional planning initiatives include transportation, parks, water resources, community planning, and housing.

Transportation

- We continue to look for adequate financial resources to support the transit system. As the demand for service grows and service costs increase, revenue is not keeping up. We anticipate that transit demand will increase 80 percent by 2040. At the same time, forecasted growth in motor vehicle sales tax revenues, a major source of transit funding, has flattened and is volatile.
- Our Metro Transit bus and rail systems provide more than 80 million rides every year, getting people to work, school, and services. This contributes to managing road congestion by taking single-occupancy vehicles off metropolitan highways so businesses can move their goods efficiently.
- Our Metro Mobility and Transit Link services transport people unable to use regular-route transit service.
- Our transportation planners play a key role in collaborating with local communities to create our vision for roads, airports, and transit to ensure effective and cost-efficient investments.

Parks

- We partner with 10 parks implementing agencies to plan, acquire land, and develop facilities for regional parks and trails. Our goal is to preserve natural resources and provide recreational opportunities throughout the region.

Clean water and wastewater treatment

- We foster a safe and healthy environment through our award-winning and cost-effective wastewater treatment services, water supply planning, and water quality monitoring initiatives.

Planning and development

- Our Livable Communities grants help fund affordable housing; clean polluted land for redevelopment; and create new models for livable, walkable, connected neighborhoods and transit-oriented developments, stimulating and leveraging private investment and increasing communities' tax base.
- We coordinate local communities' comprehensive plans, providing technical assistance and resources, to ensure coordinated, orderly, and efficient development in the region.

Housing

- Our Housing Policy Plan identifies regional housing needs and priorities, connects housing to other Council system plans, and provides guidance for local housing planning.
- Our Metro HRA provides rent assistance for more than 7,200 low-income residents in nearly 100 communities.

Minnesota Statutes, Chapter 473 (<https://www.revisor.mn.gov/statutes/?id=473>) provides the legal authority for Metropolitan Council.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<u>Expenditures by Fund</u>								
1000 - General	81,626	101,126	121,031	129,820	89,820	89,820	96,004	111,056
1050 - Transit Assistance	257,172	271,535	278,040	293,993	309,312	329,076	319,662	347,976
Total	338,798	372,661	399,071	423,813	399,132	418,896	415,666	459,032
Biennial Change				111,425		(4,856)		51,814
Biennial % Change				16		(1)		6
Governor's Change from Base								56,670
Governor's % Change from Base								7

Expenditures by Program

Transit	338,798	372,661	399,071	423,813	399,132	418,896	415,666	459,032
Total	338,798	372,661	399,071	423,813	399,132	418,896	415,666	459,032

Expenditures by Category

Grants, Aids and Subsidies	338,798	372,661	399,071	423,813	399,132	418,896	415,666	459,032
Total	338,798	372,661	399,071	423,813	399,132	418,896	415,666	459,032

Metropolitan Council - Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	81,626	101,126	121,031	129,820	89,820	89,820	96,004	111,056
Expenditures	81,626	101,126	121,031	129,820	89,820	89,820	96,004	111,056
Biennial Change in Expenditures				68,099		(71,211)		(43,791)
Biennial % Change in Expenditures				37		(28)		(17)
Governor's Change from Base								27,420
Governor's % Change from Base								15

1050 - Transit Assistance

Balance Forward In	73	2	22	17				
Receipts	257,099	271,535	278,035	293,976	309,312	329,076	319,662	347,976
Balance Forward Out		2	17					
Expenditures	257,172	271,535	278,040	293,993	309,312	329,076	319,662	347,976
Biennial Change in Expenditures				43,326		66,355		95,605
Biennial % Change in Expenditures				8		12		17
Governor's Change from Base								29,250
Governor's % Change from Base								5

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	129,820	129,820	129,820	259,640
Base Adjustments				
Current Law Base Change		(40,000)	(40,000)	(80,000)
Forecast Base	129,820	89,820	89,820	179,640
Change Items				
Transit Services for Persons with Disabilities		10,569	25,621	36,190
Rail Services Base Reduction		(4,385)	(4,385)	(8,770)
Total Governor's Recommendations	129,820	96,004	111,056	207,060
Dedicated				
Fund: 1050 - Transit Assistance				
Planned Spending	293,993	309,312	329,076	638,388
Forecast Base	293,993	309,312	329,076	638,388
Change Items				
Transportation Funding Package		10,350	18,900	29,250
Total Governor's Recommendations	293,993	319,662	347,976	667,638
Revenue Change Summary				
Dedicated				
Fund: 1050 - Transit Assistance				
Forecast Revenues	293,976	309,312	329,076	638,388
Change Items				
Transportation Funding Package		10,350	18,900	29,250
Total Governor's Recommendations	293,976	319,662	347,976	667,638

Metropolitan Council

FY 2020-21 Biennial Budget Change Item

Change Item Title: Transit Services for Persons with Disabilities

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	10,569	25,621	25,621	25,621
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,569	25,621	25,621	25,621
FTEs	0	0	0	0

Recommendation:

The Governor recommends a general fund base increase of \$10.569 million in FY20 and \$25.621 million each year ongoing for the Metropolitan Council to continue to provide transit services for persons with disabilities. This will increase the biennial appropriation by 20%. The Governor also recommends changes to statute that would allow the Council and the Department of Human Services (DHS) to share client data, allowing the Council to receive additional federal funds for the Metro Mobility program.

Rationale/Background:

Metropolitan Council operates Metro Mobility which provides rides to certified riders who are unable to use regular-route buses due to a disability or health condition. In addition to general inflationary pressures, Metro Mobility is experiencing growing ridership demand. The mandated service necessary to meet federal and state requirements, and to meet the service needs of the clients, is substantially more expensive to provide than regular transit service. Each year Metro Mobility takes up a larger portion of Metropolitan Council revenues. By 2022, the Metro Mobility budget is anticipated to grow from 14.25% to more than 16.25% of the Council's Total Transit Operating Budget.

The Council receives an annual base general fund appropriation of \$89.82 million for transit services. This funding is first used to meet the state's commitment to rail, then Metro Mobility. To establish a base appropriation for Metro Mobility of \$57.166 million, the FY19 commitment to rail was subtracted from the total base appropriation. The Council built operating reserves in 2017-2018 that help mitigate the need for additional state funding in FY20. The new base for Metro Mobility will be \$82.787 million.

The Council's state general fund appropriation request for the FY22-23 biennium reflects the implementation of a data-sharing program between the Council and the DHS that would enable the Council to receive federal funds for Medical Assistance and DHS Waivered service clients transported by Metro Mobility. This change item assumes that the Council receives \$8 million per year starting in FY22, reducing its state general fund appropriation request by a comparable amount. If the federal revenues end up being lower than this estimate, the future state general fund appropriation request would increase.

Proposal:

This proposal would provide additional general funds to maintain Council services for persons with disabilities. Although the existing program does not change, the number of persons with disabilities relying on these mandatory services continues to grow.

Key assumptions that impact the cost of the proposal:

- Base funding level is the Council’s Proposed State Fiscal Year 2019 Budget
- CY 2019 Beginning Fund Balances projected in the Council’s 2018 3rd Quarter Financial Report
- Current law and current program structure, with data sharing legislation enacted during the 2019 Legislative Session
- Current fare structure
- Metro Mobility fares grow 6.2% annually to reflect increasing ridership
- Metro Mobility Service Provider contract costs grow 8.324% annually due to 2% growth in contract costs compounded by 6.2% ridership
- All other expenses grow by an annual inflation rate of 3.15%

Equity and Inclusion:

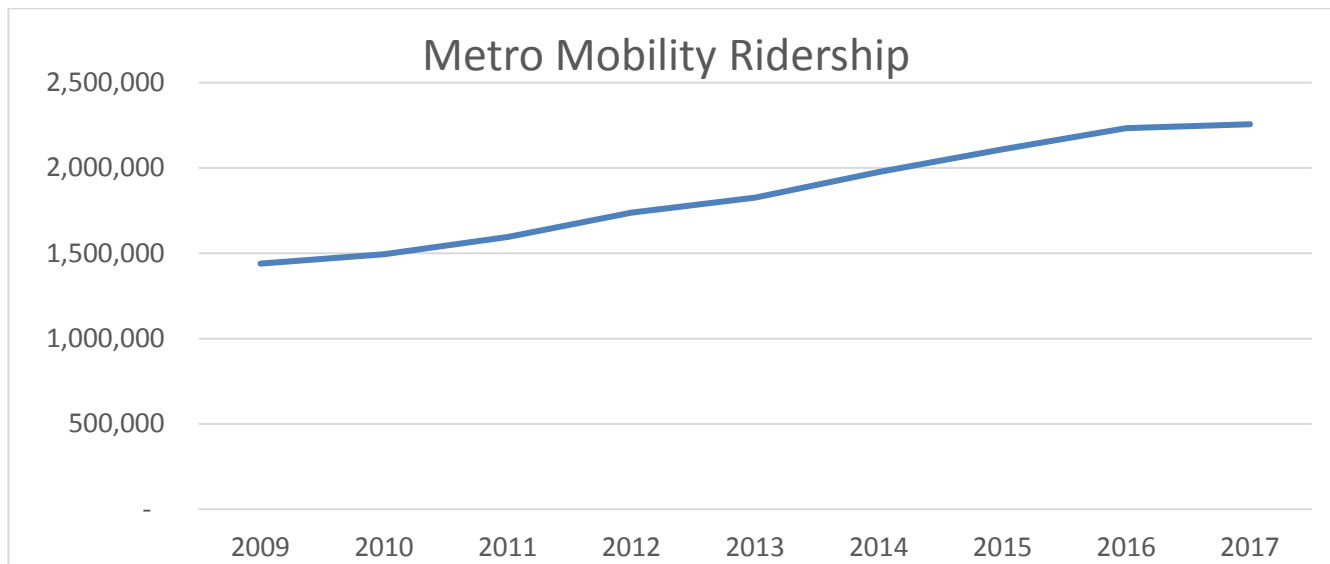
This change item will benefit residents who are unable to use fixed-route buses due to a disability or health condition. Recognizing that our region cannot compete economically if we are leaving a growing share of our population behind, the Metropolitan Council incorporated an “equity” outcome into *Thrive MSP 2040*, the comprehensive development guide required by state statute. The *Thrive MSP 2040* equity outcome commits the Metropolitan Council to creating real choices in where we live, how we travel, and where we recreate for all residents, across race, ethnicity, economic means, and ability. This outcome also commits the Metropolitan Council to fully engaging communities in decision-making in accordance with the Metropolitan Council’s *Public Engagement Plan*. This includes engaging Metro Mobility customers to ensure the service meets their needs.

IT Related Proposals:

Not applicable.

Results:

Metro Mobility ridership has increased 57 percent between 2009 and 2017, or an annual average of 6 percent.



Statutory Change(s):

Minnesota Statutes 13.461, 13.72, and 473.386

Metropolitan Council

FY 2020-21 Biennial Budget Change Item

Change Item Title: Transit Sales Tax Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund (DOR)				
Expenditures	261	636	659	682
Revenues	261	636	659	682
Other Funds (Met Council)				
Expenditures	28,739	70,064	72,541	75,118
Revenues	28,739	70,064	72,541	75,118
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs (DOR)	3.1	7.1	7.3	7.6

Recommendation:

The Governor recommends enactment of a 1/8 cent sales tax in the seven-county metropolitan area to maintain and expand the regional bus and transitway system. Revenues from the sales tax, along with the Minnesota Department of Transportation proposal to increase the motor vehicle sales tax rate from 6.5 percent to 6.875 percent and state general obligation bonds would:

- Eliminate a structural deficit in the regional bus system
- Build out 10 Bus Rapid Transit (BRT) lines
- Increase service in the region's busiest transit corridors by 40 percent
- Increase regional transit ridership by 30-40 percent
- Begin the electrification of the regional fleet by adding at least 150 electric buses
- Improve the transit customer experience through investments in safety, shelters and technology

The Minnesota Department of Revenue will administer this tax for the Metropolitan Council, including working with retailers in the jurisdiction, updating tax collection systems, and compliance. The department will recover administrative costs from the revenue raised by the tax in its local sales tax administration account in the state special revenue fund.

Rationale/Background:

Today, more than three million people call the metropolitan region their home – 55 percent of the entire state. By 2040 the region is expected to add an additional 700,000 people and 500,000 jobs. As the region's population grows and changes, demand for reliable transit options will increase. That growing population will include more people of color, millennials, and seniors – all these cohorts use transit at higher rates than their peers.

Since 2011, the Metropolitan Council has provided 600 million transit rides, many of them connecting people to work or school. A reliable, safe and comprehensive transit system is a key part of our region's economic competitiveness, and our ability to attract and retain businesses, workers, and people. Ridership has steadily increased over the past decade; however, that trend has stagnated in the past several years. When looking more closely at ridership trends, while bus ridership is declining, ridership on rail and arterial BRT has been increasing. Put simply, when we invest in transit, ridership follows.

Over the past several years, investment in transit has failed to keep up with the growing demand for services. Further, existing revenues will not be sufficient to maintain existing service levels. In the next biennium alone, the regional bus system is facing a deficit over \$53 million and more than \$250 million over the next 10 years.

While the Council has managed some of the deficit with one-time savings, smart fiscal management, and \$70 million in onetime general funds, without new investment, our region will continue to fall behind peer regions.

Proposal:

The Metropolitan Council is proposing that the state enact an 1/8 cent sales tax in the seven-county metropolitan area and invest the revenues - \$770 Million over 10 years - to fund the structural deficit in the regional bus system, and build and operate an expanded, integrated regional transit system. An aggressive investment in BRT would mean nearly 40 percent more bus service in our region's busiest transit corridors. This would significantly increase transit access to nearly 500,000 jobs along 10 corridors.

This investment in BRT complements the expansion planned for the next 10 years in the long-term regional transportation plan including Green Line extension (SWLRT), Blue Line extension (Bottineau LRT), Orange Line BRT, Gold Line BRT, and Rush Line BRT. It would also support an additional 3-5 percent investment in regular route bus.

In total, these investments would lead to a 30-40 percent increase in regional transit ridership in the greater Minneapolis-Saint Paul region over the next 10 years.

Accomplishing this plan is dependent on:

- MnDOT's proposal to increase the motor vehicle sales tax from 6.5 percent to 6.875 percent;
- State GO Bonds;
- Continued financial support from the county transit sales tax collections in the region.

The Minnesota Department of Revenue will administer this tax for the Metropolitan Council. The administrative costs contained in this proposal are shown in the Expenditure Overview, Financing by Fund, and Change Summary fiscal reports contained in the Minnesota Department of Revenue's operating budget book.

Equity and Inclusion:

More than 30 percent of transit riders are transit dependent, meaning they can't afford a car. In addition to serving low-income populations, people of color also use transit at higher rates than white people. Investments in these transit corridors helps people who rely on public transit, giving them the ability to live and work throughout the region, and access opportunities. If everyone is going to have a seat at the table in One Minnesota, we need to properly fund transit, so everyone can get to the table.

Results:

- 10 new Bus Rapid Transit (BRT) lines
- 40 percent service increase in the region's busiest transit corridors
- 30-40 percent increase in regional transit ridership
- 150 electric buses
- Improved transit customer experience

Statutory Change(s):

MS 297B.02

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Transportation Funding Package

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	40	130	170	180
Revenues	227,654	223,614	224,604	226,334
Highway User Tax Distribution				
Revenues	177,802	720,781	875,852	907,993
Transfers Out	177,802	720,781	875,852	907,993
Trunk Highway Fund				
Expenditures	102,373	417,547	506,628	525,076
Transfer In	102,373	417,547	506,628	525,076
County State Aid Fund				
Revenues	(3,952)	(3,340)	(2,752)	(2,284)
Expenditures	52,623	227,410	277,227	287,889
Transfer In	56,575	230,750	279,979	290,173
Municipal State Aid Fund				
Expenditures	14,861	60,612	73,543	76,221
Transfer In	14,861	60,612	73,543	76,221
Transit Assistance Fund				
Expenditures	10,350	18,900	19,800	20,500
Revenues	7,548	17,660	19,248	20,516
Transportation Fund				
Expenditures	0	(13,052)	(13,715)	(14,352)
Revenues	(13,052)	(13,715)	(14,352)	(14,859)
DNR Transfers				
Expenditures	3,826	4,172	4,341	4,377
Transfer In	3,993	11,872	15,702	16,523
Net Fiscal Impact = (Expenditures – Revenues)	(211,927)	(229,281)	(234,606)	(237,809)
FTEs (DNR)	6.25	6.25	6.25	6.25
FTEs (MnDOT)	0	50	75	100
*HUTD Transfers out include transportation funds only.				

Recommendation:

The Governor recommends the state commit to a major transportation investment plan to fund the estimated \$6 billion dollar gap that exists between funding needs and available revenues over the next 10 years. The Governor proposes filling the \$6 billion gap in road and bridge funding by:

- Initiating a 20 cent gas tax increase, including fuel in distributor storage at the start time of each increase (phased-in over two years in October and April in FY20 and FY21)
- Indexing the gas tax to inflation (beginning in FY23)
- Increasing the registration tax, effective January 1, 2020 (increase tax rate from 1.25 percent to 1.5 percent and base tax fee from \$10 to \$45; change the depreciation schedule; amend base value calculation by removing destination charge and hold harmless provision of statute)
- Increasing the motor vehicle sales tax from 6.5 percent to 6.875 percent, effective December 1, 2019
- Authorizing \$2 billion in trunk highway bonds over 8 years starting in 2022

The gas tax, registration tax, and motor vehicle sales tax increases will fund roads and bridges for the state trunk highways, county state aid highways, and municipal state aid streets. In the FY22-23 biennium, when revenue changes are completely phased in, the increased revenue from the gas tax, motor vehicle sales tax, and registration fees are forecast to increase available resources for each transportation fund by 30 percent.

To help lower- and middle-income Minnesotans pay for transportation investments, the governor proposes an increase to the Working Family Credit of \$100 for each single or head of household recipient and \$200 for each married filing jointly recipient. This proposal is described in the Tax Aids, Credits and Refunds section. In addition, while the gas tax increase would impact how our rate compares to neighboring states, the existing qualifying service station tax credit would ensure Minnesota service stations within 7.5 miles of the state border receive refunds that effectively reduce the rate to not more than three cents per gallon above the rate of the neighboring state.

Other Components:

In addition to the new funding above, the Governor recommends:

- Returning the auto parts sales tax, 9.2 percent motor vehicle rental tax, and 6.5 percent sales tax on motor vehicle rentals currently deposited into the Highway User Tax Distribution (HUTD) Fund as of FY2018 back to the General Fund beginning in FY2020. This results in an increase to the General Fund of \$395 million in FY20-21 and \$404 million in FY22-23.
- Restoring the motor vehicle lease sales tax to the pre-2018 distribution levels. This results in \$32 million returned to the General Fund, annually.
- In total, the General Fund would receive \$459 million in FY20-21 and \$468 million in FY22-23.

General fund revenues are reduced by \$8 million in the FY20-21 biennium due to increased petroleum refunds and income tax interactions with the registration tax. General fund expenditures decrease by \$170,000 for the biennium for increased aid to counties with casinos under [M.S. 270C.19](https://www.revisor.mn.gov/statutes/cite/270C.19) (<https://www.revisor.mn.gov/statutes/cite/270C.19>) due to the increase in gas tax.

Authorization for the sale of \$2 billion in trunk highway bonds over 8 years starting in 2022 (\$250 million per year). Debt service for these bonds is estimated to be \$22.2 million for the FY22-23 biennium.

Several components in this proposal require changes to the Minnesota Licensing and Registration System (MNLARS). Costs associated with changes to MNLARS will be funded through the Department of Public Safety's MNLARS budget recommendation.

Rationale/Background:

Minnesota cannot preserve and improve quality and performance of the state's transportation systems under the combined limitations of current investment levels and current lifecycle replacement practices. The consequences of underinvesting in the state's transportation system will include deterioration in service, increases in congestion, failing infrastructure and diminished ability to remain economically competitive. This is because transportation systems facilitate the efficient movement of people and goods and create the opportunity for economic development, enhanced productivity, job formation and sustainable growth. Without additional investment, the transportation system will not be able to expand to accommodate expected population and job growth. In addition, alternatives to driving alone must play a larger role in satisfying growing transportation demand - roads, transit and other transportation modes must work together as one system.

Road and Bridge Funding

The 2018 Minnesota Statewide Highway Investment Plan (MnSHIP) determined additional funding was needed for transportation, due largely to aging infrastructure and construction costs exceeding the growth of existing revenues. Overall, the department faces a \$6 billion gap in revenue over the next ten years above current fund

balance projections to fund needed investments in state road construction. Of this total gap, roughly \$4 billion is needed for preservation and modernization, and \$2 billion is needed for strategic expansion.

Without additional revenue, there will be:

- Increasing deterioration of pavement and bridges on state system. The percent of highway pavement considered in poor condition (rough driving surface) and the percent of bridge deck pavement considered in poor condition it is estimated to increase significantly in the next 20 years.
- Very little expansion to address population and economic growth
- Reductions in high priority products and service delivery

In addition, more operations and maintenance dollars are recommended, calculated at 5 percent of new Trunk Highway Fund revenues. This additional funding will be spent on snow plowing, fixing pot holes and guard rails, etc. Investing in operations and maintenance is needed due to declining asset conditions, increased snow and ice requirements, and the need for more timely maintenance.

Proposal:

Road and Bridge funding components

New revenues and bonding would be identified to help close the funding gap over the next ten years. The goal is an integrated transportation system that optimizes the movement of people and goods across the state. With new funding, we can:

- Improve asset management - preserve and modernize the existing system
- Invest in strategic mobility enhancements, including MnPASS and other intelligent transportation tools
- Complete strategic expansion on key corridors throughout the state
- Complete Main Street improvements

The benefits for Minnesotans will include:

- Reduced wear and tear on their cars
- Fewer stops at the fuel pump due to smoother roads and reduced congestion
- Fewer accidents
- More time doing what they need to do
- Reduced impacts on our environment

MnDOT has identified pavement and bridge needs as well as mobility projects that are not currently being addressed through its 10-year work plan. These unmet needs and projects will be given priority. These funds will provide for capital costs of construction as well as project development and engineering activities with contractor support, allowing the department to utilize this funding in the most efficient manner.

MnDOT proposes to utilize the increased operating appropriations for our highest-priority products and services. Some of these include:

- Snow and Ice - keeping the roads clear of snow and ice
- System Roadway Structures Maintenance – repair potholes (pavement repair)
- Bridges and Structures Inspection and Maintenance
- Intelligent transportation systems for improved safety and mobility

The Governor's proposal provides constitutionally dedicated funding increases that can be relied on over the long term and can only be used for transportation purposes. Returning auto parts and other taxes to the general fund results in the availability of funding for other state priorities.

Department of Natural Resources Funding Components

The Governor's proposal provides constitutionally dedicated funding increases that can be relied on over the long term and can only be used for transportation purposes. Returning auto parts and other taxes to the general fund results in the availability of funding for other state priorities.

The Department of Natural Resources (DNR) receives a portion of the unrefunded gasoline tax, which has supported the state's recreational motorized vehicle activities and forest roads since 1961. This funding is dedicated to the DNR with the broader goal that the unrefunded gasoline proceeds should support programs related to non-highway gasoline use.

This revenue enables additional investment in Minnesota's water recreation facilities and services. The proposal funds \$3.35 million annually for increased operations and maintenance of public water access sites and state trails (\$1.35 million) and increasing boating access site rehabilitation (\$2 million). Additionally, this proposal increases grants to local sheriff offices by \$300,000 annually to reimburse for search and rescue efforts.

This proposal also increases revenues to DNR's forest road account by \$170,000 in FY20, \$506,000 in FY21, \$670,000 in FY22, and \$705,000 in FY23. The state and counties (with a land commissioner) split this revenue 52% and 48% respectively. This increase funds additional graveling, grading, and drainage projects to maintain the state's 2,340-mile forest road network used by the forest industry, emergency responders and outdoor enthusiasts.

Transit Funding Components

Revenue from the motor vehicle sales tax is split between the HUTD (60 percent) and the Transit Assistance Fund (40 percent). The Metropolitan Council receives 90 percent of the motor vehicle sales tax revenue in the Transit Assistance Fund and MnDOT receives the remaining 10 percent for greater Minnesota transit.

Over the long-term, greater Minnesota transit revenues will increase from the proposed increased MVST rate. However, restoring the motor vehicle lease sales tax to the pre-2018 distribution levels results in a short-term reduction in revenue. To offset the decrease in revenue between FY20-23, MnDOT is amending internal accounting practices to allow additional spending of the motor vehicle lease tax revenue in the current year (current accounting practices involve carrying forward all of this revenue each year, and planning spending in the subsequent year).

Equity and Inclusion:

A safe, reliable and multimodal system of transportation is vital to ensuring equity and inclusion by connecting communities statewide. This needed funding will also provide additional contracting opportunities to certified small businesses and opportunities to work towards enterprise-wide goals of equity and inclusion.

IT Related Proposals:

N/A

Results:

Currently, Minnesota's total state gasoline taxes are 28th highest in the country, including District of Columbia. Since 2013, Minnesota has dropped from 19th highest state gasoline taxes, as a result of other states increasing their gasoline tax rate. Over a 10-year period, the inflation-adjusted tax on gasoline is projected to add an additional 28 cents to the price of a gallon of gasoline.

These investments would provide additional long-term sustainable and dedicated funding. MnDOT would plan to rehabilitate the system for the 21st century by:

- Improving an additional 1,800 miles of pavement and repair or replace an additional 300 bridges on state highways
- Accelerate progress toward the state goal of zero highway deaths with targeted installation of rumble strips, median barriers, lighting and other safety improvements. The Minnesota Toward Zero Death program has helped decrease injuries and deaths on the highway
- Keep roadside infrastructure in a state of good repair

In addition, MnDOT has operating performance measures that will be impacted by this proposal. All are anticipated to decline without additional funding; and this would reduce the decline. They include:

- Snow Plowing Performance – meet clearance targets
- Smooth Roads – percent of pavement patching addressed
- Percent of projects let in the year scheduled

Statutory Change(s):

Gasoline Tax: M.S. 296A.07 and M.S. 296A.08

Vehicle Registration Taxes: M.S. 168.013

Motor Vehicle Sales Tax: M.S. 297B.02

Motor Vehicle Lease Sales Tax: 297A.815

General Fund Transfers: M.S. 297A.94 and 297A.64

Metropolitan Council

FY 2020-21 Biennial Budget Change Item

Change Item Title: Regional Transit Bonding Authority

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	50	520	820
Revenues	0	(40)	(400)	(640)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	90	920	1,460
FTEs	0	0	0	0

Recommendation:

The Governor recommends the Metropolitan Council's authority to issue bonds under M.S. 473.39 be increased by \$92,300,000 to implement the Council's transit capital improvement program.

Rationale/Background:

The Metropolitan Council is given authority to issue general obligation bonds to implement the Council's transit capital improvement program in M.S. 473.39. Council bonding authority is used primarily for bus and paratransit vehicle replacement as a local match for Federal Appropriations. This one-time authority is subject to the volume limitations in this section and when exhausted, the Council requests additional authority. The Council is requesting \$92,300,000 in additional authority.

Proposal:

In addition to the authority previously granted in M.S. 473.446, the proposal allows the Council to issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$92,300,000 for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. Of this authorization, after July 1, 2019, the council may issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding \$45,400,000 and after July 1, 2020, the council may issue certificates of indebtedness, bonds, or other obligations in an additional amount not exceeding \$46,900,000.

Council transit bonds are repaid through a property tax authorized in M.S. 473.446. Higher levies will increase property taxes on all property. They result in higher homeowner property tax refunds, increasing costs to the state general fund. Higher levies also increase income tax deductions, reducing revenues to the state general fund. The net impact on the general fund is \$90,000 in FY 2021, and \$2.38 million in FY 2022-23. The fiscal impact is represented in the Tax Aids, Credits and Refunds budget pages.

Results:

The Council will implement its transit capital improvement program.

Statutory Change(s):

Minnesota Statutes, Section 473.446

Metropolitan Council

FY 2020-21 Biennial Budget Change Item

Change Item Title: Rail Services Base Reduction

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(4,385)	(4,385)	(4,385)	(4,385)
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(4,385)	(4,385)	(4,385)	(4,385)
FTEs	0	0	0	0

Recommendation:

The Governor recommends a general fund base decrease of \$4.385 million in FY20 and \$4.385 million each year ongoing for the Metropolitan Council to continue to provide rail transit services. The base reduction for rail will decrease the biennial appropriation for rail by 13%.

Rationale/Background:

The Council receives an annual base general fund appropriation of \$89.82 million for transit services. This funding is first used to meet the state's commitment to rail, then Metro Mobility. To establish a base appropriation for rail (\$32.654 million) and Metro Mobility (\$57.166 million), the FY19 commitment to rail was subtracted from the total base appropriation. The new general fund base for rail will be \$28.269 million.

MS 473.4051 subd. 2 provides that, after operating revenue and federal money have been used to pay for light rail transit operations, 50 percent of the remaining operating costs must be paid by the state. The Counties in which the light rail line resides have proportionally shared the remaining 50 percent of operating costs. The proposed base general fund reduction will shift a portion of the state's funding share for light rail transit to the Motor Vehicle Sales Tax where it will compete with bus funding pressures.

Proposal:

This proposal reduces the proportion of general funds available to meet the state's funding commitment to rail.

IT Related Proposals:

Not applicable.

Results:

The METRO Green Line LRT, METRO Blue Line LRT, and Northstar Commuter Rail all broke ridership records in 2017. Ridership on METRO Green Line has 13.1 million rides for an increase of 3.5% over 2016. Metro Blue line ridership increased nearly 4% for 2016 to 2017 and Northstar Commuter rail increased nearly 12%.

Statutory Change(s):

None.

Program: Transitmetro council.org/**AT A GLANCE**

- In calendar year 2017
 - 95.4 million total regional transit rides
 - 81.9 million Metro Transit rides
 - 2.3 million Metro Mobility rides
- Metro Green Line (Central Corridor)
 - Service initiated June 2014
 - Attracted \$2.7 billion in development within one-half mile of the line
 - Created more than 5,400 jobs
- Metro Blue Line (Hiawatha)
 - 15,000 housing units developed within one-half mile of the line

PURPOSE & CONTEXT

Transportation is the engine of our regional – and state – prosperity. A reliable, affordable, and efficient transportation system promotes a competitive economy, safety and security, a healthy environment, and a livable region.

As our region continues to grow and adds more vehicles to our transportation system, transit is an ever-more critical component to our transportation system. Transit provides a sustainable, efficient, and effective option to address increasing roadway congestion and improve air quality. It is one of the most important assets to businesses looking to attract and retain employees. Our transportation planners continuously look for new and innovative ways to provide more efficient service that meets customer needs and to leverage the opportunities of emerging technologies to enhance the customer experience and improve service performance.

Transit functions are funded by passenger fares, advertising revenues, state appropriations, Motor Vehicle Sales Tax (MVST), local (county) sales taxes, federal revenue, and other local sources.

SERVICES PROVIDED

The Metropolitan Council is responsible for the state's largest public transit system, which provides nearly 100 million rides each year on bus and rail in the region. Metro Transit, which operates Northstar Commuter Rail, light rail, and bus services, provides the bulk of those regional rides. Metro Transit has been at the forefront of improvements in our regional transit system, creating communities that are more equitable, economically competitive and sustainable. The American Public Transportation Association (APTA) named Metro Transit the 2016 System of the Year, recognizing the service for its safety, vehicle and facilities maintenance and operations, and record ridership.

Metropolitan Council also operates several services for people unable to access or use regular bus or rail route service. Metro Mobility provides rides to certified riders who are unable to use regular-route buses due to a disability or health condition. Transit Link is the Twin Cities dial-a-ride bus service for the general public, where regular-route transit service is not available. The Council also offers a regional commuter vanpool program, Metro Vanpool, which provides financial assistance for vanpools of five to 15 people, including a volunteer driver. This program is targeted to commuters going to and from work destinations throughout the region in areas not well served by the regular-route transit network.

In 2017, the region provided 95.4 million rides, through Metro Transit, the Council's additional transit options, and the suburban transit providers. Metro Transit provided 81.9 million of those rides, and Metro Mobility provided 2.3 million rides. The Council:

- operates and maintains bus, light rail, and commuter rail services;
- adds new and expands existing bus routes to meet growing demand, and adjusts existing routes when necessary to meet market needs;
- develops a network of rail and bus "transitways" with service mode and alignment selected and implemented based on an extensive alternatives analysis and local input. Transitways include bus and rail transit that enable efficient, reliable travel times and an improved passenger experience on high-demand corridors in the region; and
- work with MnDOT, counties, and cities to increase the travel speed of transit through initiatives including bus-only shoulders, ramp meter bypasses, and signal priority.

The Metropolitan Council transit program financing by fund presented in the state's budget system is further categorized in the Council's financial system as follows:

Metropolitan Council - Transportation

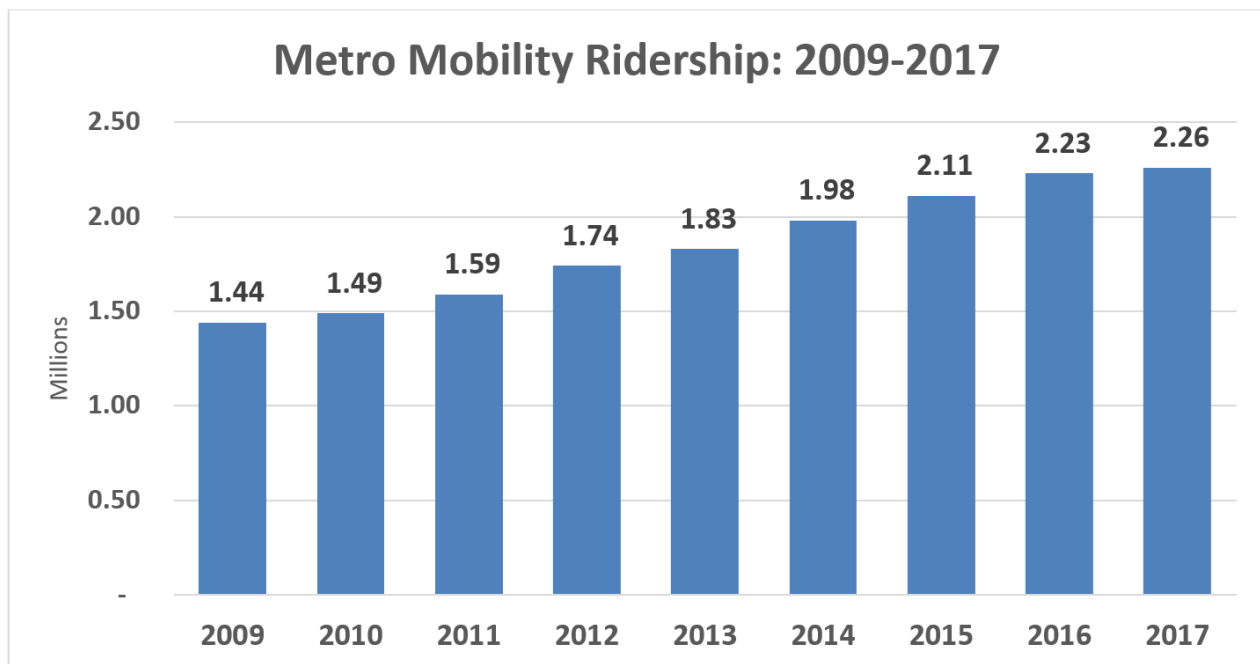
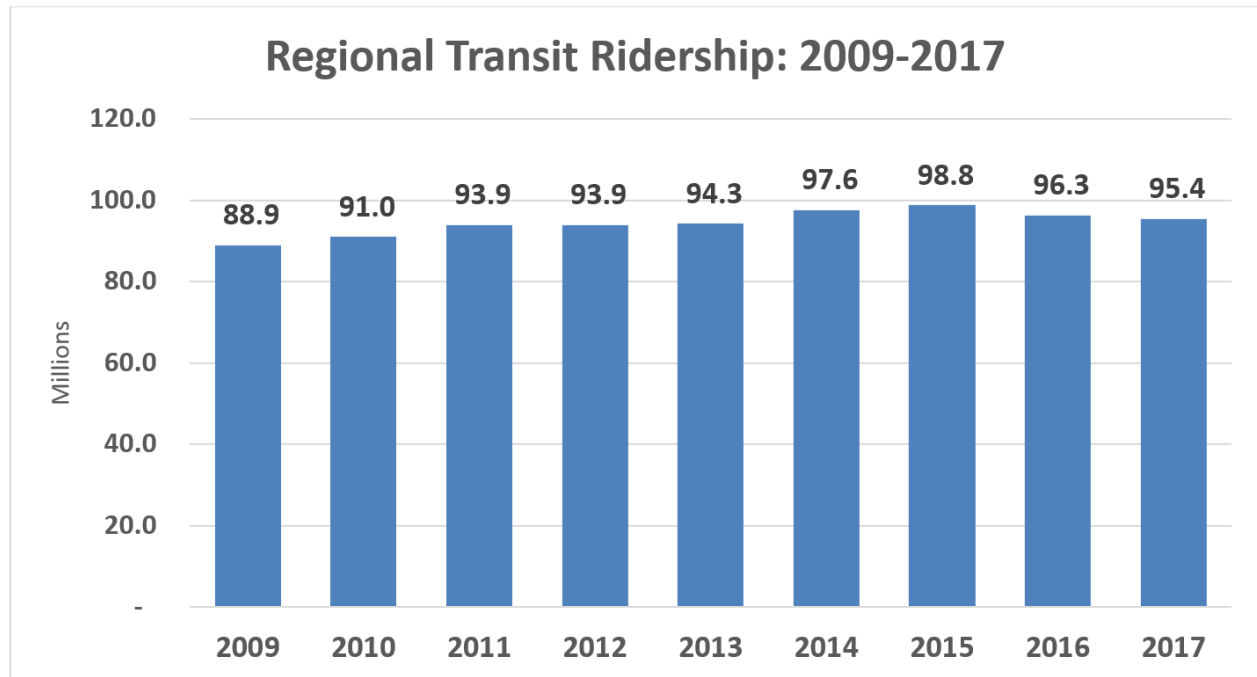
	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	81,626	101,126	121,031	129,820	89,820	89,820	96,004	111,056
Expenditures								
Transit Service for Persons with Disabilities:								
Metro Mobility	46,714	58,120	75,175	64,966	57,166	57,166	67,735	82,787
					57,166	57,166	67,735	82,787
Biennial Change in Expenditures								36,190
Other Transit Services:								
Regular Route Bus Service (Metro Transit Bus)	11,591	21,686	21,611	30,820	-	-	-	-
Contracted Bus Service (Transit Link, Fixed Route)	-	-	-	-	-	-	-	-
Pass-Through (STP, TMO)	1,200	1,000	2,145	1,380	-	-	-	-
Transportation Planning	-	-	211	-	-	-	-	-
Light Rail Transit	22,121	20,320	18,326	25,402	25,402	25,402	21,017	21,017
Commuter Rail	-	-	3,563	7,252	7,252	7,252	7,252	7,252
					32,654	32,654	28,269	28,269
Biennial Change in Expenditures								(8,770)
Total Expenditures	81,626	101,126	121,031	129,820	89,820	89,820	96,004	111,056
Biennial Change								27,420
Estimated Regional Allocation in Total Expenditures	3,283	4,420	5,635	6,593	3,492	3,562	3,284	3,406

Regional Administration provides administrative support services (e.g. Human Resources, Information Technology, Contracts and Procurement, etc.) to all Metropolitan Council divisions. Costs associated with these support services are allocated to divisions using basis approved in the Council's Federal Cost Allocation Plan to assure equitable distribution. Amounts shown for Regional Administration in the table above are estimated based on the proportional general fund share of total revenues for each program using the Council's calendar year actual results and budget.

RESULTS

Transit Ridership

Ridership measures transit system accessibility, quality, and system growth. Growth in ridership is an indication that more people are able to meet their mobility needs using transit. Existing transit ridership shown below includes all transit providers in the region. The second chart shows Metro Mobility ridership that is growing at faster rates than other transit.



Source: Metropolitan Council

Transit ridership continues to break records on a monthly and yearly basis. In 2017, the METRO Green Line LRT, METRO Blue Line LRT, and Northstar Commuter Rail line all broke ridership records. Among those highlights:

- 2017 ridership includes a record 13.1 million rides on the METRO Green Line, which has seen ridership grow every year since its 2014 opening. Ridership increased 3.5% from 2016 to 2017.
- METRO Green Line broke a record for the highest single-day ridership ever on Aug. 31, 2017, providing more than 68,000 rides.
- METRO Blue Line ridership increased nearly 4% from 2016 to 2017.
- Northstar Commuter Rail Line ridership increased nearly 12% from 2016 to 2017.

Rapid bus introduces a faster trip and an improved experience

Metro Transit opened the region's first arterial rapid bus line in June 2016. The A Line operates along Snelling Avenue, Ford Parkway and 46th Street, connecting the METRO Blue and Green lines and several other destinations. The corridor includes the A Line and Route 84 from Rosedale on the north end, to the A Line southern terminus at the 46th Street LRT station and the Route 84 southern terminus at Shepard Rd and Davern Street. Rapid bus is a package of transit enhancements that adds up to a faster trip and an improved experience. A Line's ridership success has been driven by strong connections to the light rail system, shopping destinations, and colleges and universities on the corridor. Among those highlights:

- Corridor ridership for the A Line and Route 84 grew 32% in the first year of A Line operations, compared to the year prior to June 11, 2016 when A Line service was launched.
- A Line provided more than 1.5 million rides in 2017.
- A Line averages 20-25% faster travel times than the previous Route 84 bus route.

The A Line is the first of several planned arterial rapid bus lines that will bring faster, more frequent service to the region's busiest transit corridors.

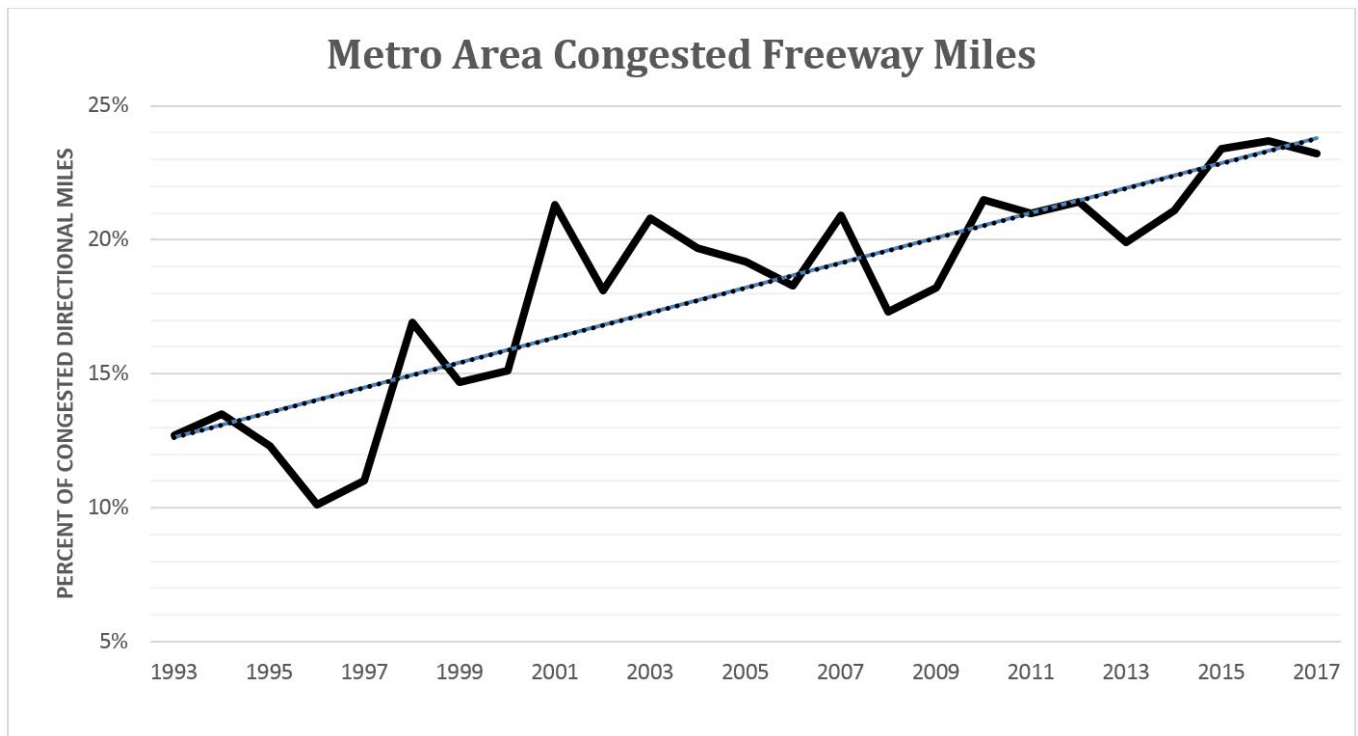
- In 2017, Metropolitan Council broke ground on the C Line which will substantially replace Route 19, running primarily on Penn Avenue and Olson Memorial Highway.
- Metropolitan Council is currently planning for the D Line, which will replace Route 5, the region's single busiest bus route. During rush hour, Route 5 buses make up less than 2% of vehicle traffic but carry more than 20% of people traveling through the Route 5 corridor by automobile or bus.

Hours of Delay Caused by Congestion

Transit is one of several system-wide options to help ease congestion and enhance ease of movement throughout the region for our residents and businesses. Transit benefits all road users, not just transit riders. Metro congestion affects metro-area residents, workers from outside the metro area, businesses shipping or receiving goods, and travelers moving through the metropolitan area.

The number of hours spent in congestion is an indicator of roadway performance and of transportation-related impacts to air quality. Traffic congestion causes problems for travelers and shippers including extra travel time, unreliable travel time, and increased fuel costs. Congestion also impacts air quality through increased carbon dioxide (CO₂) emissions.

The table shows the percent of directional freeway miles considered to be congested and shows that this measure of congestion had increased over time. Congestion is defined as vehicle speeds less than 45 miles per hour. If vehicle speeds are less than 45 miles per hour northbound on 35W in south Minneapolis from 7:30am to 9:30am, that section of freeway is considered to be congested.



Source: MnDOT Regional Transportation Management Center

Minnesota Statutes 473.371 through 473.449 (<https://www.revisor.mn.gov/statutes/cite/473.371>) prescribe the Metropolitan Council's roles and responsibilities in transit.

Transit

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	81,626	101,126	121,031	129,820	89,820	89,820	96,004	111,056
1050 - Transit Assistance	257,172	271,535	278,040	293,993	309,312	329,076	319,662	347,976
Total	338,798	372,661	399,071	423,813	399,132	418,896	415,666	459,032
Biennial Change				111,425		(4,856)		51,814
Biennial % Change				16		(1)		6
Governor's Change from Base								56,670
Governor's % Change from Base								7

Expenditures by Activity

Met Council Transit	338,798	372,661	399,071	423,813	399,132	418,896	415,666	459,032
Total	338,798	372,661	399,071	423,813	399,132	418,896	415,666	459,032

Expenditures by Category

Grants, Aids and Subsidies	338,798	372,661	399,071	423,813	399,132	418,896	415,666	459,032
Total	338,798	372,661	399,071	423,813	399,132	418,896	415,666	459,032

Transit

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	81,626	101,126	121,031	129,820	89,820	89,820	96,004	111,056
Expenditures	81,626	101,126	121,031	129,820	89,820	89,820	96,004	111,056
Biennial Change in Expenditures				68,099		(71,211)		(43,791)
Biennial % Change in Expenditures				37		(28)		(17)
Governor's Change from Base								27,420
Governor's % Change from Base								15

1050 - Transit Assistance

Balance Forward In	73	2	22	17				
Receipts	257,099	271,535	278,035	293,976	309,312	329,076	319,662	347,976
Balance Forward Out		2	17					
Expenditures	257,172	271,535	278,040	293,993	309,312	329,076	319,662	347,976
Biennial Change in Expenditures				43,326		66,355		95,605
Biennial % Change in Expenditures				8		12		17
Governor's Change from Base								29,250
Governor's % Change from Base								5

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AT A GLANCE

- Serve the 13,140 members of the Minnesota Army (10,856) and Air (2,284) National Guard
- Since 9/11, the Minnesota National Guard has deployed more than 29,768 Army and Air Guard members to more than 37 countries worldwide
- Responsible for approximately \$370 - \$490 million per year from the federal government
- 361.9 full-time equivalents (FTEs) across the state - only 37.27 are 100% state-funded
- Provided assistance to over 50 state active duty missions in response to floods, fire, blizzards and other natural disasters or other emergencies since 2005
- Provided more than 33,164 state active duty work days by service members since 2005

PURPOSE

Federal: As a federal entity, military members of the Minnesota National Guard serve as a reserve force for the United States Army and Air Force. They are subject to be called to federal active duty for extended periods of time by the President.

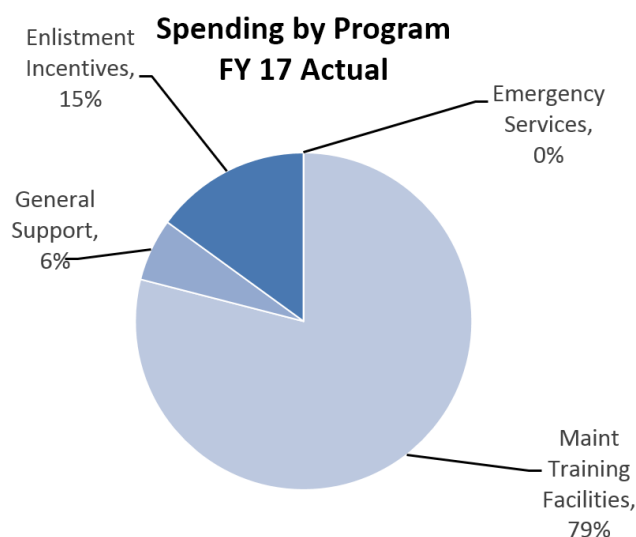
State: As a state entity, the Minnesota National Guard provides support to local law enforcement agencies during natural disasters and other emergencies at the direction of the Governor.

Community: The Minnesota National Guard is also involved in community support projects throughout the state. These projects give our soldiers a chance to “give back to the community.”

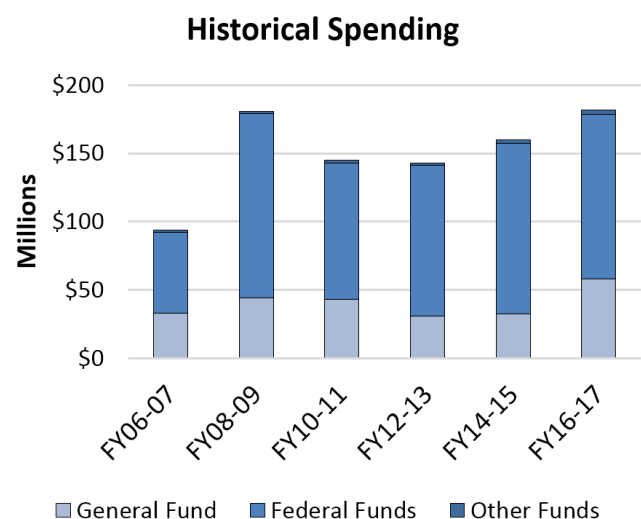
We are comprised of and include the military forces of the state, the Office of the Adjutant General, all military reservations, military installations, armories, air bases, facilities owned or controlled by the state for military purposes, and civilians employed by the state for the administration of the military department.

We support the following statewide outcome: **People in Minnesota are safe.**

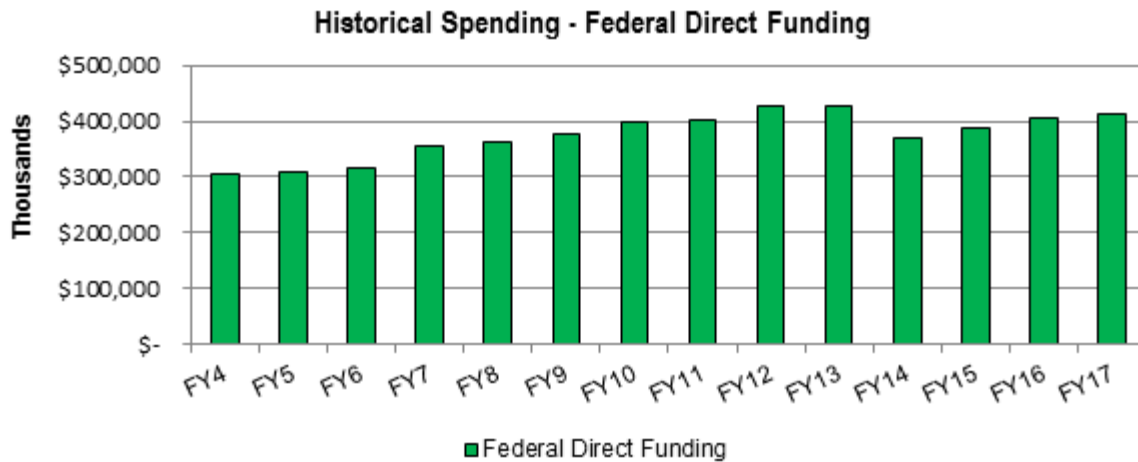
BUDGET



Source: Budget Planning & Analysis System (BPAS)



Does not include federal direct spending
Source: Consolidated Fund Statement



Source: Minnesota National Guard Annual Reports

Ninety-five percent of our total budget comes from the federal government through direct federal funding, cooperative agreements for facilities construction and maintenance, telecommunications, security, firefighting, and the STARBASE educational program serving inner city school students. The state general fund accounts for 4.63% of our budget, and approximately 0.37% comes from other sources (local government, facility sales, housing operations, etc.). Additionally, we are responsible for approximately \$370 - \$490 million per year from the federal government. These funds are paid to individuals and vendors for federal-related activities and do not pass through the state treasury. The department's staff includes 361.9 FTEs and only 37.27 FTEs are 100% state-funded. The remainder are predominantly federally funded -- some at 100% and most others at 75% or 80%.

STRATEGIES

We integrate federal and state resources to pursue strategies in two lines of effort. The first is Provide Ready Units which includes actions that provide a competent ready force, sustain optimal force structure and provide support response to any cyber events. The second is Relationship Integration which includes actions that maintain and enhance suitable infrastructure and facilities, sustain the "Beyond the Yellow Ribbon" activities, and diversify the force.

We have four core programs that support the Minnesota National Guard and implement these two lines of effort:

- The **Maintenance of Military Training Facilities Program** maintains the state's facilities used to train and house the members of the Minnesota National Guard and to protect the state's investment in facilities including the MN State Armory Building Commission (MSABC) facilities. Each Air National Guard base has a civil engineering function responsible for the maintenance of the federal facilities that are supported with state and federal dollars.
- The **Enlistment Incentives Program** supports and manages the department's enlistment and retention incentives and tuition reimbursement programs. These programs provide incentives to the men and women who enlist and maintain their memberships in the Army and Air National Guard.
- **Emergency Services** funds emergency response activities at the order of the Governor when the National Guard is activated in response to state emergencies.
- **General Support** provides the general administrative, financial, accounting, budgeting, project management, strategic planning, and human resource support necessary for the operation of the department.

MDMA's legal authority is provided from M.S. 190 – 195 (<https://www.revisor.mn.gov/statutes/?id=190>).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	28,437	29,397	26,447	26,920	23,084	23,084	24,342	24,342
2000 - Restrict Misc Special Revenue	1,449	1,469	2,694	3,445	3,213	2,731	3,213	2,731
2050 - Environment & Natural Resources				1,000				
3000 - Federal	63,146	57,610	63,754	89,466	104,019	104,808	104,019	104,808
Total	93,033	88,476	92,896	120,831	130,316	130,623	131,574	131,881
Biennial Change				32,218		47,212		49,728
Biennial % Change				18		22		23
Governor's Change from Base								2,516
Governor's % Change from Base								1

Expenditures by Program

Maintenance Training Facilities	76,397	69,647	73,248	102,703	113,578	114,383	113,578	114,383
General Support	4,205	5,026	5,743	7,287	6,443	5,945	6,701	6,203
Enlistment Incentives	11,764	13,778	12,138	10,660	10,114	10,114	11,114	11,114
Emergency Services	666	25	1,766	181	181	181	181	181
Total	93,033	88,476	92,896	120,831	130,316	130,623	131,574	131,881

Expenditures by Category

Compensation	25,680	28,619	31,379	32,218	31,402	32,020	31,402	32,020
Operating Expenses	43,784	41,427	38,276	50,046	46,845	46,321	47,103	46,579
Grants, Aids and Subsidies	12,180	12,810	11,452	10,216	9,954	10,242	10,954	11,242
Capital Outlay-Real Property	9,390	3,322	10,663	27,460	41,218	41,143	41,218	41,143
Other Financial Transaction	1,999	2,298	1,126	891	897	897	897	897
Total	93,033	88,476	92,896	120,831	130,316	130,623	131,574	131,881

Full-Time Equivalents

349.12	362.20	371.11	366.64	367.14	367.39	367.14	367.39
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Military Affairs

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	20,766	13,727	3,750	3,846				
Direct Appropriation	19,368	19,616	24,813	22,929	22,939	22,939	24,197	24,197
Open Appropriation	666	25	1,766	181	181	181	181	181
Transfers In	10,000	2,000						
Transfers Out	10,017	2,021	37	36	36	36	36	36
Cancellations		209						
Balance Forward Out	12,347	3,741	3,846					
Expenditures	28,437	29,397	26,447	26,920	23,084	23,084	24,342	24,342
Biennial Change in Expenditures			(4,467)		(7,199)		(4,683)	
Biennial % Change in Expenditures			(8)		(13)		(9)	
Governor's Change from Base							2,516	
Governor's % Change from Base							5	
Full-Time Equivalents	40.17	40.25	40.83	42.26	42.76	43.01	42.76	43.01

2000 - Restrict Misc Special Revenue

Balance Forward In	2,630	3,197	3,551	2,862	3,355	2,571	3,355	2,571
Receipts	1,514	1,768	1,447	3,392	1,879	1,271	1,879	1,271
Transfers In	502	534	559	550	550	550	550	550
Transfers Out		488		4				
Balance Forward Out	3,197	3,542	2,862	3,355	2,571	1,661	2,571	1,661
Expenditures	1,449	1,469	2,694	3,445	3,213	2,731	3,213	2,731
Biennial Change in Expenditures				3,221		(195)		(195)
Biennial % Change in Expenditures				110		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	16.69	16.66	20.08	22.91	22.91	22.91	22.91	22.91

2050 - Environment & Natural Resources

Balance Forward In			1,000			
Direct Appropriation			1,000			
Balance Forward Out			1,000			
Expenditures			1,000			
Biennial Change in Expenditures			1,000		(1,000)	(1,000)

Military Affairs

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	734	939	859	694	694	694	694	694
Receipts	63,118	57,365	63,589	89,466	104,019	104,808	104,019	104,808
Balance Forward Out	705	694	694	694	694	694	694	694
Expenditures	63,146	57,610	63,754	89,466	104,019	104,808	104,019	104,808
Biennial Change in Expenditures				32,464		55,607		55,607
Biennial % Change in Expenditures				27		36		36
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	292.26	305.29	310.20	301.47	301.47	301.47	301.47	301.47

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	22,929	22,929	22,929	45,858
Base Adjustments				
Pension Allocation		10	10	20
Forecast Base	22,929	22,939	22,939	45,878
Change Items				
Sustain State Enlistment and Retention Bonus Programs to Service Members		1,000	1,000	2,000
Sustain Reintegration Programs for Deployed Service Members and Families		258	258	516
Total Governor's Recommendations	22,929	24,197	24,197	48,394
Open				
Fund: 1000 - General				
FY2019 Appropriations	169	169	169	338
Base Adjustments				
November Forecast Adjustment	12	12	12	24
Forecast Base	181	181	181	362
Total Governor's Recommendations	181	181	181	362
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	3,445	3,213	2,731	5,944
Forecast Base	3,445	3,213	2,731	5,944
Total Governor's Recommendations	3,445	3,213	2,731	5,944
Fund: 3000 - Federal				
Planned Spending	89,466	104,019	104,808	208,827
Forecast Base	89,466	104,019	104,808	208,827
Total Governor's Recommendations	89,466	104,019	104,808	208,827
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	3,392	1,879	1,271	3,150
Total Governor's Recommendations	3,392	1,879	1,271	3,150
Fund: 3000 - Federal				
Forecast Revenues	89,466	104,019	104,808	208,827

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	89,466	104,019	104,808	208,827

Department of Military Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: Sustain State Enlistment and Retention Bonus Programs to Service Members

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$2 million in FY 2020-2021 to sustain the State Enlistment and Retention programs for military service members at the Minnesota Department of Military Affairs (MDMA). This budget recommendation reflects a 4.4% increase to the agency's total annual operating budget in FY 2020-2021.

Rationale/Background:

The MDMA offers the following incentives programs to recruit and retain service members:

1. State Tuition Reimbursement Program - Reimburse up to 100 percent of the tuition charged for eligible coursework (undergraduate and graduate) at accredited post-secondary institutions.
2. State Reenlistment Bonus Program – Offered to service members that have completed six years of service creditable for retirement and must have less than 13 years of service creditable for retirement on their current Expiration Term of Service date. This program was suspended on September 1, 2017.
3. State Medic Bonus Program - Authorized for current service members that are servicing in an authorized duty position that requires the Emergency Medical Technician – B certification and have a current National Registry of Emergency Medical Technician card.
4. State Enlistment Bonus Program - Authorized for non-prior service or prior service Army skill-level 10 (E-4 and below) and Air E-3 and below (training level 1 or 3) enlisting into hard slot or over-strength vacancies within the Career Management Fields and Air Force Specialty Codes. This program was suspended on September 1, 2017.
5. State Reclassification Bonus Program - Authorized for E-5 through E-7 vacancies in Military Occupational Specialties and Air Force Specialty Codes identified by The Adjutant General.

Proposal:

The Governor recommends additional funding to allow the agency to meet their on-going financial obligations of the enlistment incentives programs, which help to recruit and retain service members. This funding is necessary due to increasing tuition costs and unanticipated increases in service member participation. Program utilization has grown faster than anticipated in recent years and without additional funding, the program's base budget will be insufficient to meet current, contractually obligated incentive payments. The implementation date for this proposal is July 1, 2019.

Equity and Inclusion:

When the Minnesota National Guard established its diversity goals in 2011, the organization set its sights on shaping a force with a commensurate percentage of diverse individuals relative to the state of Minnesota's population. In 2018, nearly 24% of new Minnesota National Guard recruits were from diverse populations.

Year	Minority % - MN National Guard	Female % - MN National Guard
2011	7.80%	16.20%
2015	14.30%	18.00%
2018	16.60%	19.30%

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	<i>Competent Ready Force (LOA 1).</i> The Minnesota National Guard's enduring mission is to protect the nation by providing forces and capabilities in support of the Governor, Combatant Commanders, and domestic operations. We will accomplish this by achieving and maintaining the required personnel, equipment, training and resourcing levels that ensure our success.	3 of 4 objectives meeting targets	4 of 5 objectives meeting targets	2016 & 2018
Quantity	<i>Increase diversity among first-term enlistments (LOA 5-1).</i> The first step in increasing the diversity of our force is to recruit a large pool of diverse Soldiers/Airmen that can subsequently be retained and promoted to all levels of the organization as their careers progress.	6 of 12 objectives meeting targets	5 of 12 objectives meeting targets	2016 & 2018
Quantity	<i>Increase diversity among mid-grades (LOA 5-2).</i> Having a large pool of diverse first-term enlistments will assist toward achieving this objective, but other initiatives are required to ensure continued success. It must begin with career development programs implemented at all levels of command. These programs will help service members envision and develop plans for their future service, which will provide them with the tools to successfully manage their careers.	2 of 6 objectives meeting targets	2 of 6 objectives meeting targets	2016 & 2018

Statutory Change(s):

N/A

Department of Military Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: Sustain Reintegration Programs for Deployed Service Members and Families

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	258	258	258	258
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	258	258	258	258
FTEs	0	0	0	0

Recommendation:

The Governor recommends an annual general fund increase of \$258 thousand starting in FY 2020 to sustain current reintegration programs that support military service members and their families throughout the entire deployment cycle at the Minnesota Department of Military Affairs (MDMA). This budget recommendation reflects a 1.1% increase to the agency's total annual operating budget in FY 2020-2021.

Rationale/Background:

MDMA received a one-time reintegration appropriation of \$1.5 million in FY 2008 that was available until spent. The agency anticipates the remaining balance of this appropriation will be spent in FY 2019. This new funding would allow the agency to continue to support reintegration activities, provide more transparency of the program's annual expenditures, and simplify the financial management compared to the one-time funding.

"Reintegration" is defined as the process of transitioning from the deployment experience as a Warrior, back to a citizen in our community. Successful reintegration involves training and support activities for service members from all components, their families, employers, and key leaders in our communities. Minnesota's "Beyond the Yellow Ribbon" reintegration program is a "three-phased" deployment cycle support process that begins before a unit deploys, continues during the deployment, and continues after deployment. The "Beyond the Yellow Ribbon" program trains and empowers our service members, families, community leaders, and various agencies/organizations/associations for support throughout the entire deployment cycle.

The agency provides funding for the following reintegration activities to support our service members and their families throughout the deployment cycle:

1. Marriage, stress, and suicide prevention seminars for service members and their spouses.
2. Community mental health and family services when the service members return to their communities.
3. Facility and equipment rental for training events.
4. Contracted training for service members and families directly related to reintegration.
5. Stipends and reimbursement of expenses for instructors and support personnel contracted by the state of Minnesota for training events.
6. Spouse lunches, mileage, and centralized day care services so the spouses can attend valuable reintegration training.
7. Research and curriculum development to support training strategy and program assessments.
8. Food/light refreshments for service members and families attending training events to the extent that they are not otherwise provided and are integral to the conduct of the event.
9. Public informational materials and communications.

Proposal:

The Governor recommends additional, ongoing funding that will allow MDMA to meet their on-going financial needs to provide current and projected reintegration activities to support service members and their families throughout the entire deployment cycle. The implementation date for this proposal is July 1, 2019.

Equity and Inclusion:

When the Minnesota National Guard established its diversity goals in 2011, the organization set its sights on shaping a force with a commensurate percentage of diverse individuals relative to the state of Minnesota's population. In 2018, nearly 24% of new Minnesota National Guard recruits were from diverse populations.

Year	Minority % - MN National Guard	Female % - MN National Guard
2011	7.80%	16.20%
2015	14.30%	18.00%
2018	16.60%	19.30%

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	<i>Competent Ready Force (LOA 1).</i> The Minnesota National Guard's enduring mission is to protect the nation by providing forces and capabilities in support of the Governor, Combatant Commanders, and domestic operations. We will accomplish this by achieving and maintaining the required personnel, equipment, training and resourcing levels that ensure our success.	3 of 4 objectives meeting targets	4 of 5 objectives meeting targets	2016 & 2018
Quantity	<i>Increase diversity among first-term enlistments (LOA 5-1).</i> The first step in increasing the diversity of our force is to recruit a large pool of diverse Soldiers/Airmen that can subsequently be retained and promoted to all levels of the organization as their careers progress.	6 of 12 objectives meeting targets	5 of 12 objectives meeting targets	2016 & 2018
Quantity	<i>Increase diversity among mid-grades (LOA 5-2).</i> Having a large pool of diverse first-term enlistments will assist toward achieving this objective, but other initiatives are required to ensure continued success. It must begin with career development programs implemented at all levels of command. These programs will help service members envision and develop plans for their future service, which will provide them with the tools to successfully manage their careers.	2 of 6 objectives meeting targets	2 of 6 objectives meeting targets	2016 & 2018

Statutory Change(s):

N/A

Program: Maintenance of Military Training Facilities

minnesotanationalguard.org/

AT A GLANCE

In state fiscal year 2018, we:

- Maintained 63 Training and Community Centers (TACCs) – commonly known as armories, two airbases, two Army Aviation Support Facilities, and nine maintenance facilities in 61 communities
- Provided construction and professional service contracting services for the agency
- Provided procurement services for goods, fixed assets, and services for the agency

PURPOSE & CONTEXT

This program is responsible for maintaining the state's facilities used to train and house the members of the Minnesota National Guard, and to protect the state's investment in these facilities. We maintain and develop sustainable infrastructure at the Camp Ripley Training Center, two airbases, two army aviation support facilities, and the Training & Community Centers (TACCs) in 61 communities across the State.

SERVICES PROVIDED

Military Affairs has a series of cooperative agreements in place for operations and maintenance of state owned and licensed facilities, for providing security at the Air Bases, Camp Ripley, and the Army Aviation Support Facilities, and for firefighting services at the Duluth Air Base and Camp Ripley.

We support state facilities that federal forces use to accomplish their mission of preparing soldiers and airmen for federal and state missions. Each Air National Guard Base in Minneapolis and Duluth has a civil engineering function that is responsible for the maintenance of the federal facilities that are supported with state and federal dollars.

RESULTS

Specific aspects of these results including objectives, performance measures and results can be found in the Annual Report and Campaign Plan at

http://www.minnesotanationalguard.org/aboutus/assets/MNNG_CAMPLAN_OPERATION_POLARIS.pdf.

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	<i>Optimize infrastructure capabilities (LOA 3.1).</i> Optimizing our infrastructure capabilities and efficiencies includes our training areas, roads, buildings, Training and Community Centers, and Facility Maintenance Shops. The MNNG will optimize its infrastructure capabilities and improve efficiencies in order to reduce net output of greenhouse gas emissions to zero.	2 of 3 objectives meeting targets	2 of 3 objectives meeting targets	2016 & 2018

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Improve Infrastructure Efficiency to Net-Zero Goal (LOA 3.2). The MNNG will work toward optimizing our infrastructure capabilities to improve efficiencies to reduce net consumption of water, energy and waste. We will decrease facility energy consumption and track and monitor solid waste disposal in accordance with Federal Executive Order and the Army Sustainability Campaign Plan.	2 of 2 objectives meeting targets	1of 2 objectives meeting targets	2016 & 2018
Result	<i>Competent Ready Force (LOA 1)</i> . The Minnesota National Guard's enduring mission is to protect the nation by providing forces and capabilities in support of the Governor, Combatant Commanders and domestic operations. We will accomplish this by achieving and maintaining the required personnel, equipment, training and resourcing levels that ensure our success.	3 of 4 objectives meeting targets	4 of 5 objectives meeting targets	2016 & 2018

Performance Measures Notes

LOA = Line of Action

MDMA's legal authority is provided from M.S. 190 – 195 (<https://www.revisor.mn.gov/statutes/?id=190>).

Maintenance Training Facilities

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	13,458	12,173	9,884	12,414	9,701	9,701	9,701	9,701
2000 - Restrict Misc Special Revenue	772	860	1,434	1,178	1,213	1,229	1,213	1,229
2050 - Environment & Natural Resources				1,000				
3000 - Federal	62,168	56,614	61,930	88,111	102,664	103,453	102,664	103,453
Total	76,397	69,647	73,248	102,703	113,578	114,383	113,578	114,383
Biennial Change				29,907		52,010		52,010
Biennial % Change				20		30		30
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Maintenance of Training Facilities	76,397	69,647	73,248	102,703	113,578	114,383	113,578	114,383
Total	76,397	69,647	73,248	102,703	113,578	114,383	113,578	114,383

Expenditures by Category

Compensation	22,707	24,351	25,472	27,255	26,783	27,608	26,783	27,608
Operating Expenses	42,352	40,344	36,018	47,584	44,703	44,683	44,703	44,683
Grants, Aids and Subsidies	10	30	34	67	67	67	67	67
Capital Outlay-Real Property	9,390	2,703	10,621	26,907	41,135	41,135	41,135	41,135
Other Financial Transaction	1,938	2,219	1,103	890	890	890	890	890
Total	76,397	69,647	73,248	102,703	113,578	114,383	113,578	114,383

Full-Time Equivalents

323.41	337.51	345.81	336.78	336.78	336.78	336.78	336.78
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Maintenance Training Facilities

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		7,584	2,923	2,716				
Direct Appropriation	9,661	9,661	9,677	9,698	9,701	9,701	9,701	9,701
Transfers In	10,000							
Transfers Out		2,000						
Cancellations		148						
Balance Forward Out	6,203	2,923	2,716					
Expenditures	13,458	12,173	9,884	12,414	9,701	9,701	9,701	9,701
Biennial Change in Expenditures				(3,333)		(2,896)		(2,896)
Biennial % Change in Expenditures				(13)		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	16.43	17.60	17.57	17.44	17.44	17.44	17.44	17.44

2000 - Restrict Misc Special Revenue

Balance Forward In	439	538	908	566	528	491	528	491
Receipts	871	1,221	1,092	1,140	1,176	1,193	1,176	1,193
Balance Forward Out	538	899	566	528	491	455	491	455
Expenditures	772	860	1,434	1,178	1,213	1,229	1,213	1,229
Biennial Change in Expenditures				980		(170)		(170)
Biennial % Change in Expenditures				60		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	14.72	14.62	18.04	17.87	17.87	17.87	17.87	17.87

2050 - Environment & Natural Resources

Balance Forward In			1,000			
Direct Appropriation			1,000			
Balance Forward Out			1,000			
Expenditures			1,000			
Biennial Change in Expenditures			1,000		(1,000)	(1,000)
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						

Maintenance Training Facilities

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21

3000 - Federal

Balance Forward In	734	939	859	694	694	694	694	694
Receipts	62,119	56,368	61,765	88,111	102,664	103,453	102,664	103,453
Balance Forward Out	685	694	694	694	694	694	694	694
Expenditures	62,168	56,614	61,930	88,111	102,664	103,453	102,664	103,453
Biennial Change in Expenditures				31,260		56,076		56,076
Biennial % Change in Expenditures				26		37		37
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	292.26	305.29	310.20	301.47	301.47	301.47	301.47	301.47

Program: General Support

minnesotanationalguard.org/

AT A GLANCE

In state fiscal year 2018, we:

- Provided accounting and administrative services to support cooperative agreement projects totaling over \$93.2 million
- Provided human resources, payroll, and administrative services to 361.9 Full-Time Equivalents (FTEs)
- Supported 315 Yellow Ribbon Entities (227 cities, 26 counties, and 62 companies)
- Provided grants to service members, family support groups, and other veteran organizations from the proceeds of the Support Our Troops (SOT) license plates

PURPOSE & CONTEXT

General Support Funding provides the general administrative, financial, accounting, budgeting, project management, strategic planning, and human resource support necessary for the operation of the department. It also provides the support for members of the National Guard called to state active duty by the Governor.

SERVICES PROVIDED

Under the General Support activity, we provide support to the Adjutant General's staff, the department directors responsible for the cooperative agreements with the federal government, the state employees of the department, and, in times of state declared emergencies, the members of the Minnesota Army and Air National Guard called to state active duty. We administer programs that support military members of the Minnesota National Guard and we provide the leadership, planning, technical, and administrative support for the state agency and conduct training and exercises to enhance readiness to perform support to civil authorities. Additionally, we provide the support for the separate grants and programs authorized by the legislature, such as the Beyond the Yellow Ribbon Program and Support Our Troops funding.

RESULTS

Specific aspects of these results including objectives, performance measures, and results can be found in the Annual Report and Campaign Plan at

http://www.minnesotanationalguard.org/aboutus/assets/MNNG_CAMPLAN_OPERATION_POLARIS.pdf.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	<i>Sustainable Infrastructure (LOA 3)</i> . We will develop Sustainable Infrastructure including our two airbases and the facilities in 63 communities across the state. It is crucial that we optimize the physical capabilities at each location, which will facilitate enhancing partnerships throughout the communities in which we serve.	3 of 4 objectives meeting targets	2 of 4 objectives meeting targets	2016 & 2018

Type of Measure	Name of Measure	Previous	Current	Dates
Result	<i>Support Beyond the Yellow Ribbon Program (LOA 4).</i> We will continue development of a comprehensive program that connects Service Members (SM) and their families (MFM) with community support, training, services, and resources in networks.	2 of 5 objectives meeting targets	3 of 5 objectives meeting targets	2016 & 2018
Result	<i>Competent Ready Force (LOA 1).</i> The Minnesota National Guard's enduring mission is to protect the nation by providing forces and capabilities in support of the Governor, Combatant Commanders, and domestic operations. We will accomplish this by achieving and maintaining the required personnel, equipment, training, and resourcing levels that ensure our success.	3 of 4 objectives meeting targets	4 of 5 objectives meeting targets	2016 & 2018

Performance Measures Notes:

LOA = Line of Action

MDMA's legal authority is provided from M.S. 190 – 195 (<https://www.revisor.mn.gov/statutes/?id=190>).

General Support

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	2,549	3,421	2,659	3,665	3,088	3,088	3,346	3,346
2000 - Restrict Misc Special Revenue	677	608	1,260	2,267	2,000	1,502	2,000	1,502
3000 - Federal	979	997	1,824	1,355	1,355	1,355	1,355	1,355
Total	4,205	5,026	5,743	7,287	6,443	5,945	6,701	6,203
Biennial Change				3,799		(642)		(126)
Biennial % Change				41		(5)		(1)
Governor's Change from Base								516
Governor's % Change from Base								4

Expenditures by Activity

Administrative Services	2,554	3,426	2,675	3,685	3,108	3,108	3,366	3,366
Auxiliary Services	572	433	1,031	2,038	1,941	1,443	1,941	1,443
Starbase Minnesota	979	997	1,824	1,355	1,355	1,355	1,355	1,355
Camp Ripley Timber Sales	100	170	212	209	39	39	39	39
Total	4,205	5,026	5,743	7,287	6,443	5,945	6,701	6,203

Expenditures by Category

Compensation	1,849	1,895	1,998	2,385	2,525	2,606	2,525	2,606
Operating Expenses	821	1,060	1,238	2,297	1,977	1,473	2,235	1,731
Grants, Aids and Subsidies	1,474	1,373	2,443	2,051	1,851	1,851	1,851	1,851
Capital Outlay-Real Property		618	41	553	83	8	83	8
Other Financial Transaction	61	79	23	1	7	7	7	7
Total	4,205	5,026	5,743	7,287	6,443	5,945	6,701	6,203

Full-Time Equivalents

23.71	22.71	23.32	27.86	28.36	28.61	28.36	28.61
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General Support

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	390	643	211	583				
Direct Appropriation	2,819	3,067	3,067	3,118	3,124	3,124	3,382	3,382
Transfers Out	17	21	37	36	36	36	36	36
Cancellations		61						
Balance Forward Out	643	207	582					
Expenditures	2,549	3,421	2,659	3,665	3,088	3,088	3,346	3,346
Biennial Change in Expenditures				354		(148)		368
Biennial % Change in Expenditures				6		(2)		6
Governor's Change from Base								516
Governor's % Change from Base								8
Full-Time Equivalents	21.74	20.67	21.28	22.82	23.32	23.57	23.32	23.57

2000 - Restrict Misc Special Revenue

Balance Forward In	2,191	2,171	2,643	2,292	2,827	2,080	2,827	2,080
Receipts	155	547	351	2,252	703	78	703	78
Transfers In	502	534	559	550	550	550	550	550
Balance Forward Out	2,171	2,643	2,292	2,827	2,080	1,206	2,080	1,206
Expenditures	677	608	1,260	2,267	2,000	1,502	2,000	1,502
Biennial Change in Expenditures				2,242		(25)		(25)
Biennial % Change in Expenditures				174		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.97	2.04	2.04	5.04	5.04	5.04	5.04	5.04

3000 - Federal

Receipts	979	997	1,824	1,355	1,355	1,355	1,355	1,355
Expenditures	979	997	1,824	1,355	1,355	1,355	1,355	1,355
Biennial Change in Expenditures				1,203		(469)		(469)
Biennial % Change in Expenditures				61		(15)		(15)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Enlistment Incentives

minnesotanationalguard.org/education/

AT A GLANCE

In state fiscal year 2018, we disbursed:

- \$8.975 million for the State Tuition Reimbursement (STR) program
- \$1.693 million for the State Reenlistment (SRB) program
- \$0.056 million for the State Medic Bonus (SMB) program
- \$1.126 million for the State Enlistment Bonus (SEB) program
- \$0.170 million for the State Reclassification Bonus (SRCB) program

PURPOSE & CONTEXT

The Enlistment Incentives program provides selective incentives to the men and women who enlist and maintain their memberships in the Army and Air National Guard to meet the needs of our military force. These incentives allow the Minnesota National Guard to compete with neighboring states and other services in recruitment.

SERVICES PROVIDED

Manage programs and provide funding for the state's enlistment incentives program to recruit and retain service members in shortage job skills and grades to maintain a competent and ready force. We execute and update Minnesota National Guard Circular 621-5-1, which describes the eligibility criteria and procedures for administering the Minnesota State Incentive Programs. We review and update the incentive programs annually based on both the state and federal financial environment.

RESULTS

Specific aspects of these results including objectives, performance measures and results can be found in the Annual Report and Campaign Plan at

http://www.minnesotanationalguard.org/aboutus/assets/MNNG_CAMPLAN_OPERATION_POLARIS.pdf.

Type of Measure	Name of Measure	Previous	Current	Dates
Result	<i>Competent Ready Force (LOA 1).</i> The Minnesota National Guard's enduring mission is to protect the nation by providing forces and capabilities in support of the Governor, Combatant Commanders, and domestic operations. We will accomplish this by achieving and maintaining the required personnel, equipment, training and resourcing levels that ensure our success.	3 of 4 objectives meeting targets	4 of 5 objectives meeting targets	2016 & 2018
Quantity	<i>Increase diversity among first-term enlistments (LOA 5-1).</i> The first step in increasing the diversity of our force is to recruit a large pool of diverse Soldiers/Airmen that can subsequently be retained and promoted to all levels of the organization as their careers progress.	6 of 12 objectives meeting targets	5 of 12 objectives meeting targets	2016 & 2018

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	<i>Increase diversity among mid-grades (LOA 5-2).</i> Having a large pool of diverse first-term enlistments will assist toward achieving this objective, but other initiatives are required to ensure continued success. It must begin with career development programs implemented at all levels of command. These programs will help service members envision and develop plans for their future service, which will provide them with the tools to successfully manage their careers.	2 of 6 objectives meeting targets	2 of 6 objectives meeting targets	2016 & 2018

Performance Measures Notes

LOA = Line of Action

M.S. 192.501 provides the legal authority for MDMA's Incentives Program.
<https://www.revisor.mn.gov/statutes/?id=192.501>

Enlistment Incentives

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	11,764	13,778	12,138	10,660	10,114	10,114	11,114	11,114
Total	11,764	13,778	12,138	10,660	10,114	10,114	11,114	11,114
Biennial Change				(2,744)		(2,570)		(570)
Biennial % Change				(11)		(11)		(3)
Governor's Change from Base								2,000
Governor's % Change from Base								10

Expenditures by Activity

Enlistment Incentives	11,764	13,778	12,138	10,660	10,114	10,114	11,114	11,114
Total	11,764	13,778	12,138	10,660	10,114	10,114	11,114	11,114

Expenditures by Category

Compensation	1,068	2,372	3,163	2,562	2,078	1,790	2,078	1,790
Grants, Aids and Subsidies	10,696	11,406	8,975	8,098	8,036	8,324	9,036	9,324
Total	11,764	13,778	12,138	10,660	10,114	10,114	11,114	11,114

Full-Time Equivalents

2.00	1.98	1.98	2.00	2.00	2.00	2.00	2.00	2.00
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Enlistment Incentives

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	20,376	5,500	616	547				
Direct Appropriation	6,888	6,888	12,069	10,113	10,114	10,114	11,114	11,114
Transfers In		2,000						
Transfers Out	10,000							
Balance Forward Out	5,500	611	547					
Expenditures	11,764	13,778	12,138	10,660	10,114	10,114	11,114	11,114
Biennial Change in Expenditures				(2,744)		(2,570)		(570)
Biennial % Change in Expenditures				(11)		(11)		(3)
Governor's Change from Base								2,000
Governor's % Change from Base								10
Full-Time Equivalents	2.00	1.98	1.98	2.00	2.00	2.00	2.00	2.00

Program: Emergency Servicesminnesotanationalguard.org/currentops/**AT A GLANCE**

In state fiscal years 2017-2018, we:

- Supported winter storm rescue missions, a special event mission in Minnesota, and provided assistance to the states of Texas, Florida, and Washington, and the territory of Puerto Rico.
- Provided 4,935 state active duty work days and equipment to assist local authorities during state active duty missions

PURPOSE & CONTEXT

On order of the Governor of Minnesota, the Minnesota National Guard provides support to state and local police and fire departments to save lives, prevent human suffering, and mitigate property damage for the citizens of Minnesota and partner states.

Under the Governor's Executive Order supporting emergency operations, the Adjutant General submits a funding request to Minnesota Management and Budget (MMB). This emergency open appropriation is used to pay for emergency operations performed by the Army and Air National Guard. The state may be eligible for reimbursement by FEMA, other federal entities, and other supported states for some missions.

SERVICES PROVIDED

The Minnesota National Guard conducts **Support to Civil Authorities** operations in support of the Governor of Minnesota, federal agencies, or the Department of Defense as stipulated under federal and state laws and statutes. Some of the supported emergency events in FY2017-18 included Emergency Management Assistance Compact wildfire support to the state of Washington, Emergency Management Assistance Compact assistance to the states of Texas and Florida and the territory of Puerto Rico, providing public safety support during Super Bowl LII, and opening armories for winter storm shelter.

The Minnesota National Guard develops and maintains an **All Hazard Contingency Plan** considering potential emergency situations which contain provisions for actions to be taken before, during, and after disasters.

The Minnesota National Guard maintains **dual-status commander capability** in the case that active federal military support is required during a response. This is an important legal distinction for Command and Control authority of federal assets and personnel that are involved in support of state emergencies.

RESULTS

Specific aspects of these results including objectives, performance measures, and results can be found in the Annual Report and Campaign Plan at

http://www.minnesotanationalguard.org/aboutus/assets/MNNG_CAMPLAN_OPERATION_POLARIS.pdf.

Type of Measure	Name of Measure	Previous	Current	Dates
Result	<i>Competent Ready Force (LOA 1).</i> The Minnesota National Guard's enduring mission is to protect the nation by providing forces and capabilities in support of the Governor, Combatant Commanders, and domestic operations. We will accomplish this by achieving and maintaining the required personnel, equipment, training and resourcing levels that ensure our success.	3 of 4 objectives meeting targets	4 of 5 objectives meeting targets	2016 & 2018
Quality	<i>Optimal Force Structure (LOA 2).</i> The Minnesota National Guard will plan to achieve an optimal force structure that provides the capabilities to support federal and state missions effectively. We will continually assess and evaluate the right mix of personnel and equipment to leverage our capabilities while balancing the ideal composition for current and anticipated missions.	2 of 3 objectives meeting targets	2 of 3 objectives meeting targets	2016 & 2018
Result	<i>Achieve and Maintain Required Equipment Readiness Levels (LOA 1-2).</i> We will continue to train and maintain our equipment readiness to achieve and maintain capability for our federal, state, and local missions.	1 of 3 objectives meeting targets	3 of 4 objectives meeting targets	2016 & 2018

Performance Measures Notes:

LOA = Line of Action

M.S. 192.52 provides the legal authority for MDMA's Emergency Services.

(<https://www.revisor.mn.gov/statutes/?id=192.52>)

Emergency Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	666	25	1,766	181	181	181	181	181
Total	666	25	1,766	181	181	181	181	181
Biennial Change				1,256		(1,585)		(1,585)
Biennial % Change				182		(81)		(81)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Emergency Services	666	25	1,766	181	181	181	181	181
Total	666	25	1,766	181	181	181	181	181

Expenditures by Category

Compensation	56	2	746	16	16	16	16	16
Operating Expenses	610	23	1,020	165	165	165	165	165
Grants, Aids and Subsidies		1						
Total	666	25	1,766	181	181	181	181	181

Emergency Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	666	25	1,766	181	181	181	181	181
Expenditures	666	25	1,766	181	181	181	181	181
Biennial Change in Expenditures				1,256		(1,585)		(1,585)
Biennial % Change in Expenditures				182		(81)		(81)
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In		488		4		
Receipts	488		4			
Transfers Out		488		4		
Balance Forward Out	488		4			

3000 - Federal

Receipts	20					
Balance Forward Out	20					

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Department of Defense; 12.400, 12.401	Maintenance of Training Facilities (Provide federal funding for the operation, maintenance and repair of facilities used by the MN Army National Guard for training service members)	No	\$53,857	\$78,589	\$93,142	\$93,931	State Match	198.33
Department of Defense; 12.400, 12.401	Air Base Maintenance - Twin Cities (Provide federal funding for the operation, maintenance and repair of facilities used by the MN Air National Guard for training service members.)	No	\$2,909	\$3,144	\$3,144	\$3,144	State Match	29.60
Department of Defense; 12.400, 12.401	Air Base Maintenance - Duluth (Provide federal funding for the operation, maintenance and repair of facilities used by the MN Air National Guard for training service members.)	No	\$5,164	\$6,378	\$6,378	\$6,378	State Match	73.54
Department of Defense; 12.400, 12.401	Program Total – Maintenance of Training Facilities		\$61,930	\$88,111	\$102,664	\$103,453		301.47
Department of Defense; 12.404	STARBASE MN (Established in 1993, the program's purpose is to increase the knowledge, skills, and interest of inner city youth in science, mathematics, technology, and engineering for greater academic and lifelong success.)	No	\$1,824	\$1,355	\$1,355	\$1,355	MOE	0.00
Department of Defense; 12.404	Program Total – General Support		\$1,824	\$1,355	\$1,355	\$1,355		0.00
	Federal Fund – Agency Total		\$63,754	\$89,466	\$104,019	\$104,808		301.47

Narrative

The Department of Military Affairs has a Master Cooperative Agreement with the Federal Government through the National Guard Bureau that has a series of funding appendices that provide federal funding for the operation, maintenance and repair of facilities used by the MN National Guard for training service members. The recurring, general operational portion of this funding is approximately \$57M per year. The one-time, construction funding varies from year to year but is generally in the \$30M to \$80M range.

The state is required to hire employees to provide direct services such as base security, airfield firefighting, facilities operation, maintenance and repair, and construction and design services. The state also needs a complement of employees to provide the indirect services such as accounting, budgeting, human resources, planning, safety, and administrative services required to support those activities.

State matches are required in several areas. These vary from 50% to 75% or 80% depending on what type of activities and facilities are supported. Army National Guard facility construction for facilities not on federally supported land usually require a 25% state contribution. Facilities on supported land are usually 100% federally funded. These construction projects each require a separate cooperative agreement.

Remodeling/renovation projects generally require a 50%-50% match. State funds for those projects are provided through capital bonding appropriations.

Estimates are based on the best federal funding information currently available at the time this document is prepared. Most federal awards that impact state fiscal years 2020-2021 are not yet confirmed. Therefore, we use historical trend information from recent years for ongoing programs along with funding estimates from federal program managers. We anticipate a slowdown in the rate of growth in federal funding over the next several years.

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AT A GLANCE

- Approximately 260 employees manage the financial and employee relations responsibilities of the state
- Coordinate biennial budget process for more than 100 agencies, boards, commissions, and the legislative and judicial branches
- Oversee and maintain human resource policy for more than 100 state agencies, boards, and councils, including recruitment, retention, talent management, classification, compensation, and training
- Manage more than \$8 billion in state public debt
- Process an average of 48,000 vendor payments per week
- Process approximately 55,000 employee paychecks twice a month
- The State Employee Group Insurance Program manages health benefits for over 129,000 employees, dependents, and retirees
- Responsible for producing twice a year budget and economic forecasts
- Negotiate contracts with 13 state employee bargaining units

PURPOSE

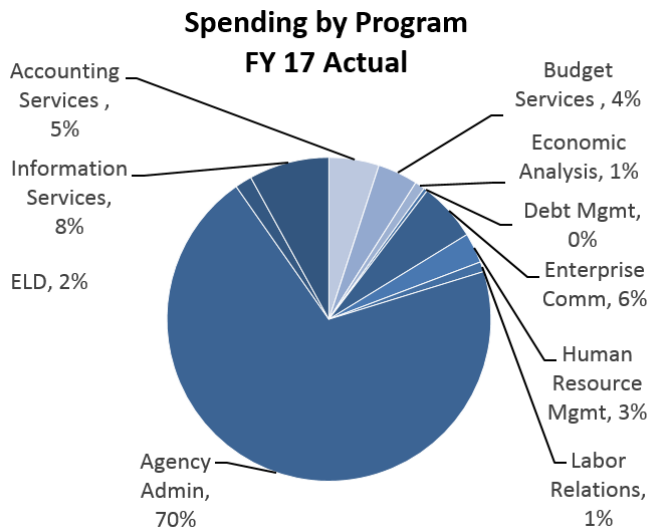
Minnesota Management & Budget (MMB) is responsible for managing state finances, payroll, and human resources and provides systems for daily business operations and information access and analysis.

Our mission is to manage state government's financial, workforce, and information resources to support effective and efficient services for Minnesotans. MMB is a central service agency, serving the governor, the legislature, more than 100 state government entities, 55,000 state employees, and the public. MMB priorities include:

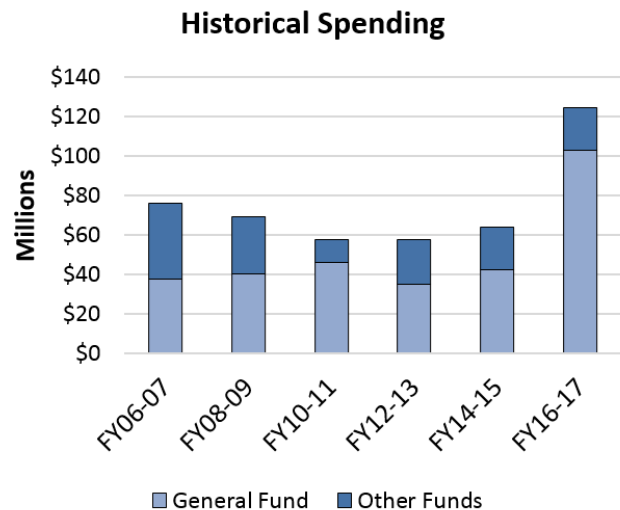
- Supporting the governor in establishing policies, and proposing and implementing budgets that benefit the people of Minnesota.
- Providing information that is accessible, consistent, objective, timely, and accurate to state agencies, the legislature, and citizens.
- Providing financial, human resources, and management expertise to help state government meet its goals and responsibilities in an effective and efficient manner.
- Creating a culture in state government that is supportive, constructive, and healthy for our employees.

MMB directly contributes to the statewide outcome of **efficient and accountable government services**.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The dramatic increase in FY16-17 spending is the result of \$327 million in one-time funds appropriated to MMB to administer the Health Insurance Premium Subsidy Program. In fiscal year 2017, we expended \$56.4 million of these funds. Note that the costs associated with the operation of the State Employees Group Insurance Plan (SEGIP) and the Public Employees Insurance Plan (PEIP) are not reflected in these charts and graphs. Due to the size of the budget of the insurance programs, their costs are only reflected in their respective budget narratives.

The majority of MMB's operating budget is funded through general fund appropriations. For fiscal years 2018 and 2019, \$51.6 million is provided for core agency activities in accounting, budgeting, economic analysis, debt management, enterprise human resources, labor relations, and management services. Other funds comprise the balance of \$45.5 million (in special revenue and internal service funds), support a portion of the costs of operating the statewide business systems, and management analysis and training services that are available through MMB. An additional \$18 million has been appropriated from the general fund to pay the debt service costs associated with the building of the state's accounting and procurement system. While not reflected in this document, the estimated costs of the operations of SEGIP for the current biennium are \$2 billion, and \$349 million for PEIP. The costs for SEGIP are borne by state agency and employee contributions, and by participant contributions for PEIP.

STRATEGIES

MMB employs several strategies across two program areas to deliver its mission and support the statewide outcome of efficient and accountable government services. These include:

- **Statewide systems** for accounting and human resources necessary to support daily activities of the state
- **Information access**, forecasts and analysis to provide information on state activities and anticipate issues
- **Oversight, controls, and compliance outreach** needed to ensure overall integrity of state operations
- **Decision support activities** for budget development and collective bargaining processes
- **Operations management activities** such as cash management transactions, employee health insurance, management consulting for all agencies, and strategic workforce planning and management

M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB.

Management and Budget

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
<u>Expenditures by Fund</u>								
1000 - General	19,928	83,241	108,576	27,175	26,081	26,081	33,558	27,726
2000 - Restrict Misc Special Revenue	69	69	78	74	74	74	74	74
2001 - Other Misc Special Revenue	12,742	8,441	12,379	20,551	11,892	11,924	11,414	11,446
2365 - Opioid Stewardship								498
4700 - Public Employees Insurance	100,664	106,279	156,327	163,777	170,815	176,855	170,815	176,855
5200 - Management Analysis	7,549	7,484	9,666	11,972	12,229	13,120	12,229	13,120
5600 - State Employees Insurance	859,348	874,002	928,897	979,791	1,046,258	1,113,239	1,046,258	1,113,239
6000 - Miscellaneous Agency	33,146	34,044	35,430	37,340	37,320	37,300	37,320	37,300
Total	1,033,447	1,113,562	1,251,354	1,240,680	1,304,669	1,378,593	1,311,668	1,380,258
Biennial Change			345,025		191,228		199,892	
Biennial % Change			16		8		8	
Governor's Change from Base							8,664	
Governor's % Change from Base							0	

Expenditures by Program

Statewide Services	40,289	99,236	130,699	59,772	50,276	51,199	57,275	52,864
Statewide Insurance Programs	993,159	1,014,326	1,120,654	1,180,908	1,254,393	1,327,394	1,254,393	1,327,394
Total	1,033,447	1,113,562	1,251,354	1,240,680	1,304,669	1,378,593	1,311,668	1,380,258

Expenditures by Category

Compensation	23,189	24,280	26,223	27,583	28,721	28,873	29,795	30,531
Operating Expenses	1,010,163	1,032,293	1,143,469	1,212,998	1,275,859	1,349,631	1,281,784	1,349,638
Grants, Aids and Subsidies	0	56,391	81,529					
Capital Outlay-Real Property	20	0	1					
Other Financial Transaction	74	598	132	99	89	89	89	89
Total	1,033,447	1,113,562	1,251,354	1,240,680	1,304,669	1,378,593	1,311,668	1,380,258

Full-Time Equivalents

232.74	237.14	248.11	255.93	257.95	256.15	264.05	268.25
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Management and Budget

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	400	3,144	272,370	743				
Direct Appropriation	31,364	361,465	34,448	35,104	25,946	25,946	33,423	27,591
Transfers In	3,241	8,269	839	1,573	207	207	207	207
Transfers Out	12,030	17,170	9,674	10,245	72	72	72	72
Cancellations	3	96	188,662					
Balance Forward Out	3,043	272,370	744					
Expenditures	19,928	83,241	108,576	27,175	26,081	26,081	33,558	27,726
Biennial Change in Expenditures			32,581		(83,589)		(74,467)	
Biennial % Change in Expenditures			32		(62)		(55)	
Governor's Change from Base							9,122	
Governor's % Change from Base							17	
Full-Time Equivalents	139.43	143.14	144.58	149.30	143.30	141.50	152.40	152.00

2000 - Restrict Misc Special Revenue

Balance Forward In	7	8	9	10	10	10	10	10
Receipts	71	70	79	74	74	74	74	74
Balance Forward Out	8	9	10	10	10	10	10	10
Expenditures	69	69	78	74	74	74	74	74
Biennial Change in Expenditures				13		(4)		(4)
Biennial % Change in Expenditures				10		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	12,524	11,057	13,954	12,901	3,796	3,350	3,796	3,350
Receipts	10,778	10,892	11,139	11,100	11,100	11,100	10,968	10,968
Transfers In	190	311	347	346	346	346	0	0
Transfers Out		150	160					
Balance Forward Out	10,750	13,669	12,900	3,796	3,350	2,872	3,350	2,872
Expenditures	12,742	8,441	12,379	20,551	11,892	11,924	11,414	11,446
Biennial Change in Expenditures				11,747		(9,114)		(10,070)
Biennial % Change in Expenditures				55		(28)		(31)
Governor's Change from Base								(956)

Management and Budget

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								(4)
Full-Time Equivalents	24.40	25.70	28.06	26.50	26.00	26.00	23.00	23.00

2365 - Opioid Stewardship

Direct Appropriation								498
Expenditures								498
Biennial Change in Expenditures				0		0		498
Biennial % Change in Expenditures								
Governor's Change from Base								498
Governor's % Change from Base								
Full-Time Equivalents								4.60

4700 - Public Employees Insurance

Balance Forward In	35,072	44,770	61,739	78,235	91,335	104,525	91,335	104,525
Receipts	110,357	123,248	172,823	176,877	184,005	191,415	184,005	191,415
Balance Forward Out	44,765	61,739	78,235	91,335	104,525	119,085	104,525	119,085
Expenditures	100,664	106,279	156,327	163,777	170,815	176,855	170,815	176,855
Biennial Change in Expenditures				113,161		27,566		27,566
Biennial % Change in Expenditures				55		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.55	1.57	1.54	1.30	1.30	1.30	1.30	1.30

5200 - Management Analysis

Balance Forward In	1,178	1,098	1,735	2,970	2,464	2,578	2,464	2,578
Receipts	7,317	7,993	10,902	11,466	12,343	12,858	12,343	12,858
Balance Forward Out	946	1,608	2,971	2,464	2,578	2,316	2,578	2,316
Expenditures	7,549	7,484	9,666	11,972	12,229	13,120	12,229	13,120
Biennial Change in Expenditures				6,606		3,711		3,711
Biennial % Change in Expenditures				44		17		17
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	25.48	22.72	27.84	31.74	37.40	37.40	37.40	37.40

5600 - State Employees Insurance

Management and Budget

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	249,092	225,021	256,829	292,344	309,877	306,212	309,877	306,212
Receipts	834,935	904,775	964,430	997,345	1,042,614	1,098,935	1,042,614	1,098,935
Transfers In	83,456	6,160	2,113	900	900	900	900	900
Transfers Out	83,476	6,180	2,133	921	921	921	921	921
Balance Forward Out	224,659	255,774	292,342	309,877	306,212	291,887	306,212	291,887
Expenditures	859,348	874,002	928,897	979,791	1,046,258	1,113,239	1,046,258	1,113,239
Biennial Change in Expenditures				175,337		250,809		250,809
Biennial % Change in Expenditures				10		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	41.88	44.01	46.09	47.09	49.95	49.95	49.95	49.95

6000 - Miscellaneous Agency

Balance Forward In	5,523	5,082	5,688	7,332	7,194	8,576	7,194	8,576
Receipts	32,705	34,650	37,074	37,202	38,702	38,702	38,702	38,702
Balance Forward Out	5,082	5,688	7,332	7,194	8,576	9,978	8,576	9,978
Expenditures	33,146	34,044	35,430	37,340	37,320	37,300	37,320	37,300
Biennial Change in Expenditures				5,580		1,850		1,850
Biennial % Change in Expenditures				8		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Management and Budget

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	35,104	35,104	35,104	70,208
Base Adjustments				
Current Law Base Change		(9,219)	(9,219)	(18,438)
Pension Allocation		61	61	122
Approved Transfer Between Appropriation		0	0	0
Forecast Base	35,104	25,946	25,946	51,892
Change Items				
State Workforce Investment		1,168	868	2,036
Enterprise Systems		5,700		5,700
Operating Adjustment		404	525	929
Enhanced Results Analysis for Decision-Making		205	252	457
Total Governor's Recommendations	35,104	33,423	27,591	61,014
Fund: 2365 - Opioid Stewardship				
Change Items				
Impact Evaluation of Opioid Stewardship Investments			498	498
Total Governor's Recommendations			498	498
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	74	74	74	148
Forecast Base	74	74	74	148
Total Governor's Recommendations	74	74	74	148
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	20,551	11,892	11,924	23,816
Forecast Base	20,551	11,892	11,924	23,816
Change Items				
State Workforce Investment		(478)	(478)	(956)
Total Governor's Recommendations	20,551	11,414	11,446	22,860
Fund: 4700 - Public Employees Insurance				
Planned Spending	163,777	170,815	176,855	347,670
Forecast Base	163,777	170,815	176,855	347,670
Total Governor's Recommendations	163,777	170,815	176,855	347,670
Fund: 5200 - Management Analysis				

Management and Budget

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Planned Spending	11,972	12,229	13,120	25,349
Forecast Base	11,972	12,229	13,120	25,349
Total Governor's Recommendations	11,972	12,229	13,120	25,349
Fund: 5600 - State Employees Insurance				
Planned Spending	979,791	1,046,258	1,113,239	2,159,497
Forecast Base	979,791	1,046,258	1,113,239	2,159,497
Total Governor's Recommendations	979,791	1,046,258	1,113,239	2,159,497
Fund: 6000 - Miscellaneous Agency				
Planned Spending	37,340	37,320	37,300	74,620
Forecast Base	37,340	37,320	37,300	74,620
Total Governor's Recommendations	37,340	37,320	37,300	74,620
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	74	74	74	148
Total Governor's Recommendations	74	74	74	148
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	11,100	11,100	11,100	22,200
Change Items				
State Workforce Investment		(132)	(132)	(264)
Total Governor's Recommendations	11,100	10,968	10,968	21,936
Fund: 4700 - Public Employees Insurance				
Forecast Revenues	176,877	184,005	191,415	375,420
Total Governor's Recommendations	176,877	184,005	191,415	375,420
Fund: 5200 - Management Analysis				
Forecast Revenues	11,466	12,343	12,858	25,201
Total Governor's Recommendations	11,466	12,343	12,858	25,201
Fund: 5600 - State Employees Insurance				
Forecast Revenues	997,345	1,042,614	1,098,935	2,141,549
Total Governor's Recommendations	997,345	1,042,614	1,098,935	2,141,549
Fund: 6000 - Miscellaneous Agency				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	37,202	38,702	38,702	77,404
Total Governor's Recommendations	37,202	38,702	38,702	77,404
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	30	30	30	60
Total Governor's Recommendations	30	30	30	60

Minnesota Management and Budget

FY 2020-21 Biennial Budget Change Item

Change Item Title: Statewide Workforce Investment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,168	868	868	868
Revenues	0	0	0	0
Other Funds				
Expenditures	(478)	(478)	(478)	(478)
Revenues	(132)	(132)	(132)	(132)
Transfers in	(346)	(346)	(346)	(346)
Net Fiscal Impact = (Expenditures – Revenues)	1,168	868	868	868
FTEs	2	2	2	2

Recommendation:

The Governor recommends \$1.168 million in FY 2020 and \$868,000 in FY 2021 and each year thereafter from the General Fund to support the Enterprise Human Capital Division's efforts to attract, hire, retain, and support the best workforce, which is responsible delivering critical services to all Minnesotans. The recommendation supports an office of Inclusion and Equity; state workforce recruitment activities; and a statewide compensation study.

This recommendation is equal to a 4.8% increase to Minnesota Management and Budget's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

State of Minnesota agencies, boards, and commissions compete for top talent in a tightening labor market and an aging demographic. We need to be innovative in our employment practices, and create a culture that is inclusive, engaging, and reflective of the communities we serve.

A diverse and inclusive workforce allows us to provide more effective and efficient services for all Minnesotans. With the Office of Inclusion and Equity and Chief Inclusion Officer housed at MMB, we can realize greater synergies among all stakeholders as we work to achieve our diversity and inclusion strategies.

With unemployment below 3 percent, the job market is extremely competitive and it is increasingly difficult to attract and retain the workforce needed to maintain the services that Minnesotans depend upon, especially in certain job classifications. The Executive Branch has been losing about 1,000 employees to retirement annually since FY 2013 and this trend will continue. Turnover is disruptive and expensive; it can cost 100% of an annual salary to replace an employee.

Proposal:

\$1.168 million in FY 2020 and \$868,000 in FY 2021 and each year thereafter to attract, hire, retain, and develop the best workforce that, in turn, delivers critical services to all Minnesotans. Funding will support efforts to provide an inclusive work environment for all state employees; improve the State's capacity to compete for top talent in the tight labor market; and be fully prepared in planning for the future compensation needs of the statewide workforce.

- \$390,000 to create an Office of Inclusion and Equity to lead the development and implementation of proactive diversity, equity, and inclusion programs which will support the State's diversity and inclusion strategic plan. This will add 2 FTEs including a State Chief Inclusion Officer to provide strategic guidance and direction across the enterprise and to support the Governor's Diversity, Inclusion, and Equity Council.
- \$478,000 to the Statewide Executive Recruiter to replace the agency billing funding structure in the Special Revenue Fund. This provides reliable funding to deliver expertise and efficient services to agencies, boards, and commissions across state government to help ensure that we attract and retain qualified talent to serve all Minnesotans.
- \$300,000 one-time funding to implement a statewide compensation study to evaluate the State of Minnesota's position for certain hard-to-fill positions within the relevant labor markets.

Equity and Inclusion:

These proposed changes will impact all protected status groups under the MN Human Rights Act, federal Title VII of the Civil Rights Act of 1964, and related laws. It will expand efforts to recruit a diverse workforce and educate employees. It will also provide resources to study the compensation of workers across the public and private sector to provide fair and competitive salaries to workers across state government.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Target</i>
Quantity	Racial/ethnic minority hiring rate	11.8% 2011	20.3% 2018	20%
Quantity	Employees with disabilities hiring rate	4.1% 2011	6.8% 2018	7%

Statutory Change(s):

None.

Minnesota Management and Budget

FY 2020-21 Biennial Budget Change Item

Change Item Title: Enterprise Systems

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	5,700	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,700	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$5.7 million in one-time funding in FY 2020 from the General Fund to Minnesota Management and Budget for its enterprise systems. Of this amount, \$2 million is for the cost to apply maintenance upgrades to MMB-operated enterprise systems. These upgrades are the new baseline required for us to continue to receive support from the vendor. \$3.2 million will replace out-of-support hardware and purchase disaster recovery hardware, and \$500,000 will be used to conduct a study of our enterprise systems, the results of which will be used to develop a sustainable long-term funding plan as recommended by the Office of the Legislative Auditor.

This recommendation is equal to an 11% increase to Minnesota Management and Budget's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

Minnesota Management and Budget's (MMB) enterprise systems are used by all state agencies to manage day-to-day business activities such as accounting, enterprise learning management, budgeting, procurement, reporting, payroll, and human resources. With the exception of the budgeting system, all enterprise systems are Oracle PeopleSoft software. Oracle PeopleSoft has changed how it delivers updates (which include bug fixes and security enhancements) in the last few years by delivering smaller, incremental maintenance upgrades on a frequent (often quarterly) basis. With MMB's current staffing level, it is not possible to keep up with the release of these maintenance upgrades—even on a limited basis. Staff can only implement upgrades and updates one at a time and system by system. Taking longer to make updates often results in systems and applications going out of support, meaning they are more at risk of breaking and would be more costly to fix. This proposes a great risk to the State of Minnesota and its business operations.

The hardware that supports the enterprise systems must also be regularly reviewed, managed, maintained, and replaced to ensure it meets ongoing operational needs. Properly maintained hardware is critical to avoid or manage cybersecurity attacks, which occur with alarming regularity. In addition, if an attack compromises a system, we have limited ability to recover our systems to quickly resume critical operations. It is essential we have disaster recovery plans and capabilities for our shared business systems. Many of MMB's services (such as payroll, personnel, and financial) are priority services and must be maintained or quickly resumed after an incident.

Enterprise systems are critical for all large organizations. Our enterprise system needs have changed over time – due to new technology and new delivery models by software vendors – but we have not had the resources to keep up.

MMB uses various funding sources to pay for its statewide systems. The primary funding sources are legislative appropriations from the general fund and a Statewide Systems Account which gives MMB the authority to bill up to \$10 million to state agencies. As the Office of the Legislative Auditor recognized in its [October 2018 report](#) MMB lacks sufficient funding to pay both its ongoing operational costs and periodic one-time costs. For anything beyond basic operations of current systems, such as implementing security-related upgrades, adding new functionality, and improving disaster recovery protections, MMB relies extensively on unpredictable and one-time funding sources. This funding model presents ongoing challenges of ensuring the security and stability of our statewide systems.

Proposal:

This is a request for one-time funding for MMB to apply upgrades to enterprise systems, replace out-of-service hardware, and create a disaster recovery option for enterprise systems. These funds will also be used to engage a third party to perform an independent study of MMB IT operations and make recommendations to guide the strategic direction of IT service delivery and a long-term support model. The results of the study will inform a future funding proposal to address the long-term needs of our enterprise systems.

IT Related Proposals:

This request allows MNIT to advance the support of these critical enterprise systems with resources that will implement software updates to increase the level of security needed for the highly sensitive data that these enterprise systems contain. It also provides a study and recommendations to guide the strategic direction of IT service delivery for these enterprise systems. Hardware costs are included to address end-of-life equipment for existing systems and enable a more timely recovery of our systems in the event of a disruption in service.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Professional/Technical Contracts	\$2,500					
Hardware	\$3,200					
Total	\$5,700					

Equity and Inclusion:

All employees, applicants, vendors, and administrative users will benefit from updated enterprise systems. Accessibility updates will greatly enhance the usability of our systems for both internal and external users, making it easier for people with disabilities to interact with our systems. In addition, MMB's ability to manage and provide services during an emergency affects all employees, as well as businesses and organizations that depend on us for payments and other services.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Target</i>
Quantity	# of security incidents per quarter	5	3	FYQ3, Q4
Quality	# of versions behind	-8	-7	-2
Quality	*System Risk Assessment score - overall average	58	67	90

*Risk assessment score is based on a review of the performance, risk and consequences of failure, and technological condition of the ERP systems. Perfect score is 100.

Statutory Change(s):

None.

Minnesota Management and Budget

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	404	525	525	525
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	404	525	525	525
FTEs	2	3	3	3

Recommendation:

The Governor recommends additional funding of \$929,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at Minnesota Management and Budget (MMB).

This recommendation is equal to a 1.8% increase to Minnesota Management and Budget's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing MMB's operating budget to maintain the delivery of current services. This funding will cover known employee compensation growth, lease cost increases, and severance costs as a result of an influx of employee retirements.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Minnesota Management and Budget

FY 2020-21 Biennial Budget Change Item

Change Item Title: Impact Evaluation of Opioid Stewardship Investments

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	498	498	498
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	498	498	498
FTEs	0	4.6	5	5

Recommendation:

The Governor recommends \$498,000 in FY 2021 and each year thereafter from the Opioid Stewardship Fund to rigorously evaluate the impact of publicly funded interventions to prevent and treat opioid addiction. These evaluations will produce findings that indicate the extent to which there is causal evidence that the studied interventions prevent opioid abuse and emergency room visits and influence other important outcomes such as employment and earnings, housing stability, and involvement in the criminal justice system. Policymakers and practitioners can use the findings from these evaluations to better understand which interventions are most effective for a given individual or community.

Rationale/Background:

In Minnesota (for the most recent year for which data are available):

- 4 percent of 12-17 year olds reported prescription opioid misuse (2013-2014)
- 8 percent of 18-25 year olds reported prescription opioid misuse (2013-2014)
- 3 percent of individuals 26 years or older reported prescription opioid misuse (2013-2014)
- There were 2,036 emergency room visits for opioid-involved overdoses (2017)
- 395 people died from opioid overdoses, which represents the leading cause of overdose deaths (2016)
- African Americans were two times more likely to die of a drug overdose than whites (2016)
- American Indians were almost six times more likely to die of a drug overdose than whites (2016)
- Drug overdose death rates increased for all groups, and disparities by race increased (2015-2016)

A relatively small number of interventions have been rigorously proven effective at preventing and treating misuse of opioids. Federal, state, and local governments are investing heavily in these interventions. Given the severity of the challenge, they also continue to develop and implement innovative methods intended to prevent and treat misuse of opioids. By rigorously evaluating the impact of these innovations, policymakers and practitioners will be able to better understand which interventions are most effective for a given individual or community.

Proposal:

The funding included in this proposal will enable trained social scientists to conduct an average of 2-4 experimental or quasi-experimental design program evaluations per year. The work associated with each evaluation will include: (a) coordinating with policymakers and community representatives to select projects that will be evaluated; (b) consulting with key stakeholders to gather input and establish common expectations regarding the evaluation process and potential results; (c) designing an evaluation that can be implemented

ethically and will provide causal evidence of program impact; (d) identifying indicators that capture key program features and outcomes that will be used in the evaluation; (e) collecting, or otherwise gaining access to, data for these indicators; (f) cleaning the data in preparation for statistical analysis; (g) conducting statistical analysis; (h) producing a short report that describes key findings and a full report containing detailed findings and a description of the methods used; (i) briefing key stakeholders on the key findings and facilitating informed use of these findings for policymaking and/or practice.

Planned expenditures (in thousands) are:

	2020	2021	2022	2023
2 senior evaluators @ \$106K each annually	0	\$195	\$213	\$213
1 data scientist @ \$92K annually	0	84	92	92
2 research analysts @ \$80K each annually	0	146	160	160
PCs and statistical software @ 3K per person annually	0	15	15	15
Data protection, sharing, and management	0	55	15	15
Ground transportation to/from projects	0	3	3	3
Total	0	498	498	498

We will use the most rigorous methods that are appropriate to our evaluation questions and feasible within budget and other constraints. Rigor requires ensuring that inferences about cause and effect are well founded (internal validity); requires clarity about the populations, settings, or circumstances to which results can be generalized (external validity); and requires the use of measures that accurately capture the intended information (measurement reliability and validity). In order to assess the effects of programs or services in a rigorous way, our evaluations will use methods that isolate to the greatest extent possible the impacts of the programs or services from other influences such as trends over time, geographic variation, or pre-existing differences between participants and non-participants. For such causal questions, experimental approaches are preferred. When experimental approaches are not feasible, high-quality quasi-experiments will be used.

We will conduct these evaluations in an ethical manner and safeguard the dignity, rights, safety, and privacy of participants and their data. We will comply with the spirit and the letter of relevant requirements (such as regulations governing research involving human subjects) and professional guidelines (such as the American Evaluation Association's [Ethical Guiding Principles](#)).

We will make information about planned and ongoing evaluations easily accessible by publishing study plans in advance. We will release evaluation results regardless of the findings. Our evaluation reports will describe the methods used, including strengths and weaknesses, and discuss the generalizability of the findings. Evaluation reports will present comprehensive results, including favorable, unfavorable, and null findings. We will release evaluation results timely, usually within two months of a report's completion. When permitted by data privacy laws, we will archive evaluation data for secondary use by interested researchers.

The accompanying legislative language specifies that:

- Grants awarded to proposals that are selected for an evaluation shall be administered to support the experimental or quasi-experimental evaluation and shall require the grantee to collect and report information that is needed to complete the evaluation.
- The commissioner of management and budget, under section 15.08, may obtain additional relevant data to support the experimental or quasi-experimental evaluation studies.

Equity and Inclusion:

Opioid addiction and overdose affects Minnesotans of all ages, all income categories, and all races, in urban, suburban, and rural communities. As described above, African Americans and American Indians disproportionately die of drug overdoses. We will work with community members, program staff, policy-makers, service providers to ensure that the design, implementation, and publication of the evaluations that we conduct represent the diverse populations that public programs serve.

Results:

We anticipate using the following performance measures to monitor results of this work. We will consult with legislators, executive branch officials, and local leaders to identify additional measures that they would like to monitor.

Type of Measure	Proposed Measures	Planned data source
Quantity: How much did we do?	Number of impact evaluations conducted Number of community partners consulted during the design and implementation of the impact evaluations	Administrative tracking tool Administrative tracking tool
Quality: How well did we do it?	Number of policymakers (legislators, executive branch officials, local leaders) who report: <ul style="list-style-type: none"> a. trusting the findings b. understanding the findings c. using the findings to inform decisions 	Annual survey of policymakers
Result: Is anyone better off?	Number of opioid-related overdose deaths Number of opioid-related emergency room visits	Minnesota death certificates Minnesota Hospital Discharge Database

Statutory Change(s):

M.S. 151 and M.S. 256

Minnesota Management and Budget

FY 2020-21 Biennial Budget Change Item

Change Item Title: Enhanced Results Analysis for Decision-Making

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	205	252	252	252
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	205	252	252	252
FTEs	2.1	2.5	2.5	2.5

Recommendation:

The Governor recommends \$205,000 in FY 2020 and \$252,000 in FY 2021 and each year thereafter from the General Fund to enhance the capacity of a small existing team that will use new and existing data to give legislators, executive branch officials, local governments, and other Minnesota stakeholders access to concise but comprehensive information about:

- The current status of key outcomes desired by Minnesotans (e.g., increased employment, greater access to high speed internet, reductions in violent crime) and variations experienced by different communities
- The various existing policies and investments that seek to improve each outcome
- Existing research that can inform policy and practice changes that would achieve better outcomes
- Opportunities for new and enhanced collaboration across agencies and sectors

For each of priority areas identified by policymakers, this team will:

- Collect, analyze, and summarize new and existing data that facilitates shared understanding
- Share this information in formats and settings that are most useful to policymakers and administrators
- Convene events that lead to shared data-driven understanding and shared action

This recommendation is equal to a 0.9% increase to Minnesota Management and Budget's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

Legislators, executive branch officials, local governments, and other Minnesota stakeholders have access to many useful information sources and tools, including agency budget narratives, the Minnesota Dashboard, Results First reports and tools, Office of the Legislative Auditor reports, legislative staff reports and briefs, legislatively required reports produced by state agencies, and materials prepared by community groups and other organized voices.

Despite the wealth of information provided by these individual sources, for any given policy goal it can be difficult to obtain a comprehensive understanding of what communities across the state are experiencing, which existing policies and investments seek to address their concerns, what performance measures tell us about these policies and investments, what research indicates could help the state achieve better outcomes, and how community members would like to see their governments proceed.

The staff funded by this proposal will collect and analyze new data and collaborate with the producers of the useful resources described above to give policymakers access to concise but comprehensive information on the challenges that they are interested in solving, what is currently being done to address them, and research-based options available to them.

Legislators, executive branch officials, local governments, and other Minnesota stakeholders frequently express interest in being able to participate in well-facilitated, data-driven, solution-oriented meetings. In 2015 the legislature took an initial step toward filling this need by establishing the state's Results First initiative. State and local respondents to Minnesota's annual survey of policymakers regularly report that they value the information produced by this initiative and many also report using it to inform decision-making. Members of the Results First Advisory Committee have expressed interest in seeing the Results First information used in the context of holistic discussion of desired population outcomes. This proposal would be responsive to this interest.

Proposal:

When fully implemented, this proposal will fund the compensation for 2.5 employees. The salary and benefits for these individuals are outlined in the following table (in thousands).

	2020	2021	2022	2023
State Program Coordinator (1 FTE)	\$82	\$101	\$101	\$101
State Program Coordinator (0.5 FTE)	41	50	50	50
Research Scientist 3 (1 FTE)	82	101	101	101
Total	205	252	252	252

As described above, for each of priority areas identified by policymakers, this team will:

- Collect, analyze, and summarize new and existing data that facilitates shared understanding
- Share this information in formats and settings that are most useful to policymakers and administrators
- Convene events that lead to shared data-driven understanding and shared action

Equity and Inclusion:

The staff funded by this proposal will produce analytic materials that help policymakers understand the outcomes being experienced by different communities in our state and the extent to which existing policies and investments are addressing them. This information, combined with input received from communities, will enable policymakers to design and implement policy and practice changes that achieve better outcomes for all Minnesotans.

Results:

We anticipate using the following performance measures to monitor the results of this work. We will consult with legislators, executive branch officials, and local leaders to identify additional measures that they would like to monitor.

Type of Measure	Proposed Measures	Planned data source
Quantity: How much did we do?	Number of website hits Number of briefs produced Number of policymakers briefed	Web analytics tool Administrative tracking tool Administrative tracking tool
Quality: How well did we do it?	Number of policymakers (legislators, executive branch officials, local leaders) who report: a. trusting the information produced b. understanding the information produced c. using the information produced	Annual survey of policymakers
Result: Is anyone better off?	# of policy and resource allocation decisions informed by this work that are found to achieve their stated goals	Rigorous impact evaluations and/or systematic collection of data on community satisfaction

Statutory Change(s):

None.

Program: Statewide Services

Activity: Accounting Services

mn.gov/mmb/

AT A GLANCE

- Supports state operations in the areas of accounting, payroll, and financial reporting
- Provides functional support of two financial management systems: Statewide Integrated Financial Tools (SWIFT) and the Statewide Employee Management System (SEMA4)
- 67,370 employees paid during CY 2017
- 2.5 million payments made to vendors during FY 2018
- As of August 2018, there are over 7,000 users of the SWIFT and SEMA4 systems

PURPOSE & CONTEXT

Accounting Services is the foundation that supports the state's financial management operations. It provides the required infrastructure for efficient and effective accounting and payroll services that are conducted throughout the state. Our primary customers are state agencies, state employees, and the individuals and organizations that do business with the state.

SERVICES PROVIDED

We provide the following services:

- Establish statewide policies and procedures for financial management to safeguard assets and comply with legal requirements.
- Maintain and direct the operation and use of the statewide accounting and payroll systems.
- Process bi-weekly payroll for state employees and issue payments to individuals, businesses, nonprofit organizations, and other governmental units.
- Prepare statewide financial reports including the Comprehensive Annual Financial Report (CAFR), Single Audit Report, and Statewide Indirect Cost Allocation Plan.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Achieve Certificate of Excellence in Financial Reporting and unqualified audit opinion for the Comprehensive Annual Financial Report	Both met	Both met	2017, 2018
Quality	State agency payments issued within 30 days	98.03%	97.78%	2017, 2018
Quality	Payments issued electronically	90.86%	90.63%	2017, 2018
Quality	Employee timesheets processed electronically	94.51%	95.87%	2017, 2018

The legal authority for MMB's Accounting Services activities comes from M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>).

Accounting Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	4,819	4,960	5,062	5,447	5,460	5,460	5,460	5,460
Total	4,819	4,960	5,062	5,447	5,460	5,460	5,460	5,460
Biennial Change				730		411		411
Biennial % Change				7		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	4,512	4,739	4,895	5,135	5,148	5,148	5,148	5,148
Operating Expenses	305	215	166	307	307	307	307	307
Other Financial Transaction	2	6	0	5	5	5	5	5
Total	4,819	4,960	5,062	5,447	5,460	5,460	5,460	5,460

Full-Time Equivalents

	47.11	47.53	46.73	47.50	47.50	46.50	47.50	46.50
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Accounting Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		167						
Direct Appropriation	13,938	14,012	14,031	14,042	5,460	5,460	5,460	5,460
Transfers In		16		374				
Transfers Out	8,966	9,228	8,969	8,969				
Cancellations	0	7	0					
Balance Forward Out	153		0					
Expenditures	4,819	4,960	5,062	5,447	5,460	5,460	5,460	5,460
Biennial Change in Expenditures				730		411		411
Biennial % Change in Expenditures				7		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	47.11	47.53	46.73	47.50	47.50	46.50	47.50	46.50

Program: Statewide Services

Activity: Budget Services

mn.gov/mmb/

AT A GLANCE

- Provide budget assistance, guidance, instructions, monitoring, implementation, and oversight to more than 100 agencies for the state's \$84 billion biennial budget
- Develop and present to the Legislature the Governor's operating and capital budget recommendations
- Annually release February and November budget and economic forecasts
- Release Results First findings regarding the effectiveness of programs in 2-3 new policy areas each year

PURPOSE & CONTEXT

Budget Services works to promote sound fiscal policy in decision-making and helps to ensure the appropriate use of state resources through the provision of accurate and timely information. We support the efficient and effective use of state resources by establishing statewide oversight for the budget process and work to build the capacity of state agencies to use performance information in the management of state government services. This activity is comprised of three sections: Budget Planning and Operations, Budget Policy and Analysis, and Results Management. Our primary customers are the Governor's Office, state agencies, the legislature, and Minnesotans.

SERVICES PROVIDED

Budget Services meets customer needs by:

- Creating objective, relevant, and accessible information for decision-makers such as the budget and economic forecasts, the Governor's operating and capital budget recommendations, the general fund balance analysis, and the consolidated fund statement.
- Articulating fiscal policy issues of statewide importance through services and products such as rating agency presentations, budget decision-support, and statewide cash flow analysis.
- Increasing access to budget and fiscal policy information through the provision of statewide guidance and the development and maintenance of the Budget Planning and Analysis, Fiscal Note Tracking, and Capital Budget systems.
- Providing leadership and support for informed policy-making statewide results management through Results First, the publication of a statewide dashboard (<https://mn.gov/mmb/mn-dashboard/>), and by convening cross-agency meetings such as Results for Children and Youth.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percentage of survey respondents indicating overall satisfaction with the budget systems (Budget Planning & Analysis System – BPAS, Fiscal Note Tracking System – FNTS, Appropriation Maintenance Application – AMA, Capital Budget System – CBS)	BPAS – 74% FNTS – 83%	BPAS – 79% FNTS – 87% AMA – 95% CBS – 93%	2015, 2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Proportion of policy maker respondents familiar with Results First findings who use this information about program effectiveness in decision-making.	44%	53%	2017, 2018

M.S. 3 (<https://www.revisor.mn.gov/statutes/?id=3>) and
M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>).

Budget Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,027	3,546	3,439	4,095	3,893	3,893	4,098	4,145
2001 - Other Misc Special Revenue	78	34	178					
2365 - Opioid Stewardship								498
Total	3,105	3,580	3,617	4,095	3,893	3,893	4,098	4,643
Biennial Change				1,028		74		1,029
Biennial % Change				15		1		13
Governor's Change from Base								955
Governor's % Change from Base								12

Expenditures by Category

Compensation	2,959	3,423	3,503	3,701	3,710	3,710	3,915	4,402
Operating Expenses	145	147	114	394	183	183	183	241
Other Financial Transaction	1	10						
Total	3,105	3,580	3,617	4,095	3,893	3,893	4,098	4,643

Full-Time Equivalents

27.32	29.35	30.59	30.50	29.80	29.00	31.90	36.10
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Budget Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		442		211				
Direct Appropriation	4,633	4,681	3,443	3,451	3,686	3,686	3,891	3,938
Transfers In	547	207	207	433	207	207	207	207
Transfers Out	1,709	1,780						
Cancellations	3	4						
Balance Forward Out	441		211					
Expenditures	3,027	3,546	3,439	4,095	3,893	3,893	4,098	4,145
Biennial Change in Expenditures				961		252		709
Biennial % Change in Expenditures				15		3		9
Governor's Change from Base								457
Governor's % Change from Base								6
Full-Time Equivalents	26.89	28.25	28.53	30.50	29.80	29.00	31.90	31.50

2001 - Other Misc Special Revenue

Balance Forward In		62	178			
Receipts	100	150				
Balance Forward Out	22	178				
Expenditures	78	34	178			
Biennial Change in Expenditures			67		(178)	(178)
Biennial % Change in Expenditures			60			
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	0.43	1.10	2.06			

2365 - Opioid Stewardship

Direct Appropriation				498
Expenditures				498
Biennial Change in Expenditures		0	0	498
Biennial % Change in Expenditures				
Governor's Change from Base				498
Governor's % Change from Base				
Full-Time Equivalents				4.60

Program: Statewide Services

Activity: Economic Analysis

mn.gov/mmb/

AT A GLANCE

Provides revenue forecasts and reports changes in the national and state economic outlook to state leaders and the public at regular intervals and through speaking engagements and press interviews. Outputs (# per year)

- Budget and Economic Forecast (2)
- Revenue and Economic Update (4)
- Monthly Revenue Memo (8)
- Budget Reserve Report (1)
- Revenue Forecast Uncertainty Report (2)
- Rating Agency Presentation (3)
- Data for bond sale Official Statement (2-3)
- Public Speaking Engagements (20+ events, reaching 1000+ individuals)
- Media Contacts (30+)

Resources

- Three FTEs (2 economists / 1 model programmer)
- Minnesota State Economist (under contract with University of Minnesota)

PURPOSE and CONTEXT

Economic Analysis forecasts state tax revenues in November and February each year as required by state law (M.S. 16A.103). The *November Budget and Economic Forecast* is the starting point for the state budget and the basis for the governor's budget recommendations. In February, we update the forecast with new information. The legislature and the governor use the *February Budget and Economic Forecast* to set the budget and to ensure, through short-term budget adjustments, that enacted budgets remain on track and in balance. Bond rating agencies and other analysts use forecast information to assess the state's economic and financial condition. The media use it to inform the public.

In addition to the twice-yearly forecasts, we prepare a quarterly *Revenue and Economic Update* in January, April, July and October of each year. The *Revenue and Economic Update* compares actual revenue collections for the current year to the most recent revenue forecast and reports changes in the national and state economic outlook.

Economic Analysis produces objective research and analysis related to Minnesota's economy and revenues. This research improves the reliability of existing economic and revenue forecasting models and informs state and local government policymakers, the academic and business communities, the media, and the general public about Minnesota's economic and financial condition.

SERVICES PROVIDED

- Credible and timely forecasts of major state general fund revenue sources. This includes taxes on personal income, general sales, corporate income, deed transfers and mortgage registries, insurance gross receipts, and other sources.
- Quarterly and monthly comparisons of forecast revenue with actual collections for major state general fund sources.

- Clear and timely information about the state economy, including forecasts of employment, income, and other measures of economic activity.
- Analysis of the volatility of major state revenue sources and their components. Through this analysis, we estimate the appropriate size for a state rainy day fund as required by state law (M.S. 16A.152).
- Analysis of uncertainty in Minnesota's revenue projections as required by state law (M.S. 16A.103).

RESULTS

Accurate forecasts reduce disruption from short-term budget adjustments and contribute to the state's financial stability. A forecast error—the percentage difference between the level of revenues forecast and the amount actually collected—can be a gauge of forecast accuracy. Actual collections never precisely match the forecast, in part because we cannot fully anticipate how unforeseen changes in the national economy or in federal tax laws will affect state revenues. Moreover, uncertainty about the revenue impacts of changes in state tax laws can add to forecast errors. Nonetheless, revenue forecast errors provide a base performance measure for the primary activities of Economic Analysis.

A biennium is part of the February forecast three times: 29, 17, and 5 months from the time the biennium closes. We focus our error calculations on the first February forecast (29 months before closing), because that is the forecast on which the original budget for the biennium is based. To determine whether our accuracy is generally improving over time, we compare the average percentage errors from the most recent three biennia to the errors over the longer term. We find that the more recent forecast error (3.6 percent) is lower than the long-term average error (5.1 percent). This means that the accuracy of the first February revenue forecast has **improved** compared to the long-term average.

	<i>Long-term average forecast error (FY90-91 to FY16-17)</i>	<i>Recent average forecast error (FY12-13 to FY16-17)</i>	<i>Trend in accuracy</i>
1st February forecast (+29 months from actual)	5.1%	3.6%	Improved

The legal authority for MMB's Economic Analysis activities comes from M.S. 16A.103 and M.S. 16A.152 (<https://www.revisor.mn.gov/statutes/?id=16A>).

Economic Analysis

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	561	558	547	590	574	574	574	574
Total	561	558	547	590	574	574	574	574
Biennial Change				17		11		11
Biennial % Change				2		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	338	307	325	326	327	327	327	327
Operating Expenses	224	251	222	264	247	247	247	247
Other Financial Transaction		1						
Total	561	558	547	590	574	574	574	574

Full-Time Equivalents

3.04	3.03	3.04	3.00	3.00	3.00	3.00	3.00
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Economic Analysis

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		39		17				
Direct Appropriation	456	481	548	549	574	574	574	574
Transfers In	183	130	16	24				
Transfers Out	77	90						
Cancellations		1						
Balance Forward Out	0		17					
Expenditures	561	558	547	590	574	574	574	574
Biennial Change in Expenditures				17		11		11
Biennial % Change in Expenditures				2		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.04	3.03	3.04	3.00	3.00	3.00	3.00	3.00

Program: Statewide Services**Activity: Debt Management**mn.gov/mmb/**AT A GLANCE**

- Current bond ratings: AAA/Aa1/AAA with Standard & Poor's, Moody's and Fitch
- \$6.5 billion of general obligation bonds currently outstanding, including \$858 million issued in CY 2017 and \$620 million issued in CY 2018
- \$1.5 billion of other tax-supported debt currently outstanding, including \$20.3 million issued in CY 2017 and anticipated \$30 million issued in CY 2018
- \$64.0 million of revenue bonds currently outstanding
- \$37 million outstanding balance in Master Lease Programs that finance technology and fleet services
- Debt managed to established Capital Investment Guidelines and to meet federal tax and securities law requirements

PURPOSE & CONTEXT

The Debt Management Division is responsible for both debt management and capital budget implementation and the compliance associated with each. Both of these functions seek to increase state government's capacity to manage our resources to ensure exceptional service and value for Minnesotans. We serve state agencies, local government grantees, bondholders, the Governor, the legislature and their staff, and citizens.

The bonds and other debt we sell finance and refinance authorized capital projects and programs. When selling bonds, the division seeks to minimize cost and risk to the state. Obtaining high credit ratings is important for achieving low interest rates, and we maintain active relationships with the national credit rating agencies. The current debt portfolio continues to be in compliance with the established Capital Investment Guidelines.

The Debt Management Division oversees compliance with all applicable Internal Revenue Service and Securities and Exchange Commission rules and regulations, and all applicable state laws relating to municipal bonds and the capital projects they finance. We maintain policies and procedures regarding regulatory compliance, for example a statewide operating policy on the prohibition of the purchase of state bonds by state entities as investments.

SERVICES PROVIDED

Debt management process: We work with financial advisors, legal counsel, rating agencies, state agencies, and underwriters and investors to bring bonds or other debt instruments to market and obtain the most favorable interest rates to the state. We work to remain in compliance with the Minnesota Constitution, state statutes and laws, federal rules and regulations, and policies and procedures, including the capital investment guidelines.

Capital budget process: We assist agencies and local governments in implementing capital budget appropriations and required grant agreements through bonding and cash appropriations. We complete this work in accordance with the Minnesota Constitution, state statutes and laws, federal rules and regulations, and MMB's policies and procedures.

RESULTS

While no single entity or circumstance can claim to be responsible for Minnesota's excellent debt position, having timely, relevant, accurate, and objective information available from Debt Management helps decision-makers effectively influence the state's debt position.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	<p>The state's general obligation bond ratings as of July 2016 compared to July 2018. In 2016, Fitch upgraded the state's rating from AA+ to AAA. In 2018, Standard & Poor's upgraded the state's rating from AA+ to AAA.</p> <ul style="list-style-type: none"> Moody's Standard & Poor's Fitch 	<p>Aa1 (stable) AA+ (positive) AAA (stable)</p>	<p>Aa1 (stable) AAA (stable) AAA (stable)</p>	<p>July 2016, July 2018</p>
Results	<p>Capital Investment Guidelines</p> <ul style="list-style-type: none"> Total tax-supported principal outstanding as a percent of state personal income (target: not greater than 3.25%) Total amount of principal (both issued, and authorized but unissued) as a percent of state personal income (target: not greater than 6.0%) General obligation bonds scheduled to mature quickly (target: 40% within five years and 70% within 10 years) 	<p>2.91%</p> <p>3.95%</p> <p>40.3%/71.2%</p>	<p>2.58%</p> <p>3.85%</p> <p>42.1%/73.4%</p>	<p>February 2016, February 2018</p> <p>June 30, 2016, June 30, 2018</p>
Results	<p>A comparison of the interest rates from year 1 to 10 of state general obligation bonds sold compared to a municipal bond index for AAA-rated bonds.</p>	<p>The state's interest rates were slightly higher than the index (0.04%)</p>	<p>The state's interest rates were slightly higher than the index (0.03%)</p>	<p>August 2016, August 2018</p>

The legal authority for MMB's Debt Management activities comes from M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>).

Debt Management

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	451	370	489	526	508	508	508	508
Total	451	370	489	526	508	508	508	508
Biennial Change				195		1		1
Biennial % Change				24		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	441	360	474	476	477	477	477	477
Operating Expenses	9	10	15	50	31	31	31	31
Other Financial Transaction		0						
Total	451	370	489	526	508	508	508	508

Full-Time Equivalents

3.70	3.08	3.44	4.00	4.00	4.00	4.00	4.00
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Debt Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		17		19				
Direct Appropriation	467	474	475	476	508	508	508	508
Transfers In	11	1	33	31				
Transfers Out	11	122						
Cancellations		1						
Balance Forward Out	16		19					
Expenditures	451	370	489	526	508	508	508	508
Biennial Change in Expenditures				195		1		1
Biennial % Change in Expenditures				24		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.70	3.08	3.44	4.00	4.00	4.00	4.00	4.00

Program: Statewide Services

Activity: Enterprise Human Capital

mn.gov/mmb/

AT A GLANCE

- Enhanced the reputation of the state as an employer of choice and worked to attract and retain more people to state service with improved recruiting and retention strategies including pipeline programs, recruiting events, employee and community engagement, and a unified brand
- Supported a diverse workforce and inclusive culture through enhanced training, new programs (Connect700), and internal communication and events
- Created a safer workplace through our pioneering work on the prevention of sexual harassment, including greater emphasis on policy and training for leaders and staff
- Supported employee development with targeted programs: supervisor/manager core (1,111 participants), emerging leaders institute/senior leaders institute 201 participants)
- Managed three enterprise systems that process employee information, benefits, training, and over 19,000 job applications per month on average
- Updated several enterprise policies and procedures, and continuous improve work processes to capture efficiencies

PURPOSE & CONTEXT

Enterprise Human Capital (EHC) develops and maintains tools and infrastructure used by state agency human resources partners to recruit and retain the workforce needed to meet business goals. EHC applies a statewide view of human resources management to develop and promote sound policies, practices, and shared outcomes.

SERVICES PROVIDED

- Deliver innovative and strategic human resources (HR) solutions that align with business needs and contribute to the delivery of exceptional public services.
- Monitor changes in laws that affect human resource operations in state agencies. Research, develop, and deploy the EHC policy infrastructure, and provide training and guidance to ensure agencies are in compliance with law and other authorities.
- Provide consultation and auditing assistance to ensure agencies' HR offices are using best practices, and eliminating inefficient or ineffective practices.
- Develop and maintain systems to record, manage, and retrieve HR data and resources. These systems include application processing, learning management, and employee record management, and payroll.
- Develop and deploy the state's compensation, classification, selection, pay equity, and talent strategy programs. Provide consultation and services to support agency HR operations.
- Research, plan, and manage projects to develop or update HR programs, services, and systems.
- Deliver training and development courses to sharpen employee skills in current roles, develop potential for advancement, and elevate leadership effectiveness.
- Provide diversity and inclusion training to foster a respectful productive workplace serving all Minnesotans.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of agency audits opened and completed in most recent fiscal year.	4 opened, 2 closed	7 opened, 2 closed	FY2016 FY2018
Quantity	Executive branch demographics as of fiscal year end <ul style="list-style-type: none"> Females Minorities Individuals with disabilities Veterans 	49.8% 11% 6.2% 7.3%	50.0% 13.1% 7% 7.06%	FY2016 FY2018
Quantity	Number of managers and supervisors who completed required training: <ul style="list-style-type: none"> Diversity and Inclusion Sexual Harassment and Prevention 	90 82	4,637 260	FY2017 FY2018
Quality	Average survey response from participants rating the effectiveness of training courses (rating scale 1-5, 5 is best): <ul style="list-style-type: none"> Diversity and Inclusion Sexual Harassment and Prevention 	NA NA	4.1 and higher 4.2 and higher	FY2017 FY2018
Quantity	% of employees receiving yearly performance feedback	96%	95%	FY2016 FY2017*

* Data for FY2018 not yet available.

M.S. 43A (<https://www.revisor.mn.gov/statutes/?id=43A>) on state personnel management provides legal authority for this budget activity.

Enterprise Human Capital

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,038	3,176	3,462	3,751	3,753	3,753	4,921	4,621
2000 - Restrict Misc Special Revenue	69	69	78	74	74	74	74	74
2001 - Other Misc Special Revenue	348	243	368	853	536	538	58	60
5200 - Management Analysis	1,506	1,679	3,286	5,441	5,477	6,180	5,477	6,180
Total	4,961	5,167	7,195	10,119	9,840	10,545	10,530	10,935
Biennial Change				7,186		3,071		4,151
Biennial % Change				71		18		24
Governor's Change from Base								1,080
Governor's % Change from Base								5

Expenditures by Category

Compensation	3,915	4,082	4,731	5,986	5,902	5,906	6,379	6,382
Operating Expenses	1,042	1,079	2,463	4,087	3,892	4,593	4,105	4,507
Grants, Aids and Subsidies	0							
Capital Outlay-Real Property			0					
Other Financial Transaction	4	5	0	46	46	46	46	46
Total	4,961	5,167	7,195	10,119	9,840	10,545	10,530	10,935

Full-Time Equivalents

39.16	39.10	43.99	47.64	49.00	49.00	51.00	51.00
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Enterprise Human Capital

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		391		7				
Direct Appropriation	3,209	3,256	3,469	3,478	3,753	3,753	4,921	4,621
Transfers In	288	213		266				
Transfers Out	85	675						
Cancellations		9						
Balance Forward Out	374		7					
Expenditures	3,038	3,176	3,462	3,751	3,753	3,753	4,921	4,621
Biennial Change in Expenditures				1,000		293		2,329
Biennial % Change in Expenditures				16		4		32
Governor's Change from Base								2,036
Governor's % Change from Base								27
Full-Time Equivalents	29.11	29.63	30.83	33.80	30.00	30.00	35.00	35.00

2000 - Restrict Misc Special Revenue

Balance Forward In	7	8	9	10	10	10	10	10
Receipts	71	70	79	74	74	74	74	74
Balance Forward Out	8	9	10	10	10	10	10	10
Expenditures	69	69	78	74	74	74	74	74
Biennial Change in Expenditures				13		(4)		(4)
Biennial % Change in Expenditures				10		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	120	39	203	321	6	8	6	8
Receipts	78	255	299	192	192	192	60	60
Transfers In	190	301	347	346	346	346	0	0
Transfers Out		150	160					
Balance Forward Out	39	203	320	6	8	8	8	8
Expenditures	348	243	368	853	536	538	58	60
Biennial Change in Expenditures				630		(147)		(1,103)
Biennial % Change in Expenditures				107		(12)		(90)
Governor's Change from Base								(956)

Enterprise Human Capital

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								(89)
Full-Time Equivalents	1.80	1.78	2.82	3.50	3.00	3.00	0.00	0.00

5200 - Management Analysis

Balance Forward In	215	226	640	1,752	1,246	1,412	1,246	1,412
Receipts	1,503	2,023	4,398	4,935	5,643	6,008	5,643	6,008
Balance Forward Out	212	570	1,752	1,246	1,412	1,240	1,412	1,240
Expenditures	1,506	1,679	3,286	5,441	5,477	6,180	5,477	6,180
Biennial Change in Expenditures				5,543		2,930		2,930
Biennial % Change in Expenditures				174		34		34
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	8.25	7.69	10.34	10.34	16.00	16.00	16.00	16.00

6000 - Miscellaneous Agency

Balance Forward In	46	46	46	46	46	46	46	46
Balance Forward Out	46	46	46	46	46	46	46	46

Program: Statewide Services

Activity: Labor Relations

mn.gov/mmb/

AT A GLANCE

- The State of Minnesota is the state's largest employer with approximately 52,000 employees in 2018.
- Negotiated 9 labor agreements covering 38,000 employees in 2017-2018.
- Directed review and resolution of 354 grievances from July 1, 2016 through June 30, 2018.
- Conducted 56 training modules in the areas of labor relations and investigations for state managers, supervisors and human resources professionals.

PURPOSE & CONTEXT

The mission of the Labor Relations Unit is to promote harmonious and productive relationships with labor organizations representing specific groups of state employees while balancing the needs of management to provide efficient and accountable government services.

Our service population and clientele include the state's 38,000 employees covered by collective bargaining agreements and the Commissioner's and Managerial Plans. We also served human resources, supervisory, and managerial staff in the state's approximately 100 agencies and boards.

SERVICES PROVIDED

Collective Bargaining

- Develop labor relations policies, objectives, and strategies
- Represent the State in negotiations for collective bargaining agreements and the State Employee Group Insurance Program (SEGIP)
- Represent the State in contract mediation and interest arbitration to reach agreements
- Ensure that negotiated labor agreements maintain the maximum degree of flexibility for management and contain economic settlements that are within the desires of the Governor and the state's ability to pay

Administration of Collective Bargaining Agreements

- Provide advice and counsel to State agencies on contract administration, including contract interpretation, employee misconduct investigations, employee discipline, and employee performance management
- Ensure there are consistent policies and practices across the enterprise and that management rights are not compromised
- Assist State agencies in review of grievances alleging violations of labor agreements, including evaluation of settlement options and potential impacts to the operations or work environment
- Provide employee training on such topics as labor relations concepts, grievance processing, discipline and discharge, investigations and managing employee leaves

Representation and Advocacy

- Investigate grievances and prepare for and represent the State in grievance mediation, arbitrations, and settlement negotiations
- Represent the State on Labor/Management Committees and meetings with the unions regarding agency policies and practices
- Represent the State in all bargaining unit determinations and unit clarification proceedings
- Propose or respond to legislation affecting the State as an employer

RESULTS

We believe strategies are working if:

- A voluntary labor agreement is negotiated with the exclusive representative within the negotiations timeframe
- Labor agreements receive approval from the Legislative Subcommittee on Employee Relations and the full legislature
- Interest arbitration awards affirm the State's bargaining decisions and strategies
- Agencies provide positive feedback on assistance in the day-to-day administration of labor contracts
- Grievances are avoided or resolved at the agency level
- Grievance arbitration awards uphold agency actions and decision-making in the areas of contract interpretation and employee misconduct
- State labor management committees, including the Joint Labor Management Committee on Health Insurance, contribute to positive and productive working relationships between the state and labor unions
- Training curriculum and delivery receives positive course evaluations

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of contract negotiations that result in voluntary negotiated settlements consistent with State's ability to pay	90%	90%	July 1, 2016, June 30, 2018
Results	Ratified labor agreements receive approval by full legislature	100%	100%	July 1, 2016, June 30, 2018
Results	Grievance arbitration awards upholding the state's position (denial of the grievance)	9 (of 13)	5 (of 12)	July 1, 2016, June 30, 2018

M.S. 43A (<https://www.revisor.mn.gov/statutes/?id=43A>) and

M.S. 179 (<https://www.revisor.mn.gov/statutes/?id=179>) provide the legal authority for MMB's Labor Relations Unit.

Labor Relations

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	810	779	818	1,501	1,198	1,198	1,198	1,198
2001 - Other Misc Special Revenue	302	201	534	350	350	350	350	350
Total	1,112	981	1,352	1,851	1,548	1,548	1,548	1,548
Biennial Change				1,110		(107)		(107)
Biennial % Change				53		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	789	758	756	944	946	946	946	946
Operating Expenses	324	221	595	905	600	600	600	600
Other Financial Transaction		1	1	2	2	2	2	2
Total	1,112	981	1,352	1,851	1,548	1,548	1,548	1,548

Full-Time Equivalents

6.90	6.79	6.73	9.00	8.00	8.00	8.00	8.00
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Labor Relations

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		299		305				
Direct Appropriation	1,083	1,099	1,123	1,125	1,198	1,198	1,198	1,198
Transfers In	100	24		71				
Transfers Out	75	640						
Cancellations		3						
Balance Forward Out	298		305					
Expenditures	810	779	818	1,501	1,198	1,198	1,198	1,198
Biennial Change in Expenditures				730		77		77
Biennial % Change in Expenditures				46		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.90	6.79	6.73	9.00	8.00	8.00	8.00	8.00

2001 - Other Misc Special Revenue

Balance Forward In	6	13	35	3	3	3	3	3
Receipts	308	201	502	350	350	350	350	350
Balance Forward Out	12	13	3	3	3	3	3	3
Expenditures	302	201	534	350	350	350	350	350
Biennial Change in Expenditures				381		(184)		(184)
Biennial % Change in Expenditures				76		(21)		(21)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Statewide Services

Activity: Agency Administration

mn.gov/mmb/

AT A GLANCE

- Designed, developed legislation, and managed the premium subsidy program for calendar year 2017 that provided a 25% subsidy to 118,000 Minnesotans, saving them \$137 million in health insurance premium costs
- Provided oversight and managed processes and transactions related to annual \$1 billion budget
- Completed all major financial publications on time—governor’s budget recommendations, February and November economic forecasts, federally mandated financial reports in FY17 and FY18
- Agency human resources staff worked with managers and supervisors to fill 66 vacant positions in FY18
- Compiled over 70 statutorily or legislatively mandated reports

PURPOSE & CONTEXT

Agency Administration is a compilation of functions within the scope of the work of MMB, managed by the deputy commissioner. Several of these functions are internal to MMB—such as administrative and fiscal services, human resources, and strategic planning. These areas serve all employees at MMB.

SERVICES PROVIDED

- Manage the department’s financial operations to maintain compliance with established policies and procedures
- Support and manage about 260 employees by ensuring compliance with statewide and departmental human resources, policies, and procedures
- Coordinate legislative initiatives for Minnesota Management and Budget including legislative outreach, providing agency committee testimony, monitoring of relevant proposed changes to the law, and act as a point of contact for legislative inquiries
- Provide advice on legal compliance and litigation management to MMB and the Governor’s office, and provide employment law advice to human resources staff and management across the executive branch
- Produce several key documents including the governor’s budgets, economic forecasts, and the state’s Comprehensive Annual Financial Report (CAFR)

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Proportion of staff who self-report as minority race or ethnicity	11%	19%	6/30/17 and 6/30/18
Quantity	Proportion of staff who self-report as having a disability	7%	6%	6/30/17 and 6/30/18

M.S. chapter 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB’s Agency Administration budget activity.

Agency Administration

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	7,222	69,852	93,784	9,861	9,549	9,549	15,653	10,074
2001 - Other Misc Special Revenue	12,014	7,964	11,299	19,348	11,006	11,036	11,006	11,036
Total	19,236	77,816	105,083	29,209	20,555	20,585	26,659	21,110
Biennial Change				37,240		(93,152)		(86,523)
Biennial % Change				38		(69)		(64)
Governor's Change from Base								6,629
Governor's % Change from Base								16

Expenditures by Category

Compensation	4,355	4,787	3,973	2,981	3,548	3,574	3,940	4,064
Operating Expenses	14,810	16,082	19,466	26,215	16,994	16,998	22,706	17,033
Grants, Aids and Subsidies		56,391	81,529					
Capital Outlay-Real Property	20							
Other Financial Transaction	51	556	115	13	13	13	13	13
Total	19,236	77,816	105,083	29,209	20,555	20,585	26,659	21,110

Full-Time Equivalents

44.85	47.65	40.44	36.00	36.00	36.00	38.00	39.00
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Agency Administration

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	400	1,788	272,370	85				
Direct Appropriation	7,578	337,462	10,285	10,907	9,621	9,621	15,725	10,146
Transfers In	2,112	7,678	583	145				
Transfers Out	1,107	4,635	706	1,276	72	72	72	72
Cancellations		72	188,662					
Balance Forward Out	1,760	272,370	86					
Expenditures	7,222	69,852	93,784	9,861	9,549	9,549	15,653	10,074
Biennial Change in Expenditures			26,571		(84,547)		(77,918)	
Biennial % Change in Expenditures			34		(82)		(75)	
Governor's Change from Base							6,629	
Governor's % Change from Base							35	
Full-Time Equivalents	22.68	24.83	17.26	13.00	13.00	13.00	15.00	16.00

2001 - Other Misc Special Revenue

Balance Forward In	12,398	10,943	13,537	12,577	3,787	3,339	3,787	3,339
Receipts	10,293	10,286	10,338	10,558	10,558	10,558	10,558	10,558
Transfers In		10						
Transfers Out		0						
Balance Forward Out	10,677	13,275	12,577	3,787	3,339	2,861	3,339	2,861
Expenditures	12,014	7,964	11,299	19,348	11,006	11,036	11,006	11,036
Biennial Change in Expenditures				10,669		(8,605)		(8,605)
Biennial % Change in Expenditures				53		(28)		(28)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	22.17	22.82	23.18	23.00	23.00	23.00	23.00	23.00

Program: Statewide Services**Activity: Enterprise Communications and Planning**mn.gov/mmb**AT A GLANCE**

- Supported internal and external stakeholders in effectively and efficiently executing financial, human resources, and other key enterprise activities, through the use of coordinated communications, strategic planning, consistent branding, plain language, accessibility, and improved digital formats
- Tracked 182 interactions with agencies in the Internal Control and Accountability unit in FY 2017
- Provided over 16,000 hours of consulting services on 117 projects for 32 client agencies in FY 2018
- Manage and ensure the consistent operation of five enterprise systems annually
- Ensure state agencies have and communicate procedures that allow state government to continue its essential operations in case of a catastrophic event

PURPOSE & CONTEXT

The Enterprise Communications and Planning Division provides critical services to the enterprise to ensure employees, agencies, and agency leaders have the tools and information they need to effectively do their work. Members of the team focus their work on proactive and inclusive strategies to create a culture of collaboration, communication, and information-sharing throughout our agency and the enterprise. These functions are also integral in achieving the department's mission and vision as described in the agency profile.

This division is made up of five groups, all of which play key roles in ensuring strategic planning and communications to and on behalf of the entire enterprise: Management Analysis and Development (MAD), Enterprise Resource Planning, Business Continuity, Communications, and Internal Controls and Accountability.

SERVICES PROVIDED

- Communicate key initiatives and information to MMB, the enterprise, and to the public using all communication channels.
- Provide internal control and accountability consultation across state government to improve internal controls.
- Provide consultation in Continuity of Operations (COOP) planning or in response to all hazards, including violent events and catastrophic disasters. Act as the statewide lead in events that disrupt services within state government.
- Provide leadership, coordination, strategic direction, and management oversight of current and proposed enterprise technology systems and applications (for example, the state payroll system).
- Provide problem-solving assistance and information to help leaders and managers make decisions that improve efficiency and effectively use state resources.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of agency heads that submitted the annual internal control certification	98.7%	98.7%	FY2016, FY2017
Quality	Organizations improved due to Management Analysis and Development (MAD) work, according to post-engagement client feedback questionnaires	98%	98%	FY2017, FY2018
Quantity	Demand for Management Analysis and Development services <ul style="list-style-type: none"> • Total consulting hours • Number of projects • Number of agencies served 	13,500 122 27	16,000 117 32	FY2017, FY2018
Results	Conduct continuity of government planning and exercises with invited representatives of executive (cabinet), judicial, and legislative branches.	100% participation	100% participation	FY2017, FY2018
Results	Percent statewide system user survey respondents reporting overall satisfaction with the system at neutral or above: <ul style="list-style-type: none"> • Budget Planning and Analysis System (BPAS) • Fiscal Note Tracking System (FNTS) • SEMA4 • Enterprise Learning Management (ELM) • Statewide Integrated Financial Tools (SWIFT) 	74% 83% 86% 57% 73%	79% 87% 98% n/a 86%	2015, 2017
Quality	Engagement rate from email communication campaigns designed to build employee/public awareness. Engagement rate shows how many of our email (GovDelivery) subscribers are interacting with our content and responding to our communication efforts over time. 30% or higher is considered good.	44.8%	47.4%	FY2017, FY2018

M.S. chapter 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for this activity.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General			975	1,404	1,146	1,146	1,146	1,146
5200 - Management Analysis	6,043	5,805	6,380	6,531	6,752	6,940	6,752	6,940
Total	6,043	5,805	7,355	7,935	7,898	8,086	7,898	8,086
Biennial Change				3,442		694		694
Biennial % Change				29		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	1,829	1,453	2,872	3,450	3,549	3,622	3,549	3,622
Operating Expenses	4,208	4,351	4,471	4,456	4,331	4,446	4,331	4,446
Capital Outlay-Real Property		0	0					
Other Financial Transaction	6	1	12	29	18	18	18	18
Total	6,043	5,805	7,355	7,935	7,898	8,086	7,898	8,086

Full-Time Equivalents

17.23	15.03	25.52	29.90	29.40	29.40	29.40	29.40
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				99				
Direct Appropriation			1,074	1,076	1,146	1,146	1,146	1,146
Transfers In				229				
Balance Forward Out			99					
Expenditures			975	1,404	1,146	1,146	1,146	1,146
Biennial Change in Expenditures				2,379		(87)		(87)
Biennial % Change in Expenditures						(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			8.02	8.50	8.00	8.00	8.00	8.00

2001 - Other Misc Special Revenue

Balance Forward In	0	0				
Transfers Out		0				
Balance Forward Out	0					

5200 - Management Analysis

Balance Forward In	963	872	1,095	1,218	1,218	1,166	1,218	1,166
Receipts	5,814	5,971	6,504	6,531	6,700	6,850	6,700	6,850
Balance Forward Out	734	1,038	1,218	1,218	1,166	1,076	1,166	1,076
Expenditures	6,043	5,805	6,380	6,531	6,752	6,940	6,752	6,940
Biennial Change in Expenditures				1,063		781		781
Biennial % Change in Expenditures				9		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.23	15.03	17.50	21.40	21.40	21.40	21.40	21.40

Program: Statewide Insurancemn.gov/mmb/**AT A GLANCE**

- Provides insurance benefits to over 129,000 state employees, dependents, and retirees annually in all three branches of state government, Minnesota State Colleges and Universities, and certain quasi-state agencies
- Through innovative benefit design, encourages members to use the most efficient health care providers. In 2018, 91.9% of SEGIP members were enrolled in primary care clinics assigned to the lowest cost levels
- Through 2017, 6,400 state employees lost more than 48,400 pounds through an innovative diabetes prevention program launched in 2015
- In calendar year 2017, SEGIP collected \$945.6 million in insurance premiums and administrative fees from state agencies, employees/retirees, and other participating groups
- Health insurance accounted for approximately 90% of premiums and fees in 2017, while all other benefits combined accounted for the remaining 10%
- Public Employees Insurance Program (PEIP) provides insurance benefits to 35,000 active employees, their dependents, and retirees in 247 **public sector employer groups** (113 school districts, 76 cities and townships, 20 counties, and 38 other units of government)

PURPOSE & CONTEXT

The State Employee Group Insurance Program (SEGIP) offers comprehensive insurance benefits to ensure employees and their families have access to high-quality services at an affordable cost. These benefits include health, dental, life, as well as long and short-term disability. In addition, SEGIP administers pre-tax accounts for medical and dental care, dependent care, and transit expenses. Insurance benefits are a valuable component of compensation that helps the state attract and retain a talented workforce.

As Minnesota's largest employer purchaser of health care, SEGIP has significant influence in the marketplace and uses purchasing strategies designed to contain cost and provide access to high quality care. SEGIP also has a comprehensive set of initiatives that promote employee health and well-being, which result in a healthier and more productive state workforce and which also lower health care costs.

The Public Employees Insurance Program (PEIP), is a health, dental, and life insurance pool offered to local units of government to help public sector employers obtain competitive health insurance rates.

SERVICES PROVIDED

- SEGIP's health insurance plan, the Minnesota Advantage Health Plan, is a self-insured plan. The plan has a tiered network design that encourages members to choose primary care clinics that are most cost-efficient while still allowing access to higher-cost clinics. Because the state is such a large purchaser of health care, this benefit design also enables the state to obtain better prices from providers that wish to be placed in the most favorable cost tiers which attract the most members. In this way, SEGIP is able to maintain a broad choice of providers while also containing cost growth.
- SEGIP promotes employee health and wellness, which supports greater workplace productivity and helps to contain health care cost growth. For example, SEGIP offers financial incentives for employees to complete an annual health risk assessment survey, with opportunities for follow-up coaching or online programs to reduce health risks. Other prevention initiatives include a successful diabetes prevention

program and annual flu shot clinics. SEGIP's health plan administrators also identify and engage members with conditions like diabetes, asthma, back pain, and depression in order to better manage their conditions and improve health.

- SEGIP's contracts with medical, dental, and pharmacy administrators include incentives related to cost management, health outcomes, and provider network management and operational performance. In addition, SEGIP has some incentive arrangements directly with provider groups that include accountability for total cost of care and quality metrics.
- SEGIP supports expanded use of value-based payment arrangements between health care providers and our health plan administrators. Compared to traditional fee for service payments, value-based payment arrangements include stronger incentives related to cost containment and quality.
- Health Plan adult members diagnosed with diabetes have access to Advantage Value for Diabetes (AVD) benefit which reduces out-of-pocket costs for certain high-value medical services, prescription drugs, and testing supplies which reduces the progression of diabetes and the risk of costly complications. AVD pilot began January 1, 2018.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percent of medical expenditures made through value-based payment methods	60.1%	54.1%	2016, 2017
Result	Percent of plan participants enrolled in primary care clinics at the two lowest cost levels	93.3%	91.9%	2017, 2018
Result	Number of prediabetes program participants who have reduced their risk by 50% or more	1,678	1,966	2016, 2017
Results	PEIP medical claims costs (per member per month). PEIP's goal is for these costs to increase at or below the current industry standard of 2 – 9 % for national programs.	1.5%	-5.9%	6/30/15-6/30/16, 6/30/16-6/30/17

M.S. 42A.22-315, 318-319 provides authority for state employee benefits managed by MMB. Specifically see M.S. 43A.22 (<https://www.revisor.mn.gov/statutes/?id=43A.22>).

Statewide Insurance Programs

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
4700 - Public Employees Insurance	100,664	106,279	156,327	163,777	170,815	176,855	170,815	176,855
5600 - State Employees Insurance	859,348	874,002	928,897	979,791	1,046,258	1,113,239	1,046,258	1,113,239
6000 - Miscellaneous Agency	33,146	34,044	35,430	37,340	37,320	37,300	37,320	37,300
Total	993,159	1,014,326	1,120,654	1,180,908	1,254,393	1,327,394	1,254,393	1,327,394
Biennial Change				294,078		280,225		280,225
Biennial % Change				15		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

State Employee Group Ins Pgrm	892,494	908,047	964,327	1,017,131	1,083,578	1,150,539	1,083,578	1,150,539
Public Employees Insurance Pgrm	100,664	106,279	156,327	163,777	170,815	176,855	170,815	176,855
Total	993,159	1,014,326	1,120,654	1,180,908	1,254,393	1,327,394	1,254,393	1,327,394

Expenditures by Category

Compensation	4,052	4,371	4,695	4,584	5,114	5,163	5,114	5,163
Operating Expenses	989,096	1,009,937	1,115,956	1,176,320	1,249,274	1,322,226	1,249,274	1,322,226
Other Financial Transaction	11	18	3	4	5	5	5	5
Total	993,159	1,014,326	1,120,654	1,180,908	1,254,393	1,327,394	1,254,393	1,327,394

Full-Time Equivalents

43.43	45.58	47.63	48.39	51.25	51.25	51.25	51.25
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Statewide Insurance Programs

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
4700 - Public Employees Insurance								
Balance Forward In	35,072	44,770	61,739	78,235	91,335	104,525	91,335	104,525
Receipts	110,357	123,248	172,823	176,877	184,005	191,415	184,005	191,415
Balance Forward Out	44,765	61,739	78,235	91,335	104,525	119,085	104,525	119,085
Expenditures	100,664	106,279	156,327	163,777	170,815	176,855	170,815	176,855
Biennial Change in Expenditures				113,161		27,566		27,566
Biennial % Change in Expenditures				55		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.55	1.57	1.54	1.30	1.30	1.30	1.30	1.30

5600 - State Employees Insurance

Balance Forward In	249,092	225,021	256,829	292,344	309,877	306,212	309,877	306,212
Receipts	834,935	904,775	964,430	997,345	1,042,614	1,098,935	1,042,614	1,098,935
Transfers In	83,456	6,160	2,113	900	900	900	900	900
Transfers Out	83,476	6,180	2,133	921	921	921	921	921
Balance Forward Out	224,659	255,774	292,342	309,877	306,212	291,887	306,212	291,887
Expenditures	859,348	874,002	928,897	979,791	1,046,258	1,113,239	1,046,258	1,113,239
Biennial Change in Expenditures				175,337		250,809		250,809
Biennial % Change in Expenditures				10		13		13
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	41.88	44.01	46.09	47.09	49.95	49.95	49.95	49.95

6000 - Miscellaneous Agency

Balance Forward In	5,477	5,037	5,642	7,286	7,148	8,530	7,148	8,530
Receipts	32,705	34,650	37,074	37,202	38,702	38,702	38,702	38,702
Balance Forward Out	5,037	5,642	7,286	7,148	8,530	9,932	8,530	9,932
Expenditures	33,146	34,044	35,430	37,340	37,320	37,300	37,320	37,300
Biennial Change in Expenditures				5,580		1,850		1,850
Biennial % Change in Expenditures				8		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Minnesota Management and Budget

MAD/ETD

5200 Management Analysis and Development

Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales	6,462	6,531	6,700	6,850
Rental and Service Fees				
Insurance Premiums				
Other Income	4,400	4,935	5,643	6,008
Total Operating Revenues	10,862	11,466	12,343	12,858
Gross Margin	10,862	11,466	12,343	12,858
Operating Expenses:				
Purchased Services	5,291	6,909	7,140	7,830
Salaries and Fringe Benefits	3,191	4,329	4,379	4,455
Claims				
Depreciation				
Amortization				
Supplies and Materials	211	510	420	470
Indirect Costs	4	62	85	110
Other Expenses	1	162	205	255
Total Operating Expenses	8,698	11,972	12,229	13,120
Operating Income (Loss)	2,164	(506)	114	(262)
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Transfers and Contributions	2,164	(506)	114	(262)
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	2,164	(506)	114	(262)
Net Assets, Beginning as Reported	(1,282)	882	376	490
Net Assets, Ending	882	376	490	228
Rate increase/(decrease)				
Full Time Equivalents (FTE)	27.8	31.7	37.4	37.4

Minnesota Management and Budget

MAD/ETD

5200 Management Analysis and Development

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	3,319	3,000
Investments		
Accounts Receivable	1,328	838
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	4,647	3,838
Noncurrent Assets:		
Deferred Costs	2,724	2,724
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	2,724	2,724
Total Assets	7,371	6,562
LIABILITIES		
Current Liabilities:		
Accounts Payable	803	500
Interfund Payables		
Unearned Revenue		
Loans Payable		
Compensated Absences Payable	29	29
Total Current Liabilities	832	529
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable	3,704	3,704
Other Liabilities	1,953	1,953
Total Noncurrent Liabilities	5,657	5,657
Total Liabilities	6,489	6,186
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		
Unrestricted	882	376
Total Net Assets	7,371	6,562

Minnesota Management and Budget

MAD/ETD

5200 Management Analysis and Development

Brief Narrative

Background:

The 5200 fund includes both Management Analysis and Development (MAD) and Enterprise Learning and Development (ELD). MAD provides consulting services projects for client agencies. ELD supports the professional development of the state's talented work force.

Detail of any loans from the general fund, including dollar amounts:

Not applicable

Proposed investments in technology or equipment of \$100,000 or more:

Not applicable

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Not applicable

Explain any reasons for rate changes:

Not applicable

Impact of rate changes on affected agencies:

Not applicable

Minnesota Management and Budget

State Employees Group Insurance Program (SEGIP) State Employees Insurance - Fund 5600

Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019	Projected 2020	Projected 2021
Operating Revenues:				
Net Sales				
Rental and Service Fees				
Insurance Premiums	952,723	985,832	1,031,060	1,087,517
Other Income	7,815	7,850	7,875	7,900
Total Operating Revenues	960,538	993,682	1,038,935	1,095,417
Gross Margin	960,538	993,682	1,038,935	1,095,417
Operating Expenses:				
Purchased Services	74,195	84,778	86,918	90,210
Salaries and Fringe Benefits	5,568	4,401	4,924	4,965
Claims	844,550	890,120	953,436	1,017,360
Depreciation				
Amortization				
Supplies and Materials	3	13	15	16
Indirect Costs	9	20	21	22
Other Expenses	415	459	944	675
Total Operating Expenses	924,740	979,791	1,046,258	1,113,248
Operating Income (Loss)	35,798	13,891	(7,323)	(17,831)
Nonoperating Revenues (Expenses):				
Investment Income	4,374	3,663	3,679	3,518
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	4,374	3,663	3,679	3,518
Income (Loss) Before Transfers and Contributions	40,172	17,554	(3,644)	(14,313)
Capital Contributions				
Transfers in				
Transfers out	(20)			
Change in Net Assets	40,152	17,554	(3,644)	(14,313)
Net Assets, Beginning as Reported	167,968	208,120	225,674	222,030
Net Assets, Ending	208,120	225,674	222,030	207,717
Rate increase/(decrease)		8%	2%	7%
Full Time Equivalents (FTE)	46.1	47.1	50.0	50.0

Minnesota Management and Budget

State Employees Group Insurance Program (SEGIP)

State Employees Insurance - Fund 5600

Net Assets

(Dollars in Thousands)

	Actual 2018	Projected 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	295,291	317,554
Investments		
Accounts Receivable	24,135	24,000
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	319,426	341,554
Noncurrent Assets:		
Deferred Costs	6,365	6,365
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	6,365	6,365
Total Assets	325,791	347,919
LIABILITIES		
Current Liabilities:		
Accounts Payable	22,151	22,000
Interfund Payables		
Unearned Revenue	5,502	5,502
Claims Payable	77,104	81,829
Compensated Absences Payable	50	50
Total Current Liabilities	104,807	109,381
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable	8,300	8,300
Other Liabilities	4,564	4,564
Total Noncurrent Liabilities	12,864	12,864
Total Liabilities	117,671	122,245
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		
Unrestricted	208,120	225,674
Total Net Assets	325,791	347,919

Minnesota Management and Budget

State Employees Group Insurance Program (SEGIP)

State Employees Insurance - Fund 5600

Brief Narrative

Background:

SEGIP administers insurance benefits to over 129,000 employees, retirees, and their dependents.

Medical and Dental insurance are self insured, with the remaining insurance benefits provided on a fully insured basis.

Insurance plans are administered on a Calendar Year basis.

During FY 18, medical insurance premiums represented approximately 90% of the premiums collected by SEGIP.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

None

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Increase in FY 18 primarily reflects income needed to meet the medical plan reserve target of 16.7% by the end of the 2020 Calendar Year.

Explain any reasons for rate changes:

Increases in premiums reflect a composite change in the cost of insurance benefits. Changes are implemented on a Plan Year basis.

The increase in medical premiums is based on a projected 6.75% increase in medical claim costs paid by SEGIP during the 2017 to 2019 Plan Years.

Impact of rate changes on affected agencies:

Insurance benefits paid by agencies are projected to increase by 4.3 % during FY 20, and 5.63 % during FY 21.

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mn.gov/mmb/

AT A GLANCE

- Maintain more than 125 accounts outside of MMB's regular statutory operations
- Act as fiscal agent for \$7 million in federal funds annually
- Collected \$11 million in miscellaneous fines, fees, and penalties annually
- Provided \$55.7 million in direct aid to various local and state pension funds annually
- Manage a \$11.8 million master lease for vehicles and technology annually

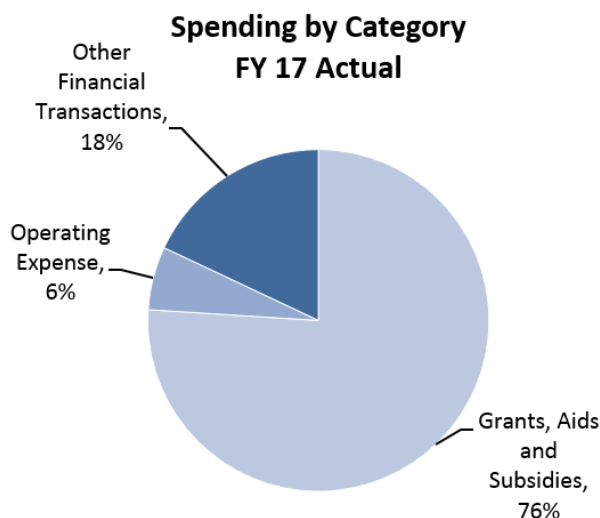
PURPOSE

By statute, Minnesota Management & Budget (MMB) manages a number of statewide accounts that are outside of its day-to-day operations. As a group, these accounts are referred to as non-operating activities. These accounts deal with a broad range of subject matters, including debt management, tort claims, contingency accounts, and miscellaneous pension and trust fund items. These responsibilities also include the statutory requirement to receive the state's share of various monies collected by the counties and judicial districts as fees, fines, assessments and surcharges. Finally, the non-operating accounts also serve as a pass-through for federal funding for payments in lieu of taxes to local units of government where national forests are located.

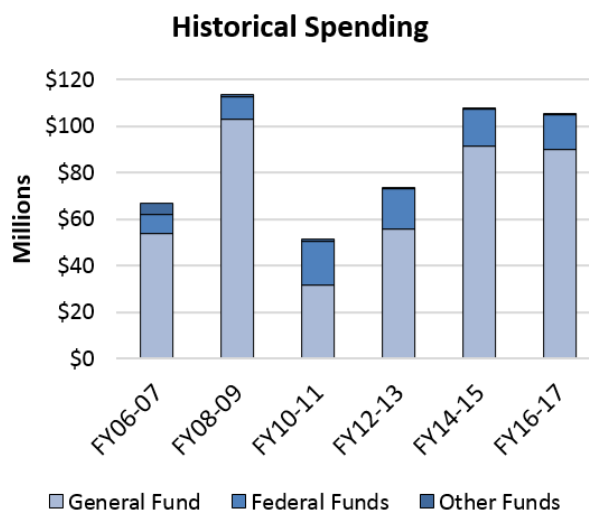
The mission of MMB Non-Operating is to manage state government's financial, workforce, and information resources to support effective and efficient services for Minnesotans.

MMB Non-Operating directly contributes to the statewide outcome of efficient and accountable government services.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

* This chart represents the fiscal agent activities under MMB non-operating and does not include the debt service payments administered by this agency.

STRATEGIES

Tort Claims: This account pays tort claim judgments against a state agency that cannot be paid from that agency's appropriated accounts. As specified in M.S. 3.736, Subd. 7, a state agency may seek approval from MMB to use money in the MMB non-operating account for tort claims if MMB determines that there is not enough money in the agency's appropriations to cover the tort claim payment.

Contingent Accounts: Contingent accounts are appropriations made from several state funds to provide supplemental funding for emergencies and other legally authorized purposes. The release and expenditure of this funding requires the approval of the Governor after consultation with the Legislative Advisory Commission (LAC). The LAC provides legislative review of the use of these funds during interim periods when the legislature is not in session. With the approval of the Governor, supplemental funding for specific purposes is transferred to individual agency budgets; thus, expenditure history appears in the affected agency's budget.

Administrative Accounts: The state administers various trusts and funds on behalf of Minnesotans (including the Children's Trust, the Environmental Trust, and the Permanent School Fund). MMB non-operating houses the accounts used to support the administration of these trusts and funds.

Cash Flow Accounts: On an ongoing or one-time basis, some agencies or programs receive specific legislative authority to use general fund money to cash flow programs or activities during a biennium. These accounts are housed within the MMB non-operating accounts. In FY 2014-15, these accounts included the following:

- Lease-Purchase Cash Flow Account
- Education Aids Cash Flow Account
- Office of Higher Education Cash Flow Account
- MNsure Cash Flow Account
- MN.IT Cash Flow Account

Federal Funds Accounts: The state receives some pass-through federal funding for payments in lieu of taxes to local units of government where national forests are located, like the Chippewa National Forest and Superior National Forest. MMB non-operating accounts house the accounts for these pass-through funds.

Miscellaneous Fines, Fees, and Penalties Accounts: The state charges fees for various activities (including obtaining marriage licenses, using seatbelts, and engaging in adoptions) and assesses fines and penalties when the citizens of Minnesota are out of compliance with state law. These receipts are often dedicated to more than one activity across multiple agencies, therefore MMB is tasked with acting as an intermediary between the collecting entity and the receiving entity. The accounts used for this purpose are housed within the MMB non-operating accounts.

Pension Aid Accounts: The state provides direct aid to the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA) to help offset the additional liability those systems incurred when they merged with the Duluth Teachers Retirement fund (TRA), the Minneapolis Teachers Retirement fund (TRA), and the Minneapolis Employees Retirement fund (PERA). The state also provides direct aid to the St. Paul Teachers Retirement fund to help offset unfunded liabilities. These funds are appropriated to the commissioner of Minnesota Management and Budget and reside in accounts at MMB Non-Operating.

M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB.

MMB Non-operating

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	50,378	52,518	61,589	71,357	61,664	66,170	71,664	76,170
1201 - Health Related Boards				800	400	400	400	400
2830 - Workers Compensation				200	100	100	100	100
3000 - Federal	7,901	7,023	7,090	7,092	7,092	7,092	7,092	7,092
3700 - Debt Service	326	321	377	21				
5000 - Master Lease	13,545	12,831	11,866	8,838	9,611	11,413	9,611	11,413
Total	72,150	72,692	80,922	88,308	78,867	85,175	88,867	95,175
Biennial Change				24,388		(5,188)		14,812
Biennial % Change				17		(3)		9
Governor's Change from Base								20,000
Governor's % Change from Base								12

Expenditures by Program

Contingent			821	1,338	1,000	500	1,000	500
Teachers Aid	45,658	45,658	55,658	65,158	55,158	59,658	65,158	69,658
Tort Claims				322	161	161	161	161
Federal Funds	7,901	7,023	7,090	7,092	7,092	7,092	7,092	7,092
Administrative	4,720	6,860	5,110	5,539	5,845	6,351	5,845	6,351
Debt Management	13,871	13,152	12,243	8,859	9,611	11,413	9,611	11,413
Total	72,150	72,692	80,922	88,308	78,867	85,175	88,867	95,175

Expenditures by Category

Operating Expenses	2,379	4,480	3,614	4,520	4,306	4,312	4,306	4,312
Grants, Aids and Subsidies	56,259	55,381	65,448	74,950	64,950	69,450	74,950	79,450
Other Financial Transaction	13,512	12,831	11,861	8,838	9,611	11,413	9,611	11,413
Total	72,150	72,692	80,922	88,308	78,867	85,175	88,867	95,175

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		409		661				
Direct Appropriation	163,334	58,447	161,450	240,440	74,724	71,851	86,644	81,851
Open Appropriation	5,752	1,873	12,735	2,104	6,409	3,151	6,409	3,151
Transfers In	78,412	7,226	10,539	8,789	9,030	9,420	9,030	9,420
Transfers Out	115,835	5,443	109,813	170,208	17,804	7,131	19,724	7,131
Net Loan Activity	(7,500)	(7,623)	(7,947)	(8,244)	(8,544)	(8,871)	(8,544)	(8,871)
Cancellations	73,377	2,371	4,714	2,185	2,151	2,250	2,151	2,250
Balance Forward Out	409		661					
Expenditures	50,378	52,518	61,589	71,357	61,664	66,170	71,664	76,170
Biennial Change in Expenditures				30,051		(5,112)		14,888
Biennial % Change in Expenditures				29		(4)		11
Governor's Change from Base								20,000
Governor's % Change from Base								16

1200 - State Government Special Rev

Receipts	2,314	2,184	2,370	2,315	2,315	2,315	2,315	2,315
Cancellations	2,314	2,184	2,370	2,315	2,315	2,315	2,315	2,315

1201 - Health Related Boards

Balance Forward In		400		400				
Direct Appropriation	400	400	400	400	400	400	400	400
Cancellations		800						
Balance Forward Out	400		400					
Expenditures				800	400	400	400	400
Biennial Change in Expenditures				800		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	35		123					
Receipts	8,512	8,686	8,088	7,128	6,958	6,764	8,855	8,861
Transfers Out	8,546	8,686	8,210	7,128	6,958	6,764	8,855	8,861

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2001 - Other Misc Special Revenue

Transfers In	340	340	340	340	340	340	340	340
Transfers Out	340	340	340	340	340	340	340	340

2050 - Environment & Natural Resources

Direct Appropriation				0	7,830	7,830	0	0
Transfers Out				0	7,830	7,830	0	0

2300 - Outdoor Heritage

Transfers In	10	338	406		
Cancellations	10	338	406		

2301 - Arts & Cultural Heritage

Transfers In	6	202	243		
Cancellations	6	202	243		

2302 - Clean Water

Transfers In	10	22,338	406		
Cancellations	10	22,338	406		

2303 - Parks and Trails

Transfers In	4	146	176		
Cancellations	4	146	176		

2360 - Health Care Access

Direct Appropriation	78,841	166,113	322,750	322,000	122,000	122,000	135,000	122,000
Transfers In				50,000	7,200		7,200	393,588
Transfers Out	78,841	166,113	322,750	322,000	122,000	122,000	135,000	122,000
Cancellations				50,000	7,200		7,200	393,588

2365 - Opioid Stewardship

Transfers In							13,000	
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MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Cancellations							13,000	

2700 - Trunk Highway

Transfers In	3,454	3,658	3,959	4,749	4,965	5,188	4,965	5,188
Cancellations	3,454	3,658	3,959	4,749	4,965	5,188	4,965	5,188

2830 - Workers Compensation

Balance Forward In		100		100				
Direct Appropriation	100	100	100	100	100	100	100	100
Cancellations		200						
Balance Forward Out	100		100					
Expenditures				200	100	100	100	100
Biennial Change in Expenditures				200		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	25	32	38	43	50	50	50	50
Receipts	7,908	7,029	7,095	7,099	7,092	7,092	7,092	7,092
Balance Forward Out	32	38	43	50	50	50	50	50
Expenditures	7,901	7,023	7,090	7,092	7,092	7,092	7,092	7,092
Biennial Change in Expenditures				(742)		2		2
Biennial % Change in Expenditures				(5)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

3700 - Debt Service

Balance Forward In	2			21				
Receipts	324	321	398					
Balance Forward Out			21					
Expenditures	326	321	377	21				
Biennial Change in Expenditures				(249)		(398)		(398)
Biennial % Change in Expenditures				(38)		(100)		(100)
Governor's Change from Base								0

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								

3800 - Permanent School

Balance Forward In	6,574	7,333	8,047	8,450	8,450	8,450	8,450	8,450
Receipts	28,522	30,673	33,426	35,458	35,753	36,048	35,753	36,048
Transfers Out	27,763	29,958	33,023	35,458	35,753	36,048	35,753	36,048
Balance Forward Out	7,333	8,047	8,450	8,450	8,450	8,450	8,450	8,450

4901 - 911 Revenue Bond Debt Service

Balance Forward In	5,990	11,038	274	535	535	535	535	535
Transfers In	23,261	23,261	23,261	23,261	23,261	23,261	23,261	23,261
Transfers Out	18,213	34,026	23,000	23,261	23,261	23,261	23,261	23,261
Balance Forward Out	11,038	274	535	535	535	535	535	535

5000 - Master Lease

Balance Forward In	0		0					
Transfers In	13,545	12,831	11,866	8,838	9,611	11,413	9,611	11,413
Transfers Out			0					
Cancellations	0							
Balance Forward Out			0					
Expenditures	13,545	12,831	11,866	8,838	9,611	11,413	9,611	11,413
Biennial Change in Expenditures				(5,672)		320		320
Biennial % Change in Expenditures				(22)		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

6000 - Miscellaneous Agency

Balance Forward In	8,408	9,343	9,520	10,547	10,977	11,407	10,977	11,407
Receipts	1,474	715	1,679	1,020	1,018	1,018	1,018	1,018
Transfers In	60	67	67	67	67	67	67	67
Transfers Out	587	647	720	657	655	655	655	655
Balance Forward Out	9,355	9,478	10,548	10,977	11,407	11,837	11,407	11,837

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
8000 - Housing Finance Agency								
Balance Forward In		43	71	136				
Receipts	43	71	523	513	513	513	513	513
Transfers Out		43	458	649	513	513	513	513
Balance Forward Out	43	71	136					

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	238,465	238,465	238,465	476,930
Base Adjustments				
One-Time Capital Appropriations		(41,250)	(41,250)	(82,500)
All Other One-Time Appropriations		(114,035)	(121,235)	(235,270)
Current Law Base Change		(10,000)	(5,500)	(15,500)
Biennial Appropriations		500		500
Forecast Open Appropriation Adjustment	1,975	1,044	1,371	2,415
Forecast Base	240,440	74,724	71,851	146,575
Change Items				
MERF State Aid		10,000	10,000	20,000
Capital Investment Bill Debt Service		1,920		1,920
Total Governor's Recommendations	240,440	86,644	81,851	168,495
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	400	400	400	800
Forecast Base	400	400	400	800
Total Governor's Recommendations	400	400	400	800
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	2,940	2,940	2,940	5,880
Base Adjustments				
Forecast Open Appropriation Adjustment		4,890	4,890	9,780
Forecast Base	2,940	7,830	7,830	15,660
Change Items				
Chapter 2 Debt Service	(2,940)	(7,830)	(7,830)	(15,660)
Total Governor's Recommendations	0	0	0	0
Fund: 2360 - Health Care Access				
FY2019 Appropriations	200,000	200,000	200,000	400,000
Base Adjustments				
All Other One-Time Appropriations		(200,000)	(200,000)	(400,000)
Forecast Open Appropriation Adjustment	122,000	122,000	122,000	244,000
Forecast Base	322,000	122,000	122,000	244,000
Change Items				
Transfer to Opioid Stewardship Fund		13,000		13,000
Total Governor's Recommendations	322,000	135,000	122,000	257,000
Fund: 2830 - Workers Compensation				

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
FY2019 Appropriations	100	100	100	200
Forecast Base	100	100	100	200
Total Governor's Recommendations	100	100	100	200
Open				
Fund: 1000 - General				
FY2019 Appropriations	2,457	2,457	2,457	4,914
Base Adjustments				
Forecast Open Appropriation Adjustment		3,900	572	4,472
November Forecast Adjustment	(353)	52	122	174
Forecast Base	2,104	6,409	3,151	9,560
Total Governor's Recommendations	2,104	6,409	3,151	9,560
Dedicated				
Fund: 3000 - Federal				
Planned Spending	7,092	7,092	7,092	14,184
Forecast Base	7,092	7,092	7,092	14,184
Total Governor's Recommendations	7,092	7,092	7,092	14,184
Fund: 3700 - Debt Service				
Planned Spending	21			
Forecast Base	21			
Total Governor's Recommendations	21			
Fund: 5000 - Master Lease				
Planned Spending	8,838	9,611	11,413	21,024
Forecast Base	8,838	9,611	11,413	21,024
Total Governor's Recommendations	8,838	9,611	11,413	21,024
Revenue Change Summary				
Dedicated				
Fund: 1200 - State Government Special Rev				
Forecast Revenues	2,315	2,315	2,315	4,630
Total Governor's Recommendations	2,315	2,315	2,315	4,630
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	7,128	6,958	6,764	13,722
Change Items				

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Increase Dedicated Funding Source to Maintain POST Appropriations		1,897	2,097	3,994
Total Governor's Recommendations	7,128	8,855	8,861	17,716
Fund: 3000 - Federal				
Forecast Revenues	7,099	7,092	7,092	14,184
Total Governor's Recommendations	7,099	7,092	7,092	14,184
Fund: 3800 - Permanent School				
Forecast Revenues	35,458	35,753	36,048	71,801
Total Governor's Recommendations	35,458	35,753	36,048	71,801
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	1,020	1,018	1,018	2,036
Total Governor's Recommendations	1,020	1,018	1,018	2,036
Fund: 8000 - Housing Finance Agency				
Forecast Revenues	513	513	513	1,026
Total Governor's Recommendations	513	513	513	1,026
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	395,466	344,680	340,555	685,235
Change Items				
Increase Dedicated Funding Source to Maintain POST Appropriations		(1,897)	(2,097)	(3,994)
Total Governor's Recommendations	395,466	342,783	338,458	681,241
Fund: 1200 - State Government Special Rev				
Forecast Revenues	158	158	158	316
Total Governor's Recommendations	158	158	158	316
Fund: 2212 - Peace Officer Training Account				
Forecast Revenues	100	96	92	188
Total Governor's Recommendations	100	96	92	188
Fund: 2300 - Outdoor Heritage				
Forecast Revenues	3,372	3,372	3,372	6,744
Total Governor's Recommendations	3,372	3,372	3,372	6,744
Fund: 2301 - Arts & Cultural Heritage				

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	184	184	184	368
Total Governor's Recommendations	184	184	184	368
Fund: 2302 - Clean Water				
Forecast Revenues	1,820	1,820	1,820	3,640
Total Governor's Recommendations	1,820	1,820	1,820	3,640
Fund: 2303 - Parks and Trails				
Forecast Revenues	456	456	456	912
Total Governor's Recommendations	456	456	456	912
Fund: 2340 - Renewable Development				
Forecast Revenues	13,581	15,498	18,364	33,862
Total Governor's Recommendations	13,581	15,498	18,364	33,862
Fund: 2360 - Health Care Access				
Forecast Revenues	12,770	12,210	6,400	18,610
Total Governor's Recommendations	12,770	12,210	6,400	18,610

Minnesota Management & Budget Non-Operating

FY 2020-21 Biennial Budget Change Item

Change Item Title: MERF State Aid

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	10,000	10,000	10,000	10,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	10,000	10,000	10,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$10 million annually from the general fund to restore cuts made in 2017 legislation to state aid to the Minneapolis Employees Retirement Fund (MERF). This recommendation reinstates the full state aid amount first provided in 2015 legislation. With this proposal, Minneapolis local governments no longer face a \$10 million increase in their required MERF contributions set to go into effect beginning FY 2020.

Rationale/Background:

MERF was the pension fund providing retirement benefits to Minneapolis-based local government employees and was merged into the Public Employees Retirement Association (PERA) General Employees Fund in 2015. Currently, 3,100 MERF members receive benefits and 23 either remain active employees or do not yet receive benefits. 2015 legislation set direct aid amounts at \$37 million annually: \$6 million from the state and \$31 million from Minneapolis local governments. The state's direct aid amounts were set to increase to \$16 million annually beginning FY 2018, thereby lowering local government payments to \$21 million. This long-term allocation agreement was based upon the portion of the total cost being paid by the state and Minneapolis-based employers before the merger in 2015: 43 and 57 percent respectively. 2017 legislation lowered the state's contribution back down to \$6 million annually beginning FY 2020 and increased local government contributions back to \$31 million. These payments assist in paying off MERF's remaining unfunded liabilities. The payments end in 2031.

Proposal:

The Governor recommends restoring the cuts to MERF state aid enacted in 2017. By providing this state aid, Minneapolis-based local governments will no longer need to pay \$10 million more each year toward their required MERF contributions beginning FY 2020. The Governor's recommendation provides the original state and local contribution allocations agreed to in 2015 when MERF was officially merged into the PERA General Employees Fund.

Results:

This recommendation maintains the annual \$37 million contribution from state and local governments toward MERF's unfunded liabilities. The PERA General Employees Fund, which absorbed MERF in 2015, is 79.5% funded on a market value of assets basis as of FY 2018. The PERA General Employees Fund is projected to reach full funding in FY 2037.

Statutory Change(s):

Minnesota Statutes 353.27, subd. 3c, para. (d), and Minnesota Statutes 353.505, clause (a).

Minnesota Management & Budget Non-Operating

FY 2020-21 Biennial Budget Change Item

Change Item Title: Capital Investment Bill Debt Service

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
<i>Debt Service – GO Bonds</i>	15,954	58,199	65,064	61,677
<i>Debt Service – Appropriation Bonds</i>	0	0	0	4,800
<i>Cash-Financed Projects</i>	1,920	0	0	0
Expenditures	17,784	58,199	65,064	66,477
Trunk Highway Fund				
Expenditures	1,272	5,119	7,944	8,504
Net Fiscal Impact = (Expenditures – Revenues)	19,146	63,318	73,008	74,981
FTEs	0	0	0	0

Request:

The Governor recommends \$82.464 million in FY 2020-2021 to support his 2019 capital budget recommendations. Of this total:

- \$76.073 million is from the general fund to pay for cash-financed projects and debt service on \$1.018 billion in general obligation bonds and \$120 million in appropriation bonds.
- \$6.391 million is from the trunk highway fund for debt service on \$92 million in trunk highway bonds.

Rationale/Background:

The Governor recommended a total of \$1.27 billion in capital projects. Both general fund cash and debt service are needed to finance these projects.

Proposal:

More information about the Governor's 2019 capital budget recommendations can be found in the "Current Capital Budget" section of MMB's website.

Equity and Inclusion:

The Governor's 2019 capital budget includes 73 individual projects. Of those, 37 are statutory programs that impact projects across the state, 20 projects are located in the metro-area, and 16 projects are located in greater Minnesota.

Results:

This recommendation will allow the state to meet its financial obligations with respect to debt service and the financing of capital projects.

Minnesota Management and Budget Non-Operating

FY 2020-21 Biennial Budget Change Item

Change Item Title: Expand Operating Budget Carry-Forward Authority

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	\$7,500	0	\$7,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	\$7,500	0	\$7,500
FTEs	0	0	0	0

Request:

The Governor recommends modifying Minnesota Statutes 16A.28 to allow agencies to uniformly carry-forward unexpended non-grant operating appropriations for the second year of a biennium into the next beginning in FY 2021. This is being proposed as an improvement to current financial management practices – to increase state agencies budget management flexibility to deal with planned and unplanned cost increases and cost pressures.

The budget impact of this proposal will reduce forecast general fund cancellations in the second year of each biennium by an estimated \$7.5 million.

Rationale/Background:

State agencies are generally authorized in M.S. 16A.28 to balance forward unexpended and unencumbered non-grant operating balance from the first to the second year of the biennium, while unspent operating appropriations for the second year (the end of a biennium) generally cancel back to the originating fund.

This requirement, however, is not uniform. Appropriations to the legislature, higher education systems, and selective appropriations to various state agencies are exempt, or are provided specific carry-forward authority in law. The current requirement to cancel unspent operating funds is generally perceived as a “use it or lose it” disincentive for agencies that increases year-end spending and reduces the ability to manage year-end and following year costs in the most effective, strategic way.

In 2003 and 2005, the legislature provided one-time authorities to balance forward funds from one biennium to the next. These authorities were granted to provide agencies flexibility in managing budget reductions. In 2007, one-time authority was provided to carry-forward up to \$5.8 million of unspent operating funds, but with the use limited to technology investments.

Uniformly extending carry-forward authority of operating balances at the end of the biennium to all agencies will increase agencies’ flexibility to better utilize resources to manage costs such as increases related to general operating expenses or operating projects. It will provide an effective incentive for agencies to identify efficiencies and cost savings as they would be able to redirect resources to both identified and unanticipated future costs – removing the constraint that the money be spent by year-end. This proposal is strongly supported by executive branch agencies’ chief financial officers.

Proposal:

Extend carry-forward authority at the end of the biennium to all agencies, constitutional officers, and the court systems for all direct appropriated funds. But, require that funds be used to manage one-time costs related to general operating costs or operating projects. It will provide an effective incentive for agencies to identify efficiencies and cost savings as they would be able to redirect resources to both identified and unanticipated future costs – removing the constraint that the money be spent by year-end. In addition, agencies would be able to use this authority for long-term budget planning allowing carry-forward dollars to be used to defray operating cost increases.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Biennial report: Carried forward amounts and use by agency.	n/a	n/a	FY 2020-21 biennial budget

Statutory Change(s):

M.S. 16A.28

Minnesota Management & Budget Non-Operating

FY 2020-21 Biennial Budget Change Item

Change Item Title: Repeal Sunset of the Provider Tax

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Tax Policy				
Health Care Access Fund				
Expenditures	0	0	0	0
Revenues	236,627	733,099	770,434	808,927
Department of Human Services				
Health Care Access Fund				
Expenditures	11,564	27,551	45,973	39,259
Revenues	0	0	0	0
MMB Non-Operating				
Health Care Access Fund				
Transfers Out			122,000	122,000
General Fund				
Transfers In			122,000	122,000
Net Fiscal Impact = (Expenditures – Revenues)	(236,071)	(715,985)	(736,916)	(783,167)
FTEs	0	0	0	0

Recommendation:

To support essential health care services and expand access to health insurance, the Governor recommends repealing the sunset on the two percent taxes on hospitals, surgical centers, health care providers, wholesale drug distributors, and those subject to the legend drug use tax contained in Minnesota Statutes, section 295.52. This proposal increases revenues to the Health Care Access Fund by \$970 million in the FY 2020-21 biennium.

The repeal of the tax sunset restores a provider rate increase that was established in 2003 to offset the cost of paying the provider tax on Medical Assistance and MinnesotaCare covered services.

The additional revenue creates a positive projected balance in the Health Care Access Fund. This balance triggers a statutory transfer to the General Fund of \$122 million per year.

Rationale/Background:

The Provider Tax is an essential source of funding for the Health Care Access Fund which provides health care coverage through the MinnesotaCare and Medical Assistance (MA) programs and supports public health activities through the Minnesota Department of Health. The reinstatement of the Provider Tax would also enable the Health Care Access Fund to support the Health Insurance Premium Subsidy and Health Insurance Tax Credit to stabilize and make the individual health insurance market more affordable.

Minnesota levies a two percent tax on revenue from patient services at hospitals, surgical centers and health care providers. This two percent tax also applies to the gross revenue of wholesale drug distributors as well as on amounts paid for prescription drugs by entities subject to the legend drug use tax.

Under current law, the provider taxes sunset on December 31, 2019. Repealing the sunset of the provider tax provides greater funding stability for the state's initiatives to promote access to health care, improve the quality of care, and contain health care costs. This proposal raises about \$237 million and \$733 million of revenue in fiscal years 2020 and 2021 respectively.

In 2003, the state legislature removed an exemption on taxing health care provider revenue for services provided to recipients of MA and MinnesotaCare and increased provider payment rates by two percent for these services subject to this tax. The November 2016 MA and MinnesotaCare forecast accounted for the provider tax sunset by removing the value of the two percent rate increase effective January 1, 2020. Repealing the provider tax sunset reinstates the two percent rate increase in MA and MinnesotaCare, resulting in a net cost to the state of just over \$39 million in FY 2020-21.

The current tax rate is 2%, although each year the rate must be reduced if the Commissioner of Management and Budget determines that projected revenue to the Health Care Access Fund is greater than 125% of expenditures and transfers, and the cash balance in the fund is adequate.

This proposal also amends existing nexus language and treats interest on overpayments for provider taxes consistent with other taxes. While current statutory language establishes nexus under the United States Constitution, this proposal addresses the impact of the United States Supreme Court decision in *Wayfair v. South Dakota* by providing for minimum economic nexus thresholds. Regarding interest, this proposal provides 90 days from the due date of the return or the date on which the original return is filed, whichever is later, before the amount refunded begins to bear interest.

Proposal:

This proposal repeals the sunset of the two percent provider taxes contained in Minnesota Statutes, section 295.52, to ensure funding for MinnesotaCare, Medical Assistance (MA), and public health activities through the Minnesota Department of Health. The repeal also supports proposals recommended in the Governor's budget to stabilize the individual health insurance market and make insurance more affordable. The individual market stabilization and affordability proposals include the Health Insurance Premium Subsidy and a Health Insurance Premium Tax Credit.

Equity and Inclusion:

Medical assistance is the largest expenditure from the Health Care Access Fund and currently provides health insurance coverage to over 1 million Minnesotans, who meet income limits. MinnesotaCare assists those most in need that are not already covered by existing programs. To be eligible for MinnesotaCare, individuals must meet income limits, not be eligible for Medical Assistance, and satisfy other requirements related to residency and lack of access to other health insurance. MinnesotaCare coverage is available to persons with incomes greater than 133 percent of federal poverty guidelines but not exceeding 200 percent, if other program eligibility requirements are met.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Avg. monthly MinnesotaCare enrollment	115,754	86,310	FY 2016 & 2019

Statutory Change(s):

Minnesota Statutes, section 295.51, subd. 1a
 Minnesota Statutes, section 295.52, subd. 8
 Minnesota Statutes, section 295.57, subd. 3;
 Minn. Laws 2011, 1st Spec. Sess. Ch. 9, art. 6, sec. 97, subd. 6.

Minnesota Management & Budget Non-Operating

FY 2020-21 Biennial Budget Change Item

Change Item Title: Opioid and Other Drug Overdose Prevention

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Department of Health				
Opioid Stewardship Fund				
Expenditures	6,000	9,251	9,251	9,251
Revenues	0	0	0	0
MMB Non-Operating				
Health Care Access Fund				
Transfer Out	13,000	0	0	0
Opioid Stewardship Fund				
Transfer In	13,000	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,000	9,251	9,251	9,251
FTEs	8	8	8	8

Recommendation:

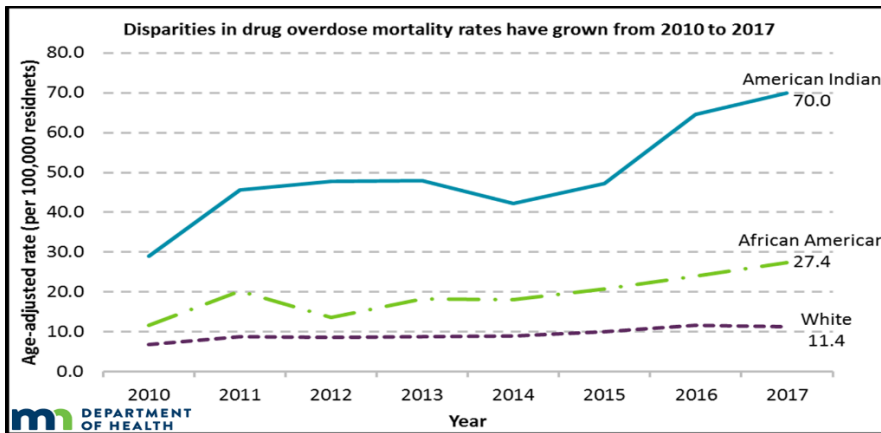
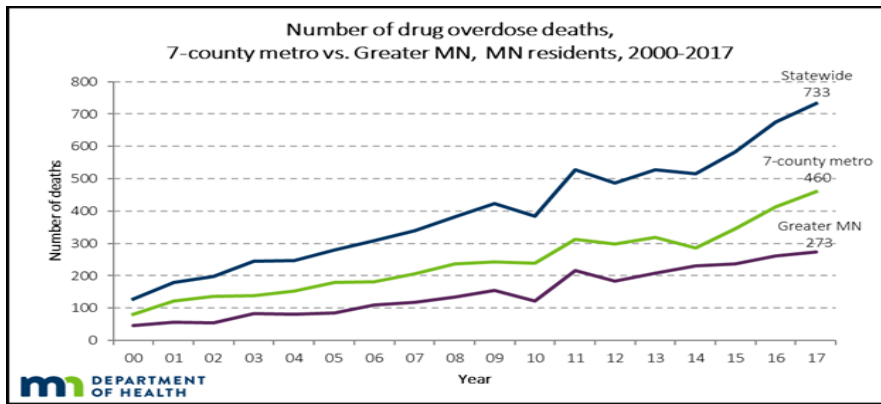
The Governor recommends funding from the Opioid Stewardship Fund for opioid and other drug overdose prevention at the Minnesota Department of Health (MDH). This proposal includes a comprehensive array of evidence-based approaches to the growing crisis of drug overdoses and drug-related deaths in Minnesota. It doubles the current number of community opioid pilot prevention projects, strengthens Tribal Prevention Programs, provides Naloxone and training for first responders across Minnesota (including State Patrol, Tribal Law Enforcement, probation and parole officers, and others), and improves local data collection and analysis.

This proposal is part of a package of proposals recommended by the Governor to address rising rates of opioid use. The package of proposals is funded by new fees on opioid manufacturers, wholesalers, and entities that handle controlled substances.

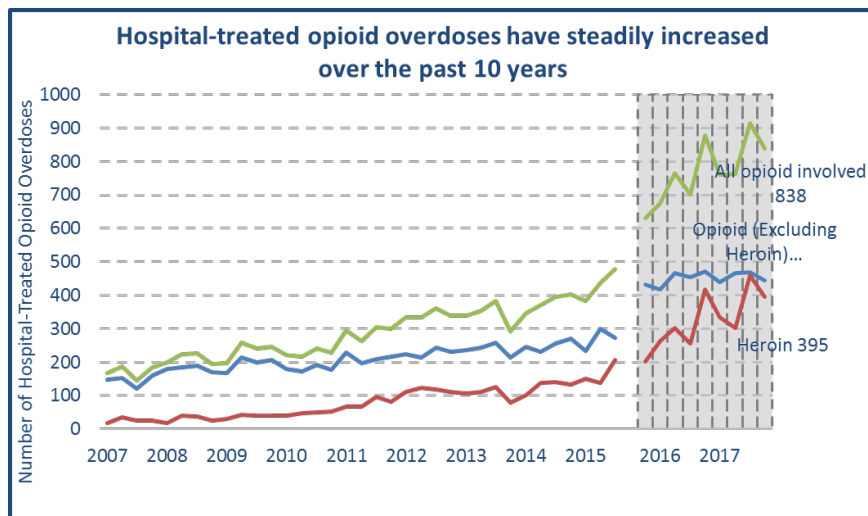
The Governor also recommends a one-time transfer of \$13 million from the Health Care Access Fund to the Opioid Stewardship Fund. The primary source of revenue into the Health Care Access Fund is a tax on health care providers, hospitals, surgical centers, and wholesale drug distributors. The fund supports initiatives that improve access to health care, contain health care costs, and promote public health. This transfer will provide resources to fund opioid-related programming prior to the receipt of new fee revenue.

Rationale/Background:

Preliminary drug overdose data for 2017 indicates that drug overdose fatalities increased by 3% from 2016 to 2017 (rising to 733 deaths; of these, 422 were opioid-involved deaths). Overdose deaths are not equal across age groups, genders, geography, and cultures in Minnesota. The highest drug overdose rates have moved to younger age groups. Other differences persist by gender and geography (urban, rural). American Indians in Minnesota have the highest rate of drug overdose deaths (primarily opioid overdose) in the nation. In 2016, American Indians were six times more likely to die of a drug overdose than were white Minnesotans. This was the worst disparity rate in the nation. African Americans in Minnesota were 2.4 times more likely to die of a drug overdose than white Minnesotans. This was the fifth highest disparity rate ratio amongst blacks relative to whites in the nation.



Although death is the most visible outcome, increasing substance use and abuse have great impact on families, school systems, employers, law enforcement, and communities. The associated injury and violence also results in millions of dollars in hospital visits and rehabilitative drug treatment in Minnesota, according to analyses performed by MDH. Opioid-related hospital treatment (includes emergency department treatment and in-patient hospitalization) has been increasing since 2001 and has doubled since 2005. Opioid-related hospital treatment surpassed that of heart attack and stroke in 2009.



Notes: The dashed lines on the right hand side of the two graphs indicate a change in coding manuals – the trends are the same, but how cases are identified differ enough that we present them distinctly.

There is no state funding dedicated to overdose prevention. MDH has successfully competed for short-term federal funding which is being used to improve data collection and analysis in order to define the magnitude of the problem, to develop the opioid prevention dashboard (www.health.state.mn.us/opioiddashboard), and to test interventions like the employer toolkit (www.health.state.mn.us/opioidtoolkit). Projected department expenditures from all opioid-related federal awards are \$1.325 million in FY 2020 and \$935,000 in FY 2021.

Proposal:

This proposal includes four components:

1. Continue and expand the community-based pilot prevention projects
2. Invest in culturally-specific prevention efforts to address overdose disparities among American Indians and African Americans
3. Provide Naloxone (antidote to opioid overdose) training and medication supplies to first responders and state troopers statewide
4. Conduct community-based, drug overdose fatality review data collection and analysis

Opioid pilot projects - In 2017, MDH received a one-time General Fund appropriation of \$1 million to replicate the overdose prevention efforts of St. Gabriel's Hospital in Little Falls, MN. MDH awarded funding to eight communities and tribal nations. This proposal would expand the work occurring in the first eight communities for an additional year to allow them to assess the effectiveness and sustainability of their work. The funds will also support similar drug overdose prevention grants to eight new communities for two years. Each year, the program would allow eight communities to "graduate" and eight new intervention communities would initiate prevention work. (\$1.3 million in FY 20 and \$2.3 million each year thereafter and 2 FTEs: one planner principal and one management analyst)

Each community implements six major activities to reduce opioid use or abuse and reduce rates of opioid addiction:

- 1) Establishing multidisciplinary controlled substance care teams that may consist of physicians, pharmacists, social workers, nurse care coordinators, and mental health professionals;
- 2) Delivering health care services and care coordination, through controlled substance care teams, to reduce the inappropriate use of opioids by patients and rates of opioid addiction;
- 3) Addressing any unmet social service needs that create barriers to managing pain effectively and obtaining optimal health outcomes;
- 4) Providing prescriber and dispenser education and assistance to reduce the inappropriate prescribing and dispensing of opioids;
- 5) Promoting the adoption of best practices related to opioid disposal and reducing opportunities for illegal access to opioids; and
- 6) Engaging partners outside of the health care system, including schools, law enforcement, and social services to address root causes of opioid abuse and addiction at the community level.

Culturally specific prevention grants – This component specifically addresses the overdose disparities in Minnesota and strives to identify and interrupt the root causes of the overdose epidemic. MDH will distribute grants to organizations working directly with urban American Indians (including the homeless), African Americans, and Minnesota's 11 tribal nations. The community organizations and tribal nations will implement components of the Menomonie Project, a whole health initiative designed by the Menomonie Nation (Wisconsin) that has resulted in clear reductions in overdose death and hospitalizations. The Menomonie Project emphasizes high school graduation rates, employment, reclaiming language, prescribing practices, social services, and family supports. (\$2.4 million in FY20 and \$4.5 million each year thereafter and 3 FTEs—two planner principal positions and one management analyst)

Naloxone – This evidence-based strategy provides funding for training and provides Naloxone medications to first responders, including state troopers, across all of Minnesota. Often, our first responders (state troopers, sheriffs,

local law enforcement, Tribal police, fire, and EMS) have opportunities to save lives and can do so when equipped with training (so ensure proper administration of either the injectable or inhalation Naloxone) and are provided with at least two doses of Naloxone per first responder (\$1 million each year).

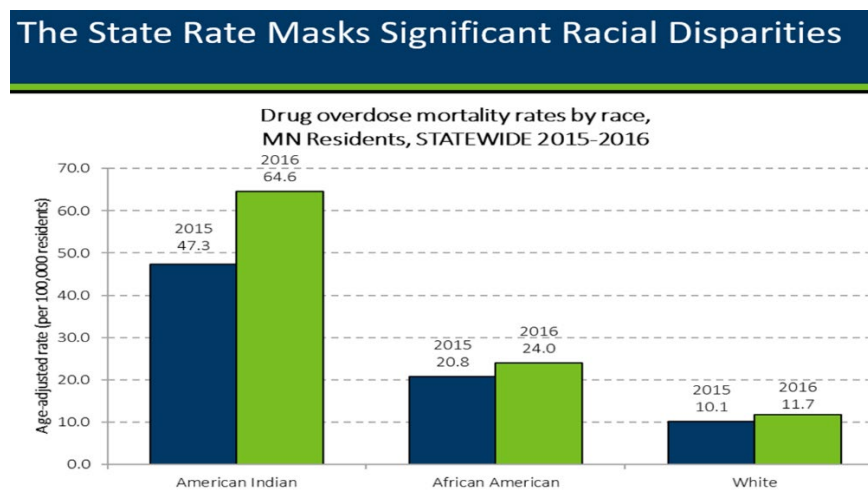
Fatality Review Data and Analysis – This component provides funding for overdose fatality reviews, a systematic process that enables the state and local communities to understand the circumstances of these preventable deaths and identify strategies to prevent future overdoses. Nine states have recently authorized the fatality review process to examine and understand drug overdose fatalities.

Overdose fatalities are not unpredictable and random. An in-depth, multi-disciplinary review of each fatality can identify failures or oversights in medical care, gaps in community services (e.g. access to mental health or medical treatment, coordination between service providers, including emergency medical services), the need for changes to state laws or government practices, or emerging causes of death (i.e. new synthetic opioids or drugs in the community).

MDH staff will support and develop overdose fatality reviews across Minnesota. We will partner with tribal governments, counties, local public health, law enforcement, health care providers, other state agencies, and other community groups. Some reviews will be led by MDH staff; however, part of their responsibility will be to train partners across the state to lead fatality reviews at the local level. Most of the requested funding will support the work of the fatality reviews through grants awarded at the community level. (\$1.3 million in FY 20 and \$1.4 million each year thereafter and 3 FTEs—an epidemiologist, a planner principal, and a research analyst)

Equity and Inclusion:

Minnesota's overall overdose death rate is among the lowest ten states in the nation. However, Minnesota's white overdose rate compared to American Indians and African Americans reveals that Minnesota has the greatest racial disparity in the nation. In 2016, African Americans were two times more likely to die of a drug overdose than were whites. In 2016, American Indians were almost six times more likely to die of a drug overdose than were whites. MDH is using in-person meetings, focus groups, surveys, advisory meetings, and professional forums to understand how best to prevent substance use disorder and overdose death.



Results:

The proposal will reduce the number of drug overdose deaths for all Minnesotans and particularly for American Indian and African American Minnesotans. Potential performance measures could include: number of community prevention programs funded; number of doses of Naloxone purchased; number of drug reversals (proxy for lives saved); number of grants to Tribal Nations; number of policies changed at the local level; and number of opioid prescriptions each year compared with the preceding year.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Drug Overdose Fatality Rate for American Indian	47.3 per 100,000	70.0 per 100,000	2015 / 2017
Results	Drug Overdose Fatality Rate for African American	20.8 per 100,000	27.4 per 100,000	2015 / 2017

Statutory Change(s):

N/A

Minnesota Management & Budget Non-Operating

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota Premium Security Plan Transfer

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Commerce Department				
Special Revenue Fund				
Transfer Out	0	535,588	0	0
Transfer In	0	0	0	0
MMB Non-Operating				
General Fund				
Transfer Out	0	0	0	0
Transfer In	0	142,000		
Health Care Access Fund				
Transfer Out	0	0	0	0
Transfer In	0	393,588	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends transferring the unspent assets in the Premium Security Account to the Health Care Access Fund and General Fund in FY2021. Approximately \$393.5 million would be transferred to the Health Care Access Fund to support programs to increase access to affordable health insurance coverage and health care services. \$142 million would be transferred to the General Fund.

Rationale/Background:

In 2017, the Minnesota Premium Security Plan (MPSP) was created to provide reinsurance payments to health insurers to help cover the costs of high claims in the state's individual health insurance market.

\$543 million in state resources were appropriated for FY 2018-19 to cover plan years 2018 and 2019. The state resources are from \$142 million in transfers from the General Fund, \$401 million in transfers from the Health Care Access Fund, and \$42 million in remaining operating funds from MCHA. Minnesota received \$130.7 million in federal funds for the program for 2018.

Federal regulators project Minnesota will receive approximately \$84.7 million in federal funds for the program for plan year 2019. The final amount the State will receive will be finalized by April 2019.

Proposal:

This request utilizes assumptions from the February 2019 Forecast regarding total MPSP program size in both 2018 and 2019. This request assumes the MPSP will end after plan year 2019, with final payments to eligible health insurers for plan year 2019 occurring by August, 2020. This request assumes that the two transfers would occur after final payment obligations are fulfilled for the MPSP.

Statutory Change(s):

Transfer language within appropriations article.

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
US Dept of Forestry 10665	Chippewa National Forest	N	838	840	840	840	N	0
US Dept of Forestry 10665	Superior National Forest	N	508	508	508	508	N	0
US Dept of Forestry 10665	Superior National Forest	N	5,744	5,744	5,744	5,744	N	0
	Budget Activity Total		7,090	7,092	7,092	7,092		
	Program Total		7,090	7,092	7,092	7,092		
	Federal Fund – Agency Total		7,090	7,092	7,092	7,092		

Narrative

The state receives federal pass-through funds for payments in lieu of taxes to local units of government where the following national forests are located: Chippewa National Forest and Superior National Forest.

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Minnesota State

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AT A GLANCE

- 250,000 students served annually in credit courses
- 30 separately accredited two-year colleges and 7 four-year universities located on 54 campuses
- Programs offered are technical, pre-baccalaureate, baccalaureate, graduate, and applied doctoral degrees
- Approximately 40,000 degrees, diplomas, and certificates awarded each year

PURPOSE

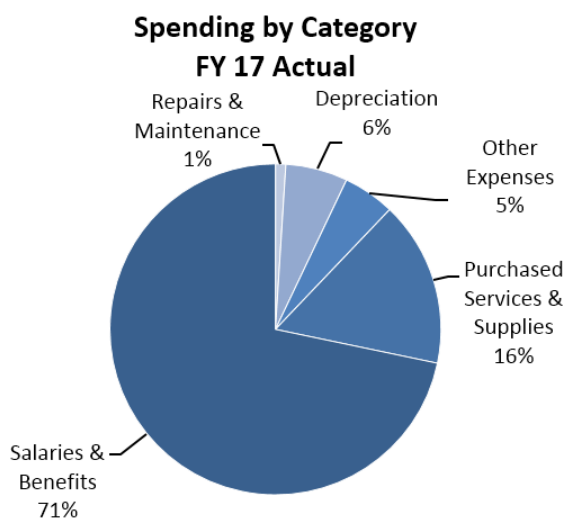
Minnesota State plays a critical role in ensuring the economic prosperity of Minnesota, its communities, and its citizens by offering high quality, affordable higher education opportunities that are aligned with employer needs throughout the state. Almost two-thirds of Minnesotans enrolled in undergraduate programs are attending Minnesota State colleges and universities to create a better future for themselves, for their families, and for their communities.

Consistent with our strategic framework, we strive to:

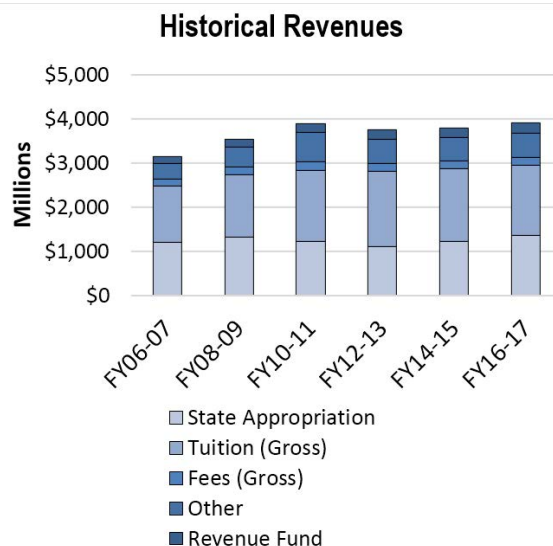
- Ensure access to an extraordinary education
- Be the partner of choice to meet Minnesota's workforce and community needs
- Deliver the highest value and most affordable higher education option

We are strong contributors to the following statewide outcomes:

- Minnesotans have the education and skills needed to achieve their goals
- A thriving economy that encourages business growth and employment opportunities

BUDGET

Source: Minnesota State FY 2017 Audited Financial Statements



Source: Minnesota State Audited Financial Statements

- Our largest expenditure category is salary and benefits which account for over two-thirds of expenditures
- Our primary revenue sources are tuition and state appropriation

STRATEGIES

The world is rapidly changing--from advances in what we know, to new technologies and the ways we communicate, and the ease with which information is accessed and disseminated. Future employers will require our graduates to have different types of expertise and competencies to be successful, and they will need to be ready for jobs that have not yet emerged. Additionally, our colleges and universities are facing change in three specific areas:

1. How our students learn
2. Who our students are
3. What our campuses need to do to face new budget realities

To respond to these three changes, the collective work of Minnesota State is aligned in four areas related to the changes above:

- *Alignment with the changing needs of learners.* Ensure the success of our students, particularly those who learn differently from students in previous generations by:
 - Examining the interface of technology and its use by our students
 - Implementing changes in our classroom and modes of delivery to reflect the way today's students access, process, aggregate, and connect information
 - Preparing for the next wave of change that will impact our work
- *Alignment with the new demographics of an increasingly diverse student body.* Increase our efforts around diversity, equity, and inclusion as we respond to a demographic shift and welcome an increasing number of students from populations traditionally underserved by higher education by:
 - Engaging and embedding ourselves in traditionally underrepresented communities
 - Expanding the landscape of learning beyond the classroom
 - Learning with and from diverse communities
 - Providing the student support services required to ensure student success
- *Alignment with current and emergent talent needs of employers.* Operationalize our Strategic Framework priority to ensure that Minnesota's businesses and industries have the talented workforce they need by:
 - Partnering with employers on curriculum advisory councils, student scholarships, and internship opportunities
 - Reorganizing our incumbent worker training offerings to ensure employers can access what they need easily and efficiently, no matter where in the state the expertise they need is offered
- *Alignment with challenging budget realities on our campuses.* Ensure the programmatic and financial sustainability of our campuses by:
 - Reprioritizing and reallocating our resources
 - Alleviating budget pressures through technology and better alignment and more efficient delivery of our curriculum

RESULTS

Minnesota State has developed performance measures that monitor and assess performance over time. They measure graduate outcomes, student success, affordability, diversity, efficient use of resources, enrollment, and stewardship of financial and physical resources, and are used by leadership to determine if our strategies are working.

Type of Measure	Name of Measure	Previous	Current	Dates
Result	Student Persistence and Completion	77.1	76.8	Fall 2014 in Fall 2015/ Fall 2016 in Fall 2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Completion Rate (college/university)	50.9/52.0	53.6/53.7	Spring 2015 / Spring 2017
Result	Related Employment of Graduates	85.5	87.2	FY14 grads employed in FY15/FY16 grads in FY17
Quantity	System Share of Minnesota Resident Enrollment	65.5	65.0	Fall 2014 / Fall 2016
Quality	Percent Students of Color	24.4%	25.9%	FY 2015 / FY 2017

Definitions of the five measures are provided below.

Student Persistence and Completion, a higher education standard metric, is the percent of a fall entering cohort of full time degree and certificate seeking students that have been retained, graduated, or transferred by the second fall term following original fall enrollment. Current: Fall 2016 in Fall 2017 / Previous: Fall 2014 in Fall 2015.

Completion Rate, a higher education standard metric, is the percent of an entering cohort that has completed by 150 percent of normal time. Completion is measured as graduation by the sixth spring after entry at the universities and as graduation or transfer by the third spring after entry at the colleges. Because the measures are different for colleges and universities, the measurements are given separately for each institution type. Current: Measured in Spring 2017 / Previous: Spring 2015.

Related Employment of Graduates is the percent of system graduates in a fiscal year that reported they were employed or seeking employment during the year after graduation and reported a job that was related to their program or major. Current: FY 2016 graduates employed in FY 2017 / Previous: FY 2014 graduates employed in FY 2015.

System Share of Minnesota Resident Undergraduate Enrollment is the percentage of Minnesota residents enrolled as undergraduate students at a Minnesota higher education institution that are attending a Minnesota State college or university. Current: Fall 2016 / Previous: Fall 2014.

Percent Students of Color is the percent of system credit students in a fiscal year that reported being African American, American Indian, Asian, Hispanic, Pacific Islander, or two or more races. Current: FY 2017 / Previous: FY 2015.

[Minnesota Statutes Chapter 136F](#) provides the legal authority for Minnesota State.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2050 - Environment & Natural Resources	212	378	587	1,005				
4000 - MN State Colleges/Universities	1,506,572	1,525,108	1,537,265	1,587,744	1,610,746	1,636,825	1,633,516	1,678,853
4002 - MNSCU Special Revenue	12,349	12,077	13,841	16,200	14,400	13,400	14,400	13,400
4003 - MNSCU Federal	63,983	60,712	54,706	54,775	54,800	54,800	54,800	54,800
4004 - MNSCU Gift	416	223	79	225	200	200	200	200
4005 - MNSCU Enterprise Activities	10,100	10,361	10,529	10,503	10,533	10,562	10,533	10,562
4030 - MNSCU Agency	33,647	33,908	34,576	34,750	34,750	34,750	34,750	34,750
7350 - Sub Supplemental & Ira Retire	308	286	294	325	325	325	325	325
Total	1,627,587	1,643,054	1,651,877	1,705,527	1,725,754	1,750,862	1,748,524	1,792,890
Biennial Change				86,763		119,212		184,010
Biennial % Change				3		4		5
Governor's Change from Base								64,798
Governor's % Change from Base								2

Expenditures by Program

MNSCU	1,627,587	1,643,054	1,651,877	1,705,527	1,725,754	1,750,862	1,748,524	1,792,890
Total	1,627,587	1,643,054	1,651,877	1,705,527	1,725,754	1,750,862	1,748,524	1,792,890

Expenditures by Category

Compensation	1,260,436	1,282,052	1,288,694	1,325,869	1,346,647	1,368,573	1,360,725	1,397,095
Operating Expenses	355,277	349,705	351,552	366,492	366,289	369,472	374,981	382,978
Grants, Aids and Subsidies	11,873	11,297	11,529	12,825	12,818	12,817	12,818	12,817
Capital Outlay-Real Property			101	341				
Total	1,627,587	1,643,054	1,651,877	1,705,527	1,725,754	1,750,862	1,748,524	1,792,890

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	672,925	673,516	731,019	721,919	721,419	721,419	744,189	763,447
Transfers Out	672,925	673,516	731,019	721,919	721,419	721,419	744,189	763,447

2050 - Environment & Natural Resources

Balance Forward In		680	795	680				
Direct Appropriation	891	493	500	325	0	0	0	0
Cancellations			27					
Balance Forward Out	679	795	681					
Expenditures	212	378	587	1,005				
Biennial Change in Expenditures				1,002		(1,592)		(1,592)
Biennial % Change in Expenditures				170		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

4000 - MN State Colleges/Universities

Balance Forward In	514,402	559,108	575,441	636,831	632,193	603,734	632,193	603,734
Receipts	909,830	898,202	899,133	893,000	893,000	893,000	893,000	893,000
Transfers In	673,038	674,129	731,132	722,032	721,532	721,532	744,302	763,560
Transfers Out	31,590	30,890	31,610	31,926	32,245	32,568	32,245	32,568
Balance Forward Out	559,108	575,441	636,831	632,193	603,734	548,873	603,734	548,873
Expenditures	1,506,572	1,525,108	1,537,265	1,587,744	1,610,746	1,636,825	1,633,516	1,678,853
Biennial Change in Expenditures				93,329		122,562		187,360
Biennial % Change in Expenditures				3		4		6
Governor's Change from Base								64,798
Governor's % Change from Base								2

4002 - MNSCU Special Revenue

Balance Forward In	8,437	7,292	8,465	11,170	7,670	5,970	7,670	5,970
Receipts	11,204	13,250	16,546	12,700	12,700	12,700	12,700	12,700
Balance Forward Out	7,292	8,465	11,170	7,670	5,970	5,270	5,970	5,270
Expenditures	12,349	12,077	13,841	16,200	14,400	13,400	14,400	13,400
Biennial Change in Expenditures				5,615		(2,241)		(2,241)
Biennial % Change in Expenditures				23		(7)		(7)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0

4003 - MNSCU Federal

Balance Forward In	1,540	1,945	1,548	1,403	1,128	828	1,128	828
Receipts	64,388	60,315	54,561	54,500	54,500	54,500	54,500	54,500
Balance Forward Out	1,945	1,548	1,403	1,128	828	528	828	528
Expenditures	63,983	60,712	54,706	54,775	54,800	54,800	54,800	54,800
Biennial Change in Expenditures				(15,214)		119		119
Biennial % Change in Expenditures				(12)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

4004 - MNSCU Gift

Balance Forward In	735	732	664	738	663	613	663	613
Receipts	413	155	153	150	150	150	150	150
Balance Forward Out	732	664	738	663	613	563	613	563
Expenditures	416	223	79	225	200	200	200	200
Biennial Change in Expenditures				(335)		96		96
Biennial % Change in Expenditures				(52)		32		32
Governor's Change from Base								0
Governor's % Change from Base								0

4005 - MNSCU Enterprise Activities

Balance Forward In	4,901	5,388	5,345	5,128	4,827	4,496	4,827	4,496
Receipts	10,587	10,318	10,312	10,202	10,202	10,202	10,202	10,202
Balance Forward Out	5,388	5,345	5,128	4,827	4,496	4,136	4,496	4,136
Expenditures	10,100	10,361	10,529	10,503	10,533	10,562	10,533	10,562
Biennial Change in Expenditures				571		63		63
Biennial % Change in Expenditures				3		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
4006 - MNSCU Endowment								
Balance Forward In	101	102	103	105	107	109	107	109
Receipts	1	1	2	2	2	2	2	2
Balance Forward Out	102	103	105	107	109	111	109	111

4030 - MNSCU Agency

Balance Forward In	1,587	1,294	1,165	1,105	855	605	855	605
Receipts	33,354	33,779	34,516	34,500	34,500	34,500	34,500	34,500
Balance Forward Out	1,294	1,165	1,105	855	605	355	605	355
Expenditures	33,647	33,908	34,576	34,750	34,750	34,750	34,750	34,750
Biennial Change in Expenditures				1,771		174		174
Biennial % Change in Expenditures				3		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

7350 - Sub Supplemental & Ira Retire

Balance Forward In	191	154	223	298	273	248	273	248
Receipts	272	355	369	300	300	300	300	300
Balance Forward Out	155	223	298	273	248	223	248	223
Expenditures	308	286	294	325	325	325	325	325
Biennial Change in Expenditures				25		31		31
Biennial % Change in Expenditures				4		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	721,919	721,919	721,919	1,443,838
Base Adjustments				
All Other One-Time Appropriations		(500)	(500)	(1,000)
Forecast Base	721,919	721,419	721,419	1,442,838
Change Items				
Campus Investments		22,770	42,028	64,798
Total Governor's Recommendations	721,919	744,189	763,447	1,507,636
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	325	325	325	650
Base Adjustments				
All Other One-Time Appropriations		(325)	(325)	(650)
Forecast Base	325	0	0	0
Total Governor's Recommendations	325	0	0	0
Dedicated				
Fund: 4000 - MN State Colleges/Universities				
Planned Spending	1,550,355	1,573,357	1,599,436	3,172,793
Forecast Base	1,550,355	1,573,357	1,599,436	3,172,793
Change Items				
Campus Investments		22,770	42,028	64,798
Total Governor's Recommendations	1,550,355	1,596,127	1,641,464	3,237,591
Fund: 4002 - MNSCU Special Revenue				
Planned Spending	16,200	14,400	13,400	27,800
Forecast Base	16,200	14,400	13,400	27,800
Total Governor's Recommendations	16,200	14,400	13,400	27,800
Fund: 4003 - MNSCU Federal				
Planned Spending	54,775	54,800	54,800	109,600
Forecast Base	54,775	54,800	54,800	109,600
Total Governor's Recommendations	54,775	54,800	54,800	109,600
Fund: 4004 - MNSCU Gift				
Planned Spending	225	200	200	400
Forecast Base	225	200	200	400
Total Governor's Recommendations	225	200	200	400

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 4005 - MNSCU Enterprise Activities				
Planned Spending	10,503	10,533	10,562	21,095
Forecast Base	10,503	10,533	10,562	21,095
Total Governor's Recommendations	10,503	10,533	10,562	21,095
Fund: 4030 - MNSCU Agency				
Planned Spending	34,750	34,750	34,750	69,500
Forecast Base	34,750	34,750	34,750	69,500
Total Governor's Recommendations	34,750	34,750	34,750	69,500
Fund: 7350 - Sub Supplemental & Ira Retire				
Planned Spending	325	325	325	650
Forecast Base	325	325	325	650
Total Governor's Recommendations	325	325	325	650
Revenue Change Summary				
Dedicated				
Fund: 4000 - MN State Colleges/Universities				
Forecast Revenues	893,000	893,000	893,000	1,786,000
Total Governor's Recommendations	893,000	893,000	893,000	1,786,000
Fund: 4002 - MNSCU Special Revenue				
Forecast Revenues	12,700	12,700	12,700	25,400
Total Governor's Recommendations	12,700	12,700	12,700	25,400
Fund: 4003 - MNSCU Federal				
Forecast Revenues	54,500	54,500	54,500	109,000
Total Governor's Recommendations	54,500	54,500	54,500	109,000
Fund: 4004 - MNSCU Gift				
Forecast Revenues	150	150	150	300
Total Governor's Recommendations	150	150	150	300
Fund: 4005 - MNSCU Enterprise Activities				
Forecast Revenues	10,202	10,202	10,202	20,404
Total Governor's Recommendations	10,202	10,202	10,202	20,404
Fund: 4006 - MNSCU Endowment				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	2	2	2	4
Total Governor's Recommendations	2	2	2	4
Fund: 4030 - MNSCU Agency				
Forecast Revenues	34,500	34,500	34,500	69,000
Total Governor's Recommendations	34,500	34,500	34,500	69,000
Fund: 7350 - Sub Supplemental & Ira Retire				
Forecast Revenues	300	300	300	600
Total Governor's Recommendations	300	300	300	600

Minnesota State

FY 2020-21 Biennial Budget Change Item

Change Item Title: Campus Investments

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	22,770	42,028	42,028	42,028
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	22,770	42,028	42,028	42,028
FTEs	0	0	0	0

Recommendation:

The Governor recommends an increase of \$64.798 million in FY2020-2021 and \$84.056 million in FY2022-23 for operating increases at Minnesota State. Included in that total, the Governor recommends \$8.0 million over the biennium to fund system-wide technology updates. The Campus Investments proposal provides campuses with the operating funds needed to continue offering higher education programs throughout the state and supports the replacement of an outdated, 20 year-old enterprise data system.

Rationale/Background:

The colleges and universities of Minnesota State provide the highest value, most affordable higher education options in the state. This proposal is intended to provide the necessary operating support colleges and universities need to continue providing all Minnesotans with access to affordable, high quality higher education.

With 30 colleges and 7 universities located in 47 communities across Minnesota, Minnesota State serves the entire state. Minnesota State believes that the opportunity to go to college should be available to everyone. Minnesota State provides higher education to the most Minnesotans (376,000 students) at the lowest cost possible – roughly half the average cost of other large public universities and roughly one-fifth the cost of private colleges and universities in the state. Minnesota State is a key part of the state's higher educational infrastructure, providing Minnesotans throughout the state with the education and skills needed to achieve their goals. Minnesota State has a college option for all, from certificates to doctorates.

Minnesota State colleges and universities play a central role in addressing Minnesota's two most difficult challenges: developing the talent businesses need to drive the state's continued economic prosperity, and eliminating the racial and economic disparities that keep too many Minnesotans from having the opportunity to become that talent.

Minnesota State serves more racially and economically diverse students than all other higher education providers in the state combined. These students are the future workforce, and so their success is critical to Minnesota's success. (See Equity and Inclusion section)

Minnesota State plays a lead role in preparing and maintaining the quality of our workforce – the workforce that allows our communities as well as our state's economy to thrive. Minnesota State works with business and industry to develop programs that provide students with the necessary skills to be employable in the workforce.

Minnesota State colleges and universities rely on two primary sources of revenue: tuition and state appropriation. The state's support is fundamental to the financial health of their campuses and the success of their students. To keep tuition affordable for students and their families and to reduce student debt, Minnesota State is asking the state to cover inflationary costs and other high priority initiatives.

ISRS is *the* data system for colleges and universities and their students, faculty, and staff. It plays a critical role in the success of their students, from applicant to graduate and nearly every process in between. It is the system's finance, accounting and human resource software as well as student system. It touches everyone and has a role in nearly every activity including application, registration, course scheduling, housing, financial aid, transcripts and more.

ISRS is an internally developed assembly of multiple modules that is now reaching its technological end of life. It is 20 years old and cannot meet the needs of 21st century students, colleges, and universities. Replacement is the only option; Minnesota State does not have the staff or resources that would be required to make the upgrades necessary to meet current demands. This is a *must-do* and not a nice-to-do technology infrastructure investment.

Replacement of ISRS is a once-in-a-generation event that will take several years to complete, beginning in fiscal year 2018. An extensive consultation and planning process is underway and will continue throughout the ISRS Next Generation project. Two cycles of campus listening sessions have already been held. There is strong support from students, faculty and staff that an examination of options regarding ISRS is long overdue.

Proposal:

This proposal would fund inflationary cost increases to Minnesota State's appropriation at 2.6% each year of the biennium. This percent increase is the five-year average of the Higher Education Price Index (HEPI).

Increased state support will allow Minnesota State to continue providing high quality educational programs at the lowest possible cost to students – an affordable option for the students who need it most. Minnesota State appreciates that state support per full-year equivalent students has begun to improve in constant dollars, but it remains 23 percent below 2002 levels in inflation-adjusted dollars.

ISRS Next Generation is a new initiative that will impact everyone and nearly every activity in the organization. It will take several years to complete at a cost of approximately \$150 million. Ongoing costs of the new system are estimated at \$10 million per year. Minnesota State is proposing the state fully fund this critical need. Without the upgrade, the current system is at risk of failing which would affect every student, faculty and staff who rely on its various services and functions.

Minnesota State's proposal was developed in consultation with key constituency groups. All statewide bargaining units, both student associations, and Minnesota State's Leadership Council provided initial input. Some key themes that emerged from those conversations were strong support for ensuring affordability, meeting the state's need for talent, helping address Minnesota's economic and racial disparities, and funding campus investment requirements to protect students, programs, and campuses.

Equity and Inclusion:

Education is the most effective strategy known to lift people out of poverty and eliminate economic and racial disparities. An education that prepares graduates for high-demand jobs without saddling them with enormous student debt will have a bigger impact than anything else the state can do to reduce disparities. That is why this proposal is critical.

The campus investment proposal will provide core funding to sustain the educational programs and services the campuses offer, including key services that help all students succeed regardless of their backgrounds --services such as tutoring, targeted advising, bridge programs, support groups, and individualized instruction.

Minnesota State serves more racially and economically diverse students than all other higher education providers in Minnesota combined. By keeping tuition affordable, protecting the quality of programs and services and investing in core technology infrastructure, this will directly benefit Minnesota State's diverse student population, which includes:

- 65,800 students of color (27% of students)
- 43,800 first generation college students (18% of students)
- 75,800 low-income (Pell eligible) students (31% of students)
- 9,700 veterans and service members (4% of students)

Half of Minnesota State's students are included in one or more of these underrepresented groups.

Minnesota State's students, faculty and staff will all be impacted by the ISRS Next Generation project. While the project will not directly reduce or eliminate disparities, it will support Minnesota State's mission to provide quality, affordable higher education options throughout the state—and increasing the educational attainment and skill level of their diverse student body will help reduce racial and economic disparities. In addition, improved reporting and data analytics will increase their ability to measure and support equity and inclusion efforts in the areas of student success, employee hiring, and procurement.

In addition, the current ISRS system does not work on hand held devices; the new system will. First generation students, students of color, and those coming from families of modest financial means have much less access to desktop and laptop computing devices needed to interact with current student systems. Minnesota State want to eliminate this disparity.

IT Related Proposals:

The ISRS Next Gen portion of this proposal is estimated to require eight years of effort. The detailed eight year budget is shown below. Dollars shown in thousands (\$000s).

Category	FY18/ FY19	FY20	FY21	FY22	FY23	FY24/ FY25	Total
FTE (cost based on rate) (Doesn't include ITS existing staff)	\$325	\$885	\$2,525	\$4,525	\$5,275	\$9,275	\$22,810
Professional/ Technical	\$3,170	\$6,200	\$11,900	\$18,900	\$16,600	\$11,250	\$68,020
Enterprise Services							\$0
Local Services							\$0
New (Software or Hardware)	\$2,047	\$8,754	\$9,854	\$9,854	\$9,854	\$9,637	\$50,000
Training	\$387	\$883	\$1,900	\$1,900	\$1,900	\$2,200	\$9,170
Miscellaneous							\$0
Total	\$5,929	\$16,722	\$26,179	\$35,179	\$33,629	\$32,362	\$150,000

Results:

The success of the campus investment proposal will be measured by ability to maintain quality programming, keep tuition affordable, attract and retain quality faculty, and support the financial health of colleges and universities. The success of the ISRS Next Generation project will be measured by the timely completion of the project within budget and with the increased functionality outlined in this proposal.

Statutory Change(s):

No statutory changes will be required as part of this change item.

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Minnesota State Retirement System

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Agency Financing by Fund (REVISED)	6
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AT A GLANCE

- The Minnesota State Retirement System (MSRS) was established in 1929.
- MSRS manages five defined benefit retirement funds and four defined contribution retirement funds.
- MSRS has \$14.39 billion in defined benefit fund net assets held in trust and \$7.91 billion in defined contribution fund net assets held in trust.
- MSRS has 130,688 defined benefit fund members and 215,832 defined contribution fund participants.
- MSRS has 906 total participating employers.
- MSRS manages a fiscal year 2019 administrative and recordkeeping budget of \$23.53 million.
- MSRS is governed by an 11-member board of directors.
- MSRS employs 144 people.

Source: MSRS 2018 Comprehensive Annual Financial Report

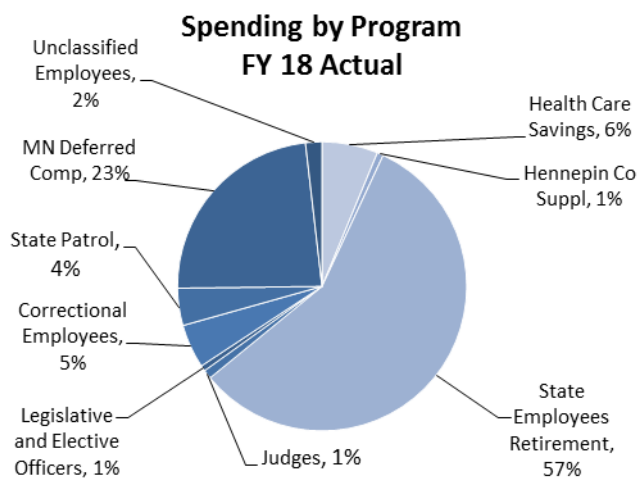
PURPOSE

The Minnesota State Retirement System's (MSRS) mission is to empower Minnesota public employees to build a strong foundation for retirement.

MSRS supports the following statewide outcomes:

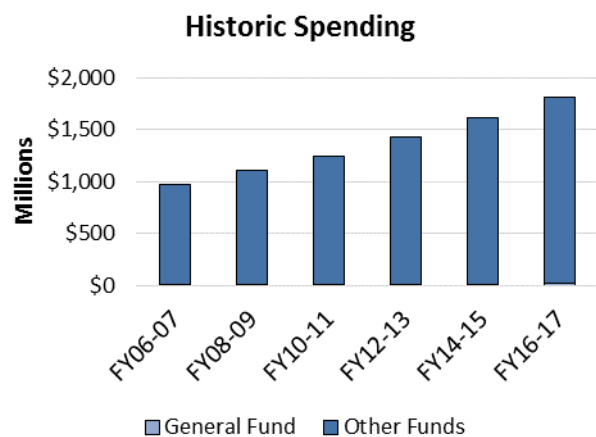
- A thriving economy that encourages business growth and employment opportunities by allowing retirees to remain self-supportive and purchase goods and services in the local community.
- Minnesotans have optimal health by allowing public employees access to a Health Care Savings Plan.
- Strong and stable families and communities, with over 90% of MSRS retirees living in Minnesota.
- Efficient and accountable government services.

BUDGET



1. Spending includes retirement benefit payments, distributions to participants, and administrative expenses.

Source: MSRS 2018 Comprehensive Annual Financial Report



1. Other Funds include MSRS' defined benefit pension trust funds.
2. Although undetectable on the chart, General Fund appropriations finance a small portion of the benefits and administrative expenses for the State Patrol and Judges Retirement Plans and the majority of the expenses for the Legislators Retirement Plan.

Source: MSRS Comprehensive Annual Financial Reports

MSRS administers multiple retirement plans that provide retirement, survivor, and disability benefit coverage for Minnesota state employees as well as employees of the Metropolitan Council and many non-faculty employees at the University of Minnesota and Minnesota State university system. MSRS covers over 57,000 active employees and currently pays monthly benefits to almost 46,000 retirees and survivors. We also administer the Minnesota Deferred Compensation Plan and the Health Care Savings Plan.

MSRS administers five defined benefits funds internally: the State Employees, State Patrol, Correctional Employees, Judges, and Legislators Retirement Plans. All of these plans, except the Legislators Retirement Plan, are funded primarily with investment earnings comprising approximately 76 percent of revenues for the period ending June 30, 2018. Plan member and employer contributions each comprised about 23 percent of revenues in the same period. MSRS contribution rates continue to remain relatively stable and were 5.5% for the State Employees Retirement fund for the period ending June 30, 2018. The defined benefit funds have realized an annualized investment rate of return of 10.3% for the period ending June 30, 2018, and 7.8% for the ten-year period ending June 30, 2018. MSRS' administrative expenses for these funds continue to be less than 1/10 of 1% of plan net assets.

MSRS receives an annual \$6 million General Fund contribution to the Judges Retirement Fund until the fund is fully funded. For the State Patrol Retirement Fund, MSRS receives supplemental General Fund aid of \$1 million annually until the Public Employees Retirement Association Police and Fire Retirement Fund and the State Patrol Retirement Fund become 90 percent funded on a market value of assets basis. For the Legislators Retirement Plan, MSRS receives state General Fund appropriations to finance monthly regular retirement and survivor benefit payments, and the plan's proportionate share of MSRS' administrative expenses on a pay-as-you-go basis.

MSRS also administers four defined contribution funds: the Unclassified Employees Retirement Plan, the Minnesota Deferred Compensation Plan, the Health Care Savings Plan, and the Supplemental Retirement Plan for Hennepin County. For these plans, participants' tax-deferred contributions are invested daily and held in trust until retirement or termination of employment. Participant administrative fees include recordkeeping, custodial, and other MSRS administrative expenses. These plans require no state appropriation for funding purposes.

STRATEGIES

The MSRS vision is to be a nationally recognized leader in public retirement plans by leveraging our engaged workforce, customer-focused culture, and innovative technologies to promote sustainable retirement options for Minnesota public employees.

MSRS utilizes the following strategies to accomplish its stated mission and vision:

- **Talent Management:** Our goal is to attract, hire, develop, empower, and retain an engaged workforce by encouraging collaboration and performance, promoting trust and accountability, coordinating learning and development opportunities, and routinely identifying staffing needs and filling gaps.
- **Service Delivery:** Our goal is to enhance customer service by fostering a customer service culture, modernizing organizational processes, enhancing our security posture, and preparing for disruptive events.
- **Participant Success:** Our goal is to increase retirement readiness of Minnesota public employees by offering a comprehensive customer experience, improving participant-facing technology, and enhancing retirement income with the Minnesota Deferred Compensation Plan.
- **Financial Sustainability:** Our goal is to ensure the long-term financial viability of MSRS pension plans by increasing pension sustainability and achieving further generational equity.

MSRS operates from its main office in St. Paul and branch offices located in St. Cloud, Mankato, Detroit Lakes, and Duluth. MSRS is organized around two functional areas: retirement services and administrative support. Retirement Services staff provide records management, education, benefit determinations, and retirement

counseling to members of all MSRS retirement plans by phone, through onsite visits, and through the MSRS web site. Administrative divisions support accounting, contract administration, information technology and systems, and financial reporting.

For MSRS' defined benefit plans, MSRS collects member and employer contributions through payroll deductions and transfers these assets to the Minnesota State Board of Investment where they are pooled with the assets of other statewide retirement associations and invested in various securities. MSRS disburses monthly benefit payments to retired members, survivors, and disabled employees, and processes lump-sum withdrawals and rollovers to members who have terminated employment.

For MSRS' defined contribution plans, participants' tax deferred contributions flow from the employer to the recordkeeper and custodian for daily investment. Individual participants select their own investments from the various options offered. At MSRS' direction, the recordkeeper will make distributions to participants and vendors, and reimburse MSRS for each plan's proportionate share of administrative expenses. Financial transactions of these funds are not captured in the state's accounting system. Thus, the fiscal pages of this budget document omit the financial activities for these plans.

RESULTS

The 2018 Legislature enacted significant pension reforms for the State Employees, State Patrol, and Correctional Retirement Plans by increasing member and employer contributions and trimming plan features, including the lowering of the annual post-retirement benefit increases. The bill also modified MSRS's investment earnings assumption from 8.0% annually to 7.5% annually. Incorporating all these reforms, MSRS's 30-year projected funding ratio for the State Employees Retirement Fund is over 100 percent by 2048.

Three measures of a defined benefit plan's financial health are:

- **Contribution Sufficiency/Deficiency Rate** – This rate is the difference between the actuary's computation of required employer and employee contributions rates and the statutory contribution rates, expressed as a percent of payroll. A sufficiency indicates that the plan is on target to reach a 100% funded ratio before its full funding date; conversely, a deficiency means the retirement system is not collecting enough contributions to meet its full funding target date.
- **Unfunded Actuarial Accrued Liability** – This is the difference between the actuary's valuation of assets and the present value of members' future benefits.
- **Funded Ratio** – This ratio is the percent of a retirement fund's net assets, calculated for actuarial purposes, that is available to pay the present value of benefits that employees already earned. The higher the ratio, the better positioned the retirement plan is to pay future benefits when they become due.

The table below presents actual and estimated performance measurement data for MSRS' defined benefit funds as of June 30 2017, and June 30, 2018, based on computations using the market value of assets.

<i>Type of Measure</i>	<i>Performance Measure by MSRS Fund</i>	<i>June 30, 2017 - Actual</i>	<i>June 30, 2018 - Actual</i>	<i>Status</i>
	MSRS State Employees Retirement Fund			
Quality	Contribution Sufficiency/(Deficiency)	(2.0)%	0.6%	Improving
Quality	Unfunded Actuarial Accrued Liability	\$2.0 billion	\$1.4 billion	Improving
Quality	Funded Ratio	86.1%	90.6%	Improving
	State Patrol Retirement Fund			
Quality	Contribution Sufficiency/(Deficiency)	(4.7)%	0.1%	Improving

<i>Type of Measure</i>	<i>Performance Measure by MSRS Fund</i>	<i>June 30, 2017 - Actual</i>	<i>June 30, 2018 - Actual</i>	<i>Status</i>
Quality	Unfunded Actuarial Accrued Liability	\$189 million	\$201 million	Worsening
Quality	Funded Ratio	78.5%	78.4%	Worsening
	Correctional Employees Retirement Fund			
Quality	Contribution Sufficiency/(Deficiency)	(6.2)%	(1.3)%	Improving
Quality	Unfunded Actuarial Accrued Liability	\$391 million	\$376 million	Improving
Quality	Funded Ratio	72.4%	74.8%	Improving
	Judges Retirement Fund			
Quality	Contribution Sufficiency/(Deficiency)	(1.7)%	0.1%	Improving
Quality	Unfunded Actuarial Accrued Liability	\$164 million	\$176 million	Worsening
Quality	Funded Ratio	53.1%	53.4%	Improving
	Legislators Retirement Fund is funded by the General Fund on a pay-as-you-go basis and therefore performance trends are not measurable.			

Legal Citations:

State Employees Retirement Fund – M.S. Sections 352.01-352.87 (<https://www.revisor.mn.gov/statutes/?id=352>)

State Patrol Retirement Fund – M.S. Chapter 352B (<https://www.revisor.mn.gov/statutes/?id=352B>)

Correctional Employees Retirement Fund – M.S. Sections 352.90-352.955

(<https://www.revisor.mn.gov/statutes/?id=352>)

Judges Retirement Fund – M.S. Chapter 490 (<https://www.revisor.mn.gov/statutes/?id=490>)

Legislators and Constitutional Officers Plan – M.S. Chapter 3A (<https://www.revisor.mn.gov/statutes/?id=3A>)

Unclassified Employees Retirement Fund – M.S. Chapter 352D (<https://www.revisor.mn.gov/statutes/?id=352D>)

Health Care Savings Plan – M.S. Section 352.98 (<https://www.revisor.mn.gov/statutes/?id=352.98>)

Minnesota Deferred Compensation Fund – M.S. Section 352.965

(<https://www.revisor.mn.gov/statutes/?id=352.965>)

Hennepin County Supplemental Retirement Plan – M.S. Section 383B.46

(<https://www.revisor.mn.gov/statutes/?id=383B.46>)

Minnesota State Retirement System

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
7210 - Correctional Employees Retire	61,716	65,553	70,545	75,146	81,449	88,288	81,449	88,288
7230 - Highway Patrol Retirement	58,023	58,827	59,992	63,178	65,352	67,601	65,352	67,601
7240 - Judicial Retirement	22,468	23,198	23,709	30,886	32,053	33,275	32,053	33,275
7250 - Legislative Annuities	8,576	8,758	8,961	9,071	9,111	9,151	9,111	9,151
7260 - State Employees Retirement	739,071	746,700	826,582	884,621	942,708	1,004,882	942,708	1,004,882
7401 - Retirement System Building			1,573	1,646	1,642	1,681	1,642	1,681
Total	889,854	903,036	991,362	1,064,548	1,132,315	1,204,878	1,132,315	1,204,878
Biennial Change				263,020		281,283		281,283
Biennial % Change				15		14		14
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Program</u>								
Mn State Retirement System	858,810	871,080	958,691	1,024,591	1,091,151	1,162,452	1,091,151	1,162,452
Judges Plan	22,468	23,198	23,709	30,886	32,053	33,275	32,053	33,275
Legislators Plan	8,576	8,758	8,961	9,071	9,111	9,151	9,111	9,151
Total	889,854	903,036	991,362	1,064,548	1,132,315	1,204,878	1,132,315	1,204,878
<u>Expenditures by Category</u>								
Compensation	10,147	10,841	11,163	13,480	13,729	14,004	13,729	14,004
Operating Expenses	8,815	5,983	6,983	10,478	10,560	10,687	10,560	10,687
Grants, Aids and Subsidies			1					
Capital Outlay-Real Property		2	39	15	13	11	13	11
Other Financial Transaction	870,892	886,210	973,176	1,040,575	1,108,013	1,180,176	1,108,013	1,180,176
Total	889,854	903,036	991,362	1,064,548	1,132,315	1,204,878	1,132,315	1,204,878
Total Agency Expenditures	889,854	903,036	991,362	1,064,548	1,132,315	1,204,878	1,132,315	1,204,878
Internal Billing Expenditures		986	1,018	1,364	1,405	1,448	1,405	1,448
Expenditures Less Internal Billing	889,854	902,050	990,343	1,063,184	1,130,910	1,203,430	1,130,910	1,203,430
<u>Full-Time Equivalents</u>								
	114.72	116.67	117.69	135.70	135.50	135.50	135.50	135.50

Minnesota State Retirement System

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation		3,000	6,000	6,000	6,000	6,000	6,000	6,000
Open Appropriation	5,177	8,758	8,961	9,071	9,111	9,151	9,111	9,151
Transfers Out	5,177	11,758	14,961	15,071	15,111	15,151	15,111	15,151

7210 - Correctional Employees Retire

Open Appropriation	61,716	65,553	70,545	75,146	81,449	88,288	81,449	88,288
Expenditures	61,716	65,553	70,545	75,146	81,449	88,288	81,449	88,288
Biennial Change in Expenditures				18,421		24,046		24,046
Biennial % Change in Expenditures				14		17		17
Governor's Change from Base								0
Governor's % Change from Base								0

7230 - Highway Patrol Retirement

Open Appropriation	57,023	57,826	58,992	62,178	64,352	66,601	64,352	66,601
Transfers In	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Expenditures	58,023	58,827	59,992	63,178	65,352	67,601	65,352	67,601
Biennial Change in Expenditures				6,321		9,783		9,783
Biennial % Change in Expenditures				5		8		8
Governor's Change from Base								0
Governor's % Change from Base								0

7240 - Judicial Retirement

Open Appropriation	22,468	20,198	17,709	24,886	26,053	27,275	26,053	27,275
Transfers In		3,000	6,000	6,000	6,000	6,000	6,000	6,000
Expenditures	22,468	23,198	23,709	30,886	32,053	33,275	32,053	33,275
Biennial Change in Expenditures				8,929		10,733		10,733
Biennial % Change in Expenditures				20		20		20
Governor's Change from Base								0
Governor's % Change from Base								0

7250 - Legislative Annuities

Open Appropriation	3,399							
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Minnesota State Retirement System

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Transfers In	5,177	8,758	8,961	9,071	9,111	9,151	9,111	9,151
Expenditures	8,576	8,758	8,961	9,071	9,111	9,151	9,111	9,151
Biennial Change in Expenditures				699		230		230
Biennial % Change in Expenditures				4		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

7260 - State Employees Retirement

Open Appropriation	739,643	747,272	827,154	885,197	943,281	1,005,459	943,281	1,005,459
Transfers Out	572	572	572	576	573	577	573	577
Expenditures	739,071	746,700	826,582	884,621	942,708	1,004,882	942,708	1,004,882
Biennial Change in Expenditures				225,432		236,387		236,387
Biennial % Change in Expenditures				15		14		14
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	114.72	116.67	117.69	135.70	135.50	135.50	135.50	135.50

7401 - Retirement System Building

Balance Forward In				4				
Receipts			1,577	1,642	1,642	1,681	1,642	1,681
Balance Forward Out			4					
Expenditures			1,573	1,646	1,642	1,681	1,642	1,681
Biennial Change in Expenditures				3,219		104		104
Biennial % Change in Expenditures						3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Minnesota State Retirement System

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	6,000	6,000	6,000	12,000
Forecast Base	6,000	6,000	6,000	12,000
Total Governor's Recommendations	6,000	6,000	6,000	12,000
Open				
Fund: 1000 - General				
FY2019 Appropriations	9,071	9,071	9,071	18,142
Base Adjustments				
Forecast Open Appropriation Adjustment	228	414	604	1,018
November Forecast Adjustment	(228)	(232)	(284)	(516)
February Forecast Adjustment		(142)	(240)	(382)
Forecast Base	9,071	9,111	9,151	18,262
Total Governor's Recommendations	9,071	9,111	9,151	18,262
Fund: 7210 - Correctional Employees Retire				
FY2019 Appropriations	75,146	75,146	75,146	150,292
Base Adjustments				
Forecast Open Appropriation Adjustment		6,303	13,142	19,445
Forecast Base	75,146	81,449	88,288	169,737
Total Governor's Recommendations	75,146	81,449	88,288	169,737
Fund: 7230 - Highway Patrol Retirement				
FY2019 Appropriations	62,178	62,178	62,178	124,356
Base Adjustments				
Forecast Open Appropriation Adjustment		2,174	4,423	6,597
Forecast Base	62,178	64,352	66,601	130,953
Total Governor's Recommendations	62,178	64,352	66,601	130,953
Fund: 7240 - Judicial Retirement				
FY2019 Appropriations	24,886	24,886	24,886	49,772
Base Adjustments				
Forecast Open Appropriation Adjustment		1,167	2,389	3,556
Forecast Base	24,886	26,053	27,275	53,328
Total Governor's Recommendations	24,886	26,053	27,275	53,328
Fund: 7260 - State Employees Retirement				
FY2019 Appropriations	885,298	885,298	885,298	1,770,596

Minnesota State Retirement System

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Base Adjustments				
Forecast Open Appropriation Adjustment	(101)	57,983	120,161	178,144
Forecast Base	885,197	943,281	1,005,459	1,948,740
Total Governor's Recommendations	885,197	943,281	1,005,459	1,948,740
 Dedicated				
Fund: 7401 - Retirement System Building				
Planned Spending	1,646	1,642	1,681	3,323
Forecast Base	1,646	1,642	1,681	3,323
Total Governor's Recommendations	1,646	1,642	1,681	3,323
 Revenue Change Summary				
Dedicated				
Fund: 7401 - Retirement System Building				
Forecast Revenues	1,642	1,642	1,681	3,323
Total Governor's Recommendations	1,642	1,642	1,681	3,323
 Non-Dedicated				
Fund: 7210 - Correctional Employees Retire				
Forecast Revenues	131,491	136,678	142,099	278,777
Total Governor's Recommendations	131,491	136,678	142,099	278,777
 Fund: 7230 - Highway Patrol Retirement				
Forecast Revenues	87,344	91,851	96,772	188,623
Total Governor's Recommendations	87,344	91,851	96,772	188,623
 Fund: 7240 - Judicial Retirement				
Forecast Revenues	44,902	45,554	46,215	91,769
Total Governor's Recommendations	44,902	45,554	46,215	91,769
 Fund: 7250 - Legislative Annuities				
Forecast Revenues	102	98	94	192
Total Governor's Recommendations	102	98	94	192
 Fund: 7260 - State Employees Retirement				
Forecast Revenues	1,166,594	1,199,730	1,233,876	2,433,606
Total Governor's Recommendations	1,166,594	1,199,730	1,233,876	2,433,606

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AT A GLANCE**Conserve and manage natural resources**

- Manage 1.3 million acres of wildlife management areas, 192,000 acres of scientific and natural areas, and 4.2 million acres of state forest
- Protect, monitor, enhance, and restore habitat on 4,500 fishing lakes and 16,000 miles of streams and rivers
- Manage 2,800 surface-water monitoring sites

Get people outdoors

- Operate 75 state parks and recreation areas, 43 state forest campgrounds and nine state waysides
- Manage 2.4 million license sales and 1.4 million boat or vehicle registrations
- Manage more than 29,400 miles of trails for hiking, biking, snowmobiles, off-highway vehicles, horseback riding, and cross-county skiing
- Manage 1,700 public water accesses, 368 fishing piers, and 35 water trails

Build the economy

- Manage fishing, hunting, and wildlife-watching activities supporting 48,000 jobs and \$3.8 billion in economic activity
- Manage 12 million acres of state mineral rights contributing directly to the mining economy, including 3.5 million acres of school trust lands
- Meet certification requirements on 5 million acres of state forest lands, including 2.5 million acres of school trust lands, that provide timber, habitat, clean water, and recreational opportunities

Serve the public

- Manage 2,900 facilities statewide
- Direct an annual budget of roughly \$565 million
- Employ more than 4,300 employees, who worked 5.5 million hours, which equates into 2,700 full time equivalents

PURPOSE

The mission of the Department of Natural Resources (DNR) is to work with citizens to 1) conserve and manage natural resources, 2) provide outdoor recreation opportunities; and 3) provide for commercial uses of natural resources in a way that creates a sustainable quality of life.

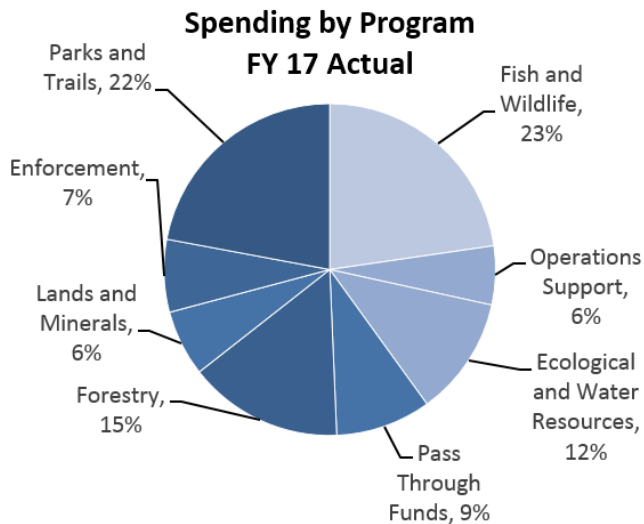
DNR fulfills this mission by:

- Conserving the diversity of land, waters, and wildlife so citizens can enjoy the outdoors and benefit from natural resources and related industries.
- Encouraging citizens to get outdoors to enjoy the state's natural wonders.
- Promoting responsible use of resources for collective economic benefit.
- Managing an outdoor recreation system that provides hunting, fishing, wildlife-watching, camping, skiing, hiking, biking, motorized recreation, and conservation education.
- Protecting and promoting healthy waterways and groundwater.
- Managing state forests, mineral rights, and school-trust lands for maximum long-term economic return.

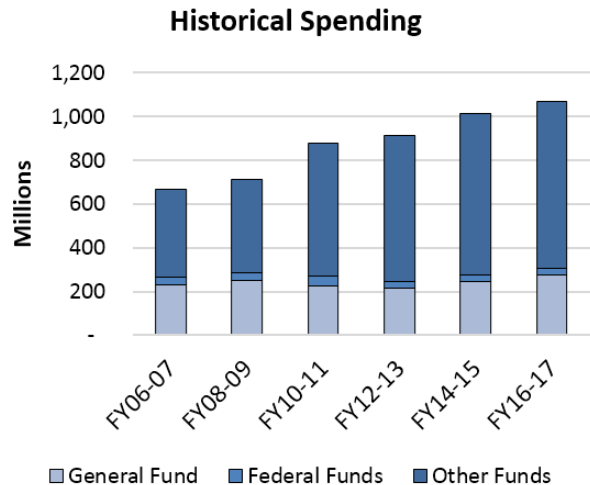
DNR contributes to the statewide outcomes of:

- A clean, healthy environment with sustainable uses of natural resources
- A thriving economy that encourages business growth and employment opportunities
- Strong and stable family and communities
- People in Minnesota are safe

BUDGET



Source: StateWide Integrated Financial Tools System



Source: StateWide Integrated Financial Tools System

The FY 2018-19 biennial budget is approximately \$1.1 billion. The majority of DNR's funding comes from recreational fees and tax revenues. About 26 percent of DNR's funding is one-time, which is dedicated for specific purposes, and 22 percent is pass-through grants. DNR operates out of 50 funds, but approximately 39 percent of its financial activity occurs in the game and fish fund and the natural resources fund. This spending focuses on conserving and managing natural resources so Minnesotans can enjoy the outdoors today and tomorrow. About 26 percent of DNR's funding comes from the general fund. DNR's major general fund expenditures relate to operating the state parks and trails and forest systems and responding to forest fires. Additionally, DNR makes payments on behalf of the state to counties and Native American tribes as required by statute and agreements, which constitutes 31 percent of its general fund budget.

STRATEGIES

To accomplish its mission, DNR uses the following long-term strategic framework:

1. **Conserve, enhance waters, natural lands, and fish and wildlife habitats.** DNR works closely with partners to conserve critical lakes, wildlife, and waters by:
 - Accelerating groundwater management—monitoring, permitting, education and compliance—to ensure sustainable use and quality.
 - Working with farmers, landowners, local officials, and citizens to promote conservation of prairies, grasslands, and wetlands.
 - Implementing programs to prevent and curb spread of invasive species.
 - Accelerating programs to inventory and monitor the status of natural lands, waters, and species.
2. **Provide outdoor recreational opportunities.** DNR supports a robust tourism economy and a high quality of life that attracts people and business to the state by:
 - Implementing programs such as the "I Can" series and "Learn to Hunt" that provide affordable outdoor learning experiences to beginners.
 - Increasing the use of user friendly, digital recreation information, such as new websites and mobile apps.
 - Creating and implementing a new parks and trails system plan to improve existing systems and attract future users.

3. **Manage natural resources for sustainable economies and communities.** Through recreation tourism, forest products, and mineral and water resources, DNR helps generate billions of dollars a year for the state by:
 - Maintaining diverse, healthy, sustainable and productive forests that meet certification standards.
 - Researching and developing mining technologies that protect the environment.
 - Improving data management systems to provide better access and analysis of groundwater and surface water data for sustainable communities.
 - Leasing mineral rights and real estate and selling land and timber from the school trust lands.
4. **Achieve operational excellence in service to citizens.** DNR strives to continually improve services offered to citizens by:
 - Increasing the use of plain language and presenting information in easy-to-understand formats.
 - Protecting public safety by following Americans with Disabilities Act (ADA) standards at DNR facilities, parks, trails, and other facilities.
 - Maintaining work standards that reinforce positive and professional conduct, promote diversity, and support staff training and development.
 - Working to increase department energy efficiency and renewable energy use that reduces costs and helps the environment.
 - Developing “continuous improvement” projects to improve public service and customer satisfaction.

While pursuing these long-term strategies, DNR recognizes its current operating environment and the broader challenges and opportunities the agency and all Minnesotans face:

- **The agency has a three-part mission that requires careful balance in order to achieve the results elected leaders expect.** Conservation, outdoor recreation, and economic development can often intersect in creative and fruitful ways, and it requires dedicated vision, strategic management, and operational excellence to ensure all of DNR’s programs work together toward the common good. The application of rigorous science, high quality data, and fully engaged stakeholders from across a well-informed public can help DNR achieve that balance and fulfill its mission.
- **Climate change continues to impact Minnesota’s natural resources and DNR’s ability to respond to it.** The state’s climate already is changing rapidly and will continue to do so for the foreseeable future. Temperatures are increasing--especially in winter—and larger, more frequent extreme precipitation events are occurring. These changes are impacting Minnesota's wildlife, plants, waters, historic resources, infrastructure, and available outdoor recreation activities. For example, milder winters are allowing a population boom in Eastern larch beetles, which in turn has had a strong impact (300,000 acre loss) on tamarack forests.
- **The state’s demographics are also changing, which has implications for natural resource management.** According to the state demographer and U.S. Census Bureau, Minnesota is becoming a more diverse state with rapidly growing Asian, Black, and Hispanic populations. Not all cultures and ethnicities think about or want to use natural resources in the same way. In addition, different generations think about resources differently. For example, baby boomers brought up on hunting are aging out of the sport in greater numbers, and millennials are not replenishing their ranks in equal numbers.
- **The state’s workforce is undergoing a similar change, with additional implications for the agency.** The composition of DNR’s workforce has been changing, and must continue to change, if the agency is to reflect the state and its many perspectives on natural resources. The percentage of women, minorities, and persons with disabilities have all edged up over the past 10 years, with substantial change likely to come. The continued trend of retiring baby boomers has also had an impact (“brain drain”) on the agency’s collective expertise and ability to fulfill its mission in a timely, cost-effective manner.
- **As with many government efforts, demand for services can overwhelm the resources available.** Last year’s bonding issue was a comparative success in meeting the substantial, long-standing need to

repair and restore many buildings and other state assets (e.g., paths and bridges) that Minnesotans use, but the list of aging assets continues to grow.

- **There are promising strategies DNR has been implementing for the past several years, to increase the agency's cost-effectiveness and fulfillment of its mission.** The Strategic Land Asset Management (SLAM) initiative has added a useful analytic framework to the lands the agency acquires, manages, and improves. In FY18, 88 percent of proposed acquisitions met three or more SLAM goals, and 71 percent of parcels offered for sale were sold. DNR's success at improving facility energy use, reducing energy use by 14 percent compared to 2010, demonstrates the agency's ongoing efforts at conserving energy while saving taxpayers money.
- **Invasive species and animal and plant diseases and pests continue to threaten natural resources.** In spite of increased inspection and education efforts, new lakes and rivers are infested by aquatic invasive species each year. Chronic wasting disease has been identified in wild deer in southeastern Minnesota and continues to be detected in captive deer and elk farms in several areas across the state. Invasive pests such as the emerald ash borer present threats to forests and other plant communities. These stressors increasingly demand the attention of DNR programs and resource managers.
- **Water quality and quantity are critical to citizens, the state's economy, and to fish, wildlife, and other natural resources.** Each year, more is known about surface water and groundwater supplies and quality. At the same time, improved assessment and monitoring, modeling, and watershed-based planning processes allow DNR and other agencies to better understand water resources and management approaches to address both supply issues and impairments.

Department of Natural Resources legal authority comes from Minnesota Statutes:

84 (<https://www.revisor.mn.gov/statutes/?id=84>)

84A-84D (<https://www.revisor.mn.gov/statutes/part/CONSERVATION>)

85-87A (<https://www.revisor.mn.gov/statutes/part/RECREATION>)

88-91 (<https://www.revisor.mn.gov/statutes/part/FORESTRY>)

92-94 (<https://www.revisor.mn.gov/statutes/part/LANDS+AND+MINERALS>)

97-102 (<https://www.revisor.mn.gov/statutes/part/GAME+AND+FISH>)

103A (<https://www.revisor.mn.gov/statutes/?id=103A>)

127A (<https://www.revisor.mn.gov/statutes/?id=127A>)

Natural Resources

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	97,745	112,049	104,913	124,454	112,673	112,718	123,326	122,511
1300 - Minnesota Resources	0	0						
2000 - Restrict Misc Special Revenue	9,168	8,904	2,796	16,968	9,665	9,775	9,841	10,297
2001 - Other Misc Special Revenue	120,442	114,939	119,113	148,516	138,098	136,628	138,098	136,628
2050 - Environment & Natural Resources	19,570	20,402	22,909	38,532				
2100 - Water Recreation	16,889	18,587	16,165	21,623	18,677	18,682	25,000	25,268
2101 - Snowmobile	12,848	13,113	12,810	17,650	16,105	16,105	16,212	16,313
2102 - All-Terrain Vehicle	6,379	7,448	6,689	8,016	7,386	7,274	8,415	8,400
2103 - Off-Highway Motorcycle	423	510	516	628	565	567	570	577
2104 - Off-Road Vehicle	859	986	983	1,424	1,315	1,317	1,848	1,858
2106 - State Park	12,716	16,186	17,466	21,212	19,316	19,318	19,623	19,910
2107 - State Pks & Trls Lott In Lieu	5,307	5,767	5,274	7,189	6,377	6,377	6,475	6,566
2109 - Local Trls Grants Lott In Lieu	982	753	757	1,253	1,005	1,005	1,005	1,005
2110 - Zoos Lottery In Lieu	320	320	320	320	320	320	320	320
2111 - Nongame	1	0	0					
2112 - Invasive Species	3,235	3,319	3,225	4,021	3,623	3,623	3,774	3,823
2113 - Forest Management Investment	11,657	12,947	13,565	16,996	14,820	14,820	16,107	16,374
2114 - Mineral Management	2,720	3,296	2,953	3,345	3,200	3,200	3,254	3,305
2115 - Mining Administration Account	793	962	1,911	1,838	1,500	674	1,500	674
2116 - Cross Country Ski	339	386	338	371	359	359	430	431
2117 - Natural Resource Misc Statutory	2,547	3,325	4,476	3,823	3,952	3,952	3,959	3,959
2118 - Land Acquisition	227	335	179	185	172	172	164	164
2119 - State Land & Water Conservation	615	1,386	522	481	1,063	1,063	1,067	1,070
2120 - Water Management Account	4,679	5,139	5,073	5,632	5,394	5,394	5,845	5,932
2200 - Game and Fish (Operations)	90,699	92,143	86,954	101,043	95,453	95,712	91,964	94,215
2201 - Computerized Lic Deer/Bear Mgmt	749	1,509	1,235	1,300	1,110	1,085	1,110	1,085
2202 - Deer Habitat Improvement	1,210	1,197	1,436	1,460	1,400	1,400	8,546	8,546
2203 - Waterfowl Habitat Improvement	500	528	589	645	650	650	650	650
2204 - Trout And Salmon Management	938	1,236	1,063	1,075	1,000	1,000	1,000	1,000
2205 - Pheasant Habitat Improvement	489	494	388	490	450	450	450	450
2206 - Wild Rice Management	40	40	31	40	40	40	40	40
2207 - Wildlife Acquisition Surcharge	1,529	1,272	782	2,599	1,485	1,485	1,485	1,485

Natural Resources

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
2208 - Wild Turkey Management	175	229	156	230	230	230	230	230
2209 - Heritage Enhancement	12,256	13,926	12,997	15,248	13,995	13,995	14,186	14,363
2211 - Walleye Stamp Account	75	88	88	90	90	90	90	90
2212 - Peace Officer Training Account	133	143	96	174	135	135	135	135
2213 - Wolf Management & Monitoring	110	162	296	300	250	250	250	250
2300 - Outdoor Heritage	85,405	85,349	86,102	145,477				
2302 - Clean Water	11,341	10,360	9,391	12,371			11,151	11,151
2303 - Parks and Trails	26,943	25,528	23,637	43,238			30,124	30,856
2400 - Endowment	1							
2401 - Reinvest In Minnesota-Gifts	4,599	2,332	4,821	5,324	5,148	5,148	5,163	5,177
2403 - Gift	1,408	1,433	1,554	2,880	1,678	1,678	1,678	1,678
2801 - Remediation	1,262	559	279	3,641	7,642	7,606	7,643	7,609
3000 - Federal	15,518	18,647	16,672	24,531	36,128	36,708	36,128	36,708
3800 - Permanent School	151	263	152	236	221	221	524	527
6000 - Miscellaneous Agency	7,325	7,153	6,911					
Total	593,317	615,648	598,578	806,869	532,690	531,226	599,380	601,630
Biennial Change				196,482		(341,531)		(204,437)
Biennial % Change				16		(24)		(15)
Governor's Change from Base								137,094
Governor's % Change from Base								13

Expenditures by Program

Lands & Minerals	17,371	16,040	12,944	27,207	19,067	18,097	19,160	18,272
Ecological and Water Resources	72,380	69,403	67,799	104,056	65,727	62,693	80,480	76,131
Forestry	73,764	83,763	78,944	94,108	79,830	79,425	82,666	83,242
Parks and Trails	112,675	124,732	106,625	161,394	107,056	106,918	144,375	145,905
Fish and Wildlife	106,468	114,312	107,144	155,637	100,175	104,389	104,948	110,006
Enforcement	46,500	44,887	45,183	53,306	50,511	50,846	53,392	55,048
Operations Support	88,756	87,065	92,355	112,304	98,037	96,569	101,585	100,250
Pass Through Funds	75,402	75,447	87,584	98,857	12,287	12,289	12,774	12,776
Total	593,317	615,648	598,578	806,869	532,690	531,226	599,380	601,630

Expenditures by Category

Natural Resources

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Compensation	227,798	223,269	226,191	266,769	243,918	242,008	268,109	270,840
Operating Expenses	210,960	236,751	224,113	353,928	229,459	233,244	261,702	264,322
Grants, Aids and Subsidies	105,765	107,765	109,591	123,209	30,337	27,703	40,593	38,197
Capital Outlay-Real Property	43,349	38,983	31,576	56,718	23,258	22,560	23,258	22,560
Other Financial Transaction	5,445	8,881	7,107	6,245	5,718	5,711	5,718	5,711
Total	593,317	615,648	598,578	806,869	532,690	531,226	599,380	601,630

Total Agency Expenditures	593,317	615,648	598,578	806,869	532,690	531,226	599,380	601,630
Internal Billing Expenditures	97,982	102,171	102,744	104,997	97,821	97,761	97,821	97,761
Expenditures Less Internal Billing	495,335	513,478	495,834	701,872	434,869	433,465	501,559	503,869

<u>Full-Time Equivalents</u>	2,782.33	2,663.09	2,630.60	2,631.15	2,361.68	2,314.25	2,597.13	2,594.30
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Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	2,139	9,144	5,064	12,406				
Direct Appropriation	77,166	83,629	86,723	85,193	85,365	85,408	96,738	96,119
Open Appropriation	59,467	58,903	59,542	63,427	64,175	64,490	64,175	64,490
Receipts	35	31	142					
Transfers Out	32,831	34,036	34,136	36,572	36,867	37,180	37,587	38,098
Cancellations	1,010	583	15					
Balance Forward Out	7,226	5,039	12,406					
Expenditures	97,745	112,049	104,913	124,454	112,673	112,718	123,326	122,511
Biennial Change in Expenditures				19,574		(3,976)		16,470
Biennial % Change in Expenditures				9		(2)		7
Governor's Change from Base								20,446
Governor's % Change from Base								9
Full-Time Equivalents	589.35	609.30	599.17	599.17	587.18	575.46	624.97	620.25

1300 - Minnesota Resources

Open Appropriation	0	0						
Expenditures	0	0						
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	2,521	2,912	4,226	13,030	11,494	11,970	11,494	11,970
Receipts	9,790	11,638	11,599	14,451	14,367	14,333	14,367	14,333
Transfers In	2,727	2,421	2,283	12,156	2,760	2,542	2,936	3,064
Transfers Out	3,090	3,855	2,282	11,175	6,986	6,976	6,986	6,976
Balance Forward Out	2,780	4,212	13,029	11,494	11,970	12,094	11,970	12,094
Expenditures	9,168	8,904	2,796	16,968	9,665	9,775	9,841	10,297
Biennial Change in Expenditures				1,692		(324)		374
Biennial % Change in Expenditures				9		(2)		2
Governor's Change from Base								698
Governor's % Change from Base								4

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Full-Time Equivalents	5.54	4.41	4.79	4.79	4.70	4.60	4.95	4.85

2001 - Other Misc Special Revenue

Balance Forward In	36,320	42,512	46,715	52,305	39,374	36,998	39,374	36,998
Receipts	121,409	116,934	121,721	135,765	136,488	136,384	136,488	136,384
Internal Billing Receipts	90,906	92,829	93,272	104,997	97,821	97,761	97,821	97,761
Transfers In	1,751	586	4,872	590	30	30	30	30
Transfers Out	1,224	1,327	1,889	770	796	796	796	796
Balance Forward Out	37,816	43,765	52,306	39,374	36,998	35,988	36,998	35,988
Expenditures	120,442	114,939	119,113	148,516	138,098	136,628	138,098	136,628
Biennial Change in Expenditures				32,248		7,097		7,097
Biennial % Change in Expenditures				14		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	580.68	461.99	462.15	462.15	441.18	432.32	441.18	432.32

2050 - Environment & Natural Resources

Balance Forward In	6,314	14,522	15,095	14,856				
Direct Appropriation	26,711	21,081	22,585	23,608	0	0	0	0
Open Appropriation	64	44	68	68	0	0	0	0
Transfers In			450					
Transfers Out		25	50					
Cancellations	100	480	382					
Balance Forward Out	13,423	14,742	14,856					
Expenditures	19,570	20,402	22,909	38,532				
Biennial Change in Expenditures				21,469		(61,441)		(61,441)
Biennial % Change in Expenditures				54		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	36.10	40.51	49.83	49.83				

2100 - Water Recreation

Balance Forward In	953	3,147	1,009	2,961	25	35	25	35
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Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Direct Appropriation	18,109	18,115	18,257	18,403	18,403	18,403	24,726	24,989
Open Appropriation	205	162	214	214	214	214	214	214
Receipts	614	593	65	70	70	70	70	70
Transfers In	10,948	11,123	11,231	11,480	11,536	11,595	13,457	17,308
Transfers Out		65						
Cancellations	10,948	13,492	11,650	11,480	11,536	11,595	13,457	17,308
Balance Forward Out	2,991	995	2,961	25	35	40	35	40
Expenditures	16,889	18,587	16,165	21,623	18,677	18,682	25,000	25,268
Biennial Change in Expenditures				2,313		(429)		12,480
Biennial % Change in Expenditures				7		(1)		33
Governor's Change from Base								12,909
Governor's % Change from Base								35
Full-Time Equivalents	106.87	105.91	97.03	97.03	95.10	93.19	113.50	114.42

2101 - Snowmobile

Balance Forward In	588	2,324	272	1,829	284	284	284	284
Direct Appropriation	14,125	14,235	14,246	15,967	15,967	15,967	16,074	16,175
Open Appropriation	102	74	103	103	103	103	103	103
Receipts	165	170	19	35	35	35	35	35
Transfers In	7,273	7,371	7,438	7,610	7,647	7,683	8,928	11,492
Transfers Out		191						
Cancellations	7,273	10,604	7,438	7,610	7,647	7,683	8,928	11,492
Balance Forward Out	2,131	265	1,830	284	284	284	284	284
Expenditures	12,848	13,113	12,810	17,650	16,105	16,105	16,212	16,313
Biennial Change in Expenditures				4,499		1,750		2,065
Biennial % Change in Expenditures				17		6		7
Governor's Change from Base								315
Governor's % Change from Base								1
Full-Time Equivalents	38.04	36.28	37.34	37.34	36.60	35.86	37.70	38.05

2102 - All-Terrain Vehicle

Balance Forward In	375	1,060	340	934	136		136	
Direct Appropriation	6,647	7,639	7,178	7,115	7,147	7,171	8,176	8,297

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Open Appropriation	89	77	103	103	103	103	103	103
Receipts	216	210						
Transfers In	2,038	2,067	2,082	2,138	2,151	2,165	2,497	3,193
Transfers Out		161						
Cancellations	2,038	3,204	2,082	2,138	2,151	2,165	2,497	3,193
Balance Forward Out	951	240	933	136				
Expenditures	6,379	7,448	6,689	8,016	7,386	7,274	8,415	8,400
Biennial Change in Expenditures				877		(45)		2,110
Biennial % Change in Expenditures				6		(0)		14
Governor's Change from Base								2,155
Governor's % Change from Base								15
Full-Time Equivalents	32.75	32.09	30.91	30.91	30.30	29.68	34.07	34.50

2103 - Off-Highway Motorcycle

Balance Forward In	71	199	27	65				
Direct Appropriation	521	577	533	542	544	546	549	556
Open Appropriation	18	16	21	21	21	21	21	21
Receipts	9	9						
Transfers In	335	341	343	350	352	354	411	529
Transfers Out		36						
Cancellations	335	568	343	350	352	354	411	529
Balance Forward Out	197	27	65					
Expenditures	423	510	516	628	565	567	570	577
Biennial Change in Expenditures				211		(12)		3
Biennial % Change in Expenditures				23		(1)		0
Governor's Change from Base								15
Governor's % Change from Base								1
Full-Time Equivalents	2.15	2.32	2.40	2.40	2.35	2.30	2.40	2.41

2104 - Off-Road Vehicle

Balance Forward In	111	324	27	111				
Direct Appropriation	1,260	1,320	1,270	1,292	1,294	1,296	1,827	1,837
Open Appropriation	18	16	21	21	21	21	21	21

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	4	5						
Transfers In	1,216	1,173	1,214	1,242	1,249	1,254	1,459	1,879
Transfers Out		23						
Cancellations	1,527	1,803	1,439	1,242	1,249	1,254	1,459	1,879
Balance Forward Out	225	27	111					
Expenditures	859	986	983	1,424	1,315	1,317	1,848	1,858
Biennial Change in Expenditures				562		225		1,299
Biennial % Change in Expenditures				30		9		54
Governor's Change from Base								1,074
Governor's % Change from Base								41
Full-Time Equivalents	3.11	3.48	3.84	3.84	3.76	3.69	5.54	5.56

2106 - State Park

Balance Forward In	1,121	2,383	2,022	4,187	3,084	3,944	3,084	3,944
Direct Appropriation	12,282	14,521	17,860	18,260	18,327	18,329	18,634	18,921
Open Appropriation	96	128	139	139	139	139	139	139
Receipts	1,421	1,577	1,632	1,710	1,710	1,710	1,710	1,710
Transfers In	19	18	33	48	64	64	64	64
Transfers Out		1						
Cancellations	19	642	33	48	64	64	64	64
Balance Forward Out	2,204	1,798	4,187	3,084	3,944	4,804	3,944	4,804
Expenditures	12,716	16,186	17,466	21,212	19,316	19,318	19,623	19,910
Biennial Change in Expenditures				9,776		(44)		855
Biennial % Change in Expenditures				34		(0)		2
Governor's Change from Base								899
Governor's % Change from Base								2
Full-Time Equivalents	109.45	111.48	138.40	138.40	135.63	132.92	138.79	139.16

2107 - State Pks & Trls Lott In Lieu

Balance Forward In	0	580		828				
Direct Appropriation	5,811	5,811	6,043	6,301	6,317	6,317	6,415	6,506
Open Appropriation	64	47	60	60	60	60	60	60
Cancellations		671						

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	568		828					
Expenditures	5,307	5,767	5,274	7,189	6,377	6,377	6,475	6,566
Biennial Change in Expenditures				1,390		291		578
Biennial % Change in Expenditures				13		2		5
Governor's Change from Base								287
Governor's % Change from Base								2
Full-Time Equivalents	45.28	40.06	37.58	37.58	36.83	36.09	37.84	38.08

2109 - Local Trls Grants Lott In Lieu

Balance Forward In		173		248				
Direct Appropriation	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005
Cancellations		425						
Balance Forward Out	23		248					
Expenditures	982	753	757	1,253	1,005	1,005	1,005	1,005
Biennial Change in Expenditures				275		0		0
Biennial % Change in Expenditures				16		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.06	0.01	0.01	0.01	0.01	0.01	0.01

2110 - Zoos Lottery In Lieu

Direct Appropriation	320	320	320	320	320	320	320	320
Expenditures	320	320	320	320	320	320	320	320
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2111 - Nongame

Balance Forward In		950						
Direct Appropriation	950	950	950	953	956	956	971	985
Open Appropriation	1	0	0					
Transfers Out		1,900	950	953	956	956	971	985

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	950							
Expenditures	1	0	0					
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures				(91)				
Governor's Change from Base								0
Governor's % Change from Base								

2112 - Invasive Species

Balance Forward In	0	438		398				
Direct Appropriation	3,602	3,602	3,602	3,602	3,602	3,602	3,753	3,802
Open Appropriation	23	17	21	21	21	21	21	21
Transfers In	1,076	1,099	1,122	1,099	1,099	1,099	1,099	1,099
Cancellations	1,076	1,837	1,122	1,099	1,099	1,099	1,099	1,099
Balance Forward Out	389		398					
Expenditures	3,235	3,319	3,225	4,021	3,623	3,623	3,774	3,823
Biennial Change in Expenditures				692		0		351
Biennial % Change in Expenditures				11		0		5
Governor's Change from Base								351
Governor's % Change from Base								5
Full-Time Equivalents	31.08	30.64	27.10	27.10	26.56	26.03	27.09	27.08

2113 - Forest Management Investment

Balance Forward In		697		1,480				
Direct Appropriation	12,225	13,488	14,900	15,372	14,676	14,676	15,963	16,230
Open Appropriation	129	77	144	144	144	144	144	144
Transfers In	9,693	10,410	10,037	12,555	11,586	11,611	11,586	11,611
Cancellations	9,693	11,725	10,037	12,555	11,586	11,611	11,586	11,611
Balance Forward Out	697		1,480					
Expenditures	11,657	12,947	13,565	16,996	14,820	14,820	16,107	16,374
Biennial Change in Expenditures				5,957		(921)		1,920
Biennial % Change in Expenditures				24		(3)		6
Governor's Change from Base								2,841
Governor's % Change from Base								10

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Full-Time Equivalents	129.01	123.31	122.26	122.26	119.81	117.42	131.77	132.26

2114 - Mineral Management

Balance Forward In		260		155				
Direct Appropriation	2,955	3,015	3,086	3,168	3,178	3,178	3,232	3,283
Open Appropriation	5,292	2,218	455	1,418	2,186	926	2,186	926
Transfers In	395							
Transfers Out	5,662	2,197	432	1,396	2,164	904	2,164	904
Balance Forward Out	260		155					
Expenditures	2,720	3,296	2,953	3,345	3,200	3,200	3,254	3,305
Biennial Change in Expenditures				283		102		261
Biennial % Change in Expenditures				5		2		4
Governor's Change from Base								159
Governor's % Change from Base								2
Full-Time Equivalents	17.49	18.99	19.62	19.62	19.23	18.85	19.79	19.96

2115 - Mining Administration Account

Balance Forward In	786	945	1,541	1,785	950	62	950	62
Receipts	952	1,558	2,155	1,003	612	612	612	612
Balance Forward Out	945	1,541	1,785	950	62		62	
Expenditures	793	962	1,911	1,838	1,500	674	1,500	674
Biennial Change in Expenditures				1,994		(1,575)		(1,575)
Biennial % Change in Expenditures				114		(42)		(42)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.15	7.15	9.60	9.60	9.41	9.22	9.41	9.22

2116 - Cross Country Ski

Balance Forward In	736	742	662	614	602	602	602	637
Direct Appropriation	75	75	78	80	80	80	116	117
Receipts	243	219	213	279	279	279	349	349
Transfers Out		29						
Cancellations		18						

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	715	603	615	602	602	602	637	672
Expenditures	339	386	338	371	359	359	430	431
Biennial Change in Expenditures				(17)		9		152
Biennial % Change in Expenditures				(2)		1		21
Governor's Change from Base								143
Governor's % Change from Base								20
Full-Time Equivalents	0.03	0.77	0.50	0.50	0.49	0.48	0.70	0.70

2117 - Natural Resource Misc Statutory

Balance Forward In	2,628	3,013	3,859	5,062	5,531	5,857	5,531	5,852
Receipts	2,840	2,774	5,183	3,862	3,848	3,948	3,850	3,950
Internal Billing Receipts		1,546	2,574					
Transfers In		721	495	430	430	430	430	430
Balance Forward Out	2,922	3,184	5,061	5,531	5,857	6,283	5,852	6,273
Expenditures	2,547	3,325	4,476	3,823	3,952	3,952	3,959	3,959
Biennial Change in Expenditures				2,427		(395)		(381)
Biennial % Change in Expenditures				41		(5)		(5)
Governor's Change from Base								14
Governor's % Change from Base								0
Full-Time Equivalents	17.28	18.24	22.54	22.54	22.10	21.65	22.10	21.65

2118 - Land Acquisition

Balance Forward In	459	879	814	984	1,161	1,208	1,161	1,390
Receipts	599	214	349	362	219	219	393	219
Transfers In	13							
Transfers Out	13							
Balance Forward Out	832	758	984	1,161	1,208	1,255	1,390	1,445
Expenditures	227	335	179	185	172	172	164	164
Biennial Change in Expenditures				(198)		(20)		(36)
Biennial % Change in Expenditures				(35)		(5)		(10)
Governor's Change from Base								(16)
Governor's % Change from Base								(5)

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2119 - State Land & Water Conservation								
Balance Forward In	55	58	85	18				
Direct Appropriation	250	250	256	262	262	262	266	269
Open Appropriation	2	1	1	1	1	1	1	1
Receipts	366	1,154	197	200	800	800	800	800
Cancellations		77						
Balance Forward Out	58		18					
Expenditures	615	1,386	522	481	1,063	1,063	1,067	1,070
Biennial Change in Expenditures				(998)		1,123		1,134
Biennial % Change in Expenditures				(50)		112		113
Governor's Change from Base								11
Governor's % Change from Base								1
Full-Time Equivalents	1.67	1.48	1.50	1.50	1.47	1.44	1.51	1.51

2120 - Water Management Account

Balance Forward In		361	128	254				
Direct Appropriation	5,000	5,225	5,160	5,340	5,356	5,356	5,807	5,894
Open Appropriation	39	30	38	38	38	38	38	38
Transfers In			325					
Transfers Out			325					
Cancellations		349						
Balance Forward Out	360	128	254					
Expenditures	4,679	5,139	5,073	5,632	5,394	5,394	5,845	5,932
Biennial Change in Expenditures				887		83		1,072
Biennial % Change in Expenditures				9		1		10
Governor's Change from Base								989
Governor's % Change from Base								9
Full-Time Equivalents	34.86	35.12	35.05	35.05	34.35	33.66	38.51	38.76

2200 - Game and Fish (Operations)

Balance Forward In	1,407	5,774	1,674	6,803	431	338	431	338
Direct Appropriation	89,912	88,877	87,287	90,138	90,584	90,845	87,095	89,348
Open Appropriation	1,647	1,422	1,653	1,407	1,650	1,650	1,650	1,650
Receipts	4,629	4,701	4,761	4,786	4,755	4,755	4,755	4,755

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Transfers In	1,046	951	1,026	1,026	1,070	1,122	1,070	1,122
Transfers Out	1,572	1,646	1,617	1,660	1,629	1,629	1,629	1,629
Cancellations	1,048	6,281	1,026	1,026	1,070	1,122	1,070	1,122
Balance Forward Out	5,322	1,655	6,803	431	338	247	338	247
Expenditures	90,699	92,143	86,954	101,043	95,453	95,712	91,964	94,215
Biennial Change in Expenditures				5,155		3,168		(1,818)
Biennial % Change in Expenditures				3		2		(1)
Governor's Change from Base								(4,986)
Governor's % Change from Base								(3)
Full-Time Equivalents	639.27	629.61	578.85	578.85	567.27	555.93	531.29	541.32

2201 - Computerized Lic Deer/Bear Mgmt

Balance Forward In	1,661	1,881	1,474	1,238	966	874	966	874
Receipts	959	986	998	1,028	1,018	1,018	1,018	1,018
Balance Forward Out	1,870	1,357	1,237	966	874	807	874	807
Expenditures	749	1,509	1,235	1,300	1,110	1,085	1,110	1,085
Biennial Change in Expenditures				276		(340)		(340)
Biennial % Change in Expenditures				12		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.01	5.05	4.10	4.10	4.02	3.94	4.02	3.94

2202 - Deer Habitat Improvement

Balance Forward In	637	699	809	694	559	484	559	484
Receipts	1,270	1,305	1,322	1,325	1,325	1,325	8,471	8,471
Balance Forward Out	696	807	694	559	484	409	484	409
Expenditures	1,210	1,197	1,436	1,460	1,400	1,400	8,546	8,546
Biennial Change in Expenditures				489		(96)		14,196
Biennial % Change in Expenditures				20		(3)		490
Governor's Change from Base								14,292
Governor's % Change from Base								510
Full-Time Equivalents	9.64	9.54	10.28	10.28	10.07	9.87	71.07	70.87

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
2203 - Waterfowl Habitat Improvement								
Balance Forward In	589	717	813	803	733	658	733	658
Receipts	622	598	578	575	575	575	575	575
Balance Forward Out	710	788	803	733	658	583	658	583
Expenditures	500	528	589	645	650	650	650	650
Biennial Change in Expenditures				206		66		66
Biennial % Change in Expenditures				20		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.09	1.02	1.32	1.32	1.29	1.27	1.29	1.27

2204 - Trout And Salmon Management

Balance Forward In	900	952	737	681	606	606	606	606
Receipts	979	1,001	1,006	1,000	1,000	1,000	1,000	1,000
Balance Forward Out	941	717	681	606	606	606	606	606
Expenditures	938	1,236	1,063	1,075	1,000	1,000	1,000	1,000
Biennial Change in Expenditures				(36)		(138)		(138)
Biennial % Change in Expenditures				(2)		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.94	7.63	6.91	6.91	6.77	6.64	6.77	6.64

2205 - Pheasant Habitat Improvement

Balance Forward In	66	103	123	213	173	173	173	173
Receipts	526	514	478	450	450	450	450	450
Balance Forward Out	103	123	213	173	173	173	173	173
Expenditures	489	494	388	490	450	450	450	450
Biennial Change in Expenditures				(105)		22		22
Biennial % Change in Expenditures				(11)		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

2206 - Wild Rice Management

Balance Forward In	26	43	58	73	64	64	64	64
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Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	56	35	46	31	40	40	40	40
Balance Forward Out	43	38	73	64	64	64	64	64
Expenditures	40	40	31	40	40	40	40	40
Biennial Change in Expenditures				(9)		9		9
Biennial % Change in Expenditures				(11)		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

2207 - Wildlife Acquisition Surcharge

Balance Forward In	866	1,052	1,342	2,043	894	834	894	834
Receipts	1,580	1,546	1,483	1,450	1,425	1,400	1,425	1,400
Balance Forward Out	917	1,326	2,043	894	834	749	834	749
Expenditures	1,529	1,272	782	2,599	1,485	1,485	1,485	1,485
Biennial Change in Expenditures				579		(411)		(411)
Biennial % Change in Expenditures				21		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.77	4.98	4.53	4.53	4.44	4.35	4.44	4.35

2208 - Wild Turkey Management

Balance Forward In	306	332	307	341	311	281	311	281
Receipts	201	203	190	200	200	200	200	200
Balance Forward Out	331	305	341	311	281	251	281	251
Expenditures	175	229	156	230	230	230	230	230
Biennial Change in Expenditures				(18)		74		74
Biennial % Change in Expenditures				(5)		19		19
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.03	0.08	0.03	0.03	0.03	0.03	0.03	0.03

2209 - Heritage Enhancement

Balance Forward In	567	1,490	17	1,287				
Direct Appropriation	13,009	13,112	14,267	13,961	13,995	13,995	14,186	14,363

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Transfers In	400	360						
Transfers Out	400	360						
Cancellations		662						
Balance Forward Out	1,318	14	1,287					
Expenditures	12,256	13,926	12,997	15,248	13,995	13,995	14,186	14,363
Biennial Change in Expenditures				2,063		(255)		304
Biennial % Change in Expenditures				8		(1)		1
Governor's Change from Base								559
Governor's % Change from Base								2
Full-Time Equivalents	85.13	80.26	86.90	86.90	85.17	83.46	87.14	87.34

2211 - Walleye Stamp Account

Balance Forward In	59	70	74	81	81	81	81	81
Receipts	85	92	95	90	90	90	90	90
Balance Forward Out	70	74	81	81	81	81	81	81
Expenditures	75	88	88	90	90	90	90	90
Biennial Change in Expenditures				15		2		2
Biennial % Change in Expenditures				9		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

2212 - Peace Officer Training Account

Balance Forward In		8		39				
Direct Appropriation	135	135	135	135	135	135	135	135
Balance Forward Out	2		39					
Expenditures	133	143	96	174	135	135	135	135
Biennial Change in Expenditures				(6)		0		0
Biennial % Change in Expenditures				(2)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

2213 - Wolf Management & Monitoring

Balance Forward In	768	976	1,140	1,175	1,205	1,275	1,205	1,275
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Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	317	326	330	330	320	320	320	320
Balance Forward Out	976	1,140	1,175	1,205	1,275	1,345	1,275	1,345
Expenditures	110	162	296	300	250	250	250	250
Biennial Change in Expenditures				324		(96)		(96)
Biennial % Change in Expenditures				119		(16)		(16)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.43	0.42	0.42	0.41	0.40	0.41	0.40

2300 - Outdoor Heritage

Balance Forward In	40,159	50,025	52,861	49,778				
Direct Appropriation	89,077	86,786	84,766	95,415	0	0	0	0
Open Appropriation	100	77	284	284	0	0	0	0
Transfers In	881	665	131					
Transfers Out	913	722	191					
Cancellations	700	2,956	1,972					
Balance Forward Out	43,208	48,526	49,777					
Expenditures	85,405	85,349	86,102	145,477				
Biennial Change in Expenditures				60,825		(231,579)		(231,579)
Biennial % Change in Expenditures				36		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	40.90	41.33	43.68	43.68				

2302 - Clean Water

Balance Forward In	9,251	7,004	4,407	3,665				
Direct Appropriation	9,000	9,150	8,446	8,446	0	0	11,151	11,151
Open Appropriation	127	123	260	260	0	0	0	0
Transfers In	280							
Transfers Out	280							
Cancellations	106	1,746	58					
Balance Forward Out	6,931	4,171	3,664					
Expenditures	11,341	10,360	9,391	12,371			11,151	11,151

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				61		(21,762)		540
Biennial % Change in Expenditures				0		(100)		2
Governor's Change from Base								22,302
Governor's % Change from Base								
Full-Time Equivalents	84.36	77.87	72.91	72.91			78.00	78.00

2303 - Parks and Trails

Balance Forward In	8,339	8,575	12,396	14,245				
Direct Appropriation	26,391	27,655	25,398	28,883	0	0	30,124	30,856
Open Appropriation	81	56	110	110	0	0	0	0
Transfers In	15,113	15,220	2,313					
Transfers Out	15,113	15,220	2,313					
Cancellations	1	8	22					
Balance Forward Out	7,869	10,751	14,245					
Expenditures	26,943	25,528	23,637	43,238			30,124	30,856
Biennial Change in Expenditures				14,405		(66,875)		(5,895)
Biennial % Change in Expenditures				27		(100)		(9)
Governor's Change from Base								60,980
Governor's % Change from Base								
Full-Time Equivalents	44.78	39.85	42.55	42.55			44.00	44.00

2400 - Endowment

Balance Forward In	3	2	2	2	2	2	2	2
Receipts	0	0	0					
Balance Forward Out	2	2	2	2	2	2	2	2
Expenditures	1							
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2401 - Reinvest In Minnesota-Gifts

Balance Forward In	12,987	13,529	18,495	21,033	22,133	23,412	22,133	23,412
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Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	149	172	1,055	225	225	225	225	225
Transfers In	5,913	8,115	7,318	7,199	7,202	7,202	7,217	7,231
Transfers Out	950	1,000	1,013	1,000	1,000	1,000	1,000	1,000
Balance Forward Out	13,500	18,485	21,033	22,133	23,412	24,691	23,412	24,691
Expenditures	4,599	2,332	4,821	5,324	5,148	5,148	5,163	5,177
Biennial Change in Expenditures				3,214		151		195
Biennial % Change in Expenditures				46		1		2
Governor's Change from Base								44
Governor's % Change from Base								0
Full-Time Equivalents	14.83	14.86	15.26	15.26	14.95	14.66	15.10	14.97

2403 - Gift

Balance Forward In	3,071	3,244	3,533	3,901	2,560	2,447	2,560	2,447
Receipts	1,549	1,650	1,973	1,589	1,615	1,654	1,615	1,654
Transfers In	97	20						
Transfers Out	97	70	50	50	50	50	50	50
Balance Forward Out	3,213	3,411	3,903	2,560	2,447	2,373	2,447	2,373
Expenditures	1,408	1,433	1,554	2,880	1,678	1,678	1,678	1,678
Biennial Change in Expenditures				1,592		(1,078)		(1,078)
Biennial % Change in Expenditures				56		(24)		(24)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.88	6.77	5.69	5.69	5.57	5.47	5.57	5.47

2801 - Remediation

Balance Forward In	2,294	1,134	710	1,000				
Direct Appropriation	1,100	100	102	104	105	106	106	109
Receipts	1		183	2,537	2,537		2,537	
Transfers In	4	3	304	4	5,004	7,504	5,004	7,504
Cancellations	1,004	3	22	4	4	4	4	4
Balance Forward Out	1,134	675	999					
Expenditures	1,262	559	279	3,641	7,642	7,606	7,643	7,609
Biennial Change in Expenditures				2,098		11,328		11,332

Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				115		289		289
Governor's Change from Base								4
Governor's % Change from Base								0
Full-Time Equivalents	1.85	2.51	2.42	2.42	2.37	2.32	2.38	2.35

3000 - Federal

Balance Forward In	4,566	4,795	4,516	1,924	1,797	1,797	1,797	1,797
Receipts	15,379	17,797	16,320	24,404	36,128	36,708	36,128	36,708
Transfers Out	769	277	2,239					
Balance Forward Out	3,659	3,671	1,925	1,797	1,797	1,797	1,797	1,797
Expenditures	15,518	18,647	16,672	24,531	36,128	36,708	36,128	36,708
Biennial Change in Expenditures				7,038		31,633		31,633
Biennial % Change in Expenditures				21		77		77
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	50.56	52.41	51.62	52.17	50.78	49.59	50.78	49.59

3800 - Permanent School

Balance Forward In	12,489	11,683	11,013	13,478	12,634	11,307	12,634	11,304
Receipts	30,073	21,928	26,729	31,452	26,684	24,780	26,684	24,780
Transfers In	8,379	5,001	1,913	4,401	4,977	4,033	4,980	4,039
Transfers Out	13,368	12,362	11,847	14,095	13,795	13,795	13,498	13,501
Cancellations	25,740	15,133	14,180	22,366	18,972	16,624	18,972	16,624
Balance Forward Out	11,683	10,854	13,477	12,634	11,307	9,480	11,304	9,471
Expenditures	151	263	152	236	221	221	524	527
Biennial Change in Expenditures				(26)		54		663
Biennial % Change in Expenditures				(6)		14		171
Governor's Change from Base								609
Governor's % Change from Base								138
Full-Time Equivalents	1.40	1.15	1.34	1.34	1.31	1.29	2.84	2.85

6000 - Miscellaneous Agency

Balance Forward In	12,087	7,824	8,617	10,205				
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Natural Resources

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Receipts	7,964	8,559	10,764					
Internal Billing Receipts	7,076	7,796	6,900					
Transfers In	1,400	420	209					
Transfers Out	6,308	1,036	2,474	10,205				
Balance Forward Out	7,820	8,613	10,205					
Expenditures	7,325	7,153	6,911					
Biennial Change in Expenditures				(7,567)		(6,911)		(6,911)
Biennial % Change in Expenditures				(52)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.00	4.15	0.17	0.17	0.17	0.16	0.17	0.16

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	85,193	85,193	85,193	170,386
Base Adjustments				
Pension Allocation		172	215	387
Forecast Base	85,193	85,365	85,408	170,773
Change Items				
Operating Adjustment		1,854	2,965	4,819
Legal Costs		2,857	3,208	6,065
Sustaining Minnesota's White-Tailed Deer		2,410	2,160	4,570
Protecting DNR Applications		1,411	1,391	2,802
Pineland Sands EIS/Study		1,854		1,854
Protecting Our Public Waters		800	800	1,600
Office of School Trust Lands		187	187	374
Total Governor's Recommendations	85,193	96,738	96,119	192,857
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	23,608	23,608	23,608	47,216
Base Adjustments				
All Other One-Time Appropriations		(23,608)	(23,608)	(47,216)
Forecast Base	23,608	0	0	0
Total Governor's Recommendations	23,608	0	0	0
Fund: 2100 - Water Recreation				
FY2019 Appropriations	18,403	18,403	18,403	36,806
Forecast Base	18,403	18,403	18,403	36,806
Change Items				
Operating Adjustment		281	544	825
Increase Boating Registration Fees and Aquatic Invasive Species Surcharge		2,392	2,392	4,784
Transportation Funding Package		3,650	3,650	7,300
Total Governor's Recommendations	18,403	24,726	24,989	49,715
Fund: 2101 - Snowmobile				
FY2019 Appropriations	15,967	15,967	15,967	31,934
Forecast Base	15,967	15,967	15,967	31,934
Change Items				
Operating Adjustment		107	208	315
Total Governor's Recommendations	15,967	16,074	16,175	32,249
Fund: 2102 - All-Terrain Vehicle				

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
FY2019 Appropriations	7,115	7,115	7,115	14,230
Base Adjustments				
Pension Allocation		32	56	88
Forecast Base	7,115	7,147	7,171	14,318
Change Items				
Operating Adjustment		104	201	305
Appropriation Increase for ATV and ORV Accounts		925	925	1,850
Total Governor's Recommendations	7,115	8,176	8,297	16,473
Fund: 2103 - Off-Highway Motorcycle				
FY2019 Appropriations	542	542	542	1,084
Base Adjustments				
Pension Allocation		2	4	6
Forecast Base	542	544	546	1,090
Change Items				
Operating Adjustment		5	10	15
Total Governor's Recommendations	542	549	556	1,105
Fund: 2104 - Off-Road Vehicle				
FY2019 Appropriations	1,292	1,292	1,292	2,584
Base Adjustments				
Pension Allocation		2	4	6
Forecast Base	1,292	1,294	1,296	2,590
Change Items				
Operating Adjustment		8	16	24
Appropriation Increase for ATV and ORV Accounts		525	525	1,050
Total Governor's Recommendations	1,292	1,827	1,837	3,664
Fund: 2106 - State Park				
FY2019 Appropriations	18,260	18,260	18,260	36,520
Base Adjustments				
Pension Allocation		67	69	136
Forecast Base	18,260	18,327	18,329	36,656
Change Items				
Operating Adjustment		307	592	899
Total Governor's Recommendations	18,260	18,634	18,921	37,555
Fund: 2107 - State Pks & Trls Lott In Lieu				
FY2019 Appropriations	6,301	6,301	6,301	12,602
Base Adjustments				
Pension Allocation		16	16	32

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Base	6,301	6,317	6,317	12,634
Change Items				
Operating Adjustment		98	189	287
Total Governor's Recommendations	6,301	6,415	6,506	12,921
Fund: 2109 - Local Trls Grants Lott In Lieu				
FY2019 Appropriations	1,005	1,005	1,005	2,010
Forecast Base	1,005	1,005	1,005	2,010
Total Governor's Recommendations	1,005	1,005	1,005	2,010
Fund: 2110 - Zoos Lottery In Lieu				
FY2019 Appropriations	320	320	320	640
Forecast Base	320	320	320	640
Total Governor's Recommendations	320	320	320	640
Fund: 2111 - Nongame				
FY2019 Appropriations	953	953	953	1,906
Base Adjustments				
Pension Allocation		3	3	6
Forecast Base	953	956	956	1,912
Change Items				
Operating Adjustment		15	29	44
Total Governor's Recommendations	953	971	985	1,956
Fund: 2112 - Invasive Species				
FY2019 Appropriations	3,602	3,602	3,602	7,204
Forecast Base	3,602	3,602	3,602	7,204
Change Items				
Operating Adjustment		51	100	151
Increase Boating Registration Fees and Aquatic Invasive Species Surcharge		100	100	200
Total Governor's Recommendations	3,602	3,753	3,802	7,555
Fund: 2113 - Forest Management Investment				
FY2019 Appropriations	15,372	15,372	15,372	30,744
Base Adjustments				
Current Law Base Change		(750)	(750)	(1,500)
Pension Allocation		54	54	108
Forecast Base	15,372	14,676	14,676	29,352
Change Items				
Operating Adjustment		287	554	841

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Minnesota Forest Management		1,000	1,000	2,000
Total Governor's Recommendations	15,372	15,963	16,230	32,193
Fund: 2114 - Mineral Management				
FY2019 Appropriations	3,168	3,168	3,168	6,336
Base Adjustments				
Pension Allocation		10	10	20
Forecast Base	3,168	3,178	3,178	6,356
Change Items				
Operating Adjustment		54	105	159
Total Governor's Recommendations	3,168	3,232	3,283	6,515
Fund: 2116 - Cross Country Ski				
FY2019 Appropriations	80	80	80	160
Forecast Base	80	80	80	160
Change Items				
Operating Adjustment		1	2	3
Cross-Country Ski Pass Fee Increase		35	35	70
Total Governor's Recommendations	80	116	117	233
Fund: 2119 - State Land & Water Conservation				
FY2019 Appropriations	262	262	262	524
Forecast Base	262	262	262	524
Change Items				
Operating Adjustment		4	7	11
Total Governor's Recommendations	262	266	269	535
Fund: 2120 - Water Management Account				
FY2019 Appropriations	5,340	5,340	5,340	10,680
Base Adjustments				
Pension Allocation		16	16	32
Forecast Base	5,340	5,356	5,356	10,712
Change Items				
Operating Adjustment		93	180	273
Protecting Our Public Waters		358	358	716
Total Governor's Recommendations	5,340	5,807	5,894	11,701
Fund: 2200 - Game and Fish (Operations)				
FY2019 Appropriations	90,138	90,138	90,138	180,276
Base Adjustments				

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Pension Allocation		446	707	1,153
Forecast Base	90,138	90,584	90,845	181,429
Change Items				
Operating Adjustment		2,295	4,033	6,328
Sustaining Minnesota's White-Tailed Deer		908	908	1,816
Angler Surveys to Inform Fisheries Management		278	532	810
Fish and Wildlife Dedicated Deer License Revenue		(7,146)	(7,146)	(14,292)
Ice Safety Program		176	176	352
Total Governor's Recommendations	90,138	87,095	89,348	176,443
Fund: 2209 - Heritage Enhancement				
FY2019 Appropriations	13,961	13,961	13,961	27,922
Base Adjustments				
Pension Allocation		34	34	68
Forecast Base	13,961	13,995	13,995	27,990
Change Items				
Operating Adjustment		191	368	559
Total Governor's Recommendations	13,961	14,186	14,363	28,549
Fund: 2212 - Peace Officer Training Account				
FY2019 Appropriations	135	135	135	270
Forecast Base	135	135	135	270
Total Governor's Recommendations	135	135	135	270
Fund: 2300 - Outdoor Heritage				
FY2019 Appropriations	95,415	95,415	95,415	190,830
Base Adjustments				
One-Time Legacy Fund Appropriations		(95,415)	(95,415)	(190,830)
Forecast Base	95,415	0	0	0
Total Governor's Recommendations	95,415	0	0	0
Fund: 2302 - Clean Water				
FY2019 Appropriations	8,446	8,446	8,446	16,892
Base Adjustments				
One-Time Legacy Fund Appropriations		(8,446)	(8,446)	(16,892)
Forecast Base	8,446	0	0	0
Change Items				
Aquifer Monitoring for Water Supply Planning		2,325	2,325	4,650
Buffer Map Maintenance		100	100	200
Color Infrared Imagery Analysis		325	325	650
County Geologic Atlases		150	150	300

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fish Contamination Assessment		135	135	270
Forests for the Future		750	750	1,500
Lake IBI Assessment		1,250	1,250	2,500
Nonpoint Source Restoration and Protection Activities		1,200	1,200	2,400
Applied Research and Tools		700	700	1,400
Stream Flow Monitoring		2,200	2,200	4,400
Watershed Restoration and Protection Strategies		2,016	2,016	4,032
Total Governor's Recommendations	8,446	11,151	11,151	22,302
Fund: 2303 - Parks and Trails				
FY2019 Appropriations	28,883	28,883	28,883	57,766
Base Adjustments				
One-Time Legacy Fund Appropriations		(28,883)	(28,883)	(57,766)
Forecast Base	28,883	0	0	0
Change Items				
Parks and Trails Legacy Funds - DNR		19,750	20,230	39,980
Parks and Trails Legacy Funds - Greater Minnesota		9,875	10,115	19,990
Parks and Trails Legacy Funds - Coordination		499	511	1,010
Total Governor's Recommendations	28,883	30,124	30,856	60,980
Fund: 2801 - Remediation				
FY2019 Appropriations	104	104	104	208
Base Adjustments				
Pension Allocation		1	2	3
Forecast Base	104	105	106	211
Change Items				
Operating Adjustment		1	3	4
Total Governor's Recommendations	104	106	109	215
Open				
Fund: 1000 - General				
FY2019 Appropriations	62,906	62,906	62,906	125,812
Base Adjustments				
Forecast Open Appropriation Adjustment	494	1,300	1,676	2,976
November Forecast Adjustment	27	(35)	(95)	(130)
February Forecast Adjustment		4	3	7
Forecast Base	63,427	64,175	64,490	128,665
Total Governor's Recommendations	63,427	64,175	64,490	128,665
Fund: 2050 - Environment & Natural Resources				

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
FY2019 Appropriations	68	68	68	136
Base Adjustments				
All Other One-Time Appropriations		(68)	(68)	(136)
Forecast Base	68	0	0	0
Total Governor's Recommendations	68	0	0	0
Fund: 2100 - Water Recreation				
Base Adjustments				
Forecast Open Appropriation Adjustment	214	214	214	428
Forecast Base	214	214	214	428
Total Governor's Recommendations	214	214	214	428
Fund: 2101 - Snowmobile				
Base Adjustments				
Forecast Open Appropriation Adjustment	103	103	103	206
Forecast Base	103	103	103	206
Total Governor's Recommendations	103	103	103	206
Fund: 2102 - All-Terrain Vehicle				
Base Adjustments				
Forecast Open Appropriation Adjustment	103	103	103	206
Forecast Base	103	103	103	206
Total Governor's Recommendations	103	103	103	206
Fund: 2103 - Off-Highway Motorcycle				
Base Adjustments				
Forecast Open Appropriation Adjustment	21	21	21	42
Forecast Base	21	21	21	42
Total Governor's Recommendations	21	21	21	42
Fund: 2104 - Off-Road Vehicle				
Base Adjustments				
Forecast Open Appropriation Adjustment	21	21	21	42
Forecast Base	21	21	21	42
Total Governor's Recommendations	21	21	21	42
Fund: 2106 - State Park				
Base Adjustments				
Forecast Open Appropriation Adjustment	139	139	139	278
Forecast Base	139	139	139	278

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	139	139	139	278
Fund: 2107 - State Pks & Trls Lott In Lieu				
Base Adjustments				
Forecast Open Appropriation Adjustment	60	60	60	120
Forecast Base	60	60	60	120
Total Governor's Recommendations	60	60	60	120
Fund: 2112 - Invasive Species				
Base Adjustments				
Forecast Open Appropriation Adjustment	21	21	21	42
Forecast Base	21	21	21	42
Total Governor's Recommendations	21	21	21	42
Fund: 2113 - Forest Management Investment				
Base Adjustments				
Forecast Open Appropriation Adjustment	144	144	144	288
Forecast Base	144	144	144	288
Total Governor's Recommendations	144	144	144	288
Fund: 2114 - Mineral Management				
Base Adjustments				
All Other One-Time Appropriations	22	22	22	44
Forecast Open Appropriation Adjustment	1,396	1,091	106	1,197
February Forecast Adjustment		1,073	798	1,871
Forecast Base	1,418	2,186	926	3,112
Total Governor's Recommendations	1,418	2,186	926	3,112
Fund: 2119 - State Land & Water Conservation				
Base Adjustments				
Forecast Open Appropriation Adjustment	1	1	1	2
Forecast Base	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Fund: 2120 - Water Management Account				
Base Adjustments				
Forecast Open Appropriation Adjustment	38	38	38	76
Forecast Base	38	38	38	76
Total Governor's Recommendations	38	38	38	76

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2200 - Game and Fish (Operations)				
Base Adjustments				
Forecast Open Appropriation Adjustment	1,407	1,650	1,650	3,300
Forecast Base	1,407	1,650	1,650	3,300
Total Governor's Recommendations	1,407	1,650	1,650	3,300
Fund: 2300 - Outdoor Heritage				
FY2019 Appropriations	284	284	284	568
Base Adjustments				
One-Time Legacy Fund Appropriations		(284)	(284)	(568)
Forecast Base	284	0	0	0
Total Governor's Recommendations	284	0	0	0
Fund: 2302 - Clean Water				
FY2019 Appropriations	260	260	260	520
Base Adjustments				
One-Time Legacy Fund Appropriations		(260)	(260)	(520)
Forecast Base	260	0	0	0
Total Governor's Recommendations	260	0	0	0
Fund: 2303 - Parks and Trails				
FY2019 Appropriations	110	110	110	220
Base Adjustments				
One-Time Legacy Fund Appropriations		(110)	(110)	(220)
Forecast Base	110	0	0	0
Total Governor's Recommendations	110	0	0	0
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	16,968	9,665	9,775	19,440
Forecast Base	16,968	9,665	9,775	19,440
Change Items				
Transportation Funding Package		176	522	698
Total Governor's Recommendations	16,968	9,841	10,297	20,138
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	148,516	138,098	136,628	274,726
Forecast Base	148,516	138,098	136,628	274,726
Total Governor's Recommendations	148,516	138,098	136,628	274,726

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2100 - Water Recreation				
Planned Spending	220	60	65	125
Forecast Base	220	60	65	125
Total Governor's Recommendations	220	60	65	125
Fund: 2101 - Snowmobile				
Planned Spending	35	35	35	70
Forecast Base	35	35	35	70
Total Governor's Recommendations	35	35	35	70
Fund: 2102 - All-Terrain Vehicle				
Planned Spending	50	136		136
Forecast Base	50	136		136
Total Governor's Recommendations	50	136		136
Fund: 2106 - State Park				
Planned Spending	850	850	850	1,700
Forecast Base	850	850	850	1,700
Total Governor's Recommendations	850	850	850	1,700
Fund: 2115 - Mining Administration Account				
Planned Spending	1,838	1,500	674	2,174
Forecast Base	1,838	1,500	674	2,174
Total Governor's Recommendations	1,838	1,500	674	2,174
Fund: 2116 - Cross Country Ski				
Planned Spending	279	279	279	558
Forecast Base	279	279	279	558
Change Items				
Cross-Country Ski Pass Fee Increase		35	35	70
Total Governor's Recommendations	279	314	314	628
Fund: 2117 - Natural Resource Misc Statutory				
Planned Spending	3,823	3,952	3,952	7,904
Forecast Base	3,823	3,952	3,952	7,904
Change Items				
Protecting Special Forest Products		2	2	4
State Trail Special Event Account		5	5	10
Total Governor's Recommendations	3,823	3,959	3,959	7,918

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2118 - Land Acquisition				
Planned Spending	185	172	172	344
Forecast Base	185	172	172	344
Change Items				
Authorize Strategic Land Sales		(8)	(8)	(16)
Total Governor's Recommendations	185	164	164	328
Fund: 2119 - State Land & Water Conservation				
Planned Spending	200	800	800	1,600
Forecast Base	200	800	800	1,600
Total Governor's Recommendations	200	800	800	1,600
Fund: 2200 - Game and Fish (Operations)				
Planned Spending	3,615	3,569	3,567	7,136
Forecast Base	3,615	3,569	3,567	7,136
Total Governor's Recommendations	3,615	3,569	3,567	7,136
Fund: 2201 - Computerized Lic Deer/Bear Mgmt				
Planned Spending	1,300	1,110	1,085	2,195
Forecast Base	1,300	1,110	1,085	2,195
Total Governor's Recommendations	1,300	1,110	1,085	2,195
Fund: 2202 - Deer Habitat Improvement				
Planned Spending	1,460	1,400	1,400	2,800
Forecast Base	1,460	1,400	1,400	2,800
Change Items				
Fish and Wildlife Dedicated Deer License Revenue		7,146	7,146	14,292
Total Governor's Recommendations	1,460	8,546	8,546	17,092
Fund: 2203 - Waterfowl Habitat Improvement				
Planned Spending	645	650	650	1,300
Forecast Base	645	650	650	1,300
Total Governor's Recommendations	645	650	650	1,300
Fund: 2204 - Trout And Salmon Management				
Planned Spending	1,075	1,000	1,000	2,000
Forecast Base	1,075	1,000	1,000	2,000
Total Governor's Recommendations	1,075	1,000	1,000	2,000
Fund: 2205 - Pheasant Habitat Improvement				

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Planned Spending	490	450	450	900
Forecast Base	490	450	450	900
Total Governor's Recommendations	490	450	450	900
Fund: 2206 - Wild Rice Management				
Planned Spending	40	40	40	80
Forecast Base	40	40	40	80
Total Governor's Recommendations	40	40	40	80
Fund: 2207 - Wildlife Acquisition Surcharge				
Planned Spending	2,599	1,485	1,485	2,970
Forecast Base	2,599	1,485	1,485	2,970
Total Governor's Recommendations	2,599	1,485	1,485	2,970
Fund: 2208 - Wild Turkey Management				
Planned Spending	230	230	230	460
Forecast Base	230	230	230	460
Total Governor's Recommendations	230	230	230	460
Fund: 2211 - Walleye Stamp Account				
Planned Spending	90	90	90	180
Forecast Base	90	90	90	180
Total Governor's Recommendations	90	90	90	180
Fund: 2213 - Wolf Management & Monitoring				
Planned Spending	300	250	250	500
Forecast Base	300	250	250	500
Total Governor's Recommendations	300	250	250	500
Fund: 2401 - Reinvest In Minnesota-Gifts				
Planned Spending	5,324	5,148	5,148	10,296
Forecast Base	5,324	5,148	5,148	10,296
Change Items				
Operating Adjustment		15	29	44
Total Governor's Recommendations	5,324	5,163	5,177	10,340
Fund: 2403 - Gift				
Planned Spending	2,880	1,678	1,678	3,356
Forecast Base	2,880	1,678	1,678	3,356
Total Governor's Recommendations	2,880	1,678	1,678	3,356

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2801 - Remediation				
Planned Spending	3,518	7,537	7,500	15,037
Forecast Base	3,518	7,537	7,500	15,037
Total Governor's Recommendations	3,518	7,537	7,500	15,037
Fund: 3000 - Federal				
Planned Spending	24,531	36,128	36,708	72,836
Forecast Base	24,531	36,128	36,708	72,836
Total Governor's Recommendations	24,531	36,128	36,708	72,836
Fund: 3800 - Permanent School				
Planned Spending	4	4	4	8
Forecast Base	4	4	4	8
Total Governor's Recommendations	4	4	4	8
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	14,451	14,367	14,333	28,700
Total Governor's Recommendations	14,451	14,367	14,333	28,700
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	135,765	136,488	136,384	272,872
Total Governor's Recommendations	135,765	136,488	136,384	272,872
Fund: 2100 - Water Recreation				
Forecast Revenues	70	70	70	140
Total Governor's Recommendations	70	70	70	140
Fund: 2101 - Snowmobile				
Forecast Revenues	35	35	35	70
Total Governor's Recommendations	35	35	35	70
Fund: 2106 - State Park				
Forecast Revenues	1,710	1,710	1,710	3,420
Total Governor's Recommendations	1,710	1,710	1,710	3,420
Fund: 2115 - Mining Administration Account				

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	1,003	612	612	1,224
Total Governor's Recommendations	1,003	612	612	1,224
Fund: 2116 - Cross Country Ski				
Forecast Revenues	279	279	279	558
Change Items				
Cross-Country Ski Pass Fee Increase		70	70	140
Total Governor's Recommendations	279	349	349	698
Fund: 2117 - Natural Resource Misc Statutory				
Forecast Revenues	3,862	3,848	3,948	7,796
Change Items				
Protecting Special Forest Products		2	2	4
Total Governor's Recommendations	3,862	3,850	3,950	7,800
Fund: 2118 - Land Acquisition				
Forecast Revenues	362	219	219	438
Change Items				
Authorize Strategic Land Sales		174		174
Total Governor's Recommendations	362	393	219	612
Fund: 2119 - State Land & Water Conservation				
Forecast Revenues	200	800	800	1,600
Total Governor's Recommendations	200	800	800	1,600
Fund: 2200 - Game and Fish (Operations)				
Forecast Revenues	4,786	4,755	4,755	9,510
Total Governor's Recommendations	4,786	4,755	4,755	9,510
Fund: 2201 - Computerized Lic Deer/Bear Mgmt				
Forecast Revenues	1,028	1,018	1,018	2,036
Total Governor's Recommendations	1,028	1,018	1,018	2,036
Fund: 2202 - Deer Habitat Improvement				
Forecast Revenues	1,325	1,325	1,325	2,650
Change Items				
Fish and Wildlife Dedicated Deer License Revenue		7,146	7,146	14,292
Total Governor's Recommendations	1,325	8,471	8,471	16,942
Fund: 2203 - Waterfowl Habitat Improvement				

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	575	575	575	1,150
Total Governor's Recommendations	575	575	575	1,150
Fund: 2204 - Trout And Salmon Management				
Forecast Revenues	1,000	1,000	1,000	2,000
Total Governor's Recommendations	1,000	1,000	1,000	2,000
Fund: 2205 - Pheasant Habitat Improvement				
Forecast Revenues	450	450	450	900
Total Governor's Recommendations	450	450	450	900
Fund: 2206 - Wild Rice Management				
Forecast Revenues	31	40	40	80
Total Governor's Recommendations	31	40	40	80
Fund: 2207 - Wildlife Acquisition Surcharge				
Forecast Revenues	1,450	1,425	1,400	2,825
Total Governor's Recommendations	1,450	1,425	1,400	2,825
Fund: 2208 - Wild Turkey Management				
Forecast Revenues	200	200	200	400
Total Governor's Recommendations	200	200	200	400
Fund: 2211 - Walleye Stamp Account				
Forecast Revenues	90	90	90	180
Total Governor's Recommendations	90	90	90	180
Fund: 2213 - Wolf Management & Monitoring				
Forecast Revenues	330	320	320	640
Total Governor's Recommendations	330	320	320	640
Fund: 2401 - Reinvest In Minnesota-Gifts				
Forecast Revenues	225	225	225	450
Total Governor's Recommendations	225	225	225	450
Fund: 2403 - Gift				
Forecast Revenues	1,589	1,615	1,654	3,269
Total Governor's Recommendations	1,589	1,615	1,654	3,269
Fund: 2801 - Remediation				

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	2,537	2,537		2,537
Total Governor's Recommendations	2,537	2,537		2,537
Fund: 3000 - Federal				
Forecast Revenues	24,404	36,128	36,708	72,836
Total Governor's Recommendations	24,404	36,128	36,708	72,836
Fund: 3800 - Permanent School				
Forecast Revenues	31,452	26,684	24,780	51,464
Total Governor's Recommendations	31,452	26,684	24,780	51,464
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	725	708	688	1,396
Total Governor's Recommendations	725	708	688	1,396
Fund: 2100 - Water Recreation				
Forecast Revenues	6,968	6,968	6,968	13,936
Change Items				
Increase Boating Registration Fees and Aquatic Invasive Species Surcharge		2,963	2,963	5,926
Total Governor's Recommendations	6,968	9,931	9,931	19,862
Fund: 2101 - Snowmobile				
Forecast Revenues	7,093	7,693	5,793	13,486
Total Governor's Recommendations	7,093	7,693	5,793	13,486
Fund: 2102 - All-Terrain Vehicle				
Forecast Revenues	6,053	6,054	6,053	12,107
Total Governor's Recommendations	6,053	6,054	6,053	12,107
Fund: 2103 - Off-Highway Motorcycle				
Forecast Revenues	131	131	131	262
Total Governor's Recommendations	131	131	131	262
Fund: 2104 - Off-Road Vehicle				
Forecast Revenues	48	48	48	96
Total Governor's Recommendations	48	48	48	96
Fund: 2106 - State Park				

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	16,605	16,605	16,605	33,210
Total Governor's Recommendations	16,605	16,605	16,605	33,210
Fund: 2107 - State Pks & Trls Lott In Lieu				
Forecast Revenues	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Fund: 2111 - Nongame				
Forecast Revenues	951	951	951	1,902
Total Governor's Recommendations	951	951	951	1,902
Fund: 2112 - Invasive Species				
Forecast Revenues	1,347	1,347	1,347	2,694
Change Items				
Increase Boating Registration Fees and Aquatic Invasive Species Surcharge		652	652	1,304
Total Governor's Recommendations	1,347	1,999	1,999	3,998
Fund: 2113 - Forest Management Investment				
Forecast Revenues	4,297	4,092	3,882	7,974
Total Governor's Recommendations	4,297	4,092	3,882	7,974
Fund: 2114 - Mineral Management				
Forecast Revenues	5,510	4,105	3,580	7,685
Total Governor's Recommendations	5,510	4,105	3,580	7,685
Fund: 2119 - State Land & Water Conservation				
Forecast Revenues	201	600	600	1,200
Total Governor's Recommendations	201	600	600	1,200
Fund: 2120 - Water Management Account				
Forecast Revenues	5,049	5,049	5,049	10,098
Change Items				
Protecting Our Public Waters		358	358	716
Total Governor's Recommendations	5,049	5,407	5,407	10,814
Fund: 2200 - Game and Fish (Operations)				
Forecast Revenues	92,941	92,561	92,551	185,112
Change Items				
Sustaining Minnesota's White-Tailed Deer		681	681	1,362
Fish and Wildlife Dedicated Deer License Revenue		(7,146)	(7,146)	(14,292)

Natural Resources

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	92,941	86,096	86,086	172,182
Fund: 2209 - Heritage Enhancement				
Forecast Revenues	2	18	2	20
Total Governor's Recommendations	2	18	2	20
Fund: 2210 - Lifetime Fish & Wildlife Trust				
Forecast Revenues	795	765	742	1,507
Total Governor's Recommendations	795	765	742	1,507

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,854	2,965	3,001	3,001
Other Funds				
Expenditures	3,905	7,147	7,368	7,368
Net Fiscal Impact = (Expenditures – Revenues)	5,759	10,112	10,369	10,369
FTEs	48	95	95	95

Recommendation:

The Governor recommends additional funding of \$5.759 million in FY 2020, \$10.112 million in FY 2021, and \$10.369 million thereafter to maintain the current level of service delivery at the Department of Natural Resources (DNR). This accounts for known increases of 2 percent in current projected compensation for DNR and anticipated MNIT increased rates of \$1.1 million annually. Please note that the compensation calculations for FY22-23 account for known growth on increases from the pension reform enacted in the 2018 legislative session.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that typically remain flat from year to year.

For the DNR, known cost increases include current contract compensation that are projected to add an additional 2 percent per year to our compensation needs for the 2020-21 biennium. This is a \$4.659 million increase in FY 2020, a \$9.012 million increase in FY 2021, and a \$9.269 million increase in FY22 and thereafter in the direct appropriated funds. The \$257,000 increase in FY22 is due to pension reform passed in the 2018 legislative session, which increases employer contributions through FY23 for the DNR's Enforcement division. (This proposal reflects 2 percent known growth of that obligation.)

In addition, MNIT projections for information technology services for the DNR show an estimated increase of \$1.1 million per year. In the FY20-21 Biennium, DNR will transition from a local to an enterprise service delivery model for workstation management (laptop/desktop computer support and refresh) and service/help desk support. Regular replacement of workstations will be included as part of the service rate, in order to ensure the security and supportability of state agency computers. The agency will also transition to the enterprise service/help desk, which provides 24/7 support to agency staff. In addition, for the FY20-21 biennium, DNR's portion of MNIT administrative overhead expenses is projected to increase. MNIT overhead expenses include HR, finance, procurement, enterprise project management, and security activities. These expenses are allocated to agencies based on their total IT spend and total number of dedicated MNIT staff as of fiscal year 2017.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes. For the DNR, an erosion of services includes lower fish and wildlife monitoring, fewer conservation officers, fewer AIS inspections, slower permit reviews, reduced trail maintenance, additional

deferred maintenance on the DNR infrastructure, reduced field work on DNR lands, shorter parks seasons and reduced customer service at state parks.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the DNR, this funding will cover known employee compensation growth of 2 percent. This proposal impacts all of our direct appropriated funds in the following amounts. These funds either have sufficient resources to fund this proposal or the Governor recommended a fee increase adequate to support this proposal.

The annual increase of \$1.1 million in projected MN.IT costs is driven by three primary factors: 1) the transition from DNR's desktop support program to MN.IT Enterprises Workstation Support services and rates; 2) the transition to Enterprise rates for software (Microsoft Suite and Security oversight services); and 3) estimated increases for MN.IT central administration.

Fund/Account Name	FY20	FY21	FY22	FY23
General Fund	1,854	2,965	3,001	3,001
Water Recreation Account	281	544	568	568
Snowmobile Account	107	208	220	220
All-Terrain Vehicle (ATV) Account	104	201	217	217
Off-Highway Motorcycle (OHM) Account	5	10	11	11
Off-Road Vehicle (ORV) Account	8	16	17	17
State Park Account	307	592	593	593
State Parks Lottery in Lieu (LIL) Account	98	189	189	189
Nongame Account	15	29	29	29
Aquatic Invasive Species (AIS) Account	51	100	100	100
Forest Management and Investment Account (FMIA)	287	554	554	554
Minerals Management Account (MMA)	54	105	105	105
Cross Country Ski Account	1	2	2	2
State Land and Water Conversation (LAWCON)	4	7	7	7
Water Management Account	93	180	180	180
Game and Fish Operations Account	2,295	4,033	4,198	4,198
Heritage Enhancement Account	191	368	368	368
Remediation Fund	1	3	4	4
Permanent School Fund	3	6	6	6
Total	5,759	10,112	10,369	10,369

IT Related Proposals:

No IT impact.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

N.A.

Department of Natural Resources

FY 20-21 Biennial Budget Change Item

Change Item Title: Legal Costs

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (DNR)	2,137	2,290	0	0
Transfer Out (DNR)	720	918	0	0
Transfer In (MPCA)	720	918	0	0
Expenditures (MPCA)	720	918	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,857	3,208	0	0
FTEs	1.0	1.0	0	0

Recommendation:

The Governor recommends that the Department of Natural Resources (DNR) and the Minnesota Pollution Control Agency (MPCA) be appropriated \$5.565 million in FY20-21 from the General Fund (\$2.357 million in FY20 and \$3.208 million in FY21) for the legal support costs they will incur to defend the agencies' decisions in contested proceedings. Supplemental funding gives the agencies the ability to defend their environmental and natural resources decisions whether in federal or state court, contested case hearings, mediation and other venues without imposing undue hardship on existing division budgets. This proposal also extends the availability of \$500,000 in funds provided for this purpose in the 2016 session.

Rationale/Background:

DNR's mission is to work with citizens to conserve and manage the state's natural resources, to provide outdoor recreation opportunities, and to provide for commercial uses of natural resources in a way that creates a sustainable quality of life. This mission brings together diverse constituencies who may disagree with DNR's decisions. The MPCA's mission is to protect and improve the environment and enhance human health. DNR and MPCA's natural resources and environmental regulatory, permit, leasing, or other types of decisions can be, and often are, challenged through either contested case or judicial proceedings. The cost of defending these decisions can be significant.

DNR and the MPCA will have difficulty adequately defending the legal challenges to the state's decisions without sufficient resources. Costs associated with the NorthMet project include outside legal counsel, staff and in-house counsel, records management, and related expenses. DNR is involved in several other large pieces of litigation, and anticipates being challenged on a number of complex water and mining decisions over the biennium. Costs associated with defending these agency decisions include in-house counsel costs, Attorney General's Office fees, Office of Administrative Hearings costs, and other defense preparation. In these cases, the DNR anticipates its decisions will be challenged regardless of the decision.

DNR and the MPCA are increasingly dependent on dedicated funding sources from the state – the agencies' share of General Fund as a part of the budget continues to diminish. DNR and MPCA do not have the ability to seek reimbursement of attorney's fees or other litigation costs from project proponents, plaintiffs or defendants except in very rare cases. Not defending the agency decision is not an option. This means that the DNR and MPCA

must seek additional resources from the Legislature or reduce/eliminate program funding in order to cover these costs.

Providing special appropriations for these large and unexpected legal costs has precedent. An example is an appropriation that the Legislature provided to defend the 1837 Treaty Rights lawsuit that was eventually heard by the U.S. Supreme Court in the 1990s. More recently, the Legislature appropriated \$750,000 to the DNR in ML 2015, 1st Special Session (\$300,000 in FY16 and \$450,000 in FY17) for legal costs related to water management that is available until June 30, 2018.

Laws of Minnesota 2016 appropriated \$4.4 million to the DNR that was split between both agencies (DNR - \$3.233 million and MPCA - \$1.167 million) related to NorthMet mining legal costs with funds available until June 30, 2019. DNR and MPCA are seeking a two-year extension to this appropriation, through June 30, 2021. Laws of Minnesota 2017 appropriated \$1.965 million to DNR and MPCA for legal costs (DNR - \$1.483 million and MPCA - \$0.482 million). The 2016 appropriation extension and 2017 appropriation amount are both factored into this FY20-21 request.

Proposal:

This request is for \$5.565 million (\$2.357 million in FY20 and \$3.208 million in FY21) for anticipated legal support costs in the next biennium above and beyond the current appropriations. This recommendation is based on the agencies' recent cost experience. Of this amount, \$720,000 in FY20 and \$918,000 in FY21 would transfer from DNR to MPCA for their legal support needs.

The majority of the funding would go toward the attorney general's office, contracted legal support, and other litigation related costs over the next two years. It also funds one position at DNR in FY20-21 to provide in-house legal counsel and related legal services to support the agency on the anticipated legal proceedings.

In addition to the requested amount, DNR and MPCA seek a two-year extension (through FY21) of a 2016 appropriation for legal costs related to the NorthMet mining project. This appropriation is in Laws of Minnesota 2016, Chapter 189, Article 3, Section 3, Subdivision 8 and currently expires at the end of FY19. This proposal anticipates up to \$500,000 to carryforward from FY19 to FY20.

Equity and Inclusion:

This proposal is not submitted in order to reduce or eliminate social disparities or inequities.

IT Related Proposals:

Not applicable

Results:

Strong legal team to support the agencies on legal challenges relating to Polymet, White Bear Lake, Fargo-Moorhead Diversion, and other work.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Funding Integrity – other General Fund resources are not directed away from DNR or MPCA program priorities for this work	\$300,000 General Fund appropriation – FY16 \$1,599,000 General Fund appropriation – FY16	\$450,000 General Fund appropriation – FY17 \$2,801,000 General Fund appropriation FY17 \$1,965,000 General Fund	June 30, 2017 June 30, 2019 June 30, 2021
Results	Agency Decision – agency decisions are robustly defended			

Statutory Change(s):

NA

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Increase Boating Registration Fees and Aquatic Invasive Species Surcharge

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Water Recreation Account (2100)				
Expenditures	2,392	2,392	2,392	2,392
Revenues	2,963	2,963	2,963	2,963
Invasive Species Account (2112)				
Expenditures	100	100	100	100
Revenues	652	652	652	652
Net Fiscal Impact = (Expenditures – Revenues)	(1,123)	(1,123)	(1,123)	(1,123)
FTEs	9.5	9.5	9.5	9.5

Recommendation:

The Governor recommends increasing boat license fees to generate \$2.963 million in revenue to fund critical investments of \$2.392 million annually in Minnesota's water recreation facilities and services. These investments include operations and maintenance of public water access sites and state water trails (\$542,000), increasing boating access site rehabilitation (\$800,000), boating and water safety enforcement (\$550,000), and water protection and land use activities (\$500,000). This revenue also funds the Governor's proposed operating adjustment, which is reflected on a different change page.

The Governor also recommends increasing the Aquatic Invasive Species (AIS) Surcharge from \$5 to \$7.25, adding approximately \$652,000 annually to the Invasive Species Account. This increase funds a partial restoration of aquatic plant management grants (\$350,000 per year) and provides new funding for responding to new invasive species such as starry stonewort (\$100,000 per year).

Rationale/Background:

Minnesota is renowned for its abundant water recreation opportunities. Recreational boating is a \$5.5 billion economic engine in Minnesota that relies on public water access infrastructure to serve boaters, paddlers, anglers, and industries. There are 826,000 boats registered in Minnesota, and this number has held steady in recent years. Minnesota leads the nation in the number of boats per capita with one boat for every six people. Boat license fees have not increased since 2006. Prior to 2006, registration fees for boats less than 17 feet in length and all canoes and kayaks had not increased since 1981. Fees for other watercraft increased in 2000.

The Water Recreation Account is a dedicated account in the Natural Resources Fund that directly supports boaters, paddlers, anglers, riparian residents and businesses with facilities, services, and programs across multiple DNR divisions.

- Parks and Trails manages approximately 1,500 public water access sites on Minnesota's lakes and rivers. Boaters want enhanced facilities, including longer, wider launch ramps; boarding and tie-up docks; restrooms; accessibility improvements; AIS boat cleaning areas; and storm water management. The division also maintains a 4,500-mile water trail system on 34 designated rivers and Lake Superior. Paddlers want waterways free of obstructions with well-maintained rest areas, campsites, and portages.
- Enforcement provides boat and water safety enforcement, outreach and training as well as financial grants to 72 sheriff's offices for boating patrol hours and emergency response efforts. That amount has been consistent at \$1.082 million since 1980. Enforcement conservation officers and sheriff's offices work both collaboratively and independently to patrol waterways, enforce boating laws and provide education aimed at reducing boating-related accidents and injuries and increasing safety and enjoyment.

- Ecological and Water Resources manages public water protection activities through public water work permits. They also collect and monitor stream-flow data for flood warnings and paddling conditions.
- Fish and Wildlife manages the aquatic plant management program through permitting and develops fish management plans that include winter aeration systems.

The Invasive Species Account is a dedicated account used to prevent the introduction of new invasive species to Minnesota, prevent the spread of invasive species within Minnesota and to reduce the impacts caused by invasive species to Minnesota's ecology, society and economy. The funds currently come from a \$5 surcharge on each 3-year boat license, a \$5 fee on each non-resident fishing license and \$750,000 transfer from the water recreation account.

The AIS watercraft surcharge started in Minnesota in 1990 when the legislature authorized a \$2 surcharge on a three-year watercraft registration for purple loosestrife and Eurasian watermilfoil programs. The scope of the surcharge expanded in its early days and the \$5 surcharge on a three-year watercraft registration has been in place since 1993.

AIS cause serious economic, recreational and environmental harm. Minnesota leads Midwestern states in preventing the spread of AIS, largely due to the effectiveness of the DNR's Invasive Species Program.

- Ecological and Water Resources provide watercraft inspectors, local unit of government assistance and inspector training, invasive carp monitoring, aquatic invasive species prevention and management, and assistance to local units of governments and lake associations in the control of invasive aquatic plants;
- Enforcement detects and responds to AIS violations.

Proposal:

This proposal increases watercraft registration fees and the AIS surcharge starting January 1, 2020, and would annually generate an estimated \$2.963 million for the water recreation account and \$652,000 for the Aquatic Invasive Species Account.

The new revenue from this proposal 1) addresses the structural deficit in the fund balance of both accounts, 2) funds the Governor's proposed operating adjustment, and 3) makes critical annual investments of \$2.392 million in the Water Recreation Account and \$200,000 in the Aquatic Invasive Species Account.

Water Recreation Account

- Supporting the continued operation and maintenance of the boat access and water trail systems for user safety and enjoyment (\$542,000).
- Increasing boating access site rehabilitation in collaboration with local government unit partners (\$800,000), by:
 - Upgrading facilities to American with Disabilities Act (ADA) design standards;
 - Helping to prevent the spread of aquatic invasive species by adding clean in, clean out areas;
 - Incorporating resilient infrastructure and native vegetation with best management practices for storm water runoff, erosion control, and shoreline buffer areas;
- Increasing capacity for DNR enforcement to conduct boating and water safety education, enforcement, outreach and training, with the goal of reducing accidents and injuries (\$450,000);
- Increase grants to local sheriff offices annually to reimburse for search and rescue efforts (\$100,000); and
- Partially supporting public water protection and land use programs (\$500,000).

Aquatic Invasive Species Account

- Restoring grants for management of invasive aquatic plants (\$350,000 reflects ability to spend at current appropriated level); and
- Supporting emergency efforts to restore habitat and native species to waterbodies degraded by Starry Stonewort and Zebra Mussels (\$100,000).

Watercraft Registration and Aquatic Invasive Species Surcharge Increase Proposal

Type of Watercraft	Current License Fee	Proposed License Fee	Proposed AIS Surcharge	*Total 3-year Fee
Watercraft owned by a non-profit organization (scout/youth camps, YMCA)	\$4.50	\$5.75	\$7.25	\$17.50
Sailboats up to 19 ft.	\$10.50	\$15.25	\$7.25	\$27.00
Rental or Lease watercraft up to 19 ft.	\$9.00	\$11.25	\$7.25	\$23.00
Rental or Lease Personal Watercraft	\$37.50	\$47.00	\$7.25	\$58.75
Non-Motorized (over 10 ft.)	\$10.50	\$15.25	\$7.25	\$27.00
Personal Watercraft (Jet Skis)	\$37.50	\$54.50	\$7.25	\$66.25
Pleasure craft less than 17 ft.	\$18.00	\$26.00	\$7.25	\$37.75
Pleasure craft 17 ft. up to 19 ft.	\$27.00	\$39.25	\$7.25	\$51.00
Pleasure craft 19 ft. to less than 26 ft.	\$45.00	\$65.25	\$7.25	\$77.00
Pleasure craft 26 ft. to less than 40 ft.	\$67.50	\$98.00	\$7.25	\$109.75
Pleasure craft 40 ft. in length and over	\$90.00	\$130.50	\$7.25	\$142.25
Dealer's License	\$67.50	\$98.00	\$7.25	\$109.75
Watercraft over 19 ft. in length for hire with operator	\$75.00	\$108.75	\$7.25	\$120.50

*Total includes \$4.50 issuing fee (issuing fees vary by transaction)

Equity and Inclusion:

This proposal supports inclusiveness and welcomes all people to enjoy Minnesota's abundant water recreation opportunities. All users benefit from better-designed boat access facilities and increased boating and water safety services. The resulting revenue increase will help reduce disparities for boaters and paddlers with disabilities by making improvements to boat access facilities, including pathways, boarding docks and restrooms, and will create the largest positive impact for aging users and those with mobility challenges.

IT Related Proposals:

This proposal does not have an IT-related component.

Results:

- Continue to improve boating access facilities so they are safe, efficient and resilient with a target of 15-30 sites/year rehabilitated and best management practices applied.
- Continue to maintain boat access sites and state water trail system for user safety and satisfaction.
- Increase grants by 25% to county sheriff boating patrols for enforcement and education of boating laws, increase available reimbursement for search and rescue efforts, and provide boating safety training to more people with a goal to decrease the number of boating accidents and deaths to zero.
- Reinstate Invasive Aquatic Plant management grants.
- Support emergency response efforts for new invasive species.

Statutory Change(s):

M.S. 86B.415 Watercraft License Fees (AIS Surcharge is authorized in subdivision 7).

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Sustaining Minnesota's White-Tailed Deer

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,410	2,160	1,100	1,100
Revenues	0	0	0	0
Game and Fish				
Expenditures	908	908	908	908
Revenues	681	681	681	681
Net Fiscal Impact = (Expenditures – Revenues)	2,637	2,387	1,327	1,327
FTEs	18.7	14.7	11.1	11.1

Recommendation:

The Governor recommends \$2.637 million in FY20 and \$2.387 million in FY21 (\$1.327 million thereafter) to benefit deer health and deer management in Minnesota by addressing 1) funding needs related to chronic wasting disease (CWD) surveillance and response and 2) recommendations made by the Office of the Legislative Auditor (OLA) in a recent evaluation of the Department of Natural Resources' (DNR) deer management program. This proposal provides \$2.41 million in FY20, \$2.16 million in FY21, and \$1.1 million annually thereafter from the General Fund for an urgent disease response. Additionally, it invests \$908,000 annually from the Game and Fish Fund for new deer research, which generates a 75 percent federal match of \$681,000 each year. This request is equivalent to a 3.8 percent increase to the FY2020 Fish and Wildlife budget, reduced to 3.4 percent increase in FY2021.

Rationale/Background:

Since the discovery of CWD-positive wild deer in Fillmore County during the 2016 deer season, DNR has been implementing its CWD response plan. Activities conducted under the plan include an aerial survey of the area to assess deer numbers, establishment of a management zone with mandatory collection of additional samples, special hunts and landowner shooting permits, deer feeding bans, and carcass movement restrictions. Additionally, CWD was confirmed in three private captive cervid farms in the past two years. Although cervid farms are regulated by the Board of Animal Health, when a disease is detected in farmed deer, DNR samples hunter-harvested deer around the positive farms for three consecutive years to determine if CWD is present in wild deer. The three-year time frame is reset if additional captive deer test positive for CWD. Providing General Fund support to these activities addresses a policy concern of placing the sole responsibility for funding these activities on hunting and angling license buyers.

The OLA and deer stakeholders alike have recommended DNR work to refine its deer population model and improve transparency of deer management decisions. To facilitate these enhancements, DNR has identified critical research needs related to fawn survival, habitat use, deer movement, and genetic relatedness.

Proposal:

Activity 1. Chronic Wasting Disease (CWD) Response and Enforcement. This request provides \$2.41 million in FY20 and \$2.16 million FY21 for known and anticipated needs for surveillance and response related to disease outbreak detections in wild and captive deer. As of February 2, 2019, testing in Fillmore County has confirmed CWD in 34 wild deer: 11 during the 2016-17 surveillance and response, six in 2017-18, and 17 so far in 2018-19. Two additional wild deer have tested or are suspect positive for CWD, one each in Houston (fall 2018) and Winona (February 2019) counties. The best opportunity to eradicate CWD from wild deer (e.g., Pine Island, 2011) requires

an aggressive response to reduce deer densities and test as many deer as possible for the disease. “Passive” management by other states (e.g., Wisconsin) has resulted in CWD infection rates exceeding 40 percent in some areas. Where there is a known risk such as a positive Cervidae farm, testing wild deer is imperative to 1) confirm the disease is not present in wild deer and 2) reduce deer densities and minimize the risk of spread, if it is. Currently, Minnesota has three captive cervid farms where surveillance is necessary (Crow Wing, Meeker, and Winona counties).

Testing is required for three consecutive years with no positive tests because of the prolonged period between infection and disease. Based on current information about the prevalence of CWD in Minnesota, hunter-harvested deer will be tested for CWD in Meeker County in FY 2020 since no positives were found in FY 2018 or FY2019. Hunter harvested deer will be sampled in Deer Permit Area 603 and around the Winona County farm in FY 2019-2021. DNR has sampled more than 5,400 deer in 2018-19 across the five locations with more samples expected.

This request includes two Conservation Officer positions (2 FTE, \$350,000 in FY20 and \$700,000 in FY21) over three years to work with DNR wildlife staff and the Board of Animal Health when there is reasonable suspicion that laws protecting native wild animals have been violated. This work includes inspecting fences and documenting violations of fencing requirements, carcass importation enforcement, responding to escaped cervids, and other CWD related enforcement activities. The request also includes increased landowner outreach related to CWD (1 FTE, \$120,000 in FY20 and \$240,000 in FY21) also over the three years. USDA Wildlife contracted services total \$500,000 (\$380,000 in FY20 and \$120,000 in FY21).

Currently, disease responses are paid for with Game and Fish funds, either appropriated to the agency or from the Emergency Deer Feeding and Wild Cervid Health Account (M.S. 97A.075, subd. 1d). Fifty cents of every deer license is deposited into the cervid health/deer feeding account, which is approximately \$300,000 per year. With increased CWD prevalence in captive and wild deer, available funds are insufficient to support the anticipated response. Without this initiative, resources will be diverted from other work, resulting in reduced services related to public land and water management, public-use facilities, habitat improvement projects, and assisting landowners with wildlife damage problems. Costs associated with this activity in FY 20 include 13.7 FTE; 10.7 FTE at a cost of \$118,000/FTE. The lab analysis and associated fleet costs are \$297,000 per year. Current anticipated costs in the out years are \$1.1million.

Activity 2. Deer research projects that address and implement OLA recommendations and deer plan objectives-novel research to refine deer management. As part of the 2016 deer program evaluation, the OLA recommended that DNR “improve its resources for estimating deer populations; specifically, DNR should conduct field research to collect and utilize more information about Minnesota’s deer, and to validate DNR deer population estimates.” To address this recommendation, DNR will use GPS collars on fawns and adult deer to:

- Assess seasonal fawn survival and seasonal movement of deer to ensure appropriate scales are used for population estimates from harvest and observational (i.e., aerial and roadside survey) models.
- Obtain deer location data to improve understanding of fine-scale habitat use and inform habitat management in northern Minnesota.
- Document deer dispersal patterns in southeast Minnesota and estimate movements of yearlings and adults to inform CWD surveillance and management.

Additionally, DNR will undertake research to analyze the genetic relatedness of all deer harvested (positive and non-positive) from the areas where CWD positive deer have been confirmed. This will enable DNR to better understand from where infection is originating and how it may be spread.

Finally, DNR needs an FTE to coordinate and manage datasets and online applications related to white-tailed deer research and management to address the need to improve data management practices, along with the public’s expectation that data be more accessible. Software applications designed through this activity will address internal and public information needs.

Costs associated with GPS and genetic activities include a combination of 4 temporary employees (.5 FTE) estimated at \$59,000 each, 2 graduate students (.5 FTE) estimated at \$45,000 each, and 1 FTE at a rate of \$125,000 to coordinate and manage datasets and online applications related to white-tailed deer research and management. Additional supplies and services include: radio collars for \$181,000 per year, contracted helicopter services for \$120,000 per year, and employee travel and fleet related costs of \$130,000 per year. Costs associated with anticipated MNIT service needs are \$26,000 per year.

Equity and Inclusion:

This proposed budget initiative will not impact and is not submitted to reduce or eliminate any disparities for racial and ethnic groups, lesbian, gay, bisexual and transgender groups, persons with disabilities and veterans. We anticipate no impacts (positive or negative) on these groups.

IT Related Proposals:

This proposal requires business analysis and database design services. This also incorporates associated maintenance costs.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)	26	26	26	26	26	26
Total	26	26	26	26	26	26
MNIT FTEs						
Agency FTEs						

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	CWD wild deer tests	50,000	30,000	2017-2020
Quality	Animals tested positive (goal is zero)	1, Pine Island	17 Preston	2011 2016-2017
Results	Deer health- Pine Island	One CWD infection	None	2011-2014
Results	Deer health- Fillmore County	11 CWD infections	6 CWD infections	2016-2017
Quality	Deer modeling and Deer Information		Address OLA concerns	2019-

Statutory Change(s):

NA

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota Forest Management

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures				
Revenues				
Other Funds				
Expenditures	1,000	1,000	1,000	1,000
Revenues				
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	9	9	9	9

Recommendation:

The Governor recommends \$1 million annually from the Forest Management Investment Account to implement the sustainable timber harvest target to increase the economic, social, and environmental benefits gained from healthy and resilient forests. This proposal increases the Division of Forestry's appropriation from Forest Management Investment Account (FMIA) by seven percent.

Rationale/Background:

In March 2018, the Department of Natural Resources (DNR) set a new 10-year sustainable timber target to offer 870,000 cords for sale each year from DNR-managed forest lands (including acquired, consolidated conservation, and school trust lands). Previously, the timber target was 800,000 cords offered for sale each year. The decision came after more than a year of rigorous scientific analysis, public input, and discussions with key partners in conservation organizations and forest industry. Beyond the 870,000 cords, DNR also launched a special five-year initiative to offer up to 30,000 additional cords of ash and tamarack each year in response to threats posed by emerald ash borer and eastern larch beetle, two invasive species that kill ash and tamarack trees. The combined increase of 100,000 cords offered for sale will require at least nine additional foresters to appraise and sell timber, monitor harvests, and oversee site reforestation. The DNR will reach the new higher sustainable timber target beginning in FY19 and continuing beyond. DNR is temporarily shifting resources away from other work priorities to meet the new target in FY19. However, this approach cannot be maintained without new dedicated funding for additional staff.

Proposal:

This proposal provides initial critical investments needed to reach the DNR's new sustainable timber target to offer 870,000 cords and an additional 30,000 cords of ash and tamarack for sale annually. Current staffing levels support offering 800,000 cords of timber annually. The new timber target requires at least nine additional foresters to appraise and sell timber, monitor harvests, and oversee site reforestation, including work on school trust lands. New foresters are needed to manage school trusts lands as described by state statute and constitution. School trust lands will provide approximately half of the additional 100,000 cords offered for sale each year.

DNR forest management carefully balances multiple objectives to support wildlife, maintain clean water and air, provide recreation opportunities, sustain biodiversity, and provide a reliable source wood for Minnesota's forest products industry.

Equity and Inclusion:

This proposal will not impact and is not submitted to reduce or eliminate any disparities for racial and ethnic groups, lesbian, gay, bisexual, and transgender people, persons with disabilities, or veterans. We anticipate no impacts (positive or negative) on these groups.

IT Related Proposals:

There is no additional IT component to this proposal.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>FY2018</i>	<i>FY2021</i>
Quantity	Cords of timber offered for sale annually from DNR-managed forest lands	800,000	900,000*	900,000

* As a temporary measure in FY17-18, the Governor redirected staff efforts from other programs to support offering 900,000 cords.

Statutory Change(s):

N/A.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Protecting DNR applications

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,411	1,391	871	871
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,411	1,391	871	871
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$2.802 million in FY20-21 and \$871,000 annually thereafter to improve security for business systems serving customers by establishing a continuous improvement program to keep the Department of Natural Resources (DNR) business systems and associated computing infrastructure up to date and protected from cyberattack. This funding augments existing information technology (IT) infrastructure staff with a team dedicated to keeping the agency computing systems up to date.

Rationale/Background:

MNIT and DNR are working together to improve the protection of sensitive DNR information assets against unauthorized access and cyber-attacks. It is the agency's responsibility to protect our applications and our customers' information. DNR delivers services using information systems including the Minnesota Permitting and Reporting System, Timber Sales, the Electronic License System and many other systems that store non-public data on individuals. In recent years, cyberattacks on organizations such as the DNR have been relentless, with new attack strategies being uncovered every day.

DNR has made progress in improving security in some areas, but have been challenged to provide needed ongoing business system protections. The DNR currently has 170 business applications rated for Business and Technical Health using MNIT's application portfolio guidelines. Of these, 13 percent are in poor technical health (technical health score <25/50), and 45 percent are rated in moderate health (technical health score <30/50). Twenty seven percent of these applications are more than 10 years old.

DNR is vulnerable to criminal and activist organizations because we cannot keep pace with changes in the software used to build business systems. Keeping pace with the "fixes" required to keep current with security improvements takes more resources than we possess. DNR also recognizes that successful cybersecurity strategies of the future will rely increasingly on the transfer of systems to cloud vendor hosting, such as Amazon Web Services (AWS).

This initiative allows staff to hold their ground on system maintenance and information security while providing the ability to be tactical and responsive in protecting our data, files, systems, and customer/citizen web-cloud services. Deferment of this request increases the DNR's risk for compromised systems.

Proposal:

This proposal invests \$2.802 million next biennium to establish a continuous improvement program to keep DNR business systems secure and protected from cyberattack by keeping software infrastructure up to date (OS, development, database etc.), developing and maintaining business application security plans, and migrating applications to a cloud-based infrastructure. Currently, DNR business systems are not consistently maintained and protected following development. Unless these technologies are continuously maintained, the systems

become vulnerable to new and emerging cyber threats. This initiative establishes an on-going program to refresh these business systems so that they are protected from attack, have longer business life, operate more efficiently, and are easier to deploy and maintain.

This annual funding provides for IT technical staffing (\$731,000), Software (\$120,000), Cloud Hosting fees (\$510,000) and consulting (\$50,000). Ongoing costs go down as less consulting is needed and technical staffing is adjusted. The ongoing annual need starting in FY22 is \$871 million.

This proposal augments existing IT infrastructure staff with a team of five FTE dedicated to keeping the agency computing and web-cloud systems up to date. Team members include an additional Server Administrator, an Application Middleware Services expert, a Programmer, a Security Analyst, and a Senior Technical Architect to plan and direct an on-going series of projects to keep DNR business systems up to date and protected. As technology evolves, we anticipate accelerating migration of services, within the proposed budget, into commercial cloud computing environments that will form the basis for DNR's next generation technology and security strategy.

Equity and Inclusion:

Everyone wants their data and personal information to be protected. DNR wants to make sure that its business security program ensures no real or perceived barriers to equity and inclusion due to cybercrime.

IT Related Proposals:

The funding provides staffing resources as well as modern IT technology, including design, integration, hardware and software resources and security controls.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Professional/Technical Contracts	50	30				
Infrastructure	500	500	70	70	70	70
Software	120	120	65	65	65	65
Training	10	10	5	5	5	5
Enterprise Services						
MNIT Staff costs	731	731	731	731	731	731
Total	1,411	1,391	871	871	871	871
MNIT FTEs	5	5	5	5	5	5
Agency FTEs						

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Average MNIT Application Portfolio Software Technical Score	N/A	28/50	July 2018
Results	Software Architecture will be within one (1) version of the most current release.	N/A	Varies Widely among applications	July 2018
Quantity	The number of applications with Security Plans	0	0	September 2018
Quantity	The number of applications hosted in a cloud service environment	1	1	September 2018

Statutory Change(s):

This proposal does not require any statutory changes.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Pineland Sands EIS/Study

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,854	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,854	0	0	0
FTEs	1.0	0	0	0

Recommendation:

The Governor recommends \$1.854 million in onetime appropriations from the General Fund to produce an environmental impact statement (EIS) or a special study on the effects of large-scale land use conversion within the Pineland Sands Area. This investment helps ensure that we have better information about the environmental effects of groundwater withdrawals in this area so that we can make more effective permit decisions and ultimately better protect Minnesota's natural resources.

Rationale/Background:

The Department of Natural Resources (DNR) has received a number of new groundwater appropriation permit applications within the Pineland Sands Area, with more requests expected as tracts of land that were formerly managed for timber are sold. Irrigation will be necessary in most if not all years to grow crops in these sandy, well-drained soils. The DNR needs better information about the environmental effects of groundwater withdrawals in the Pineland Sands Area to make more effective permit decisions.

The land overlying the Pineland Sands Aquifer is quickly being converted from jack pine forest to irrigated agriculture. This land use conversion is occurring in several counties. Natural resources affected by this land conversion include ground water for individual domestic and public drinking water supplies, lakes, streams and wetlands, soils, and important native plant and animal species and communities.

Nitrate levels are known to be locally high in shallow ground water in the area and past experience would predict that nitrate levels are likely to increase where nitrogen is used on irrigated sandy soils. The DNR is responsible for knowing how increased use of groundwater where nitrate levels are high will affect the movement and levels of nitrates and other potential contaminants in groundwater.

Citizens have expressed interest and concern about increasing groundwater use and increasing contamination in this area. The DNR has received two citizen petitions for preparation of Environmental Assessment Worksheets to assess the effects of conversion of previously forested land to irrigated agriculture. Also, nitrate contamination in the Pineland Sands Area has received extensive media coverage.

Proposal:

This proposal provides one-time funding to produce an generic environmental impact statement (GEIS) or a special study during FY20-FY22. The intended results of this study are to quantify the effects of land use conversion within the Pineland Sands Area and to predict the cumulative effects of large-scale conversion to irrigated agriculture.

The study will be carried out by consultant(s) and managed by DNR. We assume one staff will manage the project, including study design, contracting, data governance and fiscal monitoring. We estimate the full cost of this staff member at \$118,000, which includes but is not limited to salary, fringe, computer, and phone. This employee will work solely on this project for three years for a total cost of \$354,000. Based on our experience with similar large-scale environmental reviews, we assume the external contract will cost \$1.5 million. This proposal appropriates the full costs of the project in the first year and provides carry forward authority through FY23. Although we anticipate that the project will last three years, the ability to use the funding for four years provides additional flexibility that may be needed to ensure we accomplish the intended outcomes.

Equity and Inclusion:

This proposed change is not submitted to reduce or eliminate any disparities for racial and ethnic groups, lesbian, gay, bisexual and transgender people, persons with disabilities, or veterans. All persons residing, working, or vacationing in the Pineland Sands area will benefit from clean drinking water maintained through effective permitting.

Results:

The results of a special study would provide an understanding of anticipated changes in groundwater flow and groundwater levels that should be anticipated given different amounts of groundwater pumping and types of groundwater use.

Statutory Change(s):

No statutory changes are needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Protecting Our Public Waters

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	800	800	800	800
Revenues	0	0	0	0
Other Funds				
Expenditures	358	358	358	358
Revenues	358	358	358	358
Net Fiscal Impact = (Expenditures – Revenues)	800	800	800	800
FTEs	10	10	10	10

Recommendation:

The Governor recommends investing \$800,000 from the General Fund and \$358,000 from the Water Management Account annually for public water protection work. Additionally, this proposal increases public water permit application fees, because the current fee structure falls far short of the cost of processing these permit applications. The fee increase generates \$358,000 annually and offsets the increased spending in the water management account. This investment adequately funds ten staff that are essential to timely action on permit applications and technical assistance and begins to rebalance the funding mix for a vital public good—surface water.

Rationale/Background:

Protecting Minnesota's public waters is critical to maintaining our quality of life. Surface waters are affected by development of transportation infrastructure, expansion of residential and commercial properties, and redevelopment of urban riverfronts, and a range of other activities. The Department of Natural Resources' (DNR) public waters protection program ensures that these kinds of activities can take place while protecting Minnesota's public waters. The more successful the economy, the more public water protection work DNR does.

The Water Management Account has become Minnesota's main funding source for DNR's work to protect Minnesota's public waters. The account supports two programs—both of which are fee-based. This includes the water appropriations program and public waters program. Each year, the DNR receives an appropriation of \$5 million total for both programs from the Water Management Account. The public waters program spends approximately \$2.9 million, (\$2 million from the Water Management Account, augmented by \$900,000 from the General Fund) yet its fees generate less than \$200,000.

There are two primary reasons why the current fee structure does not support public waters protection. First, public water is a public resource and laws allow for reasonable use and access to public waters without the need for a permit. For example, DNR staff regularly assist local governments, individual shoreline owners and others in developing their projects in a way that minimizes impacts to public waters. Often this work helps a project proposer avoid the need for a permit and consequently no fees are received by DNR for this work. Second, for those proposing projects that will have greater impacts and thus require a permit, the public water fees do not effectively balance what should be publicly funded and what should be paid by a permit applicant—especially for larger projects. Current fees range from \$150 to \$1,000, covering only three to 15 hours of work. By contrast, the value of DNR's time spent on a permit can, and usually does, far exceed that.

Because the public waters fees only cover 7 percent of the program's costs and because the DNR prioritizes protecting public waters while assisting project proposers and permit applicants, it has prioritized spending on public waters over other programs for the past few biennia. The implication of this is that many of the state's water programs are operating at a reduced capacity and Minnesota's waters are not as well protected as they should be.

Although this funding imbalance has existed for many years, there is increased urgency to address it. This urgency is driven by underfunding for the public waters program, the particularly low fees, and the crippling effect this underfunding is having on the other water programs from which resources are diverted.

This program faces workforce reductions in the next biennium without increased resources, including dedicated funding from the General Fund. This reduction will result in negative impacts to public waters, reduced technical assistance for landowners and local governments, reduced customer service to project proposers, and failure to meet the 150-day permit decision deadline for public water permits.

Proposal:

Because public waters are a vital public resource, this proposal invests \$800,000 annually from the General Fund to ensure adequate protection of Minnesota's public waters. This provides for costs not associated with a permit application, such as responding to floods and lake level concerns and assisting local governments with water-related land-use decisions.

Additionally, this proposal increases funding from the Water Management Account by \$358,000. This produces a total investment of \$1.158 million annually combined from the General Fund and Water Management Account in protecting our public waters. This provides for 10 staff dedicated to the public waters program. The estimated staff costs covers the full costs of an employee, including but not limited to salary, health insurance, retirement, a computer and phone.

The increased spending in the Water Management Account is offset by increased public water fees.

The General Fund investment prevents this proposal from overburdening public water permit applicants with a significant fee increase. The new fee structure ranges from \$300 to \$3,000, compared to the current range of \$150 to \$1,000. Please note that the proposal keeps notifications under a general permit at \$100. The revenue estimate of \$358,000 per year assumes about 500 permit applications/notifications, based on the DNR's historical experience.

Because other water programs have been subsidizing the public waters program, this investment allows for increased activity in the DNR's other water programs including:

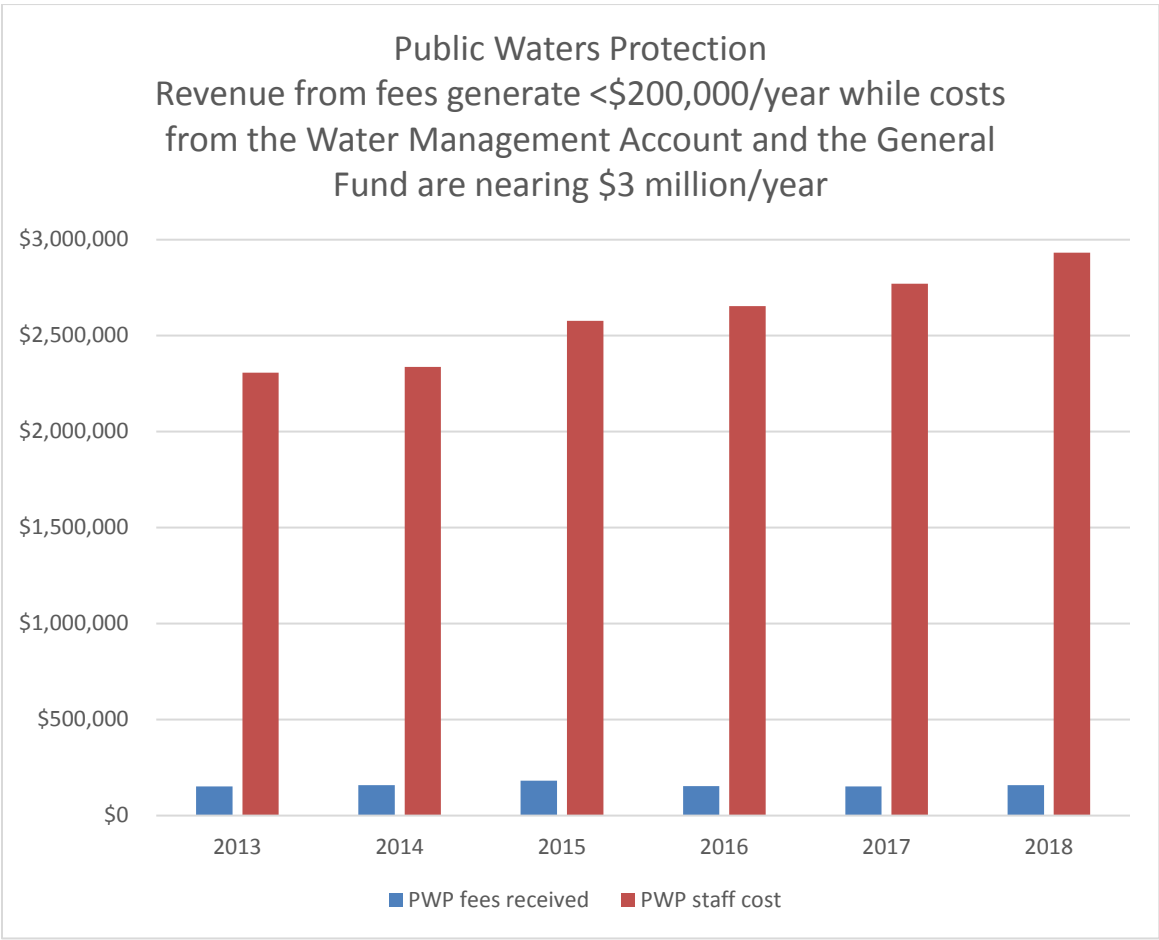
- Responding to floods and lake level concerns;
- Assisting local governments with water-related land-use decisions;
- Providing technical assistance to lake shore owners, landowners, communities, and other state and federal agencies; and
- Reviewing work proposals as required by drainage law.

Equity and Inclusion:

This proposal benefits all water permit applicants' by providing a more efficient and effective evaluation of their project. DNR's public water protection work ensures these natural resources are sustainable for the benefit of all of Minnesota's citizens.

IT Related Proposals: N/A

Results:



Statutory Change(s):
M.S. 103G.301

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Cross-Country Ski Pass Fee Increase

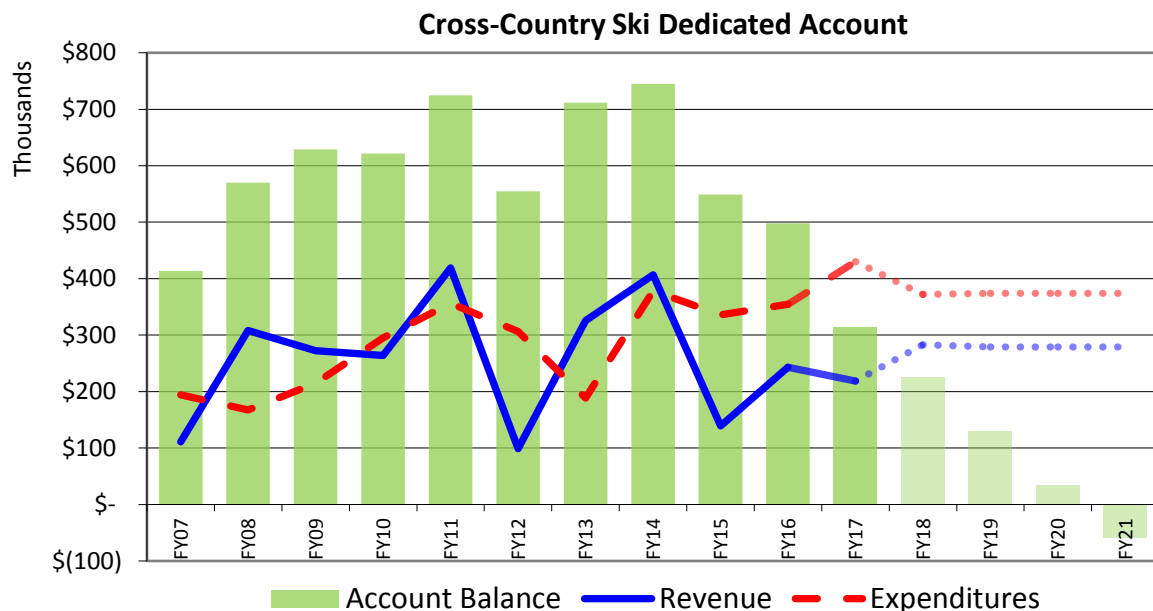
Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	70	70	70	70
Revenues	70	70	70	70
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0.2	0.2	0.2	0.2

Recommendation:

The Governor recommends increasing the daily, annual, and three-year cross-country ski pass fees, which will bring in about \$70,000 in new revenue for ski trails in Minnesota. This proposal increases funding for state parks grooming and the cross-country ski grant-in-aid (GIA) program by \$35,000 each. The Department of Natural Resources (DNR) has existing statutory authority to increase the GIA allocation, but needs a legislatively-increased appropriation for state park grooming.

Rationale/Background:

The cross-country ski pass is required to ski on groomed ski trails in state parks, state forests, state trails, and GIA-system ski trails. The ski pass allows skiers to access more than 700 miles of locally initiated GIA trails as well as ski trail systems in 22 state parks and trails.



Revenue from the ski pass is deposited into the dedicated cross-country ski pass account. In good snow years, there are up to about 19,000 ski passes sold statewide. Revenue varies due to the snow season, ranging from \$400,000 in a good year to \$100,000 in a poor year. The ski account supports both GIA and DNR-groomed trails. The ski pass fees were last increased in 2010, and with rising costs of grooming and inflationary increases, the account is projected to go into deficit in FY21 if current service levels are maintained.

Currently about \$280,000 per year is awarded to local GIA trails across the state, and about \$75,000 is used to offset some of the costs of ski trail grooming in state parks. The current ski account funding for state park grooming only pays for a portion of the actual expenses. State park ski trails are subsidized by other funding sources.

Proposal:

This proposal is to increase the ski pass fees as identified in the table below. When comparing user fees for other ski trails in Minnesota, the state ski pass is currently priced much lower than other similar passes. For example, current ski pass rates for Three Rivers Park District are \$9 for a daily pass and \$75 for an all park annual pass, almost 4 times the current annual price of the state ski pass. Minneapolis ski trail passes on natural snow trails are priced at \$8 for a daily pass and \$50 for an annual pass.

Ski Pass Rates	Current	Proposed
Daily	\$5	\$9
Annual	\$19	\$24
Three-Year	\$54	\$69

The increased funding will support grooming operations at Minnesota state parks and trails as well as more GIA funding to local communities for local ski trails. This proposal increases the appropriation from the ski account to the DNR for grooming by \$35,000, and the agency would correspondingly increase GIA funding by \$35,000 through existing statutory authority. DNR will work with MNSA for input in how to allocate additional GIA funding.

Equity and Inclusion:

This proposal provides funding for outstanding outdoor recreation opportunities at modest prices. Minnesota has a rich tradition of creating open or low-cost access to public lands and recreation opportunities, and DNR wants to ensure that this tradition continues. Reasonable increases to user fees are needed on a periodic basis to keep pace with inflation and rising costs. It is possible that some people experiencing economic disparities would be impacted by raising ski pass fees; however, we believe that these prices are reasonable given the high-quality services of groomed trails in many communities across the state.

IT Related Proposals:

This proposal does not have an IT component.

Results:

This proposal to increase the ski pass appropriation to DNR is needed to support state parks and trails grooming operations. While this increase would only be a small portion of the greater costs of state park and trail grooming supported by the General Fund, it will have a positive on-the-ground impact to cross-country skiers and will help ensure that the DNR is able to continue to provide grooming at 22 locations across Minnesota.

This proposal will also increase funding available for the GIA ski program, increasing funds for grooming trips on existing trails as well as the potential to add trails into the GIA system. DNR will work with MNSA on how to best allocate additional funding for GIA.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of state parks and trails that DNR is providing ski trail grooming.	22	22	FY17-18
Quantity	Number of GIA grants to local communities.	40	40	FY17-18

Statutory Change(s):

Minnesota Statutes, section 85.42

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Appropriation Increase for ATV and ORV Accounts

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Other Funds				
Expenditures (ATV)	925	925	925	925
Expenditures (ORV)	525	525	525	525
Net Fiscal Impact = (Expenditures – Revenues)	1,450	1,450	1,450	1,450
FTEs	4.4	4.4	4.4	4.4

Recommendation:

The Governor recommends an increased investment of \$1.45 million annually to advance high-quality and well-maintained all-terrain vehicle (ATV) trails and off-road vehicles (ORV) trails and touring routes, provide needed enforcement, and enhance opportunities for grant-in-aid (GIA) trails. This funding comes from the ATV and ORV accounts in the Natural Resources Fund and provides increased resources to the Department of Natural Resources (DNR) and local governments' management of trails used by owners of ATVs and ORVs in Minnesota.

Rationale/Background:

ATV Account: The 2017 Legislature approved an ATV registration fee increase, but did not include a base appropriation increase. Now, with a stable ATV fund, DNR and the All-terrain Vehicle Association of Minnesota (ATVAM) have discussed an appropriation increase in the FY20-21 biennium that addresses critical priorities for Minnesota's ATV trail system. This proposal funds grants-in-aid, needed DNR ATV trail work, and ATV enforcement.

Local governments and volunteer clubs have created significant new demand on the ATV GIA program for new trails and existing trail improvements. This proposal helps provide needed funding to the GIA program for high-priority trail projects. In addition, there are critical needs for operating and maintaining the high-quality ATV trail system provided by the DNR, and this proposal provides important funding for existing and new ATV trails in state forests, on state trails, and in state recreation areas. DNR also provides important GIA trail support through its roving crew and heavy equipment operations. New trail opportunities also require increased enforcement funding. The DNR will continue to work with ATVAM and other stakeholders on trail priorities to use funds strategically and thoughtfully statewide. The ATV account is healthy and can sustain this added spending.

ORV Account: In past legislative sessions, the Minnesota 4-Wheel Drive Association (Mn4WDA) received appropriations to develop adventure-touring routes in Minnesota. DNR and Mn4WDA have discussed the need for an appropriation increase to ensure effective implementation of its signature touring route (the "Border to Border"); existing and new state forest trails; and a statewide ORV System Plan. This proposal advances these ORV trails and touring routes, and includes a \$200,000 maintenance fund for the Border to Border touring route. DNR will continue to work with Mn4WDA and stakeholders on using funds strategically and thoughtfully statewide. The ORV account has a positive fund balance and can sustain this additional spending.

Proposal:

This proposal provides critically needed funding to the ATV and ORV programs in Minnesota, advancing high-quality and well-maintained ATV trails and ORV trails and touring routes, provide needed enforcement, and enhance opportunities for GIA trails. The proposal includes increases to ATV GIA by \$300,000 each year; increases to DNR ATV and ORV trail management funding by \$500,000 and \$400,000, respectively; and increases to ATV and ORV enforcement funding by \$125,000 and \$125,000, respectively.

- **Grants** – The Parks and Trails (PAT) Division provides GIA funding to local government sponsors for about 70 trail projects across the state each year. These grants support local clubs for maintenance, development, and acquisition of public, locally managed ATV trails. Local communities have indicated that more funding is needed (and expected since the registration fees were increased).
- **Trail management** – The PAT Division provides more than 1,050 miles of trails in state forests, on DNR trails, and at the Iron Range OHV State Recreation Area. Trail work is critical to ensure high-quality, sustainable trail riding and protection of adjacent surface water quality. This work will provide greater opportunity, flexibility, range of difficulty levels, and longer trip lengths for ATV riders. Adding State Forest trails is progressing, but current funding levels make adding new trail while also supporting GIA work problematic due to significant existing trail maintenance needs and limits on crew staff time. DNR is also expanding the Iron Range OHV State Recreation Area, which requires a significant investment. This proposal funds 3 FTEs each year for trail management.
- **Enforcement** – The Enforcement (ENF) Division provides about 23,000 hours of enforcement, education, and safety training activities around the state, including recruiting and training volunteers for the ATV safety and trail ambassador programs. The ENF Division also provides about 50 grants to local law enforcement agencies for ATV law enforcement and educational activities relating to ATV use. This proposal funds 1.4 FTEs each year for enforcement.

Equity and Inclusion:

This proposal funds programs that provide outstanding outdoor recreation opportunities at modest prices – either comparable or better than many neighboring states. This proposal allows DNR to continue to provide programs, upgrade facilities to Americans with Disabilities Act (ADA) design standards, and reach out to diverse and underserved communities. Without this funding, our ability to maintain these important recreation resources will impact trail users. This proposal allows us to continue to provide safe and enjoyable motorized trail recreation experiences for all Minnesotans and visitors to our state.

IT Related Proposals:

This proposal does not include an IT component.

Results:

The ATV and ORV accounts support diverse programs around the state for high-quality riding opportunities and well-maintained trails. Results include:

- Miles of high-quality state forest trails open to the public for ATV riding and ORV driving.
- Grants-in-aid (GIA) to assist local governments to develop and maintain locally managed trails.
- Maps to help people be aware of OHV riding opportunities.
- Trail ambassador program that help steward these activities and the lands on which they occur.
- Enforcement activities and hours; education and safety training activities.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	ATV trail miles open or under development by DNR and GIA	1,600 miles	2,700 miles	2006-2018
Quality	Number of registered ATVs as proxy for numbers of people benefiting	248,754	299,806	2006-2017
Results	Number of registered ORVs as proxy for numbers of people benefiting	9,029	4,568	2006-2017

Statutory Change(s):

This proposal does not include any statute changes.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Angler Surveys to Inform Fisheries Management

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Game and Fish				
Expenditures	278	532	532	532
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	278	532	532	532
FTEs	2.7	5.3	5.3	5.3

Recommendation:

The Governor recommends \$278,000 in FY20 and \$532,000 thereafter to increase angler survey capacity beyond the state's 10 large lakes (e.g., Mille Lacs, Lake of the Woods) to collect angler data from other major recreational fishing lakes and special regulation lakes. Increased angler survey capacity was an important factor in constituent support for the 2017 license fee initiatives. This initiative proposes eight new angler surveys per year funded by the Game and Fish Fund.

The change represents less than a 1 percent increase to the annual budget of the Division of Fish and Wildlife.

Rationale/Background:

Angler survey information is critical for tracking trends in fishing pressure, angler catch, harvest, and angler attitudes and preferences. The data are also critical for monitoring the effectiveness of special and statewide angling regulations, including the new northern pike zones. Recent examples where angler survey data were used to propose changes in fishing regulations include Lake of the Woods (expanding winter angling pressure resulted in sauger harvest above management objectives) and Leech Lake (angler harvest is low enough to allow additional harvest opportunities).

Proposal:

The DNR completes six to eight angler surveys each year, primarily on our large lakes where harvest data are paramount to managing fisheries sustainably. This proposal will add eight additional surveys per year to the existing schedule. Lakes will be selected across the state based on management need of new angler information (e.g., Pelican Lake, Otter Tail County; Chisago Lake, Chisago County). Angler surveys typically start in April or May, and continue through September (when fishing effort declines), and can include a winter angler survey as well (December-February). Angler surveys funded in this proposal would start in the spring of 2020 and continue annually.

This work will require 2.7 FTE in FY20 and 5.3 FTE thereafter. We estimate an FTE rate of \$90,000 per year for salary and benefits plus an additional \$55,000 for other expenditures such as fleet services, data entry tablets, and MNIT service costs. These same costs are slightly less in the first year (\$35,000) because we will not be fully implemented until the second year.

Equity and Inclusion:

This proposal will not impact and is not submitted to reduce or eliminate any disparities for racial and ethnic groups, lesbian, gay, bisexual and transgender people, persons with disabilities, or veterans. We anticipate no impacts (positive or negative) on these groups.

IT Related Proposals:

This proposal includes the purchase and maintenance of 8 tablets at a monthly enterprise service rate of \$100, totaling \$10,000 per year and ongoing IT costs of \$5,000 per year for software/database management and maintenance services.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	15	15	15	15	15	15
Staff costs (MNIT or agency)						
Total	15	15	15	15	15	15
MNIT FTEs						
Agency FTEs						

Results:

This initiative will restore angler survey capacity, doubling the current number of surveys completed. The new survey information will guide management decisions, ultimately maintaining the state's excellent fisheries. Information will be shared with anglers and stakeholders, including resort owners and local officials.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Creel surveys completed	16	8	2010-2018

Statutory Change(s):

NA

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Authorize Strategic Land Sales

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	(8)	(8)	(8)	(8)
Revenues	174	0	0	232
Net Fiscal Impact = (Expenditures – Revenues)	166	(8)	(8)	224
FTEs	0	0	0	0

Recommendation:

The Governor recommends undertaking specific land sales that require legal authorization. Proceeds from the land sales will be deposited in the Land Acquisition Account in the Natural Resources Fund to be reinvested in other lands that meet the Department of Natural Resources' (DNR) natural resource management goals. The proposal also provides for an amendment to Minnesota Statutes, section 94.10, subdivision 2 that will eliminate the newspaper publication requirement for public land sales.

The Division of Lands and Minerals' annual budget is approximately \$13 million. The land sales provisions and proposed statute amendment will impact the DNR's Land Acquisition Account in the Natural Resources Fund, which is used by all DNR divisions.

Rationale/Background:

When the DNR decides to sell land it no longer needs for natural resource management purposes and the land is riparian or the DNR wishes to sell the land to a specific individual or entity, the proposal must first be reviewed and approved by the legislature. Specific sales authorized by this proposal are:

- A private sale of riparian land, Carlton County
- A public sale of riparian land, Lot 7, Block 1, Dells Sleepy Hollow, Cass County
- A public sale of riparian land, Kanabec County
- A public sale of riparian land, Big Pine Lake Public Water Access, Otter Tail County
- A public sale of riparian land, Wabasha County

Minnesota Statutes, section 94.10, subdivision 2 requires publication, at least 30 days before a public land sale, in a newspaper of general distribution in the county in which the parcel for sale is located. The DNR already advertises its land sales on its website and in other publications and also has a GovDelivery list with over 34,000 recipients who receive notices of proposed land sales. Accordingly, newspaper publication is not needed. Elimination of the newspaper publication requirement will reduce staff time and costs for land sales.

Proposal:

The land sale provisions in the proposal are part of the DNR's ongoing Sales and Reinvestment Initiative under the umbrella of Strategic Land Asset Management (SLAM), which seeks to improve the DNR's lands portfolio. Enactment of the proposal will enable the DNR to complete certain land sale transactions, for which it would otherwise lack authority. Elimination of the newspaper publication requirement for public land sales will streamline the sale process and reduce costs.

Land sales authorized by the legislature are expected to generate revenue to the land acquisition account. The total revenue estimate from sales of the five parcels is \$406,000. It is expected that sales of the Carlton, Otter Tail, Kanabec and Wabasha County parcels, which have a total estimated value of \$174,000, will occur in FY2020. The Cass County parcel is not expected to be put up for public sale earlier than FY2023, as federal deed restrictions will first need to be removed from the parcel. It is not known whether DNR's efforts to sell the parcels after receiving legislative authority to do so will be successful.

Equity and Inclusion:

This proposal is neutral as to economic and inclusion disparities, with no positive or negative impacts on the identified groups. It will not reduce or eliminate any disparities.

IT Related Proposals:

Not applicable.

Results:

This is not a program.

Statutory Change(s):

Minnesota Statutes, section 94.10, subdivision 2

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Fish and Wildlife Dedicated Deer License Revenue

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Other Funds (Game and Fish (GFF) Accounts)				
Expenditures (GFF Operations)	(7,146)	(7,146)	(7,146)	(7,146)
Expenditures (GFF Deer Habitat)	7,146	7,146	7,146	7,146
Revenues (GFF Operations)	(7,146)	(7,146)	(7,146)	(7,146)
Revenues (GFF Deer Habitat)	7,146	7,146	7,146	7,146
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends dedicating \$16 from deer hunting licenses to deer management activities including deer research, monitoring, and hunting. Although Department of Natural Resources (DNR) spends more on deer management activities, currently only \$2 from these licenses is dedicated to specific deer management accounts. This proposal reduces the revenues in the Game and Fish Operations Account and moves the revenue and corresponding spending to the Deer Habitat Account—both estimated at \$7.146 million annually.

Rationale/Background:

Current law distributes revenue from deer hunting licenses across a variety of accounts—each of which has a designated purpose outlined in law. As an example, law instructs the DNR to deposit \$30 from a \$34 adult resident deer license to the Game and Fish Operations account. The legislature appropriates money from this account for a variety of natural resources purposes most notably fish and wildlife management. The DNR also uses this account to fund the electronic licensing system that supports online and vendor-based license purchases.

Current law dedicates the remaining \$4 to four different purposes including managing deer habitat (\$2), managing deer and bear (\$1), emergency deer feeding and wild cervid health (50 cents) and wolf management (50 cents). See table below.

Where Revenue is Deposited	How much	How Dollars are Spent/How We get spending Authority
Game and Fish Operations Account	\$30.00	Direct-Appropriated for fish and wildlife, natural resources law enforcement, ecological/waters, and recreation activities
Deer Habitat Account	\$2.00	Statutorily-dedicated to Deer-focused activities
Deer/Bear Management Account	\$1.00	Statutorily-dedicated to Deer and Bear Activities
Emergency Deer Feeding and Wild Cervid Health Account	\$0.50	Statutorily-dedicated to Deer Activities
Wolf Management Account	\$0.50	Statutorily-dedicated to Wolf Management
Total Revenue	\$34.00	

The DNR spends a significant portion of the appropriation in the Game and Fish Operations Account on deer-focused activities including deer research, monitoring, hunting, and management activities. During recent conversations with stakeholders regarding DNR's Deer Management Plan, stakeholders articulated a strong preference for increased transparency regarding how much of the budget is specifically dedicated to deer

activities. Because DNR is committed to deer and deer management, the agency agreed to dedicate a higher portion of certain deer licenses to an already-existing account dedicated to spending on deer.

Proposal:

Consistent with the Deer Management Plan recommendations, this proposal dedicates \$16 from deer hunting license to deer management activities. This reflects a \$14 increase in dedicated revenue to the Deer Habitat Account, which equates to \$7.146 million annually. License types impacted by this proposal include adult resident, non-resident, and sports deer licenses.

The table below shows how the proposal impacts a \$34 adult resident deer license.

Where Revenue is Deposited	How much	How Dollars are Spent/How We get spending Authority
Game and Fish Operations Account	\$16.00	Direct-Appropriated for fish and wildlife, natural resources law enforcement, ecological/waters, and recreation activities
Deer Habitat Account	\$16.00	<i>Statutorily-dedicated to Deer-focused activities</i>
Deer/Bear Management Account	\$1.00	Statutorily-dedicated to Deer and Bear Activities
Emergency Deer Feeding and Wild Cervid Health Account	\$0.50	Statutorily-dedicated to Deer Activities
Wolf Management Account	\$0.50	Statutorily-dedicated to Wolf Management
Total Revenue	\$34.00	

Implementing this change requires reducing DNR's direct appropriation in the GFF Operations Account. The table at the top of this first page shows reduced revenues and expenditures in the GFF Operations Accounts of \$7.146 million each year and increased dedicated revenues and expenditures in the Deer Habitat Account of the same amount. Spending the in Deer Habitat Account focuses on deer research, monitoring, hunting, and management activities. This proposal also makes supporting the electronic license system an eligible use of the Deer Habitat Account.

Because this proposal shifts revenue and spending between funds, it is budget neutral. Although the DNR already uses these dollars on deer-focused activities, this change increases fiscal transparency outside of the agency.

Equity and Inclusion:

This proposed policy change will not impact and is not submitted to reduce or eliminate any disparities for racial and ethnic groups, lesbian, gay, bisexual and transgender people, persons with disabilities, or veterans. We anticipate no impacts (positive or negative) on these groups.

IT Related Proposals:

This proposal does not have an IT related component.

Results:

By adjusting the deer license revenue distribution, this change will improve transparency regarding the use of deer license dollars, providing assurance that DNR will continue to spend at least \$16 of revenue from each deer license on deer-related management expenditures.

Type of Measure	Name of Measure	Previous	Proposed	Dates
Results	Dollars spent out of accounts dedicated to deer activities	\$1.3M	\$8.6M	FY18

Statutory Change(s):

M.S. 97A.075(b) Use of License Revenues

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Protecting Special Forest Products

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	2	2	2	2
Revenues	2	2	2	2
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends expanding the current commercial dealer's license requirements for purchasing harvested balsam boughs to include other high demand forest products, such as spruce tops and birch poles. This will result in a small revenue increase to an existing dedicated Department of Natural Resources Forestry Account to support education on sustainable harvest of special forest products for harvesters and dealers. This proposal has less than one percent impact on DNR Forestry's budget.

Rationale/Background:

Public interest in decorative forest materials has increased. Many Minnesotans purchase balsam boughs, spruce tops, and birch poles for winter decorations from craft and landscape retailers statewide. Birch poles are also a popular wedding decoration. There has been an increase of illegal birch pole and spruce top harvesting and recent news reports have highlighted illegal birch pole harvesting, and its connection to other illegal activity.

The proposal expands the existing commercial dealer's license requirement for balsam boughs by creating a general decorative materials dealer's license to be required by product by the DNR Commissioner when there is concern about sustainability, illegal harvest, or if there is need to track the origin of harvested special forest products. Current examples include spruce top and birch pole harvesting. The dealer's license will require dealers to track from whom they buy products, the amount harvested, and where it was harvested. These changes are designed to eliminate outlets for illegally harvested materials and support enforcement efforts.

Special forest products include most items found growing in our state forests other than firewood, pulpwood, and sawtimber. Examples of commonly harvested special forest products are birch bark, spruce tops, birch poles, and balsam boughs.

The dealer's license is already in place for balsam boughs. This expansion addresses known harvest concerns with spruce tops and birch poles, as well as future harvest concerns that may develop for other special forest products.

Proposal:

Minnesota Statute 88.6435 requires persons (dealers) buying harvested balsam boughs to obtain a permit (\$25) to buy more than 100 pounds of cut boughs. Additionally, the existing law requires these dealers to record the name and address of the person who harvested the boughs and the location where they were harvested. This record aids law enforcement in tracking the movement of illegally harvested balsam boughs and serves as a deterrent to illegal harvesters. License proceeds go into a dedicated DNR Forestry account to support education on sustainable harvest of special forest products for harvesters and dealers.

This proposal expands the same concepts from existing balsam bough laws to address current harvest concerns with spruce tops and birch poles, as well as future harvest concerns that may develop for other special forest products as markets change.

This proposal provides an additional \$1,700 annually through expanded dealer's license sales to the dedicated education account for special forest products. At this time, we estimate an additional 70 dealer's licenses will be sold annually (\$25 per license) for spruce tops and birch poles. If additional special forest products warrant a dealer's license in the future, revenue will increase accordingly.

Equity and Inclusion:

This proposal will not impact and is not submitted to reduce or eliminate any disparities for racial and ethnic groups, lesbian, gay, bisexual and transgender people, persons with disabilities, or veterans. We anticipate no impacts (positive or negative) on these groups.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>FY18</i>	<i>FY2020</i>
Results	Decrease illegal harvest of special forest products through monitoring dealer's licenses.	40 – 60 dealer's licenses annually for balsam bough only.	50 dealer's licenses for balsam bough only.	120 licenses for balsam boughs, spruce tops, and birch poles.

Statutory Change(s):

Minnesota Statutes, section 88.641-648 and section 90.195

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: State Trail Special Event Account

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	5	5	5	5
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5	5	5	5
FTEs	0	0	0	0

Recommendation:

The Governor recommends establishing statutory spending authority for the State Trail Special Event Account (Fund 2117). This account was set up to collect revenue from trail-associated special use permit fees. On average, this account generates about \$5,000 per year from events such as the John Beargrease Sled Dog Marathon event.

Rationale/Background:

During the 2017 legislative session, the Department of Natural Resources (DNR) received authority to deposit funds from trail-related special use permits into this fund instead of depositing them into the General Fund. However, the authority to spend from that account was mistakenly not included in that authority. As a result, the DNR has been forced to use other funds to repair and maintain the trails used for special events. The authority to spend these dollars will ensure repairs are made timely following such events.

Proposal:

This proposal adds statutory spending authority to the existing state trail special event account. The DNR will use the funds to pay for staff salaries, supplies, repair, and maintenance of the trails used by the special events. For example, a winter fat bike race on a state trail would need to have snow packed prior to the event and smoothed over afterwards. This proposal is intended to be effective beginning in FY20.

Equity and Inclusion:

This change will only affect those individuals that work with the DNR on special events. It has no specific implications, positive or negative, for under-represented communities.

IT Related Proposals:

This proposal does not include an IT component.

Results:

This proposal will allow DNR to use special event revenue to support the maintenance of the state trails, primarily to remediate any impact from these special events.

Statutory Change(s):

Minnesota Statutes, section 85.47

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Ice Safety Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	176	176	176	176
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	176	176	176	176
FTEs	1.2	1.2	1.2	1.2

Recommendation:

The Governor recommends \$176,000 annually from the Game and Fish Fund to create a comprehensive outreach and education program focused on ice safety. The program will target traditional users of frozen waters – such as ice anglers, snowmobile riders, and cross-country skiers – and, as importantly, educate people who aren't familiar with frozen water but live in communities where it may be a risk.

Rationale/Background:

This program will focus on two equally important segments of people: traditional users of frozen waters, and people who live in communities where frozen waters are a risk to adults and children who are uneducated about the potential dangers.

People in Minnesota recreate out-of-doors throughout the year, and in many areas winter recreation is an important economic driver. As the department's focus on outdoor recreation safety moves closer to a statewide culture of safety, this initiative will create an Ice Safety Program in the Enforcement Division that encompasses the variety of ways people recreate on the ice – ice camping, ice fishing, skating, skiing and snowmobiling, among others – and the variety of places they do it.

During the past five ice seasons, there have been an average of three ice-related fatalities each year. While that is below the 25-year average of about five ice-related fatalities per season (and well below the number in the 1970s and early 1980s – the early years of ice safety education – when it was common to see as many as 20 or more ice-related fatalities in a single season), it still is too high. The program also will focus on the dangers that go along with recreating on the ice, such as the risk of carbon monoxide poisoning in heated shelters and the increase in litter and waste streams associated with the growing number of people who set their "wheel houses" atop the ice and use them as de facto campsites.

While Minnesota is home to 10,000 lakes that attract people and their fish houses by the hundreds of thousands each winter, there also are large numbers of creeks, ponds, retention ponds and rivers that pose a risk to people who are uneducated about ice and ice safety. This program can build and strengthen relationships with non-users of Minnesota's frozen waters who live in communities or neighborhoods where creeks, wetlands, or retention ponds pose a risk to curious children and adults who may be tempted to venture onto these waters when they appear to be frozen.

Thanks to Minnesota's location and reputation for embracing the "Bold North," other states and national media (i.e. The Weather Channel) look to the Department of Natural Resources (DNR) as ice safety experts. Each year, the DNR receives multiple requests for ice safety information, laws, and search and rescue best practices.

Proposal:

The Ice Safety Program will revive a targeted department program that has not been funded in recent years. The program will incorporate the historical outreach of the old program, be updated to build in the continuing evolution of frozen-water recreation, and add important new outreach and education efforts aimed at non-users of frozen water. The program also will include education and outreach aimed at reducing the risks associated with carbon monoxide poisoning, which has resulted in fatalities in fish houses in each of the past two ice seasons. Currently, there is minimal education around the dangers of carbon monoxide poisoning in fish houses.

This proposal pays for one FTE to run the Ice Safety Program (\$118,000), a portion of that FTE's supervision (\$35,000), and a small operating budget (\$23,000) for the purchase of media and related education and outreach materials. Among the materials likely to be created for the Ice Safety Program are public service announcements, brochures and safety cards. As an example, creating and printing 20,000 brochures costs about \$2,500. Media buys for communications such as TV and radio ads are likely as well. Ongoing radio ads cost about \$4,000 for two months, while online and TV public service announcements cost about \$9,000 for the same time period.

Equity and Inclusion:

Minnesota's population has become as diverse as its natural resources. Some of the new and immigrating citizens – which include first- and second-generation families – come from parts of the world where frozen waters are not as common. These people may not have the same affinity for frozen-water recreation as people who have grown up around the ice, but they may live in areas where creeks, water retention ponds or wetlands exist. These types of waters pose a risk to people who are not educated in the dangers of frozen water and who do not have the experience to assess whether frozen waters are safe for recreation.

While the primary goal of the program is to educate people about ice safety, it also may help reduce a barrier to recruiting new users to engage with our natural resources and serve as a pathway by which people learn to safely enjoy frozen-water recreational opportunities such as ice fishing, skiing and skating.

IT Related Proposals:

This proposal does not include an IT component.

Results:

Building outreach, educational resources and relationships with traditional users and non-users of frozen waters. Working proactively to prevent a tragedy that involves someone who does not fully understand the risks associated with being on frozen water. Removing a barrier to participation by providing a better understanding of ice safety to those who are unfamiliar with frozen water and the recreational opportunities it provides.

Statutory Change(s):

This proposal does not require any statutory changes.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Aquifer Monitoring for Water Supply Planning

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	2,325	2,325	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,325	2,325	0	0
FTEs	16.9	16.9	0	0

Recommendation:

The Governor recommends \$4.65 million from the Clean Water Fund for collecting and analyzing aquifer level data and groundwater flow dynamics, developing groundwater models, and working with stakeholders to address sustainability management and planning through groundwater management areas and other forums.

This funding will support 16.9 FTEs (plus contracts with outside vendors) to contribute to a long-term partnership of Minnesota's executive branch water agencies, which include the Department of Agriculture, Department of Health, Minnesota Pollution Control Agency, Board of Water and Soil Resources, Department of Natural Resources (DNR), and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Rationale/Background:

The Clean Water Fund is treated as a new initiative each biennium. The Clean Water Council and the executive branch agencies agree that we need to fund long-term programs to address water quality and quantity issues. The Clean Water Fund supports about 78 FTEs at the DNR working on data gathering and analysis, technical support for project implementation, and tools to help local partners target water sustainability, restoration and improvement efforts. The DNR partners with Minnesota's water agencies and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Agencies and local governments use the resulting information to prevent waters from becoming impaired, restore impaired waters, and protect long-term water supplies from overuse and contamination. The ultimate goal is that Minnesotans have water of sufficient quality and quantity to meet their needs. The Clean Water Fund performance report describes the efforts that state agencies are using to improve and protect water quality and supply using identified performance measures.

In Minnesota, growth in demand for water resources is outpacing population growth. As water use increases, planning for adequate water supply is crucial to preventing water shortages and protecting lakes, streams, and wetlands - especially sensitive groundwater dependent trout streams and calcareous fens.

Because groundwater is below the ground surface, we need long-term data collection from groundwater observation wells to understand trends in groundwater levels. We then relate the trend data to precipitation, land use changes, groundwater use, to evaluate if that use is sustainable over time. Long-term data sets are essential to understanding and properly managing this valuable resource. The DNR leads statewide efforts with water level monitoring, groundwater modeling, education, and data analysis for water supply planning and permitting.

Proposal:

This proposal provides funding for the DNR to continue 1) developing and maintaining a statewide network of groundwater level observation wells, 2) automating data collection and long term data management with enhanced technology, 3) completing analyses and modeling to inform economic development, infrastructure investment, efficiency efforts and permit decisions, and 4) working with stakeholders to ensure groundwater is managed sustainably, including helping small communities to develop water supply plans and educational workshops.

Equity and Inclusion:

Implementation of this change item will help ensure water of sufficient quality and quantity for all Minnesotans and enhance the ability of all Minnesotans to safely fish, swim, and participate in other water recreation activities.

Results:

This proposal will provide funding to add and manage monitoring wells, to develop groundwater models, and to engage stakeholders in long-term water supply planning and protection.

The DNR's aquifer monitoring efforts include partnerships with other state agencies, Soil and Water Conservation Districts, and municipal water suppliers. We have 1,070 active monitoring wells and we are adding about 25-50 new monitoring sites per year, with a long-term goal of about 7,000 wells throughout the state. We analyze water level trends in aquifers where there are at least 20 years of data, as of 2016, 341 sites have now reached the minimum 20 years of record for trend analysis (Figure 1).

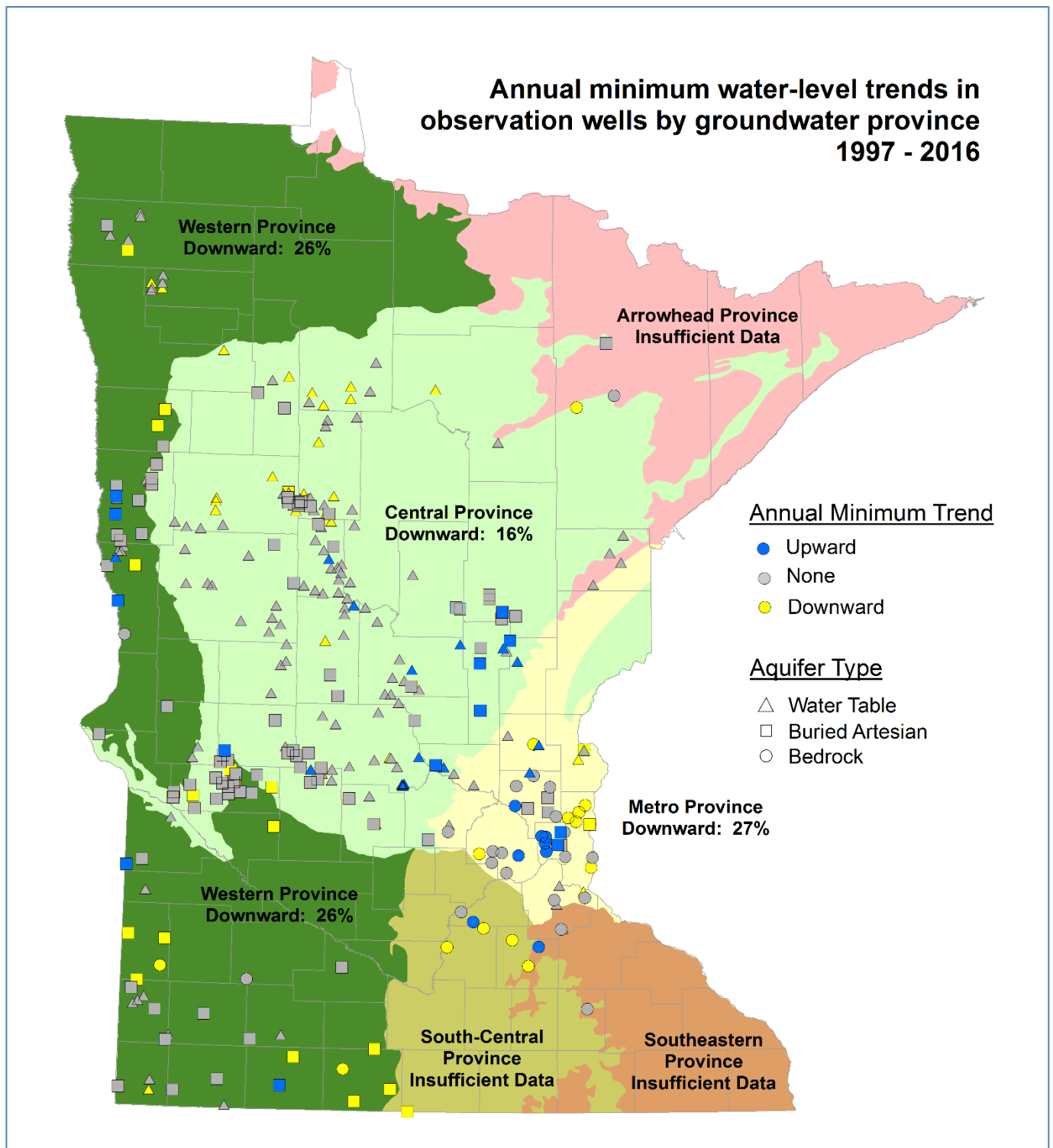


Figure 1 Statewide map showing water level trends for aquifers with monitoring data with at least 20 years of data. Percentage downward is aggregated by groundwater province.

Statutory Change(s):

No statutory changes will be needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Buffer Map Maintenance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	100	100	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	100	100	0	0
FTEs	0.5	0.5	0	0

Recommendation:

The Governor recommends \$200,000 from the Clean Water Fund for updating and maintaining maps of public waters and ditch systems that require permanent vegetation buffers.

This funding supports 0.5 staff plus contracts and other activity costs to contribute to a long-term partnership of Minnesota's executive branch water agencies and local governments to fix and prevent water pollution problems.

Rationale/Background:

The Clean Water Fund is treated as a new initiative each biennium. The Clean Water Council and the executive branch agencies agree that we need to fund long-term programs to address water quality and quantity issues. The Clean Water Fund supports about 78 FTEs at the Department of Natural Resources (DNR) working on data gathering and analysis, technical support for project implementation, and tools to help local partners target water sustainability, restoration and improvement efforts. The DNR partners with Minnesota's water agencies and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Agencies and local governments use the resulting information to prevent waters from becoming impaired, restore impaired waters, and protect long-term water supplies from overuse and contamination. The ultimate goal is that Minnesotans have water of sufficient quality and quantity to meet their needs. The Clean Water Fund performance report describes the efforts that state agencies are using to improve and protect water quality and supply using identified performance measures.

Proposal:

The DNR will update, maintain and periodically publish updated maps of public waters and public ditches that require permanent vegetation buffers. This proposal is part of a long term, collaborative effort that will lead to cleaner water through establishment and maintenance of buffers. The Minnesota Board of Water and Soil Resources and local Soil and Water Conservation Districts lead the buffer implementation efforts.

Equity and Inclusion:

Implementation of this change item will help ensure water of sufficient quality and quantity for all Minnesotans and enhance the ability of all Minnesotans to safely fish, swim, and participate in other water recreation activities.

Results:

Minnesota will have updated and publicly accessible maps identifying where buffers are required.

Statutory Change(s):

No statutory changes will be needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Color Infrared Imagery Analysis

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	325	325	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	325	325	0	0
FTEs	0.5	0.5	0	0

Recommendation:

The Governor recommends \$650,000 from the Clean Water Fund for collecting color infrared imagery for determining perennial cover statewide. This effort would collect approximately one-fifth of the state each year, resulting in an updated data set every five years.

This funding will support 0.5 staff (plus contracts with outside vendors) to contribute to a long-term partnership of Minnesota's executive branch water agencies and local governments to fix and prevent water pollution problems and prevent groundwater over-use.

Rationale/Background:

The Clean Water Fund is treated as a new initiative each biennium. The Clean Water Council and the executive branch agencies agree that we need to fund long-term programs to address water quality and quantity issues. The Clean Water Fund supports about 78 FTEs at the Department of Natural Resources (DNR) working on data gathering and analysis, technical support for project implementation, and tools to help local partners target water sustainability, restoration and improvement efforts. The DNR partners with Minnesota's water agencies and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Agencies and local governments use the resulting information to prevent waters from becoming impaired, restore impaired waters, and protect long-term water supplies from overuse and contamination. The ultimate goal is that Minnesotans have water of sufficient quality and quantity to meet their needs. The Clean Water Fund performance report describes the efforts that state agencies are using to improve and protect water quality and supply using identified performance measures.

Proposal:

This proposal is part of a long-term, collaborative effort that will lead to cleaner water through targeted implementation projects and programs. The objective of this program is to provide information to local units of government (LGUs) regarding the coverage of perennial vegetation within riparian buffer zones on an ongoing five-year cycle. This information will support LGUs in their assessment of compliance with the requirements of the state's buffer program. Remote sensing imagery is one of the most in demand spatial data sources. A systematic statewide effort is the most cost-effective way to gather and manage this information.

Imagery would be acquired through a competitive bid process. We propose to acquire 0.5-meter resolution, map-ready aerial imagery over a four year period with one additional year for potential mop-up acquisition for imagery that can't be acquired due to weather issues. This imagery would then be processed to compute a vegetation

index and the resulting product would be provided for both viewing and download through a web-based map application. Many public and private organizations are seeking this data for a wide array of natural resource and water management applications.

Equity and Inclusion:

Implementation of this change item will help ensure water of sufficient quality and quantity for all Minnesotans and enhance the ability of all Minnesotans to safely fish, swim, and participate in other water recreation activities.

Results:

A complete statewide assessment of perennial vegetation cover and the ability for local governments to efficiently determine compliance with state buffer laws. This program would provide a repeated, complete statewide assessment of perennial vegetation cover every five years.

Statutory Change(s):

No statutory changes will be needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – County Geologic Atlases

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	150	150	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	150	150	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$300,000 from the Clean Water Fund for working with Minnesota Geological Survey to accelerate and complete County Geologic Atlases that provide critical groundwater and geology information to local governments. This funding is used for contracts with outside vendors.

Rationale/Background:

The Clean Water Fund is treated as a new initiative each biennium. The Clean Water Council and the executive branch agencies agree that we need to fund long-term programs to address water quality and quantity issues. The Clean Water Fund supports about 78 FTEs at the Department of Natural Resources (DNR) working on data gathering and analysis, technical support for project implementation, and tools to help local partners target water sustainability, restoration and improvement efforts. The DNR partners with Minnesota's water agencies and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Agencies and local governments use the resulting information to prevent waters from becoming impaired, restore impaired waters, and protect long-term water supplies from overuse and contamination. The ultimate goal is that Minnesotans have water of sufficient quality and quantity to meet their needs. The Clean Water Fund performance report describes the efforts that state agencies are using to improve and protect water quality and supply using identified performance measures.

Proposal:

County Geologic Atlases provide information about the region's geology and groundwater: location and depth of aquifers, direction of water flow, pollution sensitivity, connections to surface waters, and other characteristics like natural quality and age of groundwater. This information is essential for local planning and environmental protection efforts. Water supply planning, source water protection and well sealing programs are examples of local programs that need this geologic and groundwater information. Other typical uses include providing information for permit applications, resource management, monitoring needs, and emergency response to contaminant releases.

The DNR works with the Minnesota Geological Survey (MGS) to develop County Geologic Atlases that convey geology and groundwater information and interpretations to government units at all levels, but particularly to local governments. The MGS focuses on geology (Part A reports) and DNR focuses on groundwater (Part B reports). Atlases are developed in response to requests by counties, who contribute money and data to the development of Part A reports.

MGS and DNR use this to improve the quality of County Geologic Atlases by collecting additional subsurface geologic samples, expanding the number of sites sampled for water chemistry, starting the process of installing a research well to collect stratified groundwater data from multiple aquifers, and purchasing and repairing equipment.

Equity and Inclusion:

Implementation of this change item will help ensure water of sufficient quality and quantity for all Minnesotans and enhance the ability of all Minnesotans to safely fish, swim, and participate in other water recreation activities.

Results:

The DNR in partnership with the Minnesota Geological Survey is annually completing about four geologic atlases throughout the state (Figure 1).

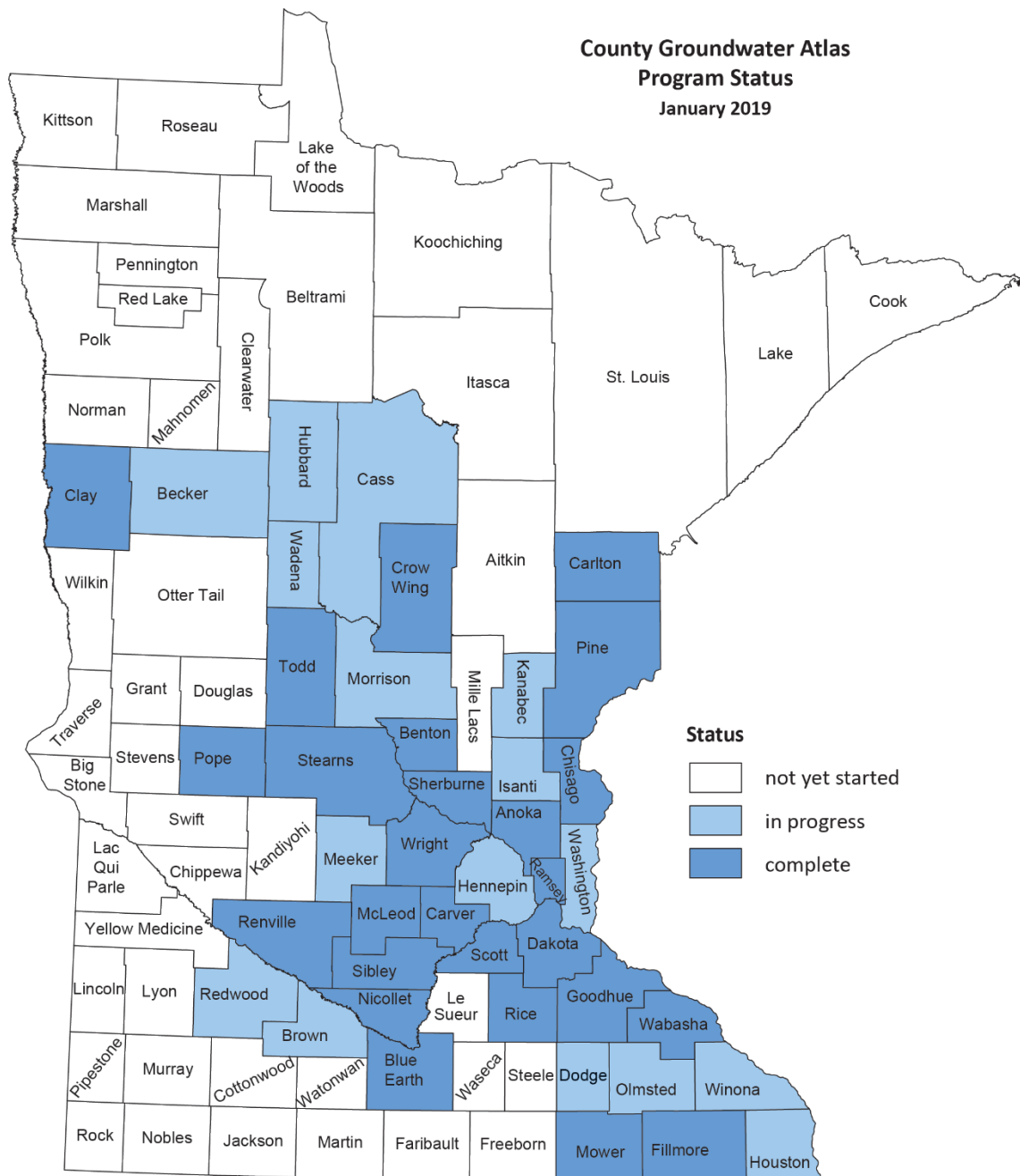


Figure 1 Statewide progress completing County Geologic Atlases.

Statutory Change(s):

No statutory changes will be needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Fish Contamination Assessment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	135	135	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	135	135	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$270,000 from the Clean Water Fund for sampling mercury and other contaminants in fish to determine fish consumption advisories, impairment status, and monitor trends across the state.

Rationale/Background:

The Clean Water Fund is treated as a new initiative each biennium. The Clean Water Council and the executive branch agencies agree that we need to fund long-term programs to address water quality and quantity issues. The Clean Water Fund supports about 78 FTEs at the Department of Natural Resources (DNR) working on data gathering and analysis, technical support for project implementation, and tools to help local partners target water sustainability, restoration and improvement efforts. The DNR partners with Minnesota's water agencies and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Agencies and local governments use the resulting information to prevent waters from becoming impaired, restore impaired waters, and protect long-term water supplies from overuse and contamination. The ultimate goal is that Minnesotans have water of sufficient quality and quantity to meet their needs. The Clean Water Fund performance report describes the efforts that state agencies are using to improve and protect water quality and supply using identified performance measures.

Proposal:

This proposal is part of a long term, collaborative effort that will lead to cleaner water through targeted implementation projects and programs. The foundation of the effort is comprehensive assessments of water pollution problems within the state's 80 major surface watersheds. The fish contamination assessment funding is used to pay for the laboratory analysis of fish tissue under contract with the Minnesota Department of Agriculture. The data are shared with the Minnesota Pollution Control Agency and the Minnesota Department of Health. The DNR collects fish as part of its regular lake survey work that is paid for through the Game and Fish Fund.

Equity and Inclusion:

Implementation of this change item will help ensure water of sufficient quality and quantity for all Minnesotans and enhance the ability of all Minnesotans to safely fish, swim, and participate in other water recreation activities. Some racial and ethnic minority groups rely disproportionately on subsistence fishing and thus benefit in particular from consumption advisory information.

Results:

Long-term trends are shown below (Figure 1) and summarized in the [Clean Water Fund Performance Report](#). The DNR supports these efforts by collecting fish for analysis on about 150 waterbodies each year. Since the inception of the clean water fund, the DNR has sampled an additional 720 waterbodies. This information is made available electronically and provides [site specific advice](#) where available.

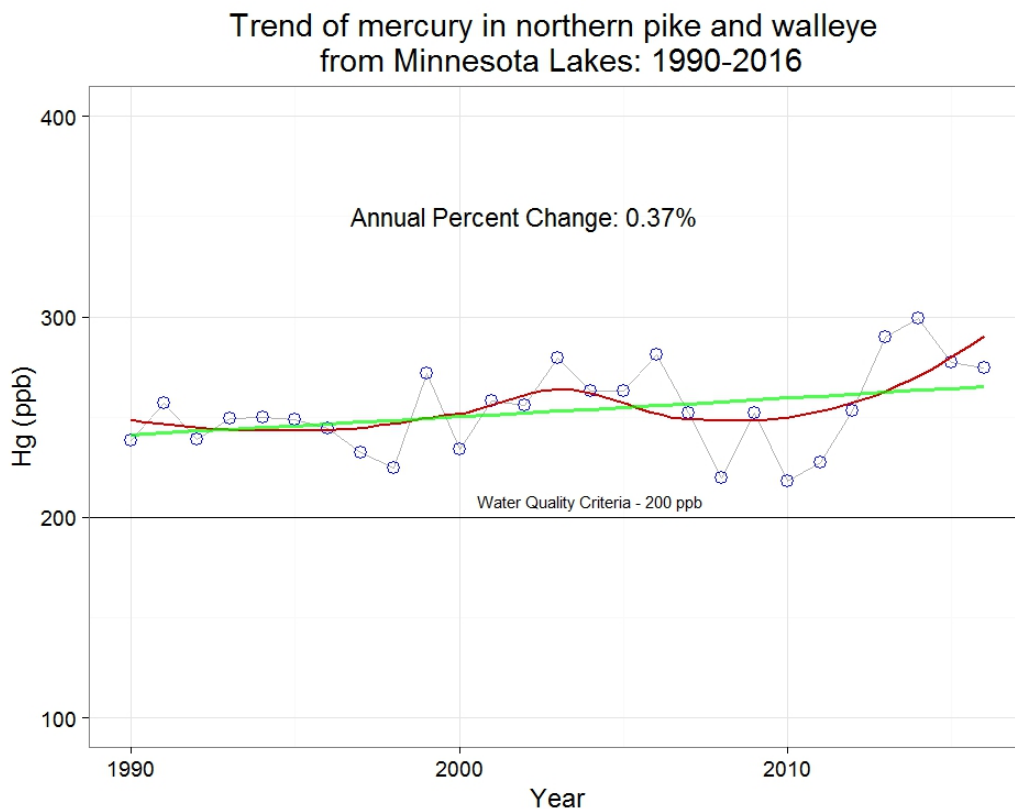


Figure 1 The plot shows the average trend for walleye and northern pike in the state; the points represent the mean annual mercury concentration at the mean latitude and a smoother line through the annual means shows the nonlinear changes between 1990 and 2016. For reference, the plot shows the Minnesota state water quality criterion for mercury in edible fish tissue (200 parts per billion or 0.2 mg/kg).

Statutory Change(s):

No statutory changes will be needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund—Forests for the Future

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	750	750	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	750	750	0	0
FTEs	.2	.2	0	0

Recommendation:

The Governor recommends \$750,000 in FY 2020 and FY 2021 from the Clean Water Fund to protect forests and shorelands that supply clean water to lakes, rivers and streams, preventing water degradation while also maintaining recreational opportunities, wood products production, fish and wildlife habitat, and many other forest amenities. This funding will support the strategic protection of up to 1,500 acres of priority private forest parcels using permanent working forest conservation easements and key fee-title acquisitions.

Rationale/Background:

Over 40 percent of forests in Minnesota, or nearly 7.5 million acres, are privately owned and at risk of fragmentation or conversion. Since 2008, Minnesota has experienced some of the highest deforestation rates in the United States, particularly in North Central Minnesota—including the Pineland Sands and other portions of the Mississippi Headwaters Basin. In these vulnerable forested areas, conversion to agricultural land or other non-forest land uses can contribute to groundwater and surface water contamination. Maintaining working forests in healthy watersheds reduces the risk of water pollution, recharges aquifers, and reduces nutrients and sediments in lakes, rivers and streams while ensuring clean water for recreation, fish and wildlife habitat, drinking, and economic vitality.

The Department of Natural Resources (DNR) administers two conservation easement programs to protect and conserve private forests lands that are candidates for conversion to non-forest uses. The Minnesota Forests for the Future Program (MFF) was established by the Minnesota Legislature in 2008 (*Minnesota Statutes*, Chapter 84.66). The DNR also administers the Federal Forest Legacy Program (FLP), the national complement to MFF. FLP was created by Congress in 1990 and is an important partner and funding source for Minnesota's forest conservation efforts.

The FLP and MFF use targeted working forest conservation easements and key fee-title acquisitions to protect, maintain, and enhance important public values on privately owned forest land including:

- Forest ecosystems and their biological resources that sustain a full array of biodiversity and ecological functions;
- Water quality and quantity;
- Fish, game, and nongame wildlife and plant populations;
- Habitats for at-risk species;
- Wood and non-timber products;
- Quality outdoor recreational experiences, including hunting, fishing, and trapping;

- Soil stability and productivity; and
- Biological diversity and aesthetic qualities of the landscape.

The MFF program includes partnerships with other state agencies, federal agencies, counties, Soil and Water Conservation Districts, and non-governmental organizations. Protected land remains in private ownership and prevents conversion of forest to other uses. For example, MFF recently worked with the DNR Aquatic Management Area Program to provide easement incentives to private landowners to protect water quality to sustain critical habitat for tullibee in several key North Central Minnesota lakes.

Proposal:

This proposal extends a long-term partnership working with landowners, conservation partners, communities, and outdoor enthusiasts to protect and maintain private forests for multiple public benefits including fish and wildlife habitat, recreation, clean water, timber, and jobs. This proposal will:

- Focus on purchasing permanent MFF Working Forest Conservation Easements in the Upper Mississippi River Watershed for water quality protection;
- Acquire up to 1,500 acres of new conservation easements;
- Coordinate with partners working in the watershed;
- Determine payments based on fair-market appraisal;
- Require forest management plans; and
- Monitor every year to ensure compliance with easement terms.

In exceptional cases, DNR will acquire full-fee title ownership for key parcels to consolidate public land, gain access to landlocked public lands for management or public use, or conserve unique natural resources.

Equity and Inclusion:

All citizens will be impacted by this request, this proposal does not specifically focus on disparate groups. All people and groups benefit from clean water, healthy watersheds, and improved outdoor recreation.

IT Related Proposals:

There are no additional IT related components to this proposal.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY 2008</i>	<i>FY 2018</i>	<i>FY 2021</i>
Quantity	Number of acres with a conservation easement.*	50,000	360,000	361,500

*MFF goal is 530,000 acres of permanently protected private forests by 2034.

Statutory Change(s):

NA.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Lake Index of Biological Integrity (IBI) Assessment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,250	1,250	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,250	1,250	0	0
FTEs	16.6	16.6	0	0

Recommendation:

The Governor recommends \$2.5 million from the Clean Water Fund for supporting Minnesota Pollution Control Agency's (MPCA) lake water quality assessment by providing data and interpretation about fish and plant populations.

This funding supports 16.6 staff and other activity costs to contribute to a long-term partnership of Minnesota's executive branch water agencies and local governments to fix and prevent water pollution problems and prevent groundwater over-use.

Rationale/Background:

The Clean Water Fund is treated as a new initiative each biennium. The Clean Water Council and the executive branch agencies agree that we need to fund long-term programs to address water quality and quantity issues. The Clean Water Fund supports about 78 FTEs at the Department of Natural Resources (DNR) working on data gathering and analysis, technical support for project implementation, and tools to help local partners target water sustainability, restoration and improvement efforts. The DNR partners with Minnesota's water agencies and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Agencies and local governments use the resulting information to prevent waters from becoming impaired, restore impaired waters, and protect long-term water supplies from overuse and contamination. The ultimate goal is that Minnesotans have water of sufficient quality and quantity to meet their needs. The Clean Water Fund performance report describes the efforts that state agencies are using to improve and protect water quality and supply using identified performance measures.

Proposal:

This proposal is part of a long term, collaborative effort that will lead to cleaner water through targeted implementation projects and programs. The foundation of the effort is comprehensive assessments of water pollution within the state's 80 major surface watersheds and prioritized strategies to address these problems.

Minnesota's water agencies are working with local partners to develop and implement strategies to protect and restore watersheds and groundwater. This proposal supports DNR's efforts related to lake assessment.

By systematically sampling fish and plants in lakes across the state, we can calculate an Index of Biological Integrity (IBI), which is an analysis that can identify water pollution problems based on the type and abundance of certain species in a biological community. The IBI gives a holistic picture of lake condition over time,

complementing other traditional water quality measurements (e. g. phosphorus, water clarity, toxic contaminants).

A key element of this effort is collecting information about the entire fish community, including non-game fish that are often more sensitive to watershed and shoreline disturbance. DNR's fishery managers traditionally have not sampled non-game fish communities. With the support of Clean Water Fund, biologists are now able to include these expanded survey efforts in lakes that have been selected for biological assessment by the DNR and MPCA. The DNR participates in the MPCA watershed assessment process, providing the Fish IBI and plant IBI data and interpretation to identify impaired lakes, those meeting standards, and lakes of exceptional biological quality. In addition, the DNR is providing an analysis of the stressors contributing to impairment on lakes listed as impaired for fish IBI.

Using a plan developed jointly with MPCA, the DNR annually completes about 135 fish IBI surveys, aquatic plant surveys on 50 lakes, and detailed shoreline habitat surveys on 75 lakes.

Equity and Inclusion:

Implementation of this change item will help ensure water of sufficient quality and quantity for all Minnesotans and enhance the ability of all Minnesotans to safely fish, swim, and participate in other water recreation activities.

Results:

Since the passage of the Clean Water Fund, DNR has completed biological assessments in 366 lakes (Figure 1). DNR has used the data to determine that 191 of those lakes are impaired (i.e. not meeting standards). Another 53 lakes were identified as impaired or vulnerable to future impairment based on their fish IBI score. DNR is also maintaining a list of lakes with exceptional biological quality that is used to identify protection priorities in local planning efforts. This is critical to informing restoration and protection efforts under the Clean Water Fund.

Lakes with Fish IBI Data

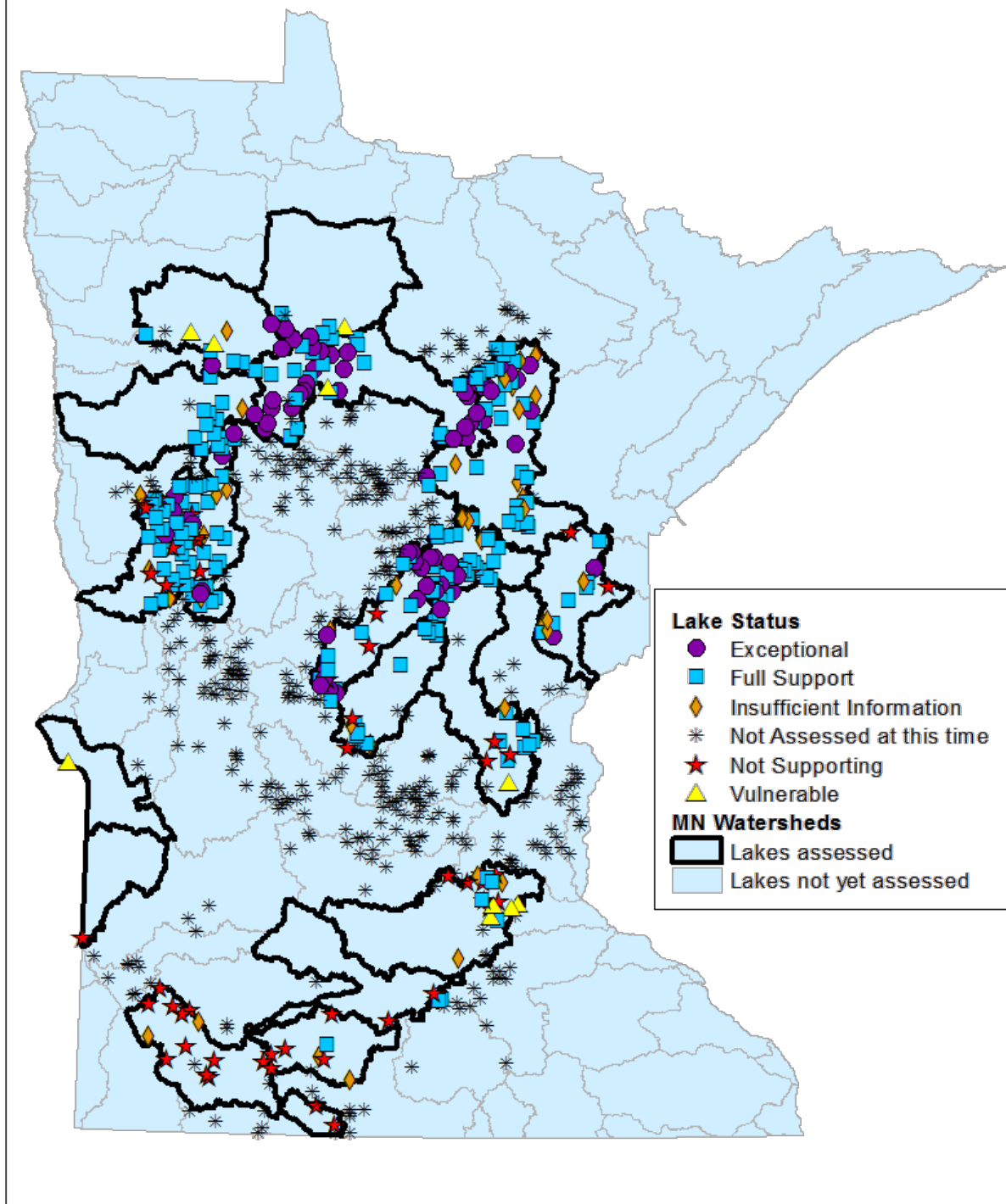


Figure 1 Statewide map showing progress collecting and analyzing fish and aquatic plant data as part of the statewide watershed assessment. Assessment has been completed for 366 lakes in 17 watersheds.

Statutory Change(s):

No statutory changes will be needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Nonpoint Source Restoration and Protection Activities

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,200	1,200	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,200	1,200	0	0
FTEs	7.4	7.4	0	0

Recommendation:

The Governor recommends \$2.4 million from the Clean Water Fund to support local planning and implementation efforts, including One Watershed, One Plan, technical assistance with clean water implementation projects, and targeted forest stewardship for water quality.

This funding will support 7.4 staff (plus contracts with outside vendors) in contributing to a long-term partnership of Minnesota's executive branch water agencies and local governments to fix and prevent water pollution problems.

Rationale/Background:

The Clean Water Fund is treated as a new initiative each biennium. The Clean Water Council and the executive branch agencies agree that we need to fund long-term programs to address water quality and quantity issues. The Clean Water Fund supports about 78 FTEs at the Department of Natural Resources (DNR) working on data gathering and analysis, technical support for project implementation, and tools to help local partners target water sustainability, restoration and improvement efforts. The DNR partners with Minnesota's water agencies and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Agencies and local governments use the resulting information to prevent waters from becoming impaired, restore impaired waters, and protect long-term water supplies from overuse and contamination. The ultimate goal is that Minnesotans have water of sufficient quality and quantity to meet their needs. The Clean Water Fund performance report describes the efforts that state agencies are using to improve and protect water quality and supply using identified performance measures.

Proposal:

This proposal is part of a long term, collaborative effort that will lead to cleaner water through targeted implementation projects and programs. The DNR directly supports local planning and implementation work for clean water. This includes extensive support in local One Watershed, One Plan efforts, technical assistance with implementation projects, helping permit applicants design and implement environmentally beneficial floodplain culverts that also reduce floodstage, working with local communities to implement new model shoreland ordinances with higher standards for water quality, and targeted forest stewardship for water quality.

DNR staff are providing technical assistance ranging from siting to design to construction on about 80 implementation projects each year. In addition, DNR foresters work with landowners to write and implement forest stewardship plans, covering over 28,000 acres so far in targeted watersheds. With a stewardship plan,

landowners qualify for cost share dollars and incentive programs that prevent development on the property. This program was developed in partnership with the Minnesota Forest Resources Council.

Equity and Inclusion:

Implementation of this change item will help ensure water of sufficient quality and quantity for all Minnesotans and enhance the ability of all Minnesotans to safely fish, swim, and participate in other water recreation activities.

Results:

DNR staff annually support the completion of six to eight One Watershed, One Plans, provide technical assistance on about 80 implementation projects each year, and write forest stewardship plans covering several thousand acres. Six Minnesota counties have adopted higher shoreland standards following their work with DNR technical experts.

Statutory Change(s):

No statutory changes will be needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Applied Research and Tools

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	700	700	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	700	700	0	0
FTEs	3.2	3.2	0	0

Recommendation:

The Governor recommends \$1.4 million from the Clean Water Fund for maintaining and updating light detection and ranging (LiDAR)-derived elevation data; developing fine-scale watershed models; and assessing relationships among disturbance patterns, best management practice applications (BMPs), and water quality in forested watersheds.

This funding will support 3.2 FTEs (plus contracts with outside vendors) to contribute to a long-term partnership of Minnesota's executive branch water agencies and local governments to fix and prevent water pollution problems and prevent groundwater over-use.

Rationale/Background:

The Clean Water Fund is treated as a new initiative each biennium. The Clean Water Council and the executive branch agencies agree that we need to fund long-term programs to address water quality and quantity issues. The Clean Water Fund supports about 78 FTEs at the Department of Natural Resources (DNR) working on data gathering and analysis, technical support for project implementation, and tools to help local partners target water sustainability, restoration and improvement efforts. The DNR partners with Minnesota's water agencies and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Agencies and local governments use the resulting information to prevent waters from becoming impaired, restore impaired waters, and protect long-term water supplies from overuse and contamination. The ultimate goal is that Minnesotans have water of sufficient quality and quantity to meet their needs. The Clean Water Fund performance report describes the efforts that state agencies are using to improve and protect water quality and supply using identified performance measures.

Proposal:

This proposal is part of a long term, collaborative effort that will lead to cleaner water through targeted implementation projects and programs. The DNR maintains and provides access to LiDAR-derived elevation data that is widely used for targeting and designing implementation projects and for watershed modeling. We develop fine-scale watershed models that enhance our understanding of the effects of drainage, soil health, and different BMPs on water flow and water quality. We also assess relationships among disturbance patterns, BMP applications, and water quality in forested watersheds.

Equity and Inclusion:

Implementation of this change item will help ensure water of sufficient quality and quantity for all Minnesotans and enhance the ability of all Minnesotans to safely fish, swim, and participate in other water recreation activities.

Results:

LiDAR (Light Detection and Ranging) elevation data provides a fine-scale, detailed digital representation of the landscape. This extremely valuable dataset is used to identify and design implementation projects, reducing the need for field assessments and enhancing accuracy of the predicted effectiveness of those projects.

We annually monitor the implementation of forest management guidelines and BMPs at about 90 selected logging sites in Minnesota's forested watersheds, with a focus on potential impacts to water resources. We analyze data on BMP implementation along with watershed characteristics (slope, soils, etc.) and disturbance patterns (logging, blowdown, fire, etc.) to identify risks to water quality and strategies to reduce these risks. The final step is outreach to forest landowners, managers and loggers aimed at mitigating these risks and ensuring full implementation of water quality BMPs.

Statutory Change(s):

No statutory changes will be needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Stream Flow Monitoring

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	2,200	2,200	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,200	2,200	0	0
FTEs	15.7	15.7	0	0

Recommendation:

The Governor recommends \$4.4 million from the Clean Water Fund for collecting stream flow data, which is used to calculate pollutant loads for Minnesota Pollution Control Agency's (MPCA) water quality assessments and sampling sediment at select stations to analyze sediment transport in streams. These data also have broad utility for state and local water management efforts.

This funding will support 15.7 FTEs (plus contracts with outside vendors) to contribute to a long-term partnership of Minnesota's executive branch water agencies, which include the Department of Agriculture, Department of Health, Minnesota Pollution Control Agency, Board of Water and Soil Resources, Department of Natural Resources (DNR), and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Rationale/Background:

The Clean Water Fund is treated as a new initiative each biennium. The Clean Water Council and the executive branch agencies agree that we need to fund long-term programs to address water quality and quantity issues. The Clean Water Fund supports about 78 FTEs at the DNR working on data gathering and analysis, technical support for project implementation, and tools to help local partners target water sustainability, restoration and improvement efforts. The DNR partners with Minnesota's water agencies and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Agencies and local governments use the resulting information to prevent waters from becoming impaired, restore impaired waters, and protect long-term water supplies from overuse and contamination. The ultimate goal is that Minnesotans have water of sufficient quality and quantity to meet their needs. The Clean Water Fund performance report describes the efforts that state agencies are using to improve and protect water quality and supply using identified performance measures.

Proposal:

This proposal is part of a long term, collaborative effort that will lead to cleaner water through targeted implementation projects and programs. The foundation of the effort is comprehensive assessments of water pollution within the state's 80 major surface watersheds and prioritized strategies to address these problems.

Minnesota's water agencies are working with local partners to check water quality and aquifer levels, and develop and implement strategies to protect and restore watersheds and groundwater.

The Clean Water Fund has allowed the DNR to expand a network of stream gages that are critical for MPCA's water quality assessments. Funds are used to install, upgrade and calibrate stream gages and to collect, compile, analyze and distribute data collected at gage stations. The Cooperative [Stream Gaging Website](#) provides a portal for agencies and the public to see stream flow data, site photos, water quality information and links to other information. In addition, a Monthly Hydrologic Conditions Report provides general trend information on water resources using climatic data, lake and river gages, and groundwater monitoring information.

Equity and Inclusion:

Implementation of this change item will help ensure water of sufficient quality and quantity for all Minnesotans and enhance the ability of all Minnesotans to safely fish, swim, and participate in other water recreation activities.

Results:

The DNR will annually collect about 1,300 stream flow measurements and compile records at continuous gage locations. The stream flow and sediment information collected from these gage stations will be used by MPCA to calculate pollution loads for Total Maximum Daily Loads. These data will also be used to evaluate trends in base flow conditions, determine the frequency and magnitude of floods and low flows, assist in assessing changes in land use and watershed conditions and the potential effects of climate change.

Statutory Change(s):

No statutory changes will be needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Legacy – Watershed Restoration and Protection Strategies

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	2,016	2,016	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,016	2,016	0	0
FTEs	17	17	0	0

Recommendation:

The Governor recommends \$4.032 million from the Clean Water Fund to provide state and local partners with expertise, data, and analysis that supports watershed studies and helps identify lasting watershed restoration and protection strategies.

This funding will support 17 FTEs (plus contracts with outside vendors) to contribute to a long-term partnership of Minnesota's executive branch water agencies and local governments to fix and prevent water pollution problems.

Rationale/Background:

The Clean Water Fund is treated as a new initiative each biennium. The Clean Water Council and the executive branch agencies agree that we need to fund long-term programs to address water quality and quantity issues. The Clean Water Fund supports about 78 FTEs at the Department of Natural Resources (DNR) working on data gathering and analysis, technical support for project implementation, and tools to help local partners target water sustainability, restoration and improvement efforts. The DNR partners with Minnesota's water agencies and local governments to fix and prevent water pollution problems and prevent groundwater overuse.

Agencies and local governments use the resulting information to prevent waters from becoming impaired, restore impaired waters, and protect long-term water supplies from overuse and contamination. The ultimate goal is that Minnesotans have water of sufficient quality and quantity to meet their needs. The Clean Water Fund performance report describes the efforts that state agencies are using to improve and protect water quality and supply using identified performance measures.

Proposal:

This proposal is part of a long term, collaborative effort that will lead to cleaner water through targeted implementation projects and programs. The foundation of the effort is comprehensive assessments of water pollution and supply problems within the state's 80 major surface and prioritized strategies to address these problems.

The DNR contributes specialized expertise in watershed science that helps the Minnesota Pollution Control Agency (MPCA) and local partners build watershed models, identify stressors, prioritize waters for protection, and develop watershed restoration and protection strategies. We do this through local participation in WRAPS (Watershed Restoration and Protection Strategies) teams and with a statewide Watershed Health Assessment Framework, which is a web-based tool for accessing watershed data and exploring watershed health concepts.

The Watershed Health Assessment Framework is a [web-based tool](#) for resource managers and others interested in the ecological health of Minnesota's watersheds. The framework is based on the five components of watershed health described below. A suite of 18 health scores has been calculated to describe watershed characteristics at multiple scales. This web-based tool give user's easy access to extensive data without the need for GIS technology.

Equity and Inclusion:

Implementation of this change item will help ensure water of sufficient quality and quantity for all Minnesotans and enhance the ability of all Minnesotans to safely fish, swim, and participate in other water recreation activities.

Results:

This proposal will provide funding to continue watershed assessments and developing strategies to meet water quality goals. Specifically, the MPCA collects and analyzes data on water quality (nutrients, sediment, toxic contaminants, dissolved oxygen, etc.) and biology (fish and aquatic invertebrates in streams). The DNR adds information and expertise in hydrology (water flow and water levels), geomorphology (stream stability and erosion), and connectivity (dams and other barriers that prevent natural movement of water, sediment, and fish). These five components of watershed health interact to determine whether streams and rivers can support swimming, fishing, and aquatic life. The DNR's expertise in hydrology, geomorphology, and connectivity helps the MPCA determine the cause of water quality impairments and, more importantly, it directly informs local governments' efforts to implement projects.

Collectively, the agencies and partners completed the initial statewide assessment of all 80 major watersheds. The second cycle of watershed monitoring has begun, circling back to watersheds first monitored in 2008. All major watersheds in the state will be monitored every 10 years to see if conditions are improving or declining. This second round of monitoring will focus on detecting changes and filling in data gaps to further inform on-the-ground practices.

Each year, the DNR indirectly supports local implementation of projects with watershed and site specific information that helps partners address the root causes of pollution problems. In FY18, DNR gathered and analyzed data and information for 35 watersheds, including 133 stream studies.

Statutory Change(s):

No statutory changes will be needed.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Parks and Trails Legacy – DNR Parks and Trails

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Parks and Trails Legacy Fund				
Expenditures	19,750	20,230	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	19,750	20,230	0	0
FTEs	42	42	0	0

Recommendation:

The Governor recommends \$19.750 million in FY20 and \$20.230 million in FY21 from the Parks and Trails Legacy Fund for the Department of Natural Resources (DNR) to advance goals from the 25-year Parks and Trails Legacy Plan within Minnesota state parks and trails. The core goals include connecting people to the outdoors, acquiring land and creating opportunities, taking care of what we have, and coordinating with partners.

Rationale/Background:

The Clean Water, Land, and Legacy Amendment created the Parks and Trails Fund, which is an important source of funding for improving parks and trails statewide. The DNR uses the Legacy Fund to help establish a 21st century state park and trail system that attracts future generations to experience the outdoors, while supporting the economic vitality of surrounding communities and ensuring the protection of the state's unique resources.

DNR, Greater Minnesota Regional Parks and Trails Commission (GMRPTC) and Metropolitan Council are working together to advance a more coordinated approach to achieve outcomes for the Parks and Trails Legacy Fund. For the 2020-21 biennium, the implementing agencies continue to support a percentage distribution of "40-40-20," where 40 percent is allocated to the DNR, 40 percent to Metropolitan Council, and 20 percent for GMRPTC, as well as approximately 1 percent allocated "off the top" for coordination. This percentage distribution was agreed to by a 2011 Parks and Trails Legacy Funding Work Group, and was recommended for three biennia (through FY18-19). With the addition of the funding diversification for GM (see separate GM change item), it is supported for FY20-21 by the three implementing agencies and Minnesota's Legacy Advisory Committee, and remains the best approach for allocating the Parks and Trails Legacy Fund.

Proposal:

With these funds, DNR will continue to advance the four main goals associated with the 25-year Parks and Trails Legacy Plan:

- **Connect People to the Outdoors.** DNR continues to promote and provide innovative programs and special events that educate, interpret and build outdoor stewardship skills. For example, the "*I Can!*" series reaches out to young families and new park and trail users to teach skills such as camping, climbing, paddling, archery and more. In 2017, DNR reached more than 250,000 participants through interpretive programs, with skill-building programs reaching about 49,000 of those participants.
- **Acquire Land, Create Opportunities.** DNR will pursue high-priority acquisitions that provide important connections and/or preserve important natural and cultural resources. These include state park inholdings and critical segments for state trail corridors. New development and rehabilitation projects create recreation opportunities with potential to increase state park and trail use.
- **Take Care of What We Have.** DNR will ensure high-quality outdoor recreational experiences through infrastructure renewal and increased accessibility. This will include, for example, new and enhanced campgrounds, trail bridges, and energy efficiency projects. DNR also manages and restores natural

landscapes within the state park and trail system.

- **Coordinate with Partners.** While agencies and organizations can do a great deal of Legacy work on their own, ultimately DNR is striving to provide a seamless system of parks and trails in Minnesota. Coordination and cooperation ensure work is cost effective and meaningful to all Minnesotans.

Equity and Inclusion:

Legacy funding seeks to make the outdoors accessible to all Minnesotans, including communities of color in urban and rural Minnesota. To continue to serve current customers, and diversify those numbers to include new and underserved groups, the agencies are guided by the target markets specifically identified in the 25-year plan including youth and young adults, families with children, racial and ethnic minorities, new immigrants, and older adults. For example, low-cost skill building programs are marketed to diverse audiences through a variety of media and languages. Participants of the popular “I Can Camp” program, in particular, have been more ethnically diverse than state park visitors, or the population of Minnesota as whole.

IT Related Proposals:

This proposal does not include an IT component.

Results:

In keeping with the strategic directions set forth in the Parks and Trails Legacy Plan, the DNR has expanded and improved outdoor recreation opportunities across the state. Key indicators of success include:

- **More people are getting outdoors.** State park permit sales, overnight stays and program participation have all increased since 2009. Overall attendance at interpretive programs increased by almost 20 percent from 2009 to 2017.
- **New opportunities and acquisitions exist at Minnesota state parks and trails.** Over the past nine years, Legacy-funded acquisitions have increased the total acres of parkland and the total miles of state trails. Legacy funding has also made a number of important development projects possible. For example, since 2009 the DNR has completed the following for:
 - **Camping:** Started or completed major new campgrounds at Whitewater and Split Rock Lighthouse state parks; created a new group camp at Lake Bemidji State Park; constructed 2 RV sanitation stations; and constructed 7 yurts at 3 state parks.
 - **Visitor Centers:** Constructed trail centers at Bear Head Lake State Park and Tettegouche State Park (leveraged with bonding) and a new day use area at LaSalle State Recreation Area (SRA).
 - **Biking:** Built a new 5.5 mile bike trail in Glendalough State Park and a connecting trail in partnership with the City of Battle Lake and Otter Tail County; repaved and widened the Glacial Lakes State Trail from Spicer to Wilmar; built the new 6-mile paved Browns Creek State Trail; paved 23 miles of the Luce Line State Trail, connecting the cities of Hutchinson, Silver Lake, and Winsted; and at Cuyuna Country SRA, created four progressively more difficult mountain bike trail loops and a new trail connection to City of Crosby.
 - **Accessibility:** Made accessibility improvements at 75 state parks and trails and state forest recreation areas, including replacing picnic tables and adding accessible fire rings.
 - **Clean Energy:** Installed 14 renewable energy systems across state parks and trails.
 - **Unique experiences:** Reintroduced bison at Minneopa State Park.
- **Native landscapes and aging structures have been restored.** Since the start of Legacy funding, the pace of native plant restoration at state parks and trails has increased 24 percent, prescribed burning has increased 27 percent, and control of invasive plants has increased by nearly 150 percent. In addition, Legacy funds have been used to make improvements to our aging infrastructure and to reinvigorate visitor services. More than a third of the 300 bridges on state trails are over 100 years old, and we’ve used Legacy funding to repair or replace over 60 of them since 2009.

Statutory Change(s):

This proposal does not require any statute changes.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Parks and Trails Legacy – Greater Minnesota Regional Parks and Trails

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Parks and Trails Legacy Fund				
Expenditures	9,875	10,115	0	0
Net Fiscal Impact = (Expenditures – Revenues)	9,875	10,115	0	0
FTEs	1	1	0	0

Recommendation:

The Governor recommends \$9.875 million in FY20 and \$10.115 million in FY21, or 20 percent, of the Parks and Trails Legacy Fund to support the Parks and Trails Legacy Grant Program for Greater Minnesota Regional Parks and Trails Commission (GMRPTC). This funding provides grants to local governments to connect people to the outdoors, help create new parks and trails, and maintain existing ones.

Rationale/Background:

GMRPTC provides the leadership and strategic direction for this grant program, while the Department of Natural Resources (DNR) acts as the fiscal agent and administers the grants according to the Office of Grants Management. Up to 4.5 percent of the total appropriation may be used for the Greater Minnesota Regional Park and Trail Commission to maintain an Executive Director and necessary support functions, and up to 2.5 percent of the total appropriation may be used for DNR to manage the grants, according to standards consistent with the Minnesota Office of Grants Management. This continues the partnership approach of FY16-19, with GMRPTC providing leadership for the grant program, while DNR provides contract management services.

The Clean Water, Land, and Legacy Amendment created the Parks and Trails Fund, which is an important source of funding for parks and trails statewide. The DNR, GMRPTC, and the Metropolitan Council are working together to advance a more coordinated approach to achieve outcomes for the Parks and Trails Legacy Fund. For the 2020-21 biennium, the implementing agencies continue to support a percentage distribution of “40-40-20,” where 40 percent is allocated to the DNR, 40 percent to Metropolitan Council, and 20 percent for GMRPTC, as well as approximately 1 percent allocated “off the top” for coordination.

The 2013 Legislature established the GMRPTC to advance system planning in greater Minnesota and to provide recommendations to the legislature for grants funded by the Parks and Trails Legacy Fund. The scope of this work is for parks and trails of regional significance in counties and cities outside the seven-county metropolitan area (Minnesota Statutes, 85.536).

Proposal:

This proposal provides for a competitive grant program that will help create a seamless system of outdoor recreation across the state and achieve the goals of the 25-year Parks and Trails Legacy Plan. It plays a critical role for enhancing outdoor recreation participation in greater Minnesota, conserving important natural features, connecting people to the outdoors, and contributing to local economic benefits around the state. The GMRPTC will continue to lead the regional parks and trails competitive grant program by guiding the planning and grant selection for Greater Minnesota. The DNR will continue to work closely with the commission and provide contract management for funded projects, as well as technical assistance to grant applicants and recipients.

Equity and Inclusion:

Legacy funding seeks to make the outdoors accessible to all Minnesotans, including communities of color in urban and rural Minnesota. To continue to serve current customers, and diversify those numbers to include new and underserved groups, the Legacy programs are guided by the target markets in the 25-year plan including youth and young adults, families with children, racial and ethnic minorities, new immigrants, and older adults.

IT Related Proposals:

This proposal does not include an IT component.

Results:

This program provides grants to local governments to create and maintain outdoor recreation opportunities of regional or statewide significance in Greater Minnesota. Performance measures include:

- The number and type of grants and dollars awarded;
- Results achieved (e.g., acres acquired, parks and trails developed, and satisfaction of park and trail users); and
- Economic trends and benefits resulting from local parks and trails.

Since 2010, Greater Minnesota Legacy funds have been used to acquire more than 1,900 acres of land for regional parks and build or rehabilitate over 400 miles of regional trails. These important projects, most in rapidly growing areas, provided the land and infrastructure for new recreational opportunities. The amount of acres acquired or trail miles built vary from year to year due to a number of factors, including land prices, construction costs, and specific project differences.

Type of Measure	Name of Measure	FY10/11	FY12/13	FY14/15	FY16/17	FY18/19	Estimated FY20/21
Quantity	Number of grants	38	41	12	25	25	20-40
Results	Regional Park Acres Acquired	202	608	314	472	306	300-500
Results	Trails Miles Developed and/or Rehabilitated	117	171	54	40	51	50-100

Currently grant outcomes are measured on the DNR's website at:

[Grant Outcomes \(http://www.dnr.state.mn.us/grants/outcomes/index.html\)](http://www.dnr.state.mn.us/grants/outcomes/index.html).

The commission will continue to report grant outcomes through the DNR website and/or the Legislative Coordinating Committee (LCC) Legacy website.

Statutory Change(s):

This proposal does not include any statute changes.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Parks and Trails Legacy – Coordination Among Partners

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Parks and Trails Legacy Fund				
Expenditures	499	511	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	499	511	0	0
FTEs	1	1	0	0

Recommendation:

The Governor recommends \$499,000 in FY20 and \$511,000 in FY21 from the Parks and Trails Legacy Fund to advance a coordinated approach for a seamless system of parks and trails in Minnesota. This proposal advances integrated research and planning; development, management, and marketing of web-based systems; support for the Parks and Trails Legacy Advisory Committee; restoration evaluation; and other priority coordination needs such as youth involvement, promoting public health, and connecting underrepresented audiences. These amounts represent about 1 percent “off the top” of the Parks and Trails Legacy Fund.

This proposal is supported by the three implementing agencies – Department of Natural Resources (DNR), Greater Minnesota Regional Parks and Trails Commission (GMRPTC), and the Metropolitan Council – and Minnesota’s Legacy Advisory Committee (LAC). The products and benefits of this change item are shared among these three implementing agencies. The responsibility for coordinating, planning and communicating are also shared to ensure that these benefits meet the needs of the three entities and all residents of Minnesota.

Rationale/Background:

The DNR, GMRPTC, and the Metropolitan Council are working together to advance a more coordinated approach to achieve outcomes for the Parks and Trails Legacy Fund. The state and regional parks and trails system is made up of different providers across the state funded by numerous sources. This complex network poses a challenge to state and regional providers interested in meaningful coordination, as well as end users who seek quality, connected and accessible opportunities. Coordination is essential to achieve the vision laid out in the *Parks and Trails Legacy Plan* and to ensure that the principles the public developed for the use of Legacy Funds are achieved. Effective coordination results in wise use of funds and may result in cost savings.

A major goal for all outdoor recreation providers is to increase the per capita participation in nature-based outdoor recreation. The primary driving factor behind this trend is a decline in involvement among young adults and their children, for older adults, urban individuals and communities of color. Coordinated research information and evaluation should help in our joint efforts to increase outdoor recreation participation.

Proposal:

This request builds on previous appropriations from the Park and Trail Legacy Fund related to coordination and research.

- *Research and system planning* – coordinated action continues to be needed across the three systems to understand who is using the state and regional park and trail system, where they are coming from, their satisfaction with facilities and programs, and how to better connect our target markets to the outdoors.

Coordinated research and planning is critical to ensuring Minnesotans' expectations for use of the Park and Trail Legacy Fund are being met.

- *Web-based systems* – One of the goals in the *Parks and Trails Legacy Plan* is enhanced, integrated and accessible information for park and trail users. An integrated web discovery tool was launched in FY18 (mn.gov/greatoutdoors), which has been well received and offers users a truly seamless system to explore. This proposal will build on that effort by providing maintenance and marketing resources, and developing enhanced features.
- *Support for the Legacy Advisory Committee (LAC)* - The mission of the LAC is to “champion the 25-year Parks and Trails Legacy Plan by providing recommendations to enhance promotion, coordination, and accountability throughout implementation of the plan.” (www.legacy.mn.gov/ptlac).
- The LAC was created as a part of the implementation of the 25-year *Parks and Trails Legacy Plan*. Committee members advise the convening sponsors (GMRPTC, Metropolitan Council, and DNR) on the implementation of the Legacy Plan. The committee is comprised of volunteers who travel from around the state. Reimbursement for travel expenses and support for their work makes participation possible for a diversity of Minnesotans.
- *Restoration evaluation* – Evaluation of natural resource restoration projects across all four Legacy Funds will determine progress toward achievement of restoration goals. A significant amount of Legacy Funds has been invested in restoration projects and an assessment of progress will guide future investments. This proposal will help achieve legislative mandates for restoration evaluation.
- *Other priority coordination needs such as joint marketing and youth involvement, and equity* - Other priority coordination needs such as joint marketing and youth involvement, promoting the health benefits of outdoor recreation, and connecting racially and ethnically diverse audiences need a coordinated effort.

Equity and Inclusion:

Legacy seeks to make the outdoors accessible to all Minnesotans, including communities of color in urban and rural Minnesota. To continue to serve current customers, and diversify those numbers to include new and underserved groups, the agencies are guided by the target markets specifically identified in the 25-year plan including youth and young adults, families with children, racial and ethnic minorities, new immigrants, and older adults. Investments to rehabilitate aging infrastructure also incorporate current accessibility standards.

IT Related Proposals:

This proposal does not include an IT component.

Results:

Improve performance for achieving the goals of the 25-year *Parks and Trails Legacy Plan*, and increase effectiveness and efficiency of Parks and Trails Legacy Funds. Specific results include:

- Maintain and enhance the recently launched integrated, user-friendly website (Minnesota's Great Outdoors) and market it to the benefit of our target markets.
- Implement commonly agreed research priorities across the three systems for standardized visitor information.
- Hold six LAC meetings per year with the completion of an annual work plan designed to monitor and evaluate and recommend how to implement the *Parks and Trails Legacy Plan*.
- Complete restoration evaluations and an assessment of the acres of natural resource sites improved.
- Increase engagement among youth and diverse audiences, and promote the public health benefits of outdoor recreation.

Statutory Change(s):

This proposal does not include any statute changes.

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Office of School Trust Lands Funding

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (ADM)	(187)	(187)	(187)	(187)
Expenditures (DNR)	187	187	187	187
Other Funds (Perm School)				
Expenditures (ADM)	(300)	(300)	(300)	(300)
Expenditures (DNR)	300	300	300	300
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends moving the responsibilities of fiscal agent for the Office of School Trust Lands (OSTL) from the Department of Administration (ADM) to the Department of Natural Resources (DNR). This proposal does not alter the mission or work of the OSTL. It moves funding for the Office of School Trust Lands to the DNR at the same level that it currently exists at ADM. This proposal is therefore budget neutral.

Rationale/Background:

Since 2014, current law appropriates funding for OSTL to the ADM. Additionally, DNR, Department of Education and OSTL entered into a Memorandum of Understanding (MOU) that facilitates the OSTL working relationship with DNR. The multi-agency MOU establishes that ADM will be the primary fiscal agent for OSTL (consistent with current law) and that DNR will provide office space and operations support (fleet, IT, contract review, etc.). Although this operating structure works, it creates administrative inefficiencies as it requires DNR to bill ADM quarterly for the services provided to OSTL. This proposal seeks promote administrative efficiency by discontinuing the dual accounting and quarterly billing between OSTL, ADM and DNR.

Proposal:

This proposal moves the appropriations for OSTL from ADM to DNR. It does not change the purpose or function of the OSTL or request additional appropriations. It merely seeks to gain operational efficiencies by reducing the number of fiscal agents for OSTL.

Equity and Inclusion:

OSTL has not identified any protected class or group that this proposal would negatively impact.

IT Related Proposals:

Not applicable.

Results:

This proposal will increase administrative efficiencies to the OSTL, ADM and DNR.

Statutory Change(s):

None

Department of Natural Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Transportation Funding Package

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	40	130	170	180
Revenues	227,654	223,614	224,604	226,334
Highway User Tax Distribution				
Revenues	177,802	720,781	875,852	907,993
Transfers Out	177,802	720,781	875,852	907,993
Trunk Highway Fund				
Expenditures	102,373	417,547	506,628	525,076
Transfer In	102,373	417,547	506,628	525,076
County State Aid Fund				
Revenues	(3,952)	(3,340)	(2,752)	(2,284)
Expenditures	52,623	227,410	277,227	287,889
Transfer In	56,575	230,750	279,979	290,173
Municipal State Aid Fund				
Expenditures	14,861	60,612	73,543	76,221
Transfer In	14,861	60,612	73,543	76,221
Transit Assistance Fund				
Expenditures	10,350	18,900	19,800	20,500
Revenues	7,548	17,660	19,248	20,516
Transportation Fund				
Expenditures	0	(13,052)	(13,715)	(14,352)
Revenues	(13,052)	(13,715)	(14,352)	(14,859)
DNR Transfers				
Expenditures	3,826	4,172	4,341	4,377
Transfer In	3,993	11,872	15,702	16,523
Net Fiscal Impact = (Expenditures – Revenues)	(211,927)	(229,281)	(234,606)	(237,809)
FTEs (DNR)	6.25	6.25	6.25	6.25
FTEs (MnDOT)	0	50	75	100
*HUDT Transfers out include transportation funds only.				

Recommendation:

The Governor recommends the state commit to a major transportation investment plan to fund the estimated \$6 billion dollar gap that exists between funding needs and available revenues over the next 10 years. The Governor proposes filling the \$6 billion gap in road and bridge funding by:

- Initiating a 20 cent gas tax increase, including fuel in distributor storage at the start time of each increase (phased-in over two years in October and April in FY20 and FY21)
- Indexing the gas tax to inflation (beginning in FY23)
- Increasing the registration tax, effective January 1, 2020 (increase tax rate from 1.25 percent to 1.5 percent and base tax fee from \$10 to \$45; change the depreciation schedule; amend base value calculation by removing destination charge and hold harmless provision of statute)
- Increasing the motor vehicle sales tax from 6.5 percent to 6.875 percent, effective December 1, 2019
- Authorizing \$2 billion in trunk highway bonds over 8 years starting in 2022

The gas tax, registration tax, and motor vehicle sales tax increases will fund roads and bridges for the state trunk highways, county state aid highways, and municipal state aid streets. In the FY22-23 biennium, when revenue changes are completely phased in, the increased revenue from the gas tax, motor vehicle sales tax, and registration fees are forecast to increase available resources for each transportation fund by 30 percent.

To help lower- and middle-income Minnesotans pay for transportation investments, the governor proposes an increase to the Working Family Credit of \$100 for each single or head of household recipient and \$200 for each married filing jointly recipient. This proposal is described in the Tax Aids, Credits and Refunds section. In addition, while the gas tax increase would impact how our rate compares to neighboring states, the existing qualifying service station tax credit would ensure Minnesota service stations within 7.5 miles of the state border receive refunds that effectively reduce the rate to not more than three cents per gallon above the rate of the neighboring state.

Other Components:

In addition to the new funding above, the Governor recommends:

- Returning the auto parts sales tax, 9.2 percent motor vehicle rental tax, and 6.5 percent sales tax on motor vehicle rentals currently deposited into the Highway User Tax Distribution (HUTD) Fund as of FY2018 back to the General Fund beginning in FY2020. This results in an increase to the General Fund of \$395 million in FY20-21 and \$404 million in FY22-23.
- Restoring the motor vehicle lease sales tax to the pre-2018 distribution levels. This results in \$32 million returned to the General Fund, annually.
- In total, the General Fund would receive \$459 million in FY20-21 and \$468 million in FY22-23.

General fund revenues are reduced by \$8 million in the FY20-21 biennium due to increased petroleum refunds and income tax interactions with the registration tax. General fund expenditures decrease by \$170,000 for the biennium for increased aid to counties with casinos under [M.S. 270C.19](https://www.revisor.mn.gov/statutes/cite/270C.19) (<https://www.revisor.mn.gov/statutes/cite/270C.19>) due to the increase in gas tax.

Authorization for the sale of \$2 billion in trunk highway bonds over 8 years starting in 2022 (\$250 million per year). Debt service for these bonds is estimated to be \$22.2 million for the FY22-23 biennium.

Several components in this proposal require changes to the Minnesota Licensing and Registration System (MNLARS). Costs associated with changes to MNLARS will be funded through the Department of Public Safety's MNLARS budget recommendation.

Rationale/Background:

Minnesota cannot preserve and improve quality and performance of the state's transportation systems under the combined limitations of current investment levels and current lifecycle replacement practices. The consequences of underinvesting in the state's transportation system will include deterioration in service, increases in congestion, failing infrastructure and diminished ability to remain economically competitive. This is because transportation systems facilitate the efficient movement of people and goods and create the opportunity for economic development, enhanced productivity, job formation and sustainable growth. Without additional investment, the transportation system will not be able to expand to accommodate expected population and job growth. In addition, alternatives to driving alone must play a larger role in satisfying growing transportation demand - roads, transit and other transportation modes must work together as one system.

Road and Bridge Funding

The 2018 Minnesota Statewide Highway Investment Plan (MnSHIP) determined additional funding was needed for transportation, due largely to aging infrastructure and construction costs exceeding the growth of existing revenues. Overall, the department faces a \$6 billion gap in revenue over the next ten years above current fund

balance projections to fund needed investments in state road construction. Of this total gap, roughly \$4 billion is needed for preservation and modernization, and \$2 billion is needed for strategic expansion.

Without additional revenue, there will be:

- Increasing deterioration of pavement and bridges on state system. The percent of highway pavement considered in poor condition (rough driving surface) and the percent of bridge deck pavement considered in poor condition it is estimated to increase significantly in the next 20 years.
- Very little expansion to address population and economic growth
- Reductions in high priority products and service delivery

In addition, more operations and maintenance dollars are recommended, calculated at 5 percent of new Trunk Highway Fund revenues. This additional funding will be spent on snow plowing, fixing pot holes and guard rails, etc. Investing in operations and maintenance is needed due to declining asset conditions, increased snow and ice requirements, and the need for more timely maintenance.

Proposal:

Road and Bridge funding components

New revenues and bonding would be identified to help close the funding gap over the next ten years. The goal is an integrated transportation system that optimizes the movement of people and goods across the state. With new funding, we can:

- Improve asset management - preserve and modernize the existing system
- Invest in strategic mobility enhancements, including MnPASS and other intelligent transportation tools
- Complete strategic expansion on key corridors throughout the state
- Complete Main Street improvements

The benefits for Minnesotans will include:

- Reduced wear and tear on their cars
- Fewer stops at the fuel pump due to smoother roads and reduced congestion
- Fewer accidents
- More time doing what they need to do
- Reduced impacts on our environment

MnDOT has identified pavement and bridge needs as well as mobility projects that are not currently being addressed through its 10-year work plan. These unmet needs and projects will be given priority. These funds will provide for capital costs of construction as well as project development and engineering activities with contractor support, allowing the department to utilize this funding in the most efficient manner.

MnDOT proposes to utilize the increased operating appropriations for our highest-priority products and services. Some of these include:

- Snow and Ice - keeping the roads clear of snow and ice
- System Roadway Structures Maintenance – repair potholes (pavement repair)
- Bridges and Structures Inspection and Maintenance
- Intelligent transportation systems for improved safety and mobility

The Governor's proposal provides constitutionally dedicated funding increases that can be relied on over the long term and can only be used for transportation purposes. Returning auto parts and other taxes to the general fund results in the availability of funding for other state priorities.

Department of Natural Resources Funding Components

The Governor's proposal provides constitutionally dedicated funding increases that can be relied on over the long term and can only be used for transportation purposes. Returning auto parts and other taxes to the general fund results in the availability of funding for other state priorities.

The Department of Natural Resources (DNR) receives a portion of the unrefunded gasoline tax, which has supported the state's recreational motorized vehicle activities and forest roads since 1961. This funding is dedicated to the DNR with the broader goal that the unrefunded gasoline proceeds should support programs related to non-highway gasoline use.

This revenue enables additional investment in Minnesota's water recreation facilities and services. The proposal funds \$3.35 million annually for increased operations and maintenance of public water access sites and state trails (\$1.35 million) and increasing boating access site rehabilitation (\$2 million). Additionally, this proposal increases grants to local sheriff offices by \$300,000 annually to reimburse for search and rescue efforts.

This proposal also increases revenues to DNR's forest road account by \$170,000 in FY20, \$506,000 in FY21, \$670,000 in FY22, and \$705,000 in FY23. The state and counties (with a land commissioner) split this revenue 52% and 48% respectively. This increase funds additional graveling, grading, and drainage projects to maintain the state's 2,340-mile forest road network used by the forest industry, emergency responders and outdoor enthusiasts.

Transit Funding Components

Revenue from the motor vehicle sales tax is split between the HUTD (60 percent) and the Transit Assistance Fund (40 percent). The Metropolitan Council receives 90 percent of the motor vehicle sales tax revenue in the Transit Assistance Fund and MnDOT receives the remaining 10 percent for greater Minnesota transit.

Over the long-term, greater Minnesota transit revenues will increase from the proposed increased MVST rate. However, restoring the motor vehicle lease sales tax to the pre-2018 distribution levels results in a short-term reduction in revenue. To offset the decrease in revenue between FY20-23, MnDOT is amending internal accounting practices to allow additional spending of the motor vehicle lease tax revenue in the current year (current accounting practices involve carrying forward all of this revenue each year, and planning spending in the subsequent year).

Equity and Inclusion:

A safe, reliable and multimodal system of transportation is vital to ensuring equity and inclusion by connecting communities statewide. This needed funding will also provide additional contracting opportunities to certified small businesses and opportunities to work towards enterprise-wide goals of equity and inclusion.

IT Related Proposals:

N/A

Results:

Currently, Minnesota's total state gasoline taxes are 28th highest in the country, including District of Columbia. Since 2013, Minnesota has dropped from 19th highest state gasoline taxes, as a result of other states increasing their gasoline tax rate. Over a 10-year period, the inflation-adjusted tax on gasoline is projected to add an additional 28 cents to the price of a gallon of gasoline.

These investments would provide additional long-term sustainable and dedicated funding. MnDOT would plan to rehabilitate the system for the 21st century by:

- Improving an additional 1,800 miles of pavement and repair or replace an additional 300 bridges on state highways
- Accelerate progress toward the state goal of zero highway deaths with targeted installation of rumble strips, median barriers, lighting and other safety improvements. The Minnesota Toward Zero Death program has helped decrease injuries and deaths on the highway
- Keep roadside infrastructure in a state of good repair

In addition, MnDOT has operating performance measures that will be impacted by this proposal. All are anticipated to decline without additional funding; and this would reduce the decline. They include:

- Snow Plowing Performance – meet clearance targets
- Smooth Roads – percent of pavement patching addressed
- Percent of projects let in the year scheduled

Statutory Change(s):

Gasoline Tax: M.S. 296A.07 and M.S. 296A.08

Vehicle Registration Taxes: M.S. 168.013

Motor Vehicle Sales Tax: M.S. 297B.02

Motor Vehicle Lease Sales Tax: 297A.815

General Fund Transfers: M.S. 297A.94 and 297A.64

Program: Lands and Minerals Resource Management**Activity: Lands and Minerals Resource Management**dnr.state.mn.us/lands_minerals/index.html**AT A GLANCE**

- Collected \$17 million in revenue from state-owned mineral resources in FY17
- Minnesota ranked first in the nation for iron ore production
- Completed 91 acquisitions of land and interests in land in FY17
- Calculated in lieu of tax payment of approximately \$35.8 million for distribution to local government annually
- Managed 12 million acres of state-owned mineral rights including 3.5 million acres of school trust mineral assets
- Managed real estate activities for 5.6 million acres of state-owned land, including 2.5 million acres of school trust lands

PURPOSE & CONTEXT

The Division of Lands and Minerals manages all state-owned mineral rights and provides real estate services for Department of Natural Resources (DNR) managed lands.

Lands and Minerals ensures that mining is designed to protect natural resources and that sites are properly reclaimed for future use once mining is complete. The mineland reclamation activity promotes a healthy environment with sustainable use of natural resources.

The Division's land management activity includes oversight of the school trust lands, which generate revenue by leasing state surface lands and mineral rights. These funds go to school districts throughout the state and the University of Minnesota and its students, as well as local towns, cities, and counties.

SERVICES PROVIDED

The Division of Lands and Minerals meets its goals through three bodies of work:

Minerals Management

- The Division gathers mineral resource information to encourage further exploration and investment. It maintains a drill core library of past exploration and drillings that provides geological insight into future sites. The Division maps the location of sand and gravel to identify future resources and aid in local planning.
- The Division issues state mineral leases through public sales and negotiations. This includes leases at the earliest stage of exploration to leases at active mines.
- It reviews all exploration plans to ensure environmental protection criteria are met and conduct field inspections of the exploration activity on state and private lands. Exploration companies are searching for valuable deposits of copper, nickel, platinum, palladium, and other precious metals.
- The Division monitors the terms and conditions of the state mineral leases, including performance requirements.
- The Division closely monitors iron ore being removed from state lands. It verifies volumes, collect the revenues due, and distribute them to school trust land, the university trust, and local communities.

Mine Permitting and Reclamation

- The Division administers permits to mine that are required before metallic mineral mining operations may start on any land. It ensures permits include conditions to protect the environment, preserve natural resources, provide for financial assurance, govern mine reclamation, and plan for future use of the land.
- The Division administers water appropriation permits and work in public water permits needed for metallic minerals mining and peat mining. It ensures permits include conditions to allow reasonable use and protect the state's water resources.
- The Division inspects mining operations to ensure permit compliance. This includes monitoring ongoing operations, reclamation, water use, and environmental protection activities.
- It conducts environmental research to better understand potential water quality and other mining impacts and to evaluate new ways to reduce impacts.

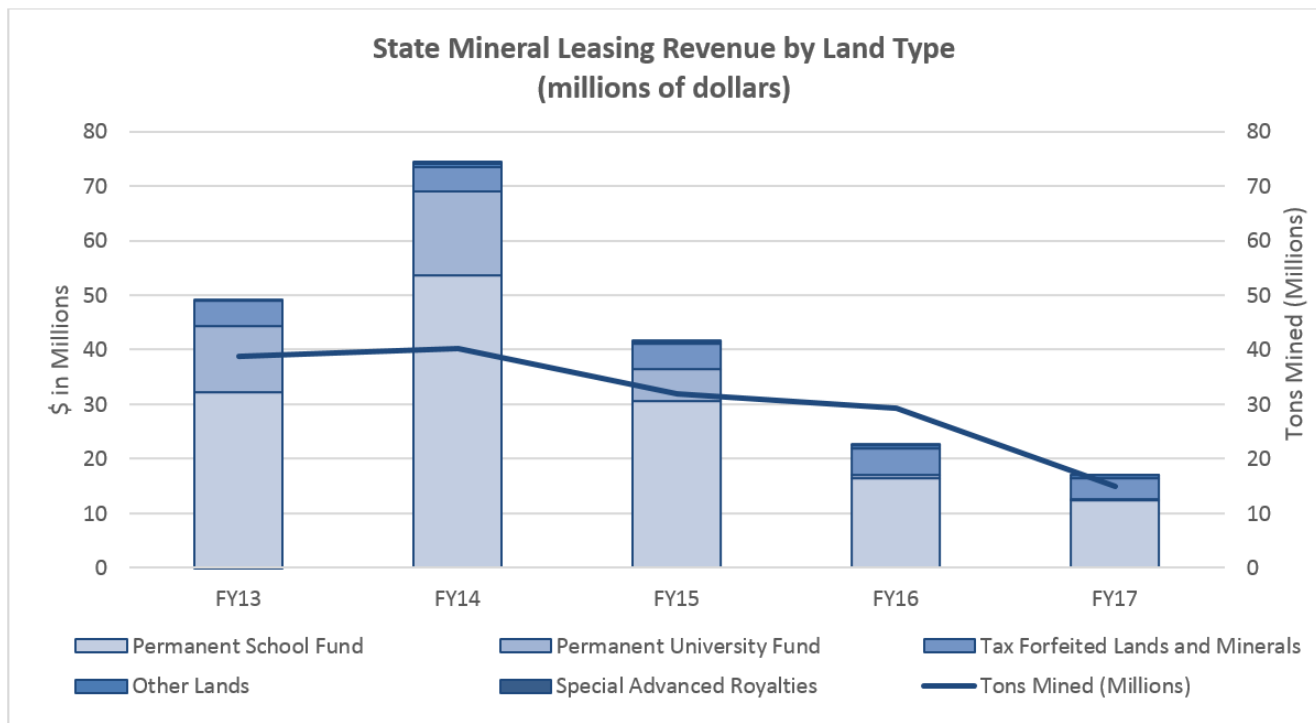
Real Estate Management

- The Division acquires land through purchase and donation for outdoor recreation and natural-resource protection. It sells some lands to raise revenue for school trust land or to dispose of land that does not meet DNR's strategic priorities. The Division trades some land with other units of government or private parties to consolidate landholdings or to obtain land better suited for DNR's land management objectives.
- The Division issues licenses for utilities to cross state lands and waters. It issues road easements for crossing state land and water. The Division issues leases for hunting cabins, boathouses, towers, agriculture, access to private property and other uses.
- It conducts surveys to address boundary issues prior to an acquisition, and to accurately post the boundaries for existing outdoor recreation units and before extensive development such as a water access site or campground.
- The Division provides direction on monitoring of conservation easements and enforcement of terms and conditions. We review and decide whether to approve the proposed sale or of certain tax forfeited land, subject to final approval by the Land Exchange Board.
- It works with counties to develop land record data and calculate annual payments in lieu of taxes.

RESULTS

Quantity Performance Measure: Minerals Management—Annual Mineral Leasing Revenue

The following chart shows that mineral lease revenue has fluctuated in recent years and reflects a multi-year downturn in taconite mining activity. The line showing the tons of state ore mined, and the lack of direct correlation to mineral revenue, indicates that the tonnage mined is not the sole factor for the change in revenue. Other factors include fluctuating commodity values for iron ore and steel, DNR's success in negotiating higher royalty rates, and the 2015 decision to provide a short term reduction in royalty rates to aid the then struggling taconite industry. It is expected that mineral revenues will trend upward in the next year, as both the level of mining activity and commodity prices are rebounding.

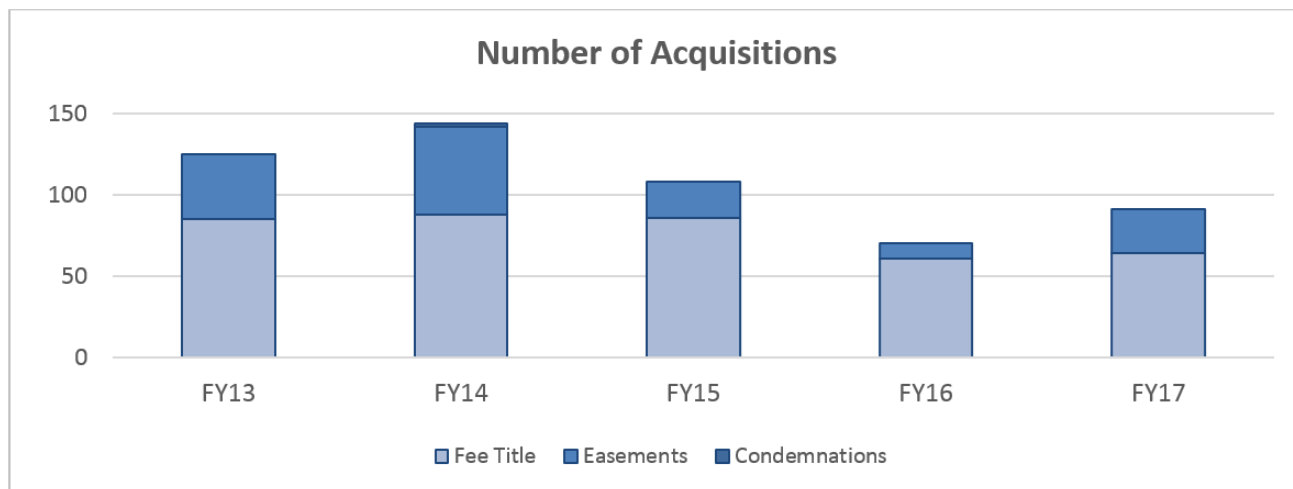


Results Performance Measure: Mineland Reclamation

Currently there are 23 permits to mine covering almost 150,000 acres. In the last two years (2016-2017), approximately 830 acres of previously mined lands have been fully reclaimed. These lands are now ready to support future, non-mining uses.

Quantity Performance Measure: Real Estate Management

The Division of Lands and Minerals is responsible for negotiating land acquisition for the DNR. The graph shows the number of easement acquisitions increased in FY17 after a significant decrease the two previous fiscal years. Fee acquisitions are a more stable component, showing more modest variation through the years, although there has also been a decline in direct appropriations to DNR for acquisitions.



The legal authority for the Division of Lands and Minerals Program come from Minnesota Statutes:

84 (<https://www.revisor.mn.gov/statutes/?id=84>)

84A (<https://www.revisor.mn.gov/statutes/?id=84A>)

84C (<https://www.revisor.mn.gov/statutes/?id=84C>)

85 (<https://www.revisor.mn.gov/statutes/?id=85>)

86A (<https://www.revisor.mn.gov/statutes/?id=86A>)

89 (<https://www.revisor.mn.gov/statutes/?id=89>)

92-94 (<https://www.revisor.mn.gov/statutes/part/LANDS+AND+MINERALS>)

97A (<https://www.revisor.mn.gov/statutes/?id=97A>)

103I (<https://www.revisor.mn.gov/statutes/?id=103I>)

477A (<https://www.revisor.mn.gov/statutes/?id=477A>)

Lands & Minerals

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,340	1,948	1,255	2,383	1,815	1,815	1,853	1,874
2000 - Restrict Misc Special Revenue	5,074	3,912	483	12,356	5,865	5,721	5,865	5,721
2001 - Other Misc Special Revenue	5,190	4,627	4,632	5,449	5,191	5,191	5,191	5,191
2100 - Water Recreation	20	20	20	20	20	20	20	20
2101 - Snowmobile	13	13	13	13	13	13	13	13
2113 - Forest Management Investment	344	344	344	344	344	344	344	344
2114 - Mineral Management	2,695	3,275	2,931	3,323	3,178	3,178	3,232	3,283
2115 - Mining Administration Account	793	962	1,911	1,838	1,500	674	1,500	674
2117 - Natural Resource Misc Statutory	430	304	537	520	251	251	251	251
2118 - Land Acquisition	0	1					(8)	(8)
2120 - Water Management Account			323	327	325	325	331	338
2200 - Game and Fish (Operations)	333	355	343	345	344	344	344	344
2300 - Outdoor Heritage				50				
2403 - Gift	7	0	0	3				
2801 - Remediation	982							
3800 - Permanent School	151	263	152	236	221	221	224	227
6000 - Miscellaneous Agency		16	3					
Total	17,371	16,040	12,944	27,207	19,067	18,097	19,160	18,272
Biennial Change				6,741		(2,987)		(2,719)
Biennial % Change				20		(7)		(7)
Governor's Change from Base								268
Governor's % Change from Base								1

Expenditures by Category

Compensation	7,969	7,516	8,233	9,242	8,815	8,329	8,902	8,498
Operating Expenses	8,370	8,364	4,625	17,842	10,151	9,675	10,157	9,681
Grants, Aids and Subsidies	33	9	51	28	28	28	28	28
Capital Outlay-Real Property	984	83	20	95	73	65	73	65
Other Financial Transaction	15	68	15					
Total	17,371	16,040	12,944	27,207	19,067	18,097	19,160	18,272

Total Agency Expenditures	17,371	16,040	12,944	27,207	19,067	18,097	19,160	18,272
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Lands & Minerals

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Internal Billing Expenditures	2,981	3,341	3,225	3,208	3,494	3,493	3,494	3,493
Expenditures Less Internal Billing	14,390	12,699	9,719	23,999	15,573	14,604	15,666	14,779

<u>Full-Time Equivalents</u>	86.92	78.22	84.16	84.16	82.49	80.83	83.39	82.61
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Lands & Minerals

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	1,073	351	30	574				
Direct Appropriation	1,585	1,785	1,747	1,781	1,787	1,787	1,825	1,846
Open Appropriation	1,019	947	889	831	901	989	901	989
Transfers Out	986	938	838	803	873	961	873	961
Cancellations	1,000	166						
Balance Forward Out	350	30	573					
Expenditures	1,340	1,948	1,255	2,383	1,815	1,815	1,853	1,874
Biennial Change in Expenditures				350		(8)		89
Biennial % Change in Expenditures				11		(0)		2
Governor's Change from Base								97
Governor's % Change from Base								3
Full-Time Equivalents	10.38	11.15	9.40	9.40	9.21	9.03	9.46	9.51

2000 - Restrict Misc Special Revenue

Balance Forward In	334	540	1,252	7,528	7,112	7,432	7,112	7,432
Receipts	4,372	4,268	6,224	8,928	8,928	8,928	8,928	8,928
Transfers In	1,473	1,111	935	10,712	1,440	1,212	1,440	1,212
Transfers Out	565	756	400	7,700	4,183	4,151	4,183	4,151
Balance Forward Out	540	1,252	7,528	7,112	7,432	7,700	7,432	7,700
Expenditures	5,074	3,912	483	12,356	5,865	5,721	5,865	5,721
Biennial Change in Expenditures				3,853		(1,253)		(1,253)
Biennial % Change in Expenditures				43		(10)		(10)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.46	3.16	2.71	2.71	2.66	2.60	2.66	2.60

2001 - Other Misc Special Revenue

Balance Forward In	2,502	2,528	1,633	1,767	1,533	1,560	1,533	1,560
Receipts	5,162	4,563	4,655	5,215	5,218	5,220	5,218	5,220
Internal Billing Receipts	4,716	4,181	4,367	4,998	4,998	4,998	4,998	4,998
Transfers In	32	154	110					
Transfers Out		1,073						
Balance Forward Out	2,506	1,544	1,767	1,533	1,560	1,589	1,560	1,589

Lands & Minerals

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	5,190	4,627	4,632	5,449	5,191	5,191	5,191	5,191
Biennial Change in Expenditures				264		301		301
Biennial % Change in Expenditures				3		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	42.72	33.44	34.56	34.56	33.87	33.19	33.87	33.19

2050 - Environment & Natural Resources

Full-Time Equivalents	0.03			
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2100 - Water Recreation

Direct Appropriation	20	20	20	20	20	20	20	20
Expenditures	20	20	20	20	20	20	20	20
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2101 - Snowmobile

Direct Appropriation	13	13	13	13	13	13	13	13
Expenditures	13	13	13	13	13	13	13	13
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2113 - Forest Management Investment

Balance Forward In		0						
Direct Appropriation	344	344	344	344	344	344	344	344
Expenditures	344	344	344	344	344	344	344	344
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0

Lands & Minerals

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0

2114 - Mineral Management

Balance Forward In		260		155				
Direct Appropriation	2,955	3,015	3,086	3,168	3,178	3,178	3,232	3,283
Open Appropriation	5,267	2,197	432	1,396	2,164	904	2,164	904
Transfers In	395							
Transfers Out	5,662	2,197	432	1,396	2,164	904	2,164	904
Balance Forward Out	260		155					
Expenditures	2,695	3,275	2,931	3,323	3,178	3,178	3,232	3,283
Biennial Change in Expenditures				284		102		261
Biennial % Change in Expenditures				5		2		4
Governor's Change from Base								159
Governor's % Change from Base								3
Full-Time Equivalents	17.49	18.99	19.62	19.62	19.23	18.85	19.79	19.96

2115 - Mining Administration Account

Balance Forward In	786	945	1,541	1,785	950	62	950	62
Receipts	952	1,558	2,155	1,003	612	612	612	612
Balance Forward Out	945	1,541	1,785	950	62		62	
Expenditures	793	962	1,911	1,838	1,500	674	1,500	674
Biennial Change in Expenditures				1,994		(1,575)		(1,575)
Biennial % Change in Expenditures				114		(42)		(42)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.15	7.15	9.60	9.60	9.41	9.22	9.41	9.22

2117 - Natural Resource Misc Statutory

Balance Forward In	508	290	556	758	519	549	519	549
Receipts	210	569	738	281	281	281	281	281
Balance Forward Out	288	554	758	519	549	579	549	579
Expenditures	430	304	537	520	251	251	251	251
Biennial Change in Expenditures				322		(555)		(555)

Lands & Minerals

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				44		(52)		(52)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.29	3.18	4.43	4.43	4.35	4.25	4.35	4.25

2118 - Land Acquisition

Balance Forward In		1			40	80	40	262
Receipts	1			40	40	40	214	40
Balance Forward Out	1			40	80	120	262	310
Expenditures	0	1					(8)	(8)
Biennial Change in Expenditures				(1)		0		(16)
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								(16)
Governor's % Change from Base								

2120 - Water Management Account

Balance Forward In				2				
Direct Appropriation				325	325	325	331	338
Transfers In			325					
Balance Forward Out			2					
Expenditures			323	327	325	325	331	338
Biennial Change in Expenditures				650		0		19
Biennial % Change in Expenditures						0		3
Governor's Change from Base								19
Governor's % Change from Base								3
Full-Time Equivalents			2.50	2.50	2.45	2.40	2.51	2.53

2200 - Game and Fish (Operations)

Balance Forward In		11		1				
Direct Appropriation	344	344	344	344	344	344	344	344
Balance Forward Out	11		1					
Expenditures	333	355	343	345	344	344	344	344
Biennial Change in Expenditures				0		0		0

Lands & Minerals

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures				0		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

2300 - Outdoor Heritage

Balance Forward In	100	50						
Direct Appropriation				50	0	0	0	0
Cancellations	50	50						
Balance Forward Out	50							
Expenditures				50				
Biennial Change in Expenditures				50		(50)		(50)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2403 - Gift

Balance Forward In	33	26	27	27	24	24	24	24
Receipts	0	0	0					
Balance Forward Out	26	27	27	24	24	24	24	24
Expenditures	7	0	0	3				
Biennial Change in Expenditures				(4)		(3)		(3)
Biennial % Change in Expenditures				(58)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2801 - Remediation

Balance Forward In		18	18					
Direct Appropriation	1,000							
Cancellations			18					
Balance Forward Out	18	18						
Expenditures	982							
Biennial Change in Expenditures				(982)		0		0
Biennial % Change in Expenditures								

Lands & Minerals

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								

3800 - Permanent School

Balance Forward In	1,359	1,430	1,693	2,662	2,053	1,713	2,053	1,713
Receipts	19,115	11,675	14,725	18,657	14,941	13,537	14,941	13,537
Transfers In	8,379	5,001	1,913	4,401	4,977	4,033	4,980	4,039
Transfers Out	1,533	1,154	1,338	1,065	1,065	1,065	1,065	1,065
Cancellations	25,740	15,133	14,180	22,366	18,972	16,624	18,972	16,624
Balance Forward Out	1,430	1,556	2,661	2,053	1,713	1,373	1,713	1,373
Expenditures	151	263	152	236	221	221	224	227
Biennial Change in Expenditures				(26)		54		63
Biennial % Change in Expenditures				(6)		14		16
Governor's Change from Base								9
Governor's % Change from Base								2
Full-Time Equivalents	1.40	1.15	1.34	1.34	1.31	1.29	1.34	1.35

6000 - Miscellaneous Agency

Balance Forward In	10,145	6,177	6,044	9,534				
Receipts	836	448	3,753					
Transfers In	1,400	420	192					
Transfers Out	6,204	986	452	9,534				
Balance Forward Out	6,177	6,044	9,535					
Expenditures	16	3						
Biennial Change in Expenditures				(13)		(3)		(3)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Ecological and Water Resources**Activity: Ecological and Water Resources**dnr.state.mn.us/eco/index.htmldnr.state.mn.us/waters/index.html

AT A GLANCE

- Conduct approximately 80,000 watercraft inspections for aquatic invasive species each year
- Issued 975 water appropriation permit decisions and 806 permit decisions for activities affecting public waters in FY18
- Managed 192,000 acres of Scientific and Natural Areas (SNAs) in 168 SNAs in FY18
- Managed 12,848 acres in prairie easements in FY18
- Measure and maintain stream flow monitoring at 282 streams in FY18
- Measure and maintain groundwater level monitoring in 1,070 wells in FY18
- Part B County Geologic Atlases completed for 30 counties statewide through FY18
- Remove 100-200 buildings from flood plains to prevent flood damage each year
- Minnesota Biological Survey has been completed in 84 of our 87 counties through FY18

PURPOSE & CONTEXT

The Ecological and Water Resources Division promotes and delivers integrated land and water conservation to ensure healthy lands and waters throughout Minnesota.

The Division provides critical information and regulatory oversight to state and local governments and landowners to foster natural resources stewardship and enhance recreational and economic uses.

The Division's customers include local governments, conservation organizations, businesses, landowners and Minnesota citizens, who all benefit from healthy natural resources.

SERVICES PROVIDED

The Ecological and Water Resources Division's work is divided into three categories:

1. Inventory, Monitoring, and Analysis

- The Division collects and deliver information on ground and surface water, lake and stream habitat, and rare plants and animals, and maintain flood-warning gages.
- It ensures that high quality environmental information is available for current and future generations to use and maintain Minnesota's quality of life.
- The Division works to make sure state and local governments have access to this information about Minnesota's biological and water resources, so they can make informed decisions regarding growth, development and natural resource protection.

2. Conservation Assistance and Regulation

- The Division ensures recreation, habitat and water quality are maintained by regulating proposed alterations to lakes, wetlands, rivers and streams.
- It provides regulatory and technical oversight to local governments for shoreland, floodplains, and Wild and Scenic Rivers.
- The Division regulates water use to provide for sustainable surface water and ground water supplies as our population grows.

- It provides oversight of the state's dams so they operate safely and protect the public and natural resources.
- The Division engages in environmental review to identify potential impacts of proposed projects and help ensure permitting addresses those impacts.

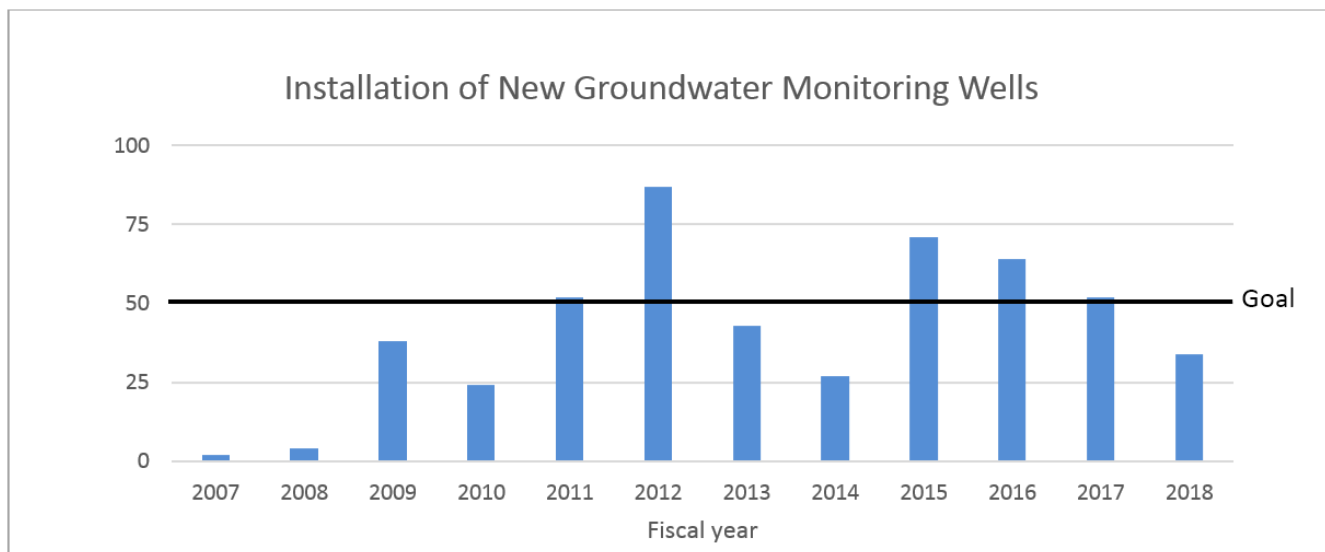
3. Ecosystem Management and Protection

- The Division manages and prevent the spread of aquatic and terrestrial invasive species that threaten the state's lakes, rivers, wetlands, forests, and prairies, and the economies that depend on them.
- It manages Scientific and Natural Area and native prairie bank programs and nongame wildlife, and help protect habitat to improve conditions for native species. This work supports both the state's ecosystems and recreational enjoyment of the outdoors.
- The Division protects threatened and endangered species to prevent state extinctions. It protects and conserve thousands of nongame species such as bees, butterflies, songbirds, eagles, loons, frogs, turtles, and bats through habitat restorations, surveys and monitoring, technical guidance, and outreach and education.

RESULTS

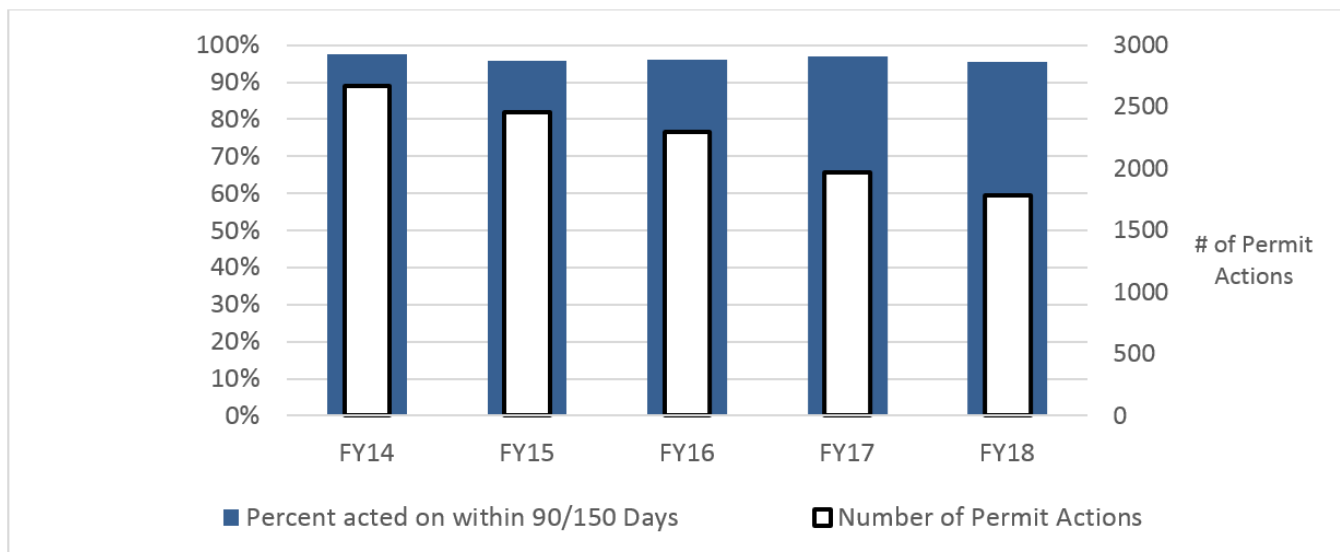
Quantity Performance Measure: Number of new groundwater monitoring well installations (50 per year goal)

On average, the Division has met its goal to install 50 new groundwater monitoring wells annually since 2009. The number of new wells it can drill in a year depends on available funding, the depth of well that is required and the complexity of the installation. Information gathered from these wells is critical for making timely and informed permit decisions to maintain sustainability of groundwater systems.



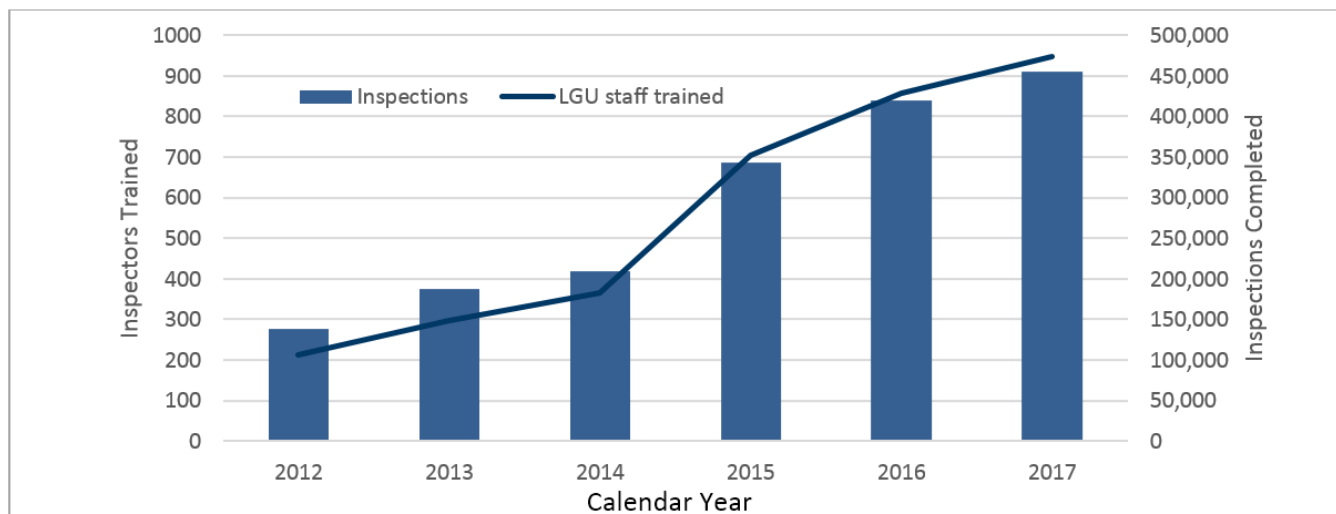
Quality Performance Measure: Number of water related permit actions (including both appropriation and work in beds) and percent acted on within 90 days or 150 days

In the last two years, the number of permit applications received has been lower than the peak year of 2014. General Permit Authorizations, which are simpler permitting situations, have a 90 day goal to reach a permitting decision. Individual Permits, which are more complex, have a 150 day goal to reach a permitting decision. Most permits are issued well before the time goal.



Results Performance Measure: Number of aquatic invasive species (AIS) inspectors trained and number of AIS inspections completed

The DNR has been partnering with local government units (LGU) to provide watercraft inspection for AIS around the state since receiving the authority to do so in 2011. The number of LGUs partnering with DNR for authorized inspectors has grown annually, with a large increase in 2015 after Minnesota counties started receiving AIS prevention aid from the Minnesota Department of Revenue. These important partnerships have increased watercraft inspections around the state more than threefold between 2012 and 2017.



The legal authority for the Ecological and Water Resources Program comes from Minnesota Statutes:

- 84 (<https://www.revisor.mn.gov/statutes/?id=84>)
- 84D (<https://www.revisor.mn.gov/statutes/?id=84D>)
- 86A (<https://www.revisor.mn.gov/statutes/?id=86A>)
- 97A (<https://www.revisor.mn.gov/statutes/?id=97A>)
- 103B-H (<https://www.revisor.mn.gov/statutes/part/WATER>)
- 115B (<https://www.revisor.mn.gov/statutes/?id=115B>)
- 116G (<https://www.revisor.mn.gov/statutes/?id=116G>)

Ecological and Water Resources

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	15,670	19,128	16,596	18,865	17,854	17,854	20,922	19,322
2000 - Restrict Misc Special Revenue	35	28	122	135	135	135	135	135
2001 - Other Misc Special Revenue	12,459	9,133	7,412	8,521	7,887	7,887	7,887	7,887
2050 - Environment & Natural Resources	6,967	7,095	8,480	16,023				
2100 - Water Recreation	1,050	1,425	1,367	1,489	1,443	1,443	1,974	2,003
2112 - Invasive Species	2,852	2,942	2,864	3,620	3,242	3,242	3,393	3,442
2117 - Natural Resource Misc Statutory	99	77	204	124	124	124	124	124
2118 - Land Acquisition	1			2	2	2	2	2
2120 - Water Management Account	4,640	5,109	4,712	5,267	5,031	5,031	5,476	5,556
2200 - Game and Fish (Operations)	2,227	2,435	2,460	2,689	2,635	2,635	2,742	2,816
2209 - Heritage Enhancement	1,680	2,355	2,313	2,823	2,634	2,634	2,669	2,708
2300 - Outdoor Heritage	8,683	4,563	6,606	18,953				
2302 - Clean Water	9,556	8,466	7,637	9,408			10,401	10,401
2400 - Endowment	1							
2401 - Reinvest In Minnesota-Gifts	1,710	1,510	1,827	2,176	2,006	2,006	2,021	2,035
2403 - Gift	36	8	32	12	12	12	12	12
2801 - Remediation	182	457	195	3,518	7,537	7,500	7,537	7,500
3000 - Federal	4,531	4,671	4,971	10,431	15,185	12,188	15,185	12,188
Total	72,380	69,403	67,799	104,056	65,727	62,693	80,480	76,131
Biennial Change				30,072		(43,435)		(15,244)
Biennial % Change				21		(25)		(9)
Governor's Change from Base								28,191
Governor's % Change from Base								22

Expenditures by Category

Compensation	32,894	34,706	34,901	43,861	34,072	32,663	43,132	41,908
Operating Expenses	27,506	26,944	24,747	42,265	24,459	22,734	30,152	26,927
Grants, Aids and Subsidies	6,618	2,936	4,806	3,060	5,070	5,020	5,070	5,020
Capital Outlay-Real Property	4,870	4,183	3,242	14,850	2,108	2,258	2,108	2,258
Other Financial Transaction	492	634	103	20	18	18	18	18
Total	72,380	69,403	67,799	104,056	65,727	62,693	80,480	76,131

Ecological and Water Resources

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total Agency Expenditures	72,380	69,403	67,799	104,056	65,727	62,693	80,480	76,131
Internal Billing Expenditures	17,278	17,128	16,891	15,171	11,410	11,406	11,410	11,406
Expenditures Less Internal Billing	55,102	52,276	50,908	88,885	54,317	51,287	69,070	64,725
<u>Full-Time Equivalents</u>	412.47	416.29	411.46	412.01	297.14	291.02	396.01	394.72

Ecological and Water Resources

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,927		1,036				
Direct Appropriation	17,526	17,497	17,642	17,829	17,854	17,854	20,922	19,322
Cancellations	10	296	10					
Balance Forward Out	1,847		1,036					
Expenditures	15,670	19,128	16,596	18,865	17,854	17,854	20,922	19,322
Biennial Change in Expenditures			663		247		4,783	
Biennial % Change in Expenditures			2		1		13	
Governor's Change from Base							4,536	
Governor's % Change from Base							13	
Full-Time Equivalents	93.08	95.30	94.02	94.02	92.14	90.30	102.76	102.67

2000 - Restrict Misc Special Revenue

Balance Forward In	62	128	199	177	142	107	142	107
Transfers In	100	100	100	100	100	100	100	100
Transfers Out			0					
Balance Forward Out	128	199	177	142	107	72	107	72
Expenditures	35	28	122	135	135	135	135	135
Biennial Change in Expenditures				194		13		13
Biennial % Change in Expenditures				308		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.58	0.35	1.02	1.02	1.00	0.98	1.00	0.98

2001 - Other Misc Special Revenue

Balance Forward In	6,906	8,475	6,468	6,516	5,522	4,936	5,522	4,936
Receipts	13,868	7,033	7,460	7,527	7,301	7,301	7,301	7,301
Internal Billing Receipts	6,618	5,625	5,862	6,150	6,150	6,150	6,150	6,150
Transfers In		2						
Transfers Out	2	18						
Balance Forward Out	8,312	6,358	6,516	5,522	4,936	4,350	4,936	4,350
Expenditures	12,459	9,133	7,412	8,521	7,887	7,887	7,887	7,887
Biennial Change in Expenditures				(5,659)		(159)		(159)
Biennial % Change in Expenditures				(26)		(1)		(1)

Ecological and Water Resources

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	57.44	55.12	51.48	51.48	50.46	49.44	50.46	49.44

2050 - Environment & Natural Resources

Balance Forward In	4,382	12,474	11,363	10,553				
Direct Appropriation	14,666	5,850	8,075	5,470	0	0	0	0
Transfers Out		25	50					
Cancellations	64	68	354					
Balance Forward Out	12,019	11,136	10,553					
Expenditures	6,967	7,095	8,480	16,023				
Biennial Change in Expenditures				10,441		(24,503)		(24,503)
Biennial % Change in Expenditures				74		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	30.59	35.02	41.58	41.58				

2100 - Water Recreation

Balance Forward In		262		46				
Direct Appropriation	1,310	1,384	1,413	1,443	1,443	1,443	1,974	2,003
Cancellations		221						
Balance Forward Out	259		46					
Expenditures	1,050	1,425	1,367	1,489	1,443	1,443	1,974	2,003
Biennial Change in Expenditures				381		30		1,121
Biennial % Change in Expenditures				15		1		39
Governor's Change from Base								1,091
Governor's % Change from Base								38
Full-Time Equivalents	7.87	8.38	9.71	9.71	9.52	9.33	13.84	13.96

2111 - Nongame

Balance Forward In		950						
Direct Appropriation	950	950	950	953	956	956	971	985
Transfers Out		1,900	950	953	956	956	971	985

Ecological and Water Resources

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	950							

2112 - Invasive Species

Balance Forward In		438		378				
Direct Appropriation	3,242	3,242	3,242	3,242	3,242	3,242	3,393	3,442
Cancellations		739						
Balance Forward Out	389		378					
Expenditures	2,852	2,942	2,864	3,620	3,242	3,242	3,393	3,442
Biennial Change in Expenditures				691		0		351
Biennial % Change in Expenditures				12		(0)		5
Governor's Change from Base								351
Governor's % Change from Base								5
Full-Time Equivalents	31.08	30.64	27.10	27.10	26.56	26.03	27.09	27.08

2117 - Natural Resource Misc Statutory

Balance Forward In	62	208	314	260	328	386	328	386
Receipts	230	183	149	192	182	182	182	182
Balance Forward Out	193	314	259	328	386	444	386	444
Expenditures	99	77	204	124	124	124	124	124
Biennial Change in Expenditures				152		(80)		(80)
Biennial % Change in Expenditures				86		(24)		(24)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.83	0.78	1.28	1.28	1.26	1.23	1.26	1.23

2118 - Land Acquisition

Balance Forward In	1			3	152	240	152	240
Receipts			3	151	90	90	90	90
Balance Forward Out			3	152	240	328	240	328
Expenditures	1			2	2	2	2	2
Biennial Change in Expenditures				1		2		2
Biennial % Change in Expenditures								
Governor's Change from Base								0

Ecological and Water Resources

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0

2120 - Water Management Account

Balance Forward In		361	128	252				
Direct Appropriation	5,000	5,225	5,160	5,015	5,031	5,031	5,476	5,556
Transfers Out			325					
Cancellations		349						
Balance Forward Out	360	128	251					
Expenditures	4,640	5,109	4,712	5,267	5,031	5,031	5,476	5,556
Biennial Change in Expenditures				230		83		1,053
Biennial % Change in Expenditures				2		1		11
Governor's Change from Base								970
Governor's % Change from Base								10
Full-Time Equivalents	34.86	35.12	32.55	32.55	31.90	31.26	36.00	36.23

2200 - Game and Fish (Operations)

Balance Forward In		143		73				
Direct Appropriation	2,368	2,463	2,533	2,616	2,635	2,635	2,742	2,816
Receipts	1,076	1,099	1,118	1,099	1,099	1,099	1,099	1,099
Transfers Out	1,076	1,099	1,118	1,099	1,099	1,099	1,099	1,099
Cancellations		172						
Balance Forward Out	141		73					
Expenditures	2,227	2,435	2,460	2,689	2,635	2,635	2,742	2,816
Biennial Change in Expenditures				487		121		409
Biennial % Change in Expenditures				10		2		8
Governor's Change from Base								288
Governor's % Change from Base								5
Full-Time Equivalents	16.83	17.67	17.21	17.21	16.87	16.53	17.86	18.32

2209 - Heritage Enhancement

Balance Forward In		338		206				
Direct Appropriation	2,018	2,018	2,519	2,617	2,634	2,634	2,669	2,708
Cancellations		1						

Ecological and Water Resources

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	337		206					
Expenditures	1,680	2,355	2,313	2,823	2,634	2,634	2,669	2,708
Biennial Change in Expenditures				1,101		132		241
Biennial % Change in Expenditures				27		3		5
Governor's Change from Base								109
Governor's % Change from Base								2
Full-Time Equivalents	12.87	15.46	14.68	14.68	14.39	14.10	14.75	14.88

2300 - Outdoor Heritage

Balance Forward In	10,689	13,550	14,739	14,221				
Direct Appropriation	7,964	6,054	6,314	4,732	0	0	0	0
Transfers In	19							
Transfers Out	894	722	159					
Cancellations	1	24	68					
Balance Forward Out	9,094	14,294	14,220					
Expenditures	8,683	4,563	6,606	18,953				
Biennial Change in Expenditures				12,312		(25,559)		(25,559)
Biennial % Change in Expenditures				93		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	5.99	6.39	7.99	7.99				

2302 - Clean Water

Balance Forward In	7,821	5,856	3,289	2,517				
Direct Appropriation	7,300	7,495	6,891	6,891	0	0	10,401	10,401
Transfers In	280							
Cancellations	37	1,726	26					
Balance Forward Out	5,808	3,159	2,517					
Expenditures	9,556	8,466	7,637	9,408			10,401	10,401
Biennial Change in Expenditures				(977)		(17,045)		3,757
Biennial % Change in Expenditures				(5)		(100)		22
Governor's Change from Base								20,802
Governor's % Change from Base								

Ecological and Water Resources

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Full-Time Equivalents	70.40	62.97	58.90	58.90			77.80	77.80

2400 - Endowment

Balance Forward In	3	2	2	2	2	2	2	2
Receipts	0	0	0					
Balance Forward Out	2	2	2	2	2	2	2	2
Expenditures	1							
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2401 - Reinvest In Minnesota-Gifts

Balance Forward In	1,362	631	2,080	2,266	2,093	2,093	2,093	2,093
Transfers In	950	2,950	2,013	2,003	2,006	2,006	2,021	2,035
Balance Forward Out	602	2,071	2,266	2,093	2,093	2,093	2,093	2,093
Expenditures	1,710	1,510	1,827	2,176	2,006	2,006	2,021	2,035
Biennial Change in Expenditures				783		9		53
Biennial % Change in Expenditures				24		0		1
Governor's Change from Base								44
Governor's % Change from Base								1
Full-Time Equivalents	14.83	14.86	15.26	15.26	14.95	14.66	15.10	14.97

2403 - Gift

Balance Forward In	260	260	275	312	274	236	274	236
Receipts	36	73	120	24	24	24	24	24
Transfers In	50	20						
Transfers Out	50	70	50	50	50	50	50	50
Balance Forward Out	260	275	312	274	236	198	236	198
Expenditures	36	8	32	12	12	12	12	12
Biennial Change in Expenditures				0		(20)		(20)
Biennial % Change in Expenditures				(1)		(46)		(46)
Governor's Change from Base								0

Ecological and Water Resources

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	0.14	0.05	0.05	0.05	0.05	0.05	0.05	0.05

2801 - Remediation

Balance Forward In	2,294	1,114	692	981				
Receipts	1		183	2,537	2,537		2,537	
Transfers In			300		5,000	7,500	5,000	7,500
Cancellations	1,000							
Balance Forward Out	1,114	657	981					
Expenditures	182	457	195	3,518	7,537	7,500	7,537	7,500
Biennial Change in Expenditures				3,074		11,324		11,324
Biennial % Change in Expenditures				481		305		305
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.30	1.95	1.97	1.97	1.93	1.89	1.93	1.89

3000 - Federal

Balance Forward In	194	201	220	25				
Receipts	4,480	4,685	4,923	10,406	15,185	12,188	15,185	12,188
Transfers Out			145					
Balance Forward Out	144	215	26					
Expenditures	4,531	4,671	4,971	10,431	15,185	12,188	15,185	12,188
Biennial Change in Expenditures				6,199		11,971		11,971
Biennial % Change in Expenditures				67		78		78
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	33.78	36.23	36.66	37.21	36.11	35.22	36.11	35.22

Program: Forestry

Activity: Forest Management

dnr.state.mn.us/forestry/index.html**AT A GLANCE**

- Manage 59 state forests covering 4.2 million acres for clean water, wildlife habitat, quality timber, outdoor recreation, and biological diversity
- Provide 30 percent of the state's wood fiber that keeps Minnesota's forest products industry strong, supporting more than 64,000 jobs statewide
- Maintain 2,360 miles of forest roads that provide access for recreation, general public use, fire protection, forest management, and timber production
- Reforest 9,000 acres annually by aerial seeding and hand-planting seedlings
- Maintain forest management certification on 5 million acres of DNR-administered lands by meeting criteria set and enforced by the Forest Stewardship Council and Sustainable Forestry Initiative
- Prepare forest management plans for private landowners on 70,000 acres annually through a network of DNR, county, and private consulting foresters
- Engage 55,000 students annually in outdoor education activities statewide at 132 school forest sites

PURPOSE & CONTEXT

The goal of the Division of Forestry at the Department of Natural Resources (DNR) is to help sustain a quality of life by improving the productivity, health, diversity, accessibility, and use of forests. Healthy forests provide clean water, wildlife habitat, biodiversity, and forest-related products.

Healthy forests ensure the state's natural areas remain productive, ecologically healthy, and beautiful in the face of wildfires, land-use pressures, climate change, and invasive plants, insect pests, and diseases. They play a key role in protecting water quality and provide low-cost, accessible recreation for all Minnesotans.

The forest products industry relies on a sustainable state timber supply. The industry provides 64,000 jobs and economic benefits worth \$17.6 billion. Well-managed forests also provide economic benefits from tourism and outdoor recreation activities like hunting, hiking, riding, and birdwatching.

Forest management is important to forest landowners, conservation groups, hunters, anglers, and other outdoor enthusiasts; school teachers and students; loggers and other forest operators; forest industry employees; and forestry professionals.

SERVICES PROVIDED

To achieve the Division's goals, Forestry:

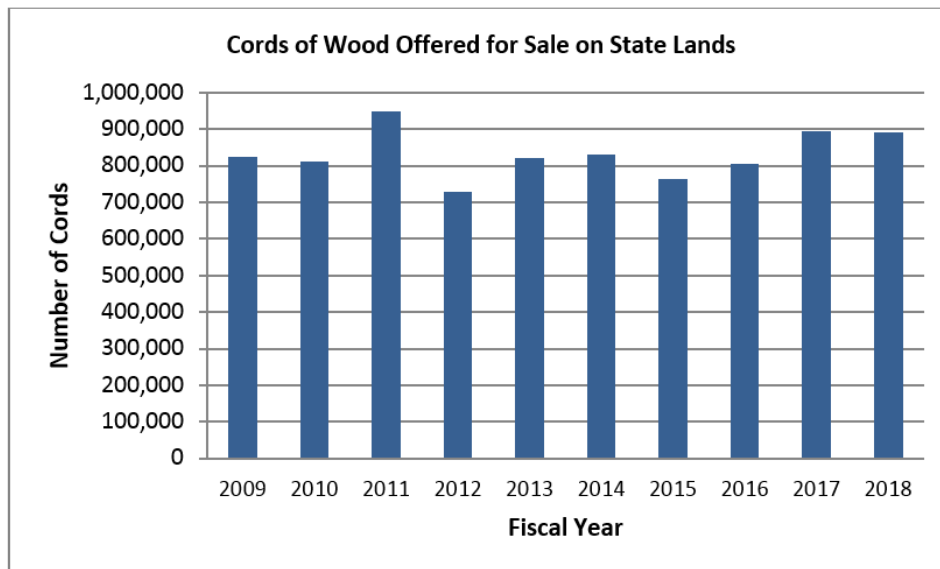
- **Manages DNR-administered forest lands** to improve their health and productivity so they provide clean water, abundant wildlife habitat, a sustainable supply of timber, and outdoor recreation opportunities. The Division supports the commercial use and public enjoyment of forests by maintaining public forest roads and recreational trails.
- **Leads** forest management and policy development aimed at ensuring Minnesota forest lands (public and private) are sustained and enhanced.
- **Provides technical assistance to communities and private landowners** through training sessions, printed and online materials, one-on-one visits, cost-share opportunities, and stewardship plans to encourage communities and private landowners to keep their forests, lands, and water healthy and intact in the face of development pressure, a changing climate, and growing populations of invasive species.

- **Develops and distributes forest information** to help Minnesotans prepare for and prevent insect and disease infestations and understand how forest resources benefit people, the environment, and the economy.
- **Implements the Sustainable Forest Resources Act** (Minnesota Statutes, Chapter 89A) to gather and incorporate diverse perspectives on forest management, use, and protection.
- **Manages timber on school trust lands** to maximize long-term economic returns to the Trust using sound natural resource management practices.
- **Works collaboratively, based on sound management principles, with the forest products industry, forest landowners, and other partners** to support a diverse and healthy forest industry critical to successful forest management.

RESULTS

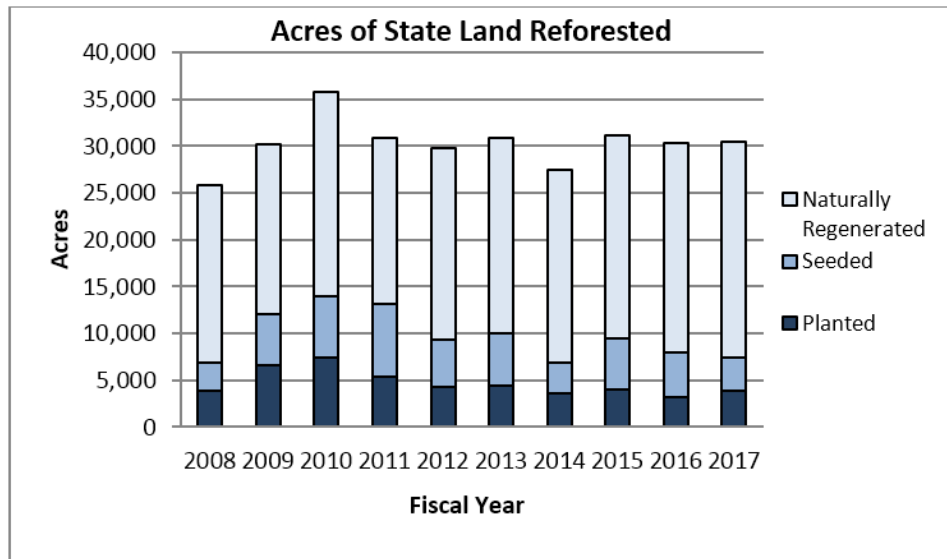
Quantity Performance Measure: Cords of wood offered for sale on state lands

The state owns 24 percent of Minnesota's forest land, which is a significant source of raw materials for forest product industries and energy production. As of July 2018, the Division's goal is to offer 870,000 cords of timber per year for sale at public auction. The Division's previous goal was 800,000 cords annually. An additional 30,000 cords of ash and tamarack will be offered annually through fiscal year 2023. This special initiative is an effort to make productive use of these two species, which face significant insect threats, and promote reforestation of ash and tamarack sites. State timber harvests are a management tool that have a similar effect as the natural disturbances of the past (e.g., wildfires), helping DNR efficiently and economically provide sustainable timber, wildlife habitat, clean water, and recreational opportunities.



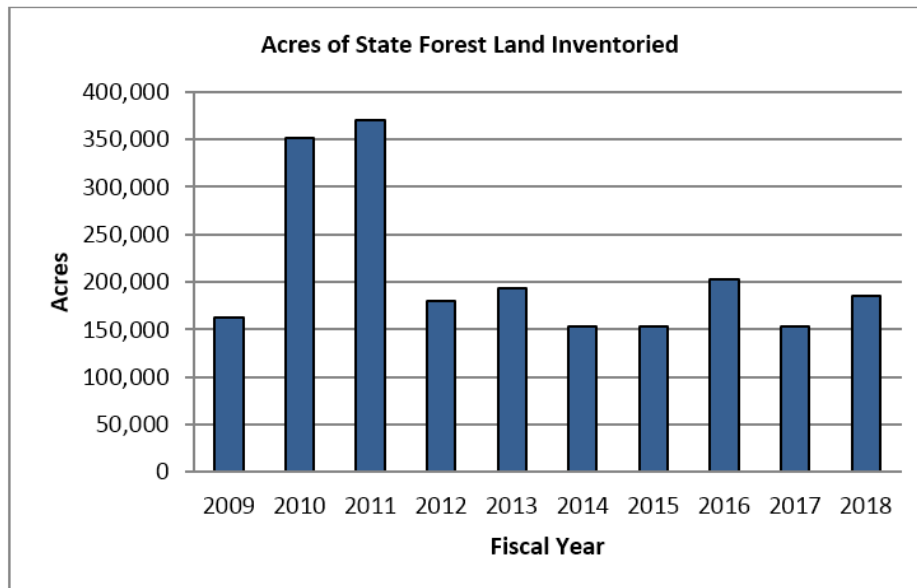
Results Performance Measure: Acres of state land reforested

The DNR must reforest the same number of acres it harvests (Minnesota Statutes, section 89.002, subdivision 2). This is done by planting seedlings, spreading seed by air, and where possible, allowing the forest to grow back on its own (natural regeneration). The approach to reforesting after harvest depends on what tree species are best for the site. If pine should reforest a site, then the Division plants seedlings for best results. If the Division wants a lowland conifer species like black spruce, it seeds aerially from helicopters. For aspen growth, the Division allows natural regeneration or sprouting to occur. Under DNR's new sustainable timber target, the Division aims to plant and seed 10,000 acres per year. Additionally, the Division protects on average 5,800 acres of young trees annually from deer and other animals.



Quantity Performance Measure: Acres of state forest land inventoried

The DNR must maintain an up-to-date inventory of state forest lands, including tree species, age, size, and potential productivity to determine timber supply, management targets, and research needs. In keeping with good forest management practices, the Division's goal is to inventory 200,000 acres per year. DNR foresters and hired consultants perform the on-the-ground inventory work.



The legal authority for the forest management activity comes from Minnesota Statutes 88, 89, 89A, and 90.

88 (<https://www.revisor.mn.gov/statutes/?id=88>)

89 (<https://www.revisor.mn.gov/statutes/?id=89>)

89A (<https://www.revisor.mn.gov/statutes/?id=89A>)

90 (<https://www.revisor.mn.gov/statutes/?id=90>)

103B-H (<https://www.revisor.mn.gov/statutes/part/WATER>)

115B (<https://www.revisor.mn.gov/statutes/?id=115B>)

116G (<https://www.revisor.mn.gov/statutes/?id=116G>)

Forest Management

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	17,686	23,534	22,412	27,812	24,837	24,837	25,430	25,779
2000 - Restrict Misc Special Revenue	3,325	3,893	1,458	4,010	3,332	3,586	3,508	4,108
2001 - Other Misc Special Revenue	2,466	2,130	1,765	2,280	2,235	2,240	2,235	2,240
2050 - Environment & Natural Resources	702	515	962	314				
2113 - Forest Management Investment	11,184	12,526	13,076	16,508	14,332	14,332	15,619	15,886
2117 - Natural Resource Misc Statutory	1,842	2,697	2,533	2,009	2,009	2,009	2,011	2,011
2118 - Land Acquisition	16	13	62	30	30	30	30	30
2209 - Heritage Enhancement	1,121	1,238	1,048	1,643	1,370	1,370	1,398	1,417
2300 - Outdoor Heritage	871	2,603	1,149	5,972				
2302 - Clean Water	391	565	220	789			750	750
2403 - Gift	1	5	33	10	10	10	10	10
3000 - Federal	3,559	4,045	3,499	2,482	2,940	2,276	2,940	2,276
Total	43,164	53,764	48,218	63,859	51,095	50,690	53,931	54,507
Biennial Change				15,149		(10,292)		(3,639)
Biennial % Change				16		(9)		(3)
Governor's Change from Base								6,653
Governor's % Change from Base								7

Expenditures by Category

Compensation	20,998	23,376	22,711	25,019	25,190	25,165	26,940	27,550
Operating Expenses	19,150	23,490	20,673	37,310	24,262	24,179	25,348	25,611
Grants, Aids and Subsidies	1,838	3,757	3,141	1,529	1,642	1,345	1,642	1,345
Capital Outlay-Real Property	1,066	2,908	1,594					
Other Financial Transaction	113	233	100	1	1	1	1	1
Total	43,164	53,764	48,218	63,859	51,095	50,690	53,931	54,507

Total Agency Expenditures	43,164	53,764	48,218	63,859	51,095	50,690	53,931	54,507
Internal Billing Expenditures	10,909	13,155	12,956	14,479	13,640	13,623	13,640	13,623
Expenditures Less Internal Billing	32,255	40,609	35,262	49,380	37,455	37,067	40,291	40,884

<u>Full-Time Equivalents</u>	263.83	284.73	273.58	273.58	265.59	260.26	282.22	283.74
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Forest Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,832	0	3,009				
Direct Appropriation	19,301	21,705	25,422	24,803	24,837	24,837	25,430	25,779
Open Appropriation	7	1	8	5	5	5	5	5
Transfers Out	7	1	8	5	5	5	5	5
Cancellations		3						
Balance Forward Out	1,618		3,010					
Expenditures	17,686	23,534	22,412	27,812	24,837	24,837	25,430	25,779
Biennial Change in Expenditures				9,004		(550)		985
Biennial % Change in Expenditures				22		(1)		2
Governor's Change from Base								1,535
Governor's % Change from Base								3
Full-Time Equivalents	77.26	100.99	98.61	98.61	96.63	94.71	100.56	102.40

2000 - Restrict Misc Special Revenue

Balance Forward In	531	711	896	3,663	2,734	3,069	2,734	3,069
Receipts	4,792	5,962	4,944	5,281	5,285	5,251	5,285	5,251
Transfers In	1,002	1,037	1,051	1,133	1,040	1,050	1,216	1,572
Transfers Out	2,392	2,934	1,770	3,333	2,658	2,680	2,658	2,680
Balance Forward Out	608	882	3,662	2,734	3,069	3,104	3,069	3,104
Expenditures	3,325	3,893	1,458	4,010	3,332	3,586	3,508	4,108
Biennial Change in Expenditures				(1,750)		1,450		2,148
Biennial % Change in Expenditures				(24)		27		39
Governor's Change from Base								698
Governor's % Change from Base								10
Full-Time Equivalents	0.48	0.27	0.40	0.40	0.39	0.38	0.64	0.63

2001 - Other Misc Special Revenue

Balance Forward In	2,808	2,835	2,584	2,613	2,504	2,492	2,504	2,492
Receipts	2,254	1,817	1,869	2,171	2,223	2,230	2,223	2,230
Internal Billing Receipts		582	788					
Transfers In	165		13					
Transfers Out			89					
Balance Forward Out	2,762	2,522	2,613	2,504	2,492	2,482	2,492	2,482

Forest Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	2,466	2,130	1,765	2,280	2,235	2,240	2,235	2,240
Biennial Change in Expenditures				(551)		430		430
Biennial % Change in Expenditures				(12)		11		11
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	22.59	22.98	18.57	18.57	18.21	17.83	18.21	17.83

2050 - Environment & Natural Resources

Balance Forward In		484	1,276	314				
Direct Appropriation	800	1,240						
Balance Forward Out	98	1,209	314					
Expenditures	702	515	962	314				
Biennial Change in Expenditures				59		(1,276)		(1,276)
Biennial % Change in Expenditures				5		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.34	1.03	2.26	2.26				

2113 - Forest Management Investment

Balance Forward In		697		1,480				
Direct Appropriation	11,881	13,144	14,556	15,028	14,332	14,332	15,619	15,886
Transfers In	9,693	10,410	10,037	12,555	11,586	11,611	11,586	11,611
Cancellations	9,693	11,725	10,037	12,555	11,586	11,611	11,586	11,611
Balance Forward Out	697		1,480					
Expenditures	11,184	12,526	13,076	16,508	14,332	14,332	15,619	15,886
Biennial Change in Expenditures				5,874		(920)		1,921
Biennial % Change in Expenditures				25		(3)		6
Governor's Change from Base								2,841
Governor's % Change from Base								10
Full-Time Equivalents	129.01	123.31	122.26	122.26	119.81	117.42	131.77	132.26

2117 - Natural Resource Misc Statutory

Balance Forward In	1,568	1,843	1,514	2,054	2,218	2,382	2,218	2,382
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Forest Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	2,082	1,718	3,073	2,173	2,173	2,273	2,175	2,275
Internal Billing Receipts		1,546	2,574					
Balance Forward Out	1,806	864	2,054	2,218	2,382	2,646	2,382	2,646
Expenditures	1,842	2,697	2,533	2,009	2,009	2,009	2,011	2,011
Biennial Change in Expenditures				3		(524)		(520)
Biennial % Change in Expenditures				0		(12)		(11)
Governor's Change from Base								4
Governor's % Change from Base								0
Full-Time Equivalents	11.72	13.21	12.39	12.39	12.14	11.90	12.14	11.90

2118 - Land Acquisition

Balance Forward In	32	72	150	121	177	233	177	233
Receipts	55	91	33	86	86	86	86	86
Balance Forward Out	72	150	121	177	233	289	233	289
Expenditures	16	13	62	30	30	30	30	30
Biennial Change in Expenditures				64		(32)		(32)
Biennial % Change in Expenditures				222		(35)		(35)
Governor's Change from Base								0
Governor's % Change from Base								0

2200 - Game and Fish (Operations)

Open Appropriation	344	375	303	350	350	350	350	350
Transfers Out	344	375	303	350	350	350	350	350

2209 - Heritage Enhancement

Balance Forward In		178		277				
Direct Appropriation	1,287	1,287	1,325	1,366	1,370	1,370	1,398	1,417
Cancellations		227						
Balance Forward Out	166		277					
Expenditures	1,121	1,238	1,048	1,643	1,370	1,370	1,398	1,417
Biennial Change in Expenditures				332		49		124
Biennial % Change in Expenditures				14		2		5
Governor's Change from Base								75

Forest Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								3
Full-Time Equivalents	11.29	12.39	10.50	10.50	10.29	10.08	10.58	10.58

2300 - Outdoor Heritage

Balance Forward In	1,472	3,139	4,033	5,972				
Direct Appropriation	2,180	3,840	3,291					
Cancellations		358	204					
Balance Forward Out	2,781	4,018	5,971					
Expenditures	871	2,603	1,149	5,972				
Biennial Change in Expenditures				3,647		(7,121)		(7,121)
Biennial % Change in Expenditures				105		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.07	0.05	0.15	0.15				

2302 - Clean Water

Balance Forward In	466	270	241	389				
Direct Appropriation	450	450	400	400	0	0	750	750
Transfers Out	217							
Cancellations	62	20	31					
Balance Forward Out	246	135	389					
Expenditures	391	565	220	789			750	750
Biennial Change in Expenditures				54		(1,009)		491
Biennial % Change in Expenditures				6		(100)		49
Governor's Change from Base								1,500
Governor's % Change from Base								
Full-Time Equivalents	1.16	2.11	0.17	0.17			0.20	0.20

2403 - Gift

Balance Forward In	167	174	217	252	274	296	274	296
Receipts	8	48	69	32	32	32	32	32
Balance Forward Out	174	217	252	274	296	318	296	318
Expenditures	1	5	33	10	10	10	10	10

Forest Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				37		(23)		(23)
Biennial % Change in Expenditures				654		(54)		(54)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	1,416	1,614	1,661	1,784	1,784	1,784	1,784	1,784
Receipts	3,674	4,065	3,622	2,482	2,940	2,276	2,940	2,276
Balance Forward Out	1,531	1,636	1,784	1,784	1,784	1,784	1,784	1,784
Expenditures	3,559	4,045	3,499	2,482	2,940	2,276	2,940	2,276
Biennial Change in Expenditures				(1,623)		(765)		(765)
Biennial % Change in Expenditures				(21)		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	9.91	8.39	8.27	8.27	8.12	7.94	8.12	7.94

3800 - Permanent School

Balance Forward In	10,952	10,058	9,102	10,578	10,343	9,356	10,343	9,353
Receipts	10,763	10,035	11,767	12,555	11,503	11,003	11,503	11,003
Transfers Out	11,657	11,013	10,291	12,790	12,490	12,490	12,493	12,496
Balance Forward Out	10,058	9,079	10,578	10,343	9,356	7,869	9,353	7,860

6000 - Miscellaneous Agency

Balance Forward In	104	51	231	103				
Receipts	51	231	103					
Transfers Out	104	51	231	103				
Balance Forward Out	51	231	103					

Program: Forestry
Activity: Firefighting

dnr.state.mn.us/forestry/index.html

AT A GLANCE

- Responded to 822 wildfires in FY2018
- Issue approximately 65,000 burning permits annually
- Respond in 20 minutes or less to wildfires where DNR is the first responder
- Protect at least 95 percent of structures threatened by wildfires
- Hold the nation's largest fire prevention outreach event at the State Fair where 700 firefighters and volunteers present fire prevention activities
- Maintain six community wildfire protection plans through the Firewise Program to help 318 communities reduce burnable materials around homes and communities
- Coordinate emergency response activities and equipment and maintain cooperative agreements with national and local partners
- Provide reimbursable out-of-state firefighting assistance through the Minnesota Interagency Fire Center and mutual aid agreements

PURPOSE & CONTEXT

The Division of Forestry provides wildfire protection for 45.5 million acres of public and private land. This includes:

- Protecting against loss of life by wildfire.
- Reducing loss of property and natural resources.
- Responding to fire and natural disaster emergencies in Minnesota and cooperating with federal and regional firefighting organizations by staffing national fire incidents.
- Preventing wildfires through education, regulation, and an open-burning permit system.
- Using prescribed fires as a tool to reduce burnable materials in natural areas.

Wildfire is a natural part of the environment; however, it can cause damage. With more people living in suburban and rural areas, wildfire protection is critical to protecting people, property, and natural resources. Our protection efforts serve landowners, homeowners, businesses, rural fire departments, other emergency response partners, and natural resource managers.

State authority over wildfire management began in the early 1900s after devastating wildfires destroyed Hinckley, Baudette, Chisholm, and Cloquet. In 1976, the Legislature created an open appropriation account to fund fire suppression efforts. The Department of Natural Resources (DNR) is mandated to use these funds to suppress wildfire throughout the state.

SERVICES PROVIDED

The Division protects against the loss of life, property, and natural resources from wildfire and enhances natural resource management through:

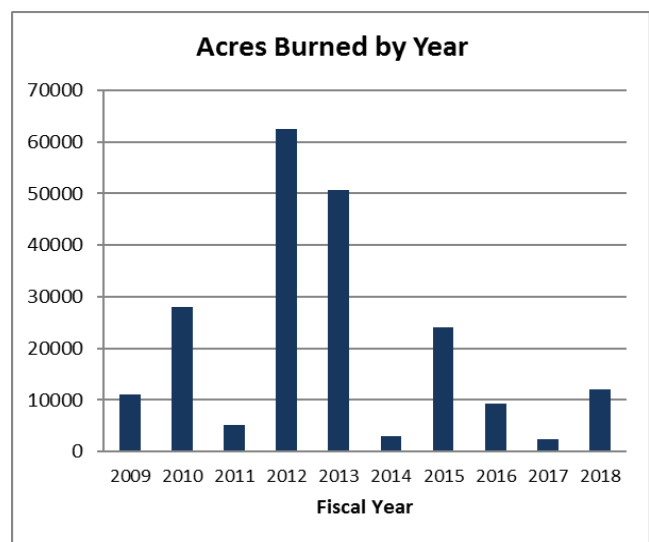
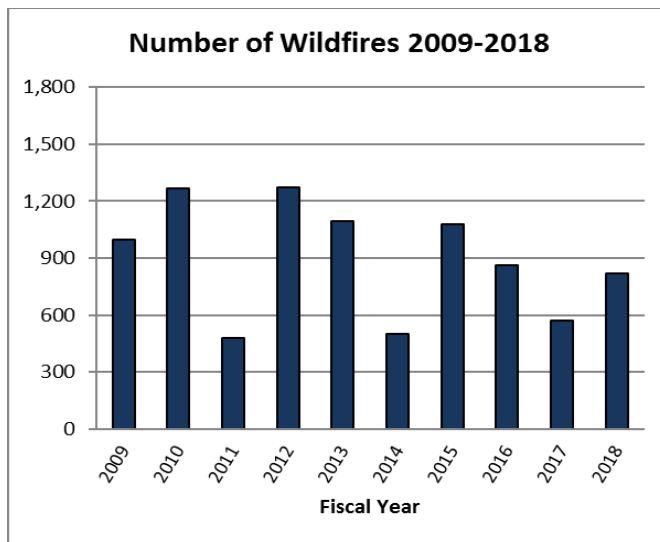
- **Prevention**—providing educational information and activities; regulating open burning; enforcing state wildfire and open-burning laws; investigating wildfire arson; and helping homeowners, developers, and cities identify and reduce the risk of wildfires around their homes and communities through the Firewise program.

- **Presuppression**—training firefighters and support personnel, operating the Minnesota Interagency Fire Center, maintaining partnerships and aid agreements with other fire protection agencies, tracking statewide availability of specialized ground and aerial suppression equipment, and maintaining an emergency communications network.
- **Suppression**—locating wildfires with aerial patrols, public reports, and lookout towers; seasonally relocating firefighting resources to shorten response times; and controlling the spread of wildfires to minimize their damage. Suppression efforts require trained firefighters, support personnel, and aerial and ground-based equipment.
- **Prescribed burning**—using fire intentionally to prepare sites for reforestation; improve wildlife habitat; maintain natural plant communities; reduce the risk and severity of wildfires; provide valuable fire suppression training; and control insects, diseases, and invasive plants.

RESULTS

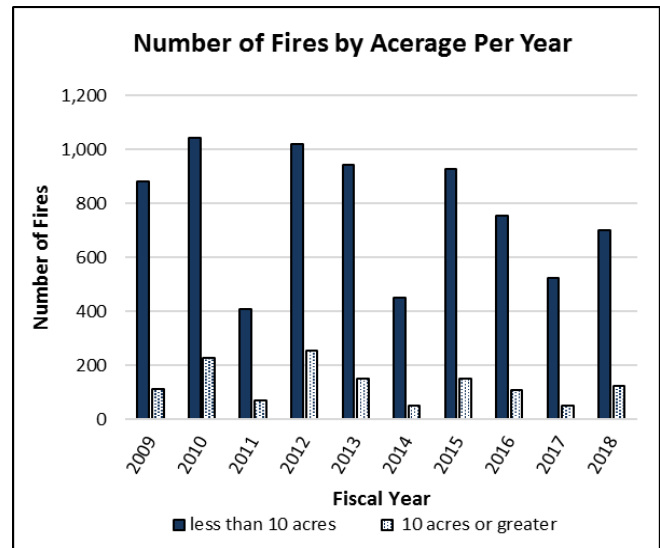
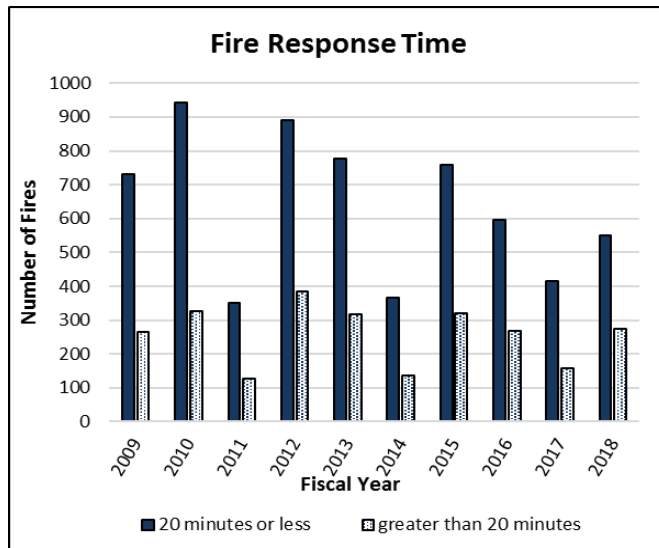
Quantity Performance Measure: Fires and acres burned

Wildfire danger levels relate to the weather. A long-term drought from 2011 to 2013 resulted in high wildfire danger and longer wildfire seasons. Shortened and wet spring seasons in 2014 and 2017 meant fewer fires and acres burned than other years. Through agreements, Minnesota exchanges, and is reimbursed for, firefighters and equipment to support fire suppression efforts with state, federal, and provincial partners. These reciprocal working relationships provide outstanding training to maintain a highly skilled firefighter workforce and are a critical resource for reducing wildfire costs. In FY18, the State of Minnesota filled 139 requests to assist other states with wildfire response. The need for wildfire protection is unpredictable from year to year, but can be a significant workload when weather patterns are dry.



Quality Performance Measure: Wildfire size and response times

The success of the Division's wildfire suppression strategy is due to aggressive initial attack. The Division's goal is to keep wildfires small—fewer than 10 acres—and respond to them within 20 minutes. Once a wildfire escapes initial attack, suppression costs and damages increase rapidly.



The legal authority for the firefighting activity comes from Minnesota Statutes: 88.01-88.46 (<https://www.revisor.mn.gov/statutes/?id=88>).

Fire Fighting

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<i>Expenditures by Fund</i>								
1000 - General	25,023	25,022	24,659	25,408	25,021	25,021	25,021	25,021
2001 - Other Misc Special Revenue	5,577	4,976	6,067	4,841	3,714	3,714	3,714	3,714
Total	30,600	29,998	30,726	30,249	28,735	28,735	28,735	28,735
Biennial Change				376		(3,505)		(3,505)
Biennial % Change				1		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
<i>Expenditures by Category</i>								
Compensation	14,705	13,438	15,241	14,771	14,771	14,771	14,771	14,771
Operating Expenses	14,842	13,784	15,317	15,376	13,862	13,862	13,862	13,862
Grants, Aids and Subsidies	68	120	71	81	81	81	81	81
Capital Outlay-Real Property	276	2,442	50					
Other Financial Transaction	709	214	48	21	21	21	21	21
Total	30,600	29,998	30,726	30,249	28,735	28,735	28,735	28,735
Total Agency Expenditures	30,600	29,998	30,726	30,249	28,735	28,735	28,735	28,735
Internal Billing Expenditures	5,237	5,222	5,594	6,183	8,062	8,062	8,062	8,062
Expenditures Less Internal Billing	25,363	24,776	25,132	24,066	20,673	20,673	20,673	20,673
<i>Full-Time Equivalents</i>	204.31	184.14	201.35	201.35	197.33	193.38	197.33	193.38

Fire Fighting

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		385		387				
Direct Appropriation	7,145	7,145	7,357	7,521	7,521	7,521	7,521	7,521
Open Appropriation	18,078	17,494	17,689	17,500	17,500	17,500	17,500	17,500
Cancellations		2						
Balance Forward Out	202		387					
Expenditures	25,023	25,022	24,659	25,408	25,021	25,021	25,021	25,021
Biennial Change in Expenditures				22		(25)		(25)
Biennial % Change in Expenditures				0		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	173.49	162.60	170.67	170.67	167.26	163.91	167.26	163.91

2001 - Other Misc Special Revenue

Balance Forward In	2,321	2,939	2,032	1,223	949	956	949	956
Receipts	5,344	3,785	6,482	5,067	4,221	4,221	4,221	4,221
Internal Billing Receipts	132	116	240	250	250	250	250	250
Transfers Out			1,224	500	500	500	500	500
Balance Forward Out	2,086	1,747	1,223	949	956	963	956	963
Expenditures	5,577	4,976	6,067	4,841	3,714	3,714	3,714	3,714
Biennial Change in Expenditures				354		(3,480)		(3,480)
Biennial % Change in Expenditures				3		(32)		(32)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	30.82	21.54	30.68	30.68	30.07	29.47	30.07	29.47

Program: Parks and Trails

Activity: Parks and Trails Management

dnr.state.mn.us/parks_trails/index.html

AT A GLANCE

- Operate 66 state parks, nine state recreation areas, nine state waysides and nearly 5,000 campsites
- Maintain more than 1,500 miles of state trails, 4,100 miles of hiking/biking/motorized trails in state parks, state recreation areas, and state forest lands, and manage 22,000 miles of snowmobile trails
- Maintain 43 state forest campgrounds, including 29 day-use areas and 12 state forest horse campgrounds
- Maintain 1,700 public water accesses, 360 fishing piers, 35 state water trails
- Contribute to the state's \$13.6 billion tourism industry with 11 of the top 35 Minnesota tourist attractions, and 31 out of 40 of the top tourist attractions in Greater Minnesota
- Restore and maintain 256,000 acres of natural lands and help preserve 285 rare species
- Steward 47 historic districts, nearly 600 historic structures and more than 900 archaeological sites
- Deliver 8,000 outdoor educational programs to 250,000 participants

PURPOSE & CONTEXT

The vision of the Department of Natural Resources (DNR) Parks and Trails Division is to create unforgettable park, trail, and water recreation experiences that inspire people to pass along the love of the outdoors to current and future generations.

State parks and trails make citizens' lives better by connecting them to nature, helping them to stay healthy and fit, strengthening local communities and economies and conserving the state's special places and resources.

Parks and Trails serves out-of-state visitors and residents alike. We offer outdoor recreational opportunities within 30 miles of most people in the state. The Division serves:

- 10 million state park visitors (18 percent are out-of-state).
- Owners of 492,000 registered snowmobiles and off highway vehicles; and 826,000 registered watercraft.
- Local communities, which receive about \$230 million each year from park visitor spending.

SERVICES PROVIDED

The Division of Parks and Trails' work is divided into four categories.

Parks and Trails connects people to the outdoors through our state parks, trails, forest recreation areas and water recreation. The Division's naturalist and outreach programs are aimed at experienced and beginner outdoor enthusiasts. The Division offers skill-building programs so first-timers can explore the outdoors in a safe, engaging way. The Division appeals to outdoor enthusiasts with an eye toward innovative facilities, services and amenities (such as 100 percent reservable campsites, self-directed visitor orientation, and the Park Finder web tool), and popular recreational opportunities like mountain biking and paddle boarding. The Division has received four Governor's Innovation Awards for its services.

Parks and Trails acquires land and create new recreational and conservation opportunities. The Division focuses its acquisition and development on conserving the state's rich natural and cultural history, and meeting future recreation demand. The Division plans ahead to meet the emerging needs of outdoor enthusiasts and use technology to attract and retain outdoor recreation users.

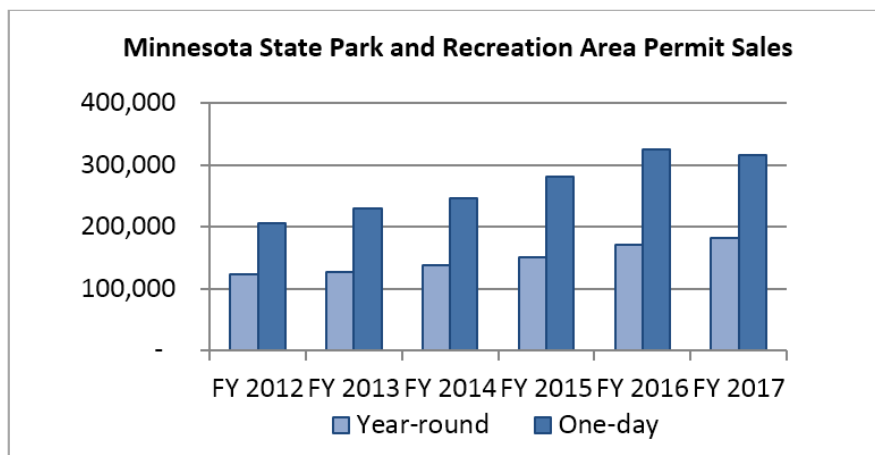
Parks and Trails takes care of what it has and the people it serves. Visitors want high quality customer service, facilities and amenities. With this in mind, the Division invests legacy funds to make improvements to aging infrastructure and reinvigorate visitor services. It also manages unique natural resources for public enjoyment and long-term conservation.

Parks and Trails works with partners. The Division connects with outdoor recreation partners to provide a seamless outdoor recreation system at the local, regional, state and federal level. About 25 percent of the Division’s budget is devoted to grant programs that pass funding through to local governments to meet near-home outdoor recreation opportunities (see Parks and Trails Community Partnerships narrative).

RESULTS

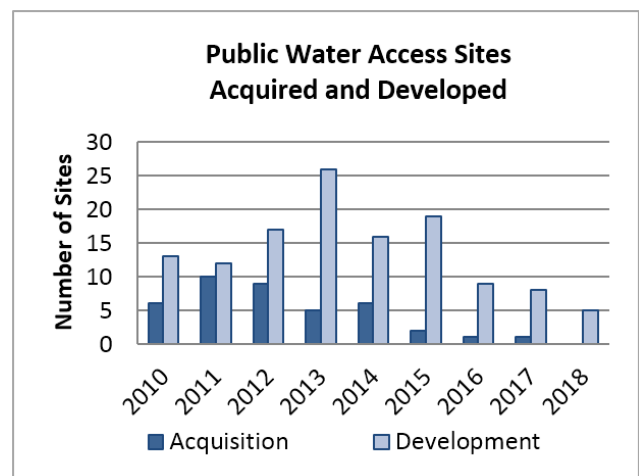
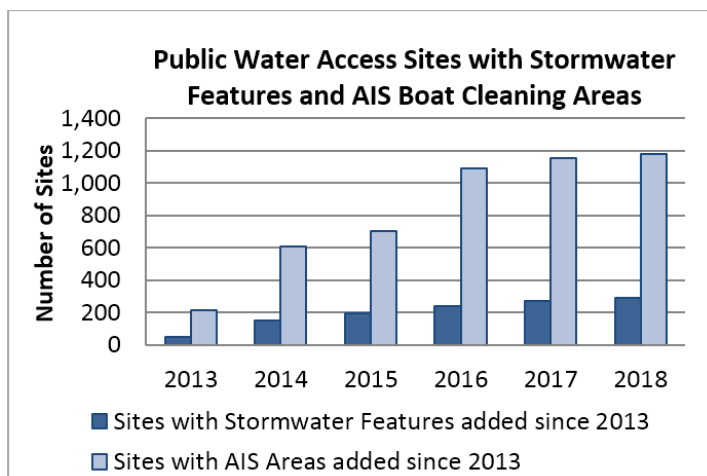
Quantity Performance Measure: Number of State Park Permit Sales

The popularity of state outdoor recreation assets is on the rise, as illustrated by the increase in one-day and year-round permit sales (below). State parks and trails help support healthy communities.



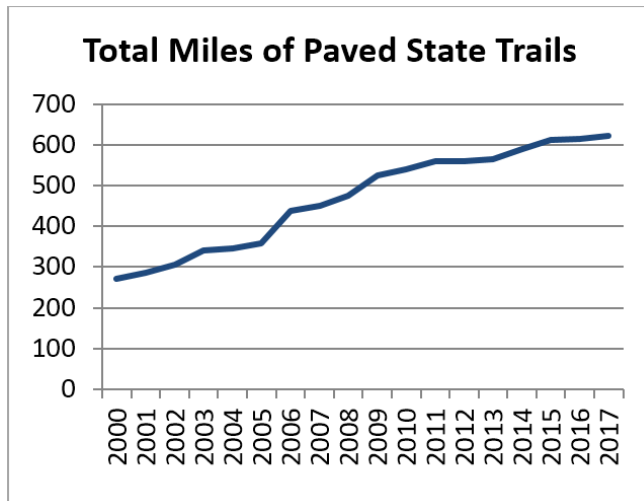
Quantity Performance Measure: Number of Public Water Access Sites Acquired and Developed

The Division maintains public water accesses, state water trails, fishing piers and shore fishing sites. In recent years, its focus has shifted to improving existing water accesses for public safety, storm-water runoff, and aquatic invasive species (AIS) boat-cleaning areas.



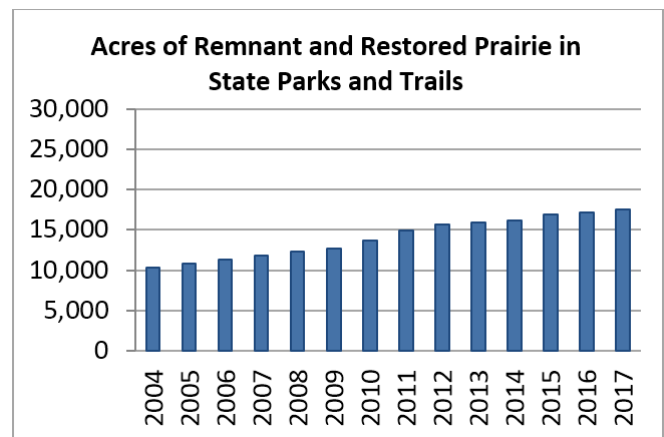
Quantity Performance Measure: Miles of Paved State Trails

Miles of paved trails for bicycling have more than doubled since 2000, increasing from 271 in 2000 to 622 in 2017. DNR's expanding trails system provides social and economic benefits to local communities.



Results Performance Measure: Acres of Remnant and Restored Prairie in State Parks and Trails

The Division protects, restores, and maintains native plant communities and wildlife through active management. It restores native plant communities, conducts prescribed burns, and manages AIS on about 13,000 acres every year. The Division currently manages approximately 17,500 acres of remnant/restored prairie and its goal is to restore an additional 11,000 acres of prairie by 2038.



These measures illustrate just a handful of the outcomes DNR achieves through its Parks and Trails Management and Operations. More measures and trends can be found at: State Parks and Trails Studies (<http://www.dnr.state.mn.us/aboutdnr/reports/pat/index.html>)

The legal authority for the Parks and Trails Management and Operations Program comes from Minnesota Statutes: 86A.05 (<https://www.revisor.mn.gov/statutes/?id=86A.05>).

Parks and Trails

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	23,128	28,694	23,763	29,087	26,324	26,324	26,893	27,230
1300 - Minnesota Resources	0	0						
2001 - Other Misc Special Revenue	8,132	8,285	8,918	13,899	13,287	13,280	13,287	13,280
2050 - Environment & Natural Resources	1,848	78	1,118	9,808				
2100 - Water Recreation	9,236	10,482	9,206	12,974	10,800	10,805	15,624	15,749
2101 - Snowmobile	3,168	3,411	3,241	4,487	4,109	4,109	4,168	4,224
2102 - All-Terrain Vehicle	1,948	2,988	2,272	2,643	2,475	2,339	3,013	2,912
2103 - Off-Highway Motorcycle	194	274	241	281	251	251	256	258
2104 - Off-Road Vehicle	567	685	607	755	677	677	1,083	1,090
2106 - State Park	12,553	15,982	17,268	20,987	19,101	19,101	19,402	19,678
2107 - State Pks & Trls Lott In Lieu	5,171	5,647	5,152	7,050	6,246	6,246	6,344	6,435
2116 - Cross Country Ski	50	83	66	92	80	80	116	117
2117 - Natural Resource Misc Statutory	174	245	308	270	668	668	673	673
2118 - Land Acquisition	141	129	22	68	55	55	55	55
2119 - State Land & Water Conservation	192	231	238	280	262	262	266	269
2200 - Game and Fish (Operations)	1,877	2,410	1,025	3,523	2,277	2,277	2,292	2,300
2303 - Parks and Trails	19,600	14,634	15,442	33,919			30,124	30,856
2403 - Gift	145	85	123	58	161	161	161	161
Total	88,124	94,344	89,009	140,181	86,773	86,635	123,757	125,287
Biennial Change				46,721		(55,782)		19,854
Biennial % Change				26		(24)		9
Governor's Change from Base								75,636
Governor's % Change from Base								44

Expenditures by Category

Compensation	39,595	40,357	41,564	53,183	47,234	47,234	55,021	55,959
Operating Expenses	34,505	41,590	37,621	69,136	34,926	34,788	54,502	54,856
Grants, Aids and Subsidies	383	1,368	894	2,450	500	500	10,121	10,359
Capital Outlay-Real Property	13,410	10,614	8,742	14,908	3,785	3,785	3,785	3,785
Other Financial Transaction	232	414	187	504	328	328	328	328
Total	88,124	94,344	89,009	140,181	86,773	86,635	123,757	125,287

Parks and Trails

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total Agency Expenditures	88,124	94,344	89,009	140,181	86,773	86,635	123,757	125,287
Internal Billing Expenditures	18,788	19,562	20,525	21,128	18,641	18,627	18,641	18,627
Expenditures Less Internal Billing	69,336	74,782	68,484	119,053	68,132	68,008	105,116	106,660
<u>Full-Time Equivalents</u>	560.27	549.74	560.59	560.59	506.84	496.73	573.51	573.54

Parks and Trails

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In	350	2,176	772	2,807				
Direct Appropriation	24,777	27,356	25,799	26,280	26,324	26,324	26,893	27,230
Cancellations		91						
Balance Forward Out	2,000	747	2,807					
Expenditures	23,128	28,694	23,763	29,087	26,324	26,324	26,893	27,230
Biennial Change in Expenditures				1,028		(202)		1,273
Biennial % Change in Expenditures				2		(0)		2
Governor's Change from Base								1,475
Governor's % Change from Base								3
Full-Time Equivalents	204.29	209.59	191.96	191.96	188.12	184.36	191.84	191.72

1300 - Minnesota Resources

Open Appropriation	0	0						
Expenditures	0	0						
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	6,743	7,772	9,467	10,757	9,712	9,261	9,712	9,261
Receipts	8,597	9,375	10,170	12,935	12,935	12,935	12,935	12,935
Transfers In	201	164	203	22	30	30	30	30
Transfers Out	65	33	164	103	129	129	129	129
Balance Forward Out	7,345	8,994	10,757	9,712	9,261	8,817	9,261	8,817
Expenditures	8,132	8,285	8,918	13,899	13,287	13,280	13,287	13,280
Biennial Change in Expenditures				6,400		3,750		3,750
Biennial % Change in Expenditures				39		16		16
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	45.71	40.08	39.24	39.24	38.45	37.69	38.45	37.69

2050 - Environment & Natural Resources

Parks and Trails

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	262	543	1,475	2,558				
Direct Appropriation	2,100	999	2,211	7,250	0	0	0	0
Cancellations	0		10					
Balance Forward Out	514	1,464	2,559					
Expenditures	1,848	78	1,118	9,808				
Biennial Change in Expenditures				9,000		(10,926)		(10,926)
Biennial % Change in Expenditures				467		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.84	0.84				

2100 - Water Recreation

Balance Forward In	912	2,755	1,009	2,189	25	35	25	35
Direct Appropriation	10,888	10,740	10,740	10,740	10,740	10,740	15,564	15,684
Receipts	57	61	65	70	70	70	70	70
Transfers In	10,813	10,970	11,062	11,326	11,375	11,427	13,296	17,140
Cancellations	10,813	13,049	11,481	11,326	11,375	11,427	13,296	17,140
Balance Forward Out	2,620	995	2,189	25	35	40	35	40
Expenditures	9,236	10,482	9,206	12,974	10,800	10,805	15,624	15,749
Biennial Change in Expenditures				2,461		(575)		9,193
Biennial % Change in Expenditures				12		(3)		41
Governor's Change from Base								9,768
Governor's % Change from Base								45
Full-Time Equivalents	59.60	56.92	56.62	56.62	55.49	54.38	65.85	66.05

2101 - Snowmobile

Balance Forward In	364	623	270	641	263	263	263	263
Direct Appropriation	3,545	3,623	3,613	4,109	4,109	4,109	4,168	4,224
Transfers In	7,209	7,313	7,375	7,550	7,584	7,617	8,865	11,426
Cancellations	7,209	7,885	7,375	7,550	7,584	7,617	8,865	11,426
Balance Forward Out	740	263	642	263	263	263	263	263
Expenditures	3,168	3,411	3,241	4,487	4,109	4,109	4,168	4,224
Biennial Change in Expenditures				1,149		490		664

Parks and Trails

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				17		6		9
Governor's Change from Base								174
Governor's % Change from Base								2
Full-Time Equivalents	25.69	24.92	25.46	25.46	24.95	24.45	25.56	25.67

2102 - All-Terrain Vehicle

Balance Forward In	276	533	240	447	136		136	
Direct Appropriation	2,193	3,141	2,478	2,332	2,339	2,339	2,877	2,912
Transfers In	1,946	1,975	1,991	2,039	2,048	2,057	2,394	3,085
Cancellations	1,946	2,420	1,991	2,039	2,048	2,057	2,394	3,085
Balance Forward Out	522	240	447	136				
Expenditures	1,948	2,988	2,272	2,643	2,475	2,339	3,013	2,912
Biennial Change in Expenditures				(22)		(101)		1,010
Biennial % Change in Expenditures				(0)		(2)		21
Governor's Change from Base								1,111
Governor's % Change from Base								23
Full-Time Equivalents	15.73	15.86	15.71	15.71	15.40	15.09	17.79	17.86

2103 - Off-Highway Motorcycle

Balance Forward In	42	84	27	30				
Direct Appropriation	234	289	244	251	251	251	256	258
Transfers In	332	336	339	347	349	350	408	525
Cancellations	332	408	339	347	349	350	408	525
Balance Forward Out	82	27	30					
Expenditures	194	274	241	281	251	251	256	258
Biennial Change in Expenditures				54		(20)		(8)
Biennial % Change in Expenditures				12		(4)		(2)
Governor's Change from Base								12
Governor's % Change from Base								2
Full-Time Equivalents	1.53	1.79	2.01	2.01	1.97	1.93	2.02	2.01

2104 - Off-Road Vehicle

Balance Forward In	92	276	27	78				
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Parks and Trails

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Direct Appropriation	651	708	658	677	677	677	1,083	1,090
Transfers In	1,212	1,169	1,209	1,238	1,244	1,249	1,454	1,874
Cancellations	1,212	1,442	1,209	1,238	1,244	1,249	1,454	1,874
Balance Forward Out	178	27	78					
Expenditures	567	685	607	755	677	677	1,083	1,090
Biennial Change in Expenditures				110		(8)		811
Biennial % Change in Expenditures				9		(1)		60
Governor's Change from Base								819
Governor's % Change from Base								60
Full-Time Equivalents	2.49	2.81	3.29	3.29	3.22	3.16	4.28	4.30

2106 - State Park

Balance Forward In	1,119	2,378	2,022	4,175	3,084	3,944	3,084	3,944
Direct Appropriation	12,211	14,450	17,789	18,186	18,251	18,251	18,552	18,828
Receipts	1,420	1,576	1,632	1,710	1,710	1,710	1,710	1,710
Transfers In	19	16	29	43	59	59	59	59
Cancellations	19	640	29	43	59	59	59	59
Balance Forward Out	2,199	1,798	4,175	3,084	3,944	4,804	3,944	4,804
Expenditures	12,553	15,982	17,268	20,987	19,101	19,101	19,402	19,678
Biennial Change in Expenditures				9,720		(53)		825
Biennial % Change in Expenditures				34		(0)		2
Governor's Change from Base								878
Governor's % Change from Base								2
Full-Time Equivalents	108.92	110.85	137.89	137.89	135.13	132.43	138.23	138.51

2107 - State Pks & Trls Lott In Lieu

Balance Forward In		578		820				
Direct Appropriation	5,740	5,740	5,972	6,230	6,246	6,246	6,344	6,435
Cancellations		671						
Balance Forward Out	568		820					
Expenditures	5,171	5,647	5,152	7,050	6,246	6,246	6,344	6,435
Biennial Change in Expenditures				1,383		290		577
Biennial % Change in Expenditures				13		2		5

Parks and Trails

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								287
Governor's % Change from Base								2
Full-Time Equivalents	45.28	40.06	37.58	37.58	36.83	36.09	37.84	38.08

2116 - Cross Country Ski

Balance Forward In		26		12				
Direct Appropriation	75	75	78	80	80	80	116	117
Cancellations		18						
Balance Forward Out	25		12					
Expenditures	50	83	66	92	80	80	116	117
Biennial Change in Expenditures				25		2		75
Biennial % Change in Expenditures				19		1		48
Governor's Change from Base								73
Governor's % Change from Base								46
Full-Time Equivalents	0.03	0.77	0.50	0.50	0.49	0.48	0.70	0.70

2117 - Natural Resource Misc Statutory

Balance Forward In	454	627	913	1,393	1,825	1,859	1,825	1,854
Receipts	308	293	292	272	272	272	272	272
Transfers In		215	495	430	430	430	430	430
Balance Forward Out	589	890	1,393	1,825	1,859	1,893	1,854	1,883
Expenditures	174	245	308	270	668	668	673	673
Biennial Change in Expenditures				158		758		768
Biennial % Change in Expenditures				38		131		133
Governor's Change from Base								10
Governor's % Change from Base								1
Full-Time Equivalents	0.44	1.07	1.37	1.37	1.34	1.32	1.34	1.32

2118 - Land Acquisition

Balance Forward In	86	263	268	330	262	207	262	207
Receipts	270	78	84					
Balance Forward Out	216	212	330	262	207	152	207	152
Expenditures	141	129	22	68	55	55	55	55

Parks and Trails

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				(180)		20		20
Biennial % Change in Expenditures				(67)		22		22
Governor's Change from Base								0
Governor's % Change from Base								0

2119 - State Land & Water Conservation

Balance Forward In		58		18				
Direct Appropriation	250	250	256	262	262	262	266	269
Cancellations		77						
Balance Forward Out	58		18					
Expenditures	192	231	238	280	262	262	266	269
Biennial Change in Expenditures				95		6		17
Biennial % Change in Expenditures				22		1		3
Governor's Change from Base								11
Governor's % Change from Base								2
Full-Time Equivalents	1.67	1.48	1.50	1.50	1.47	1.44	1.51	1.51

2200 - Game and Fish (Operations)

Balance Forward In		449		1,248				
Direct Appropriation	2,266	2,273	2,273	2,275	2,277	2,277	2,292	2,300
Cancellations		311						
Balance Forward Out	389		1,248					
Expenditures	1,877	2,410	1,025	3,523	2,277	2,277	2,292	2,300
Biennial Change in Expenditures				260		6		44
Biennial % Change in Expenditures				6		0		1
Governor's Change from Base								38
Governor's % Change from Base								1
Full-Time Equivalents	4.01	3.51	3.79	3.79	3.71	3.64	3.83	3.85

2303 - Parks and Trails

Balance Forward In	7,316	6,183	12,374	14,245				
Direct Appropriation	18,084	19,210	17,312	19,674	0	0	30,124	30,856
Transfers In	15,113	15,220	2,313					

Parks and Trails

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Transfers Out	15,113	15,220	2,313					
Cancellations	0	8	0					
Balance Forward Out	5,801	10,751	14,245					
Expenditures	19,600	14,634	15,442	33,919			30,124	30,856
Biennial Change in Expenditures				15,126		(49,361)		11,619
Biennial % Change in Expenditures				44		(100)		24
Governor's Change from Base								60,980
Governor's % Change from Base								
Full-Time Equivalents	44.57	39.85	42.55	42.55			44.00	44.00

2403 - Gift

Balance Forward In	362	360	396	354	450	443	450	443
Receipts	136	122	80	154	154	154	154	154
Balance Forward Out	354	396	354	450	443	436	443	436
Expenditures	145	85	123	58	161	161	161	161
Biennial Change in Expenditures				(49)		141		141
Biennial % Change in Expenditures				(21)		78		78
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.31	0.18	0.28	0.28	0.27	0.27	0.27	0.27

3000 - Federal

Balance Forward In	13	13	13	13	13	13	13	13
Balance Forward Out	13	13	13	13	13	13	13	13

3800 - Permanent School

Balance Forward In	178	195	218	238	238	238	238	238
Receipts	195	218	238	240	240	240	240	240
Transfers Out	178	195	218	240	240	240	240	240
Balance Forward Out	195	218	238	238	238	238	238	238

Program: Parks and Trails**Activity: Community Partnerships**dnr.state.mn.us/grants/recreation/index.html

AT A GLANCE

Deliver 370 grants totaling more than \$25 million annually to local governments and organizations for parks and trails. These include approximately:

- 70 grants for acquisition and development of local parks and trails.
- 180 grants for snowmobile trail maintenance and grooming.
- 80 grants for off-highway vehicle trail development and maintenance.
- 40 grants for ski trail maintenance and grooming.

Aid in the development of local trail systems throughout the state by administering grants to volunteer organizations. This “grant-in-aid” (GIA) system includes:

- 21,300 miles of GIA snowmobile trails.
- 1,800 miles of off-highway vehicle trails.
- 700 miles of cross-country ski trails.

PURPOSE & CONTEXT

The Parks and Trails Community Partnership program within the Division of Parks and Trails works to provide grants to organizations and local governments to help create new parks and trails and maintain existing parks and trails.

By creating a seamless system of outdoor recreation, local and regional parks and trails complement the state system and contribute to Minnesota’s overall outdoor recreation goals.

Community partnerships benefit:

- Local communities that receive grants and whose economies benefit from trail associated spending.
- Trails users, including 191,000 snowmobile riders and 318,000 off-highway vehicle riders, and over 19,000 cross-country skiers.

Community parks and trails partnerships help provide for thriving local economies. In Minnesota, outdoor recreation generates \$11.6 billion in annual consumer spending, \$815 million in state and local taxes, and 118,000 jobs (Outdoor Industry Association surveys, 2012). Local and regional parks and trails are an important part of the state’s outdoor recreation industry.

SERVICES PROVIDED

The Division provides grants to local governments and organizations for parks and trail acquisition, development, rehabilitation, grooming, maintenance and operations. It administers a variety of grant programs focusing on outdoor recreation, regional parks and trails, local trail connections, as well as Grant-in-Aid (GIA) programs for snowmobile, off-highway vehicle, and cross-country ski trail users. The Division manages federal programs such as the Federal Recreational Trail Program and the Land and Water Conservation Fund.

The Division’s grant administration services include managing the grant programs, providing information and customer service to grant recipients, ensuring a fair and efficient process for grant selection, ensuring financial accountability, and building partnerships with local, regional, state and federal programs.

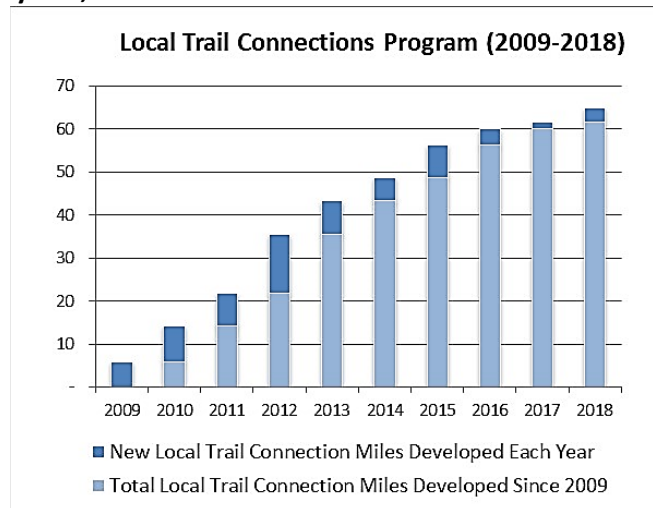
RESULTS

Quality Performance Measure: Miles of New Local Trail Connections Developed

The Division aims to achieve high satisfaction among grant recipients while meeting state and federal grant management standards. The goal is for grants to contribute to a comprehensive outdoor recreation system in Minnesota.

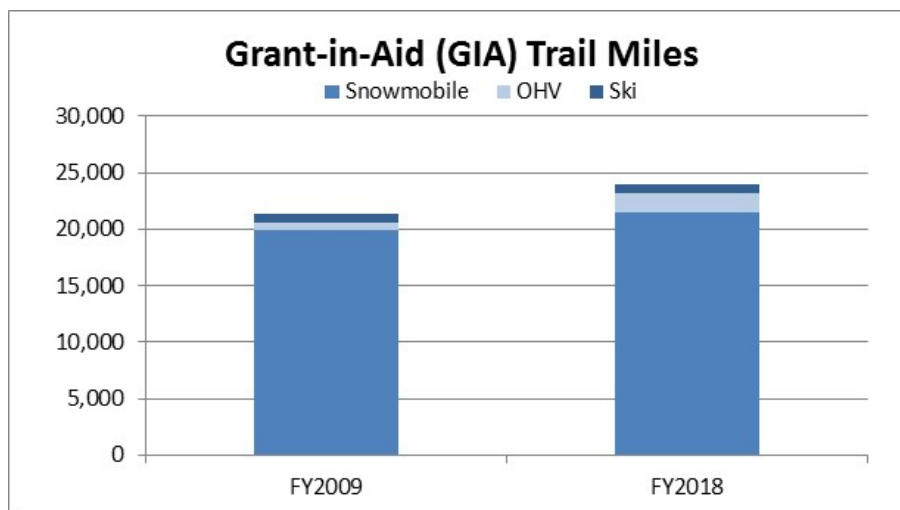
The Local Trail Connections Program is one example where the Division facilitates new trail connections. These trail segments may be relatively short in length, but are often necessary to create a seamless trail system that meets local needs. These trail segments may create connections to where people live (such as residential areas within cities or entire communities) and to significant public resources (such as historical areas, parks and/or other trails).

During the last ten years, over 60 miles of new local trail connections have been developed.



Quantity Performance Measure: GIA Trail Miles Cooperatively Developed and Maintained

The Division manages the Grant-in-Aid (GIA) program, a cost-sharing system of snowmobile, off-highway vehicle, and cross-country ski trails. The GIA trail system has grown by about 2,700 miles in recent years from 21,300 miles in FY09 to 24,000 miles in FY18. This program relies on groups or clubs with the support and participation of local governments. The Division provides financial and technical assistance and overall GIA program management. Together, they develop and maintain a much larger trail system than any one group could deliver.



Additional measures are available on DNR's grant outcomes website at [DNR Grant Outcomes Reporting](http://www.dnr.state.mn.us/grants/outcomes/index.html)
(<http://www.dnr.state.mn.us/grants/outcomes/index.html>)

The legal authority for the Parks and Trails Community Partnerships Program comes from the following Minnesota Statutes:

- 84.83 (<https://www.revisor.mn.gov/statutes/cite/84.83>)
- 84.794 (<https://www.revisor.mn.gov/statutes/cite/84.794>)
- 84.803 (<https://www.revisor.mn.gov/statutes/cite/84.803>)
- 84.927 (<https://www.revisor.mn.gov/statutes/cite/84.927>)
- 85.019 (<https://www.revisor.mn.gov/statutes/cite/85.019>)
- 85.43 (<https://www.revisor.mn.gov/statutes/cite/85.43>)
- 85.535 (<https://www.revisor.mn.gov/statutes/cite/85.535>)

Community Partnerships

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	190							
2101 - Snowmobile	7,412	7,452	7,466	10,732	9,699	9,699	9,699	9,699
2102 - All-Terrain Vehicle	1,081	1,084	1,363	1,587	1,425	1,425	1,725	1,725
2103 - Off-Highway Motorcycle	79	79	144	156	150	150	150	150
2104 - Off-Road Vehicle	15	20	100	325	325	325	325	325
2109 - Local Trls Grants Lott In Lieu	982	753	757	1,253	1,005	1,005	1,005	1,005
2116 - Cross Country Ski	277	292	272	279	279	279	314	314
2119 - State Land & Water Conservation	421	1,154	283	200	800	800	800	800
2303 - Parks and Trails	7,261	10,838						
3000 - Federal	6,833	8,715	7,231	6,681	6,600	6,600	6,600	6,600
Total	24,551	30,388	17,616	21,213	20,283	20,283	20,618	20,618
Biennial Change				(16,110)		1,737		2,407
Biennial % Change				(29)		4		6
Governor's Change from Base								670
Governor's % Change from Base								2
<u>Expenditures by Category</u>								
Compensation	708	545	582	707	721	735	721	735
Operating Expenses	1,652	2,136	1,343	2,178	1,789	1,792	1,789	1,792
Grants, Aids and Subsidies	20,409	25,661	14,119	16,895	16,347	16,337	16,682	16,672
Capital Outlay-Real Property	1,558	1,633	1,248	73	73	73	73	73
Other Financial Transaction	223	413	323	1,360	1,353	1,346	1,353	1,346
Total	24,551	30,388	17,616	21,213	20,283	20,283	20,618	20,618
Total Agency Expenditures	24,551	30,388	17,616	21,213	20,283	20,283	20,618	20,618
Internal Billing Expenditures	680	997	399	500	502	502	502	502
Expenditures Less Internal Billing	23,871	29,391	17,217	20,713	19,781	19,781	20,116	20,116
<u>Full-Time Equivalents</u>	7.52	6.12	4.83	4.83	4.73	4.63	4.73	4.63

Community Partnerships

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	190							
Expenditures	190							
Biennial Change in Expenditures				(190)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2101 - Snowmobile

Balance Forward In		1,331		1,033				
Direct Appropriation	8,499	8,499	8,499	9,699	9,699	9,699	9,699	9,699
Cancellations		2,378						
Balance Forward Out	1,087		1,033					
Expenditures	7,412	7,452	7,466	10,732	9,699	9,699	9,699	9,699
Biennial Change in Expenditures				3,334		1,200		1,200
Biennial % Change in Expenditures				22		7		7
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.41	0.24	0.13	0.13	0.13	0.12	0.13	0.12

2102 - All-Terrain Vehicle

Balance Forward In		195	100	162				
Direct Appropriation	1,275	1,275	1,425	1,425	1,425	1,425	1,725	1,725
Cancellations		385						
Balance Forward Out	195		162					
Expenditures	1,081	1,084	1,363	1,587	1,425	1,425	1,725	1,725
Biennial Change in Expenditures				785		(100)		500
Biennial % Change in Expenditures				36		(3)		17
Governor's Change from Base								600
Governor's % Change from Base								21
Full-Time Equivalents	0.25	0.22	0.13	0.13	0.13	0.12	0.13	0.12

2103 - Off-Highway Motorcycle

Balance Forward In	71		6					
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Community Partnerships

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Direct Appropriation	150	150	150	150	150	150	150	150
Cancellations		142						
Balance Forward Out	71		6					
Expenditures	79	79	144	156	150	150	150	150
Biennial Change in Expenditures				142		0		0
Biennial % Change in Expenditures				89		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2104 - Off-Road Vehicle

Direct Appropriation	325	325	325	325	325	325	325	325
Cancellations	310	305	225					
Expenditures	15	20	100	325	325	325	325	325
Biennial Change in Expenditures				390		225		225
Biennial % Change in Expenditures				1,107		53		53
Governor's Change from Base								0
Governor's % Change from Base								0

2109 - Local Trls Grants Lott In Lieu

Balance Forward In		173		248				
Direct Appropriation	1,005	1,005	1,005	1,005	1,005	1,005	1,005	1,005
Cancellations		425						
Balance Forward Out	23		248					
Expenditures	982	753	757	1,253	1,005	1,005	1,005	1,005
Biennial Change in Expenditures				275		0		0
Biennial % Change in Expenditures				16		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.06	0.01	0.01	0.01	0.01	0.01	0.01

2116 - Cross Country Ski

Balance Forward In	714	690	662	602	602	602	602	637
Receipts	227	204	213	279	279	279	349	349

Community Partnerships

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	664	603	602	602	602	602	637	672
Expenditures	277	292	272	279	279	279	314	314
Biennial Change in Expenditures				(18)		7		77
Biennial % Change in Expenditures				(3)		1		14
Governor's Change from Base								70
Governor's % Change from Base								13

2119 - State Land & Water Conservation

Balance Forward In	55		85					
Receipts	366	1,154	197	200	800	800	800	800
Expenditures	421	1,154	283	200	800	800	800	800
Biennial Change in Expenditures				(1,092)		1,117		1,117
Biennial % Change in Expenditures				(69)		232		232
Governor's Change from Base								0
Governor's % Change from Base								0

2303 - Parks and Trails

Balance Forward In	1,023	2,393	22					
Direct Appropriation	8,307	8,445						
Cancellations	1		22					
Balance Forward Out	2,068							
Expenditures	7,261	10,838						
Biennial Change in Expenditures				(18,098)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.21							

3000 - Federal

Balance Forward In	236	1,012	805	6				
Receipts	6,616	7,704	6,431	6,675	6,600	6,600	6,600	6,600
Balance Forward Out	17	1	6					
Expenditures	6,833	8,715	7,231	6,681	6,600	6,600	6,600	6,600

Community Partnerships

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				(1,637)		(712)		(712)
Biennial % Change in Expenditures				(11)		(5)		(5)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.65	5.60	4.56	4.56	4.46	4.38	4.46	4.38

Program: Fish and Wildlife**Activity: Fish and Wildlife**dnr.state.mn.us/fishwildlife/index.htmldnr.state.mn.us/rfp/index.html

AT A GLANCE

- Manage nearly 1.3 million acres of state-owned wildlife management areas and 46,000 acres of aquatic management areas
- Protect, monitor, enhance, and restore aquatic habitat for 4,500 fishing lakes and 15,000 miles of fishable streams and rivers in Minnesota
- Manage 61 wildlife and 28 sport fish game species
- Provide quality outdoor opportunities to 1.5 million licensed anglers, 557,000 licensed hunters and trappers, and 1.6 million wildlife watchers
- Build local conservation capacity by providing \$11 million of outdoor heritage funds in competitive matching grants to nonprofit organizations or local governments in metropolitan and greater Minnesota
- Manage 2.4 million license sales for hunting, fishing, and other activities, and 1.4 million registrations for recreational boats and vehicles
- Engage 1,500 Minnesota businesses as point-of-sale agents for hunting and fishing licenses and 170 registration and titling agents
- Deliver programs to support angler and hunter recruitment, retention and reactivation, reaching more than 274,000 participants annually and awarding \$479,000 in grants to external partners

PURPOSE & CONTEXT

The goal of the Fish and Wildlife Division is to sustain healthy populations of fish and wildlife, high quality recreational opportunities, and vibrant local economies. It manages fish and wildlife populations, their habitats, and use of these public resources, including fishing, hunting, and trapping. The Division serves citizens seeking hunting and fishing licenses and recreational vehicle registration and titling. To fulfill this work, it also serves licensing agents and deputy registrars.

The Division provides information on hunting and fishing seasons and harvest regulations to the public through webpages, printed regulations booklets, and press releases. It introduces hunting and angling to new participants through programs ranging from Learn-to-Hunt and Learn-to-Fish to capacity-building grants for partner groups delivering programs. In partnership with citizens, the Division protects and restores natural lands, lakes, and streams, monitors harvested species, and promotes the state's hunting, fishing and trapping heritage. Hunters, anglers, and wildlife viewers and photographers benefit from diverse, abundant species, accessible public lands, and high quality recreational experiences.

The Division provides licensing and recreational vehicle services through use of the Electronic Licensing System (ELS) in an efficient and cost effective manner, including web, telephone, and mobile-device options.

Access to natural lands and participation in outdoor recreation benefits personal health and helps sustain Minnesota's hunting and fishing heritage. This boosts Minnesota's economy, especially in rural communities, by supporting more than 48,000 jobs and generating \$3.8 billion in statewide economic activity.

SERVICES PROVIDED

The Division's work is divided into four categories:

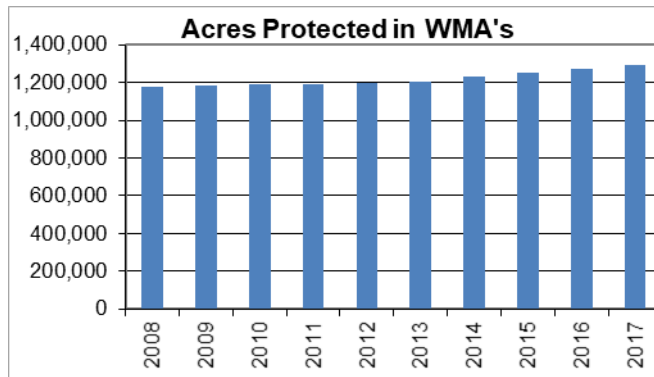
1. **Fish and Wildlife monitors and manages fish and wildlife populations:** To ensure high quality fishing, hunting, trapping and wildlife watching, the Division monitors and manages fish and wildlife populations for the benefit of citizens. The Division:
 - Conducts surveys to 1) monitor fish and wildlife population trends, 2) inform management decisions, including harvest regulations, and 3) assess values and attitudes of anglers, hunters, and landowners and to evaluate changes in participation and resource use.
 - Uses research to understand and predict changes in fish and wildlife populations and to inform management decisions.
 - Raises and stocks walleye, muskellunge, northern pike, trout, salmon, and other game fish species to enhance or restore fish populations in lakes and streams or to establish new fishing opportunities.
 - Monitors and manages diseases to reduce risk of outbreaks and high fish and wildlife losses.
 - Reduces human-wildlife conflicts by monitoring wildlife damage and providing assistance to property owners and growers to prevent or reduce damage.
2. **Fish and Wildlife protects, restores, and enhances key fish and wildlife lands:** To help sustain healthy, productive fish and wildlife populations, the Division:
 - Manages more than 1.3 million acres of wildlife and aquatic habitat.
 - Contributes to improved habitat management on other public and private lands through technical and financial assistance.
 - Acquires lands through purchase or donation to add high priority parcels to the system's land base which are then enhanced or restored.
 - Enhances and restores grasslands and prairie, conducts prescribed burns and remove woody vegetation to enhance prairies, restores and enhances wetlands, manages forest stands, conducts wildlife lake assessments, improves fish spawning areas, protects and enhances aquatic habitats, and removes dams and restores functions to aquatic systems.
 - Provides public awareness and access to state lands through posting boundaries, providing parking lots and walking trails, and providing maps (digital and paper) and other user information.
3. **Fish and Wildlife connects people to the outdoors through hunting, fishing, and citizen engagement:** Citizen understanding and support is critical to healthy environments. The Division improves citizen engagement through roundtables, workshops, public input, county and state fairs, customer surveys, web surveys, and other tools. It works with partners to provide information and educational opportunities that encourage outdoor recreation and sustain or increase participation in fishing and hunting. This work includes: mentored hunts, the National Archery in the Schools program, skills-based training, youth and women's programs, direct engagement of Southeast Asian and other under-represented communities, MinnAqua, Becoming An Outdoors Woman/Family program, and Fishing In the Neighborhood. The Division shares with citizens large volumes of information about fish and wildlife populations, habitats, and recreational opportunities. It communicates this information through print media, a website, social media, mobile devices, and video.
4. **Fish and Wildlife provisions hunting and fishing licenses and recreational vehicle titles and registrations:** The Division is responsible for the development, implementation, and maintenance of the statewide electronic licensing system (ELS). We provide easy access for outdoors enthusiasts to purchase hunting and fishing licenses at any of the 1,500 ELS agent locations. Customers can also purchase by phone, mobile-device, and online. The Division has a walk-in service counter in Saint Paul that provides service to customers for all types of license, registration and titling transactions. Commercial licenses are issued for businesses such minnow dealers, game farms, and shooting preserves, and the Division manages the lottery system for turkey, antlerless deer, bear, and elk seasons.

The Division issues all watercraft registration and titles and the registration of all-terrain vehicles (ATVs), snowmobiles, off road vehicles (ORVs), and off-highway motorcycles (OHMs) through the web-based ELS.

RESULTS

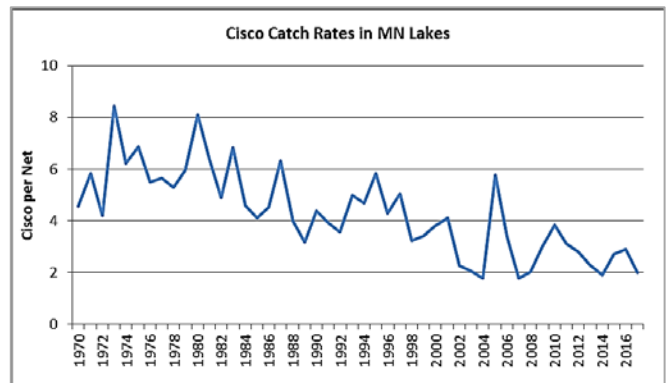
Results Performance Measure: Acres Protected in Wildlife Management Areas

The Wildlife Management Area (WMA) system is the backbone of DNR's wildlife program. WMAs provide for public recreation and wildlife production. A stable to moderate increasing base of WMA acres has been achieved in recent years.



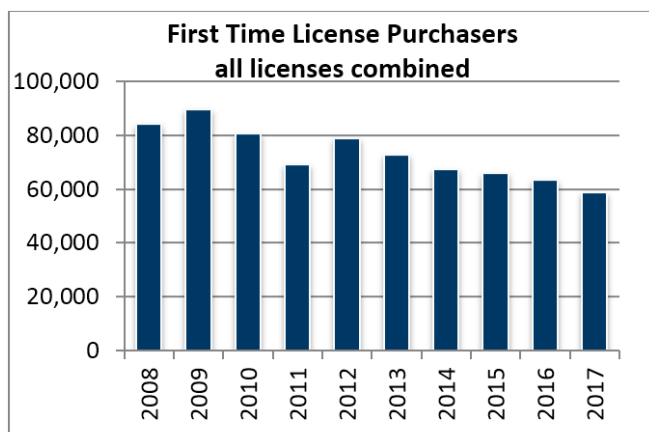
Results Performance Measure: Cisco catch per net since 1970

Cisco (or tullibee) are an important forage fish for walleye, northern pike, and muskellunge. Cisco are an early indicator of environmental changes impacting cool water lakes due to their sensitivity to water temperatures and oxygen levels.



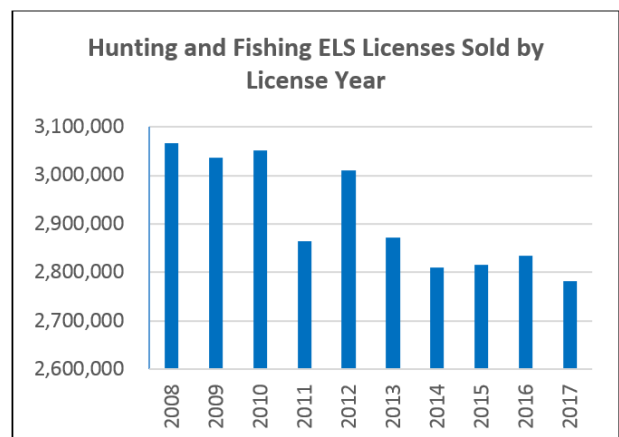
Quality Performance Measure: New License Purchases

Although fishing and hunting participation rates are higher in Minnesota than nationwide, overall rates are declining. Angling and hunting activities directly fund state fish and wildlife management through license purchases and federal equipment excise taxes. Outreach efforts focus on recruiting and retaining citizens interested in healthy fish and wildlife populations, habitat, and recreation.



Quantity Performance Measure: Number of Licenses Sold

The Division adjusts license availability annually based on multiple factors, including species population estimates. The Division has sold fewer licenses for sale during recent years. However sales are expected to trend upward during the coming years because of forecasted population growth.



The legal authority for the Fish and Wildlife program comes from the following Minnesota Statutes:

17 (<https://www.revisor.mn.gov/statutes/?id=17>)
84 (<https://www.revisor.mn.gov/statutes/?id=84>)
84C (<https://www.revisor.mn.gov/statutes/?id=84C>)
84D (<https://www.revisor.mn.gov/statutes/?id=84D>)
86A (<https://www.revisor.mn.gov/statutes/?id=86A>)
97A (<https://www.revisor.mn.gov/statutes/?id=97A>)
97B (<https://www.revisor.mn.gov/statutes/?id=97B>)
97C (<https://www.revisor.mn.gov/statutes/?id=97C>)
103G.301-315 (<https://www.revisor.mn.gov/statutes/cite/103G>)

Fish and Wildlife

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	177	47					2,060	1,460
2000 - Restrict Misc Special Revenue	735	718	288	444	324	324	324	324
2001 - Other Misc Special Revenue	3,175	2,567	2,530	2,421	2,478	2,478	2,478	2,478
2050 - Environment & Natural Resources	1,299	717	1,011	1,201				
2100 - Water Recreation	1,946	1,968	1,275	1,638	1,458	1,458	1,484	1,509
2101 - Snowmobile	289	329	179	420	301	301	304	305
2102 - All-Terrain Vehicle	294	299	99	146	122	122	123	125
2103 - Off-Highway Motorcycle	7	10	1	19	10	10	10	10
2104 - Off-Road Vehicle	9	10	4	62	33	33	33	33
2106 - State Park	1	1						
2116 - Cross Country Ski	13	11						
2117 - Natural Resource Misc Statutory	2	2	896	900	900	900	900	900
2118 - Land Acquisition	69	193	94	85	85	85	85	85
2200 - Game and Fish (Operations)	60,871	63,623	59,583	68,902	64,771	64,769	60,180	61,475
2201 - Computerized Lic Deer/Bear Mgmt	749	1,509	1,235	1,300	1,110	1,085	1,110	1,085
2202 - Deer Habitat Improvement	1,210	1,197	1,436	1,460	1,400	1,400	8,546	8,546
2203 - Waterfowl Habitat Improvement	500	528	589	645	650	650	650	650
2204 - Trout And Salmon Management	938	1,236	1,063	1,075	1,000	1,000	1,000	1,000
2205 - Pheasant Habitat Improvement	489	494	388	490	450	450	450	450
2206 - Wild Rice Management	40	40	31	40	40	40	40	40
2207 - Wildlife Acquisition Surcharge	1,529	1,272	782	2,599	1,485	1,485	1,485	1,485
2208 - Wild Turkey Management	175	229	156	230	230	230	230	230
2209 - Heritage Enhancement	7,919	8,752	8,139	9,119	8,411	8,411	8,539	8,658
2211 - Walleye Stamp Account	75	88	88	90	90	90	90	90
2213 - Wolf Management & Monitoring	110	162	296	300	250	250	250	250
2300 - Outdoor Heritage	19,106	25,121	21,692	52,296				
2302 - Clean Water	1,267	1,207	1,274	1,914				
2401 - Reinvest In Minnesota-Gifts	2,890	822	2,994	3,148	3,142	3,142	3,142	3,142
2403 - Gift	94	61	67	32	32	32	32	32
3000 - Federal	491	1,099	956	4,661	11,403	15,644	11,403	15,644
Total	106,468	114,312	107,144	155,637	100,175	104,389	104,948	110,006
Biennial Change				42,000		(58,217)		(47,827)

Fish and Wildlife

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change				19		(22)		(18)
Governor's Change from Base								10,390
Governor's % Change from Base								5

Expenditures by Category

Compensation	48,374	49,389	49,116	54,733	49,457	49,467	52,295	53,779
Operating Expenses	37,960	43,725	37,208	70,246	37,911	45,232	39,846	46,537
Grants, Aids and Subsidies	9,673	9,717	10,331	12,396	4,273	1,996	4,273	1,996
Capital Outlay-Real Property	10,120	10,428	10,032	17,724	8,151	7,311	8,151	7,311
Other Financial Transaction	342	1,053	457	538	383	383	383	383
Total	106,468	114,312	107,144	155,637	100,175	104,389	104,948	110,006

Total Agency Expenditures	106,468	114,312	107,144	155,637	100,175	104,389	104,948	110,006
Internal Billing Expenditures	21,456	21,601	21,155	21,930	19,950	19,934	19,950	19,934
Expenditures Less Internal Billing	85,012	92,711	85,989	133,707	80,225	84,455	84,998	90,072

Full-Time Equivalents

	623.03	612.67	579.71	579.71	514.77	504.49	547.14	548.29
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Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		64						
Direct Appropriation	236						2,060	1,460
Cancellations		16						
Balance Forward Out	59							
Expenditures	177	47					2,060	1,460
Biennial Change in Expenditures				(225)		0		3,520
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								3,520
Governor's % Change from Base								
Full-Time Equivalents	1.66	0.14	0.01	0.01	0.01	0.01	14.71	10.71

2000 - Restrict Misc Special Revenue

Balance Forward In	1,562	1,502	1,430	1,611	1,471	1,329	1,471	1,329
Receipts	626	639	384	235	147	147	147	147
Transfers In	152	173	196	211	180	180	180	180
Transfers Out	133	165	112	142	145	145	145	145
Balance Forward Out	1,473	1,430	1,611	1,471	1,329	1,187	1,329	1,187
Expenditures	735	718	288	444	324	324	324	324
Biennial Change in Expenditures				(721)		(84)		(84)
Biennial % Change in Expenditures				(50)		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.02	0.63	0.66	0.66	0.65	0.64	0.65	0.64

2001 - Other Misc Special Revenue

Balance Forward In	814	811	964	818	1,431	1,431	1,431	1,431
Receipts	3,149	2,540	2,384	2,483	2,478	2,478	2,478	2,478
Internal Billing Receipts	268							
Transfers In	19	168		551				
Transfers Out	19							
Balance Forward Out	787	951	819	1,431	1,431	1,431	1,431	1,431
Expenditures	3,175	2,567	2,530	2,421	2,478	2,478	2,478	2,478
Biennial Change in Expenditures				(792)		5		5

Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				(14)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.99	1.89	1.98	1.98	1.94	1.90	1.94	1.90

2050 - Environment & Natural Resources

Balance Forward In	1,231	516	863	801				
Direct Appropriation	600	1,151	500	400	0	0	0	0
Transfers In			450					
Cancellations	20	124	2					
Balance Forward Out	514	827	800					
Expenditures	1,299	717	1,011	1,201				
Biennial Change in Expenditures				196		(2,212)		(2,212)
Biennial % Change in Expenditures				10		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.78	3.51	5.10	5.10				

2100 - Water Recreation

Balance Forward In	41	111		180				
Direct Appropriation	1,452	1,452	1,455	1,458	1,458	1,458	1,484	1,509
Receipts	557	532						
Transfers Out		65						
Cancellations		62						
Balance Forward Out	104		180					
Expenditures	1,946	1,968	1,275	1,638	1,458	1,458	1,484	1,509
Biennial Change in Expenditures				(1,001)		3		80
Biennial % Change in Expenditures				(26)		0		3
Governor's Change from Base								77
Governor's % Change from Base								3
Full-Time Equivalents	17.02	17.75	10.60	10.60	10.39	10.18	10.66	10.71

2101 - Snowmobile

Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward In	128	286		119				
Direct Appropriation	293	295	298	301	301	301	304	305
Receipts	140	151						
Transfers Out		191						
Cancellations		212						
Balance Forward Out	272		119					
Expenditures	289	329	179	420	301	301	304	305
Biennial Change in Expenditures				(19)		3		10
Biennial % Change in Expenditures				(3)		0		2
Governor's Change from Base								7
Governor's % Change from Base								1
Full-Time Equivalents	1.09	1.04	1.12	1.12	1.10	1.08	1.13	1.12

2102 - All-Terrain Vehicle

Balance Forward In	100	142		24				
Direct Appropriation	120	122	123	122	122	122	123	125
Receipts	216	210						
Transfers Out		161						
Cancellations		15						
Balance Forward Out	142		24					
Expenditures	294	299	99	146	122	122	123	125
Biennial Change in Expenditures				(348)		(1)		3
Biennial % Change in Expenditures				(59)		(0)		1
Governor's Change from Base								4
Governor's % Change from Base								2
Full-Time Equivalents	1.09	1.08	0.52	0.52	0.51	0.50	0.52	0.53

2103 - Off-Highway Motorcycle

Balance Forward In	29	41		9				
Direct Appropriation	10	10	10	10	10	10	10	10
Receipts	9	9						
Transfers Out		36						
Cancellations		14						

Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward Out	41		9					
Expenditures	7	10	1	19	10	10	10	10
Biennial Change in Expenditures				3		0		0
Biennial % Change in Expenditures				17		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

2104 - Off-Road Vehicle

Balance Forward In	18	47		29				
Direct Appropriation	33	33	33	33	33	33	33	33
Receipts	4	5						
Transfers Out		23						
Cancellations		53						
Balance Forward Out	47		29					
Expenditures	9	10	4	62	33	33	33	33
Biennial Change in Expenditures				48		0		0
Biennial % Change in Expenditures				266		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

2106 - State Park

Balance Forward In	1	1						
Receipts	1	1						
Transfers Out		1						
Balance Forward Out	1							
Expenditures	1	1						
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2112 - Invasive Species

Transfers In	1,076	1,099	1,118	1,099	1,099	1,099	1,099	1,099
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Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Cancellations	1,076	1,099	1,118	1,099	1,099	1,099	1,099	1,099

2116 - Cross Country Ski

Balance Forward In	23	26						
Receipts	16	14						
Transfers Out		29						
Balance Forward Out	26							
Expenditures	13	11						
Biennial Change in Expenditures				(24)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2117 - Natural Resource Misc Statutory

Balance Forward In	37	45	561	597	641	681	641	681
Receipts	11	11	931	944	940	940	940	940
Transfers In		507						
Balance Forward Out	45	561	597	641	681	721	681	721
Expenditures	2	2	896	900	900	900	900	900
Biennial Change in Expenditures				1,791		4		4
Biennial % Change in Expenditures				44,111		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			3.07	3.07	3.01	2.95	3.01	2.95

2118 - Land Acquisition

Balance Forward In	339	544	396	530	530	448	530	448
Receipts	273	44	229	85	3	3	3	3
Transfers In	13							
Transfers Out	13							
Balance Forward Out	544	396	531	530	448	366	448	366
Expenditures	69	193	94	85	85	85	85	85
Biennial Change in Expenditures				(82)		(9)		(9)

Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures				(31)		(5)		(5)
Governor's Change from Base								0
Governor's % Change from Base								0

2200 - Game and Fish (Operations)

Balance Forward In	1,258	5,103	1,607	4,699	328	236	328	236
Direct Appropriation	61,102	61,684	59,376	61,220	61,368	61,368	56,777	58,074
Receipts	3,389	3,446	3,495	3,522	3,491	3,491	3,491	3,491
Transfers In	99							
Transfers Out	152	173	196	211	180	180	180	180
Cancellations	99	4,846						
Balance Forward Out	4,725	1,591	4,699	328	236	146	236	146
Expenditures	60,871	63,623	59,583	68,902	64,771	64,769	60,180	61,475
Biennial Change in Expenditures				3,990		1,055		(6,830)
Biennial % Change in Expenditures				3		1		(5)
Governor's Change from Base								(7,885)
Governor's % Change from Base								(6)
Full-Time Equivalents	463.08	456.18	415.87	415.87	407.55	399.40	362.59	368.30

2201 - Computerized Lic Deer/Bear Mgmt

Balance Forward In	1,661	1,881	1,474	1,238	966	874	966	874
Receipts	959	986	998	1,028	1,018	1,018	1,018	1,018
Balance Forward Out	1,870	1,357	1,237	966	874	807	874	807
Expenditures	749	1,509	1,235	1,300	1,110	1,085	1,110	1,085
Biennial Change in Expenditures				276		(340)		(340)
Biennial % Change in Expenditures				12		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.01	5.05	4.10	4.10	4.02	3.94	4.02	3.94

2202 - Deer Habitat Improvement

Balance Forward In	637	699	809	694	559	484	559	484
Receipts	1,270	1,305	1,322	1,325	1,325	1,325	8,471	8,471

Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	696	807	694	559	484	409	484	409
Expenditures	1,210	1,197	1,436	1,460	1,400	1,400	8,546	8,546
Biennial Change in Expenditures				489		(96)		14,196
Biennial % Change in Expenditures				20		(3)		490
Governor's Change from Base								14,292
Governor's % Change from Base								510
Full-Time Equivalents	9.64	9.54	10.28	10.28	10.07	9.87	71.07	70.87

2203 - Waterfowl Habitat Improvement

Balance Forward In	589	717	813	803	733	658	733	658
Receipts	622	598	578	575	575	575	575	575
Balance Forward Out	710	788	803	733	658	583	658	583
Expenditures	500	528	589	645	650	650	650	650
Biennial Change in Expenditures				206		66		66
Biennial % Change in Expenditures				20		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.09	1.02	1.32	1.32	1.29	1.27	1.29	1.27

2204 - Trout And Salmon Management

Balance Forward In	900	952	737	681	606	606	606	606
Receipts	979	1,001	1,006	1,000	1,000	1,000	1,000	1,000
Balance Forward Out	941	717	681	606	606	606	606	606
Expenditures	938	1,236	1,063	1,075	1,000	1,000	1,000	1,000
Biennial Change in Expenditures				(36)		(138)		(138)
Biennial % Change in Expenditures				(2)		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.94	7.63	6.91	6.91	6.77	6.64	6.77	6.64

2205 - Pheasant Habitat Improvement

Balance Forward In	66	103	123	213	173	173	173	173
Receipts	526	514	478	450	450	450	450	450

Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	103	123	213	173	173	173	173	173
Expenditures	489	494	388	490	450	450	450	450
Biennial Change in Expenditures				(105)		22		22
Biennial % Change in Expenditures				(11)		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

2206 - Wild Rice Management

Balance Forward In	26	43	58	73	64	64	64	64
Receipts	56	35	46	31	40	40	40	40
Balance Forward Out	43	38	73	64	64	64	64	64
Expenditures	40	40	31	40	40	40	40	40
Biennial Change in Expenditures				(9)		9		9
Biennial % Change in Expenditures				(11)		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

2207 - Wildlife Acquisition Surcharge

Balance Forward In	866	1,052	1,342	2,043	894	834	894	834
Receipts	1,580	1,546	1,483	1,450	1,425	1,400	1,425	1,400
Balance Forward Out	917	1,326	2,043	894	834	749	834	749
Expenditures	1,529	1,272	782	2,599	1,485	1,485	1,485	1,485
Biennial Change in Expenditures				579		(411)		(411)
Biennial % Change in Expenditures				21		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.77	4.98	4.53	4.53	4.44	4.35	4.44	4.35

2208 - Wild Turkey Management

Balance Forward In	306	332	307	341	311	281	311	281
Receipts	201	203	190	200	200	200	200	200
Balance Forward Out	331	305	341	311	281	251	281	251
Expenditures	175	229	156	230	230	230	230	230

Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				(18)		74		74
Biennial % Change in Expenditures				(5)		19		19
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.03	0.08	0.03	0.03	0.03	0.03	0.03	0.03

2209 - Heritage Enhancement

Balance Forward In	567	973	17	721				
Direct Appropriation	8,167	8,167	8,843	8,398	8,411	8,411	8,539	8,658
Transfers In	400	360						
Transfers Out	400	300						
Cancellations		434						
Balance Forward Out	814	14	721					
Expenditures	7,919	8,752	8,139	9,119	8,411	8,411	8,539	8,658
Biennial Change in Expenditures				587		(436)		(61)
Biennial % Change in Expenditures				4		(3)		(0)
Governor's Change from Base								375
Governor's % Change from Base								2
Full-Time Equivalents	60.97	52.41	61.72	61.72	60.49	59.28	61.81	61.88

2211 - Walleye Stamp Account

Balance Forward In	59	70	74	81	81	81	81	81
Receipts	85	92	95	90	90	90	90	90
Balance Forward Out	70	74	81	81	81	81	81	81
Expenditures	75	88	88	90	90	90	90	90
Biennial Change in Expenditures				15		2		2
Biennial % Change in Expenditures				9		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

2213 - Wolf Management & Monitoring

Balance Forward In	768	976	1,140	1,175	1,205	1,275	1,205	1,275
Receipts	317	326	330	330	320	320	320	320

Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	976	1,140	1,175	1,205	1,275	1,345	1,275	1,345
Expenditures	110	162	296	300	250	250	250	250
Biennial Change in Expenditures				324		(96)		(96)
Biennial % Change in Expenditures				119		(16)		(16)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.43	0.42	0.42	0.41	0.40	0.41	0.40

2300 - Outdoor Heritage

Balance Forward In	26,183	30,198	29,810	27,179				
Direct Appropriation	22,438	24,572	19,712	25,117	0	0	0	0
Transfers In	862	665	131					
Transfers Out	19		33					
Cancellations	595	1,532	749					
Balance Forward Out	29,771	28,783	27,180					
Expenditures	19,106	25,121	21,692	52,296				
Biennial Change in Expenditures				29,761		(73,988)		(73,988)
Biennial % Change in Expenditures				67		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	34.83	34.75	35.50	35.50				

2302 - Clean Water

Balance Forward In	964	878	877	759				
Direct Appropriation	1,250	1,205	1,155	1,155	0	0	0	0
Transfers Out	64							
Cancellations	7	0	0					
Balance Forward Out	878	876	758					
Expenditures	1,267	1,207	1,274	1,914				
Biennial Change in Expenditures				714		(3,188)		(3,188)
Biennial % Change in Expenditures				29		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Full-Time Equivalents	12.80	12.79	13.84	13.84				

2401 - Reinvest In Minnesota-Gifts

Balance Forward In	11,625	12,898	16,415	18,767	20,040	21,319	20,040	21,319
Receipts	149	172	1,055	225	225	225	225	225
Transfers In	4,963	5,165	5,305	5,196	5,196	5,196	5,196	5,196
Transfers Out	950	1,000	1,013	1,000	1,000	1,000	1,000	1,000
Balance Forward Out	12,898	16,414	18,767	20,040	21,319	22,598	21,319	22,598
Expenditures	2,890	822	2,994	3,148	3,142	3,142	3,142	3,142
Biennial Change in Expenditures				2,431		142		142
Biennial % Change in Expenditures				66		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Balance Forward In	589	616	605	594	619	634	619	634
Receipts	114	49	56	57	47	47	47	47
Balance Forward Out	608	604	594	619	634	649	634	649
Expenditures	94	61	67	32	32	32	32	32
Biennial Change in Expenditures				(56)		(35)		(35)
Biennial % Change in Expenditures				(36)		(36)		(36)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	253	2	4					
Receipts	490	1,097	951	4,661	11,403	15,644	11,403	15,644
Transfers Out	253							
Expenditures	491	1,099	956	4,661	11,403	15,644	11,403	15,644
Biennial Change in Expenditures				4,027		21,430		21,430
Biennial % Change in Expenditures				253		382		382
Governor's Change from Base								0
Governor's % Change from Base								0

Fish and Wildlife

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Full-Time Equivalents	0.22	1.77	2.13	2.13	2.09	2.05	2.09	2.05

6000 - Miscellaneous Agency

Balance Forward In	546	548	551	551				
Receipts	2	3	0					
Transfers Out				551				
Balance Forward Out	548	551	551					

Program: Enforcement**Activity: Enforcement**dnr.state.mn.us/enforcement/index.html

AT A GLANCE

- 189 conservation officers providing outreach, safety education training, and law enforcement of our state's natural resources for citizens and visitors
- Engage in over 1,400 outreach opportunities annually
- Certified over 43,000 students in safety education programs by working with 6,000 volunteer instructors in all counties in the state
- Administered over 340 state and federal grants to user groups and local law enforcement partners for outreach, safety education, and enforcement of motorized recreational vehicle laws and regulations
- Worked with over 100 nonprofit shooting sports organizations to increase capacity for high-school shooting sports and recreational shooting through infrastructure improvements and expansions
- Provide 4,200 hours of flight operations to support resource management and public safety

PURPOSE & CONTEXT

As the primary conservation law enforcement agency in Minnesota, the Enforcement Division fulfills the Department of Natural Resources' (DNR) mission by protecting natural resources and public safety. Protecting public safety is the Division's highest priority. Its role in protecting natural resources has grown from traditional game and fish enforcement to broader natural resource protection responsibilities that affect quality of life and economic sustainability. It achieves compliance with laws and regulations through outreach, safety education, and law enforcement.

Enforcement's 10-year strategic plan addresses how it will accomplish its work in the face of new, broad trends. A decline in outdoor recreation participation means a decline in licenses and permit revenue, which impacts the funding for traditional enforcement activities. At the same time, there are increasing demands for enforcement of invasive species, water appropriation, disaster response, and other natural resource protection laws.

SERVICES PROVIDED

The Division's work includes outreach, safety education, and law enforcement in four main areas:

1. Fish and Game Education and Protection

- Work with recreational and commercial users to protect fish and game populations.
- Manage youth and adult hunting safety education programs.
- Recruit new users through outreach opportunities and shooting range development.

2. Recreational Safety and Enforcement

- Work with motorized and non-motorized recreational users to enforce recreational laws and regulations.
- Deliver recreational motorized safety education.

3. Natural Resource Protection

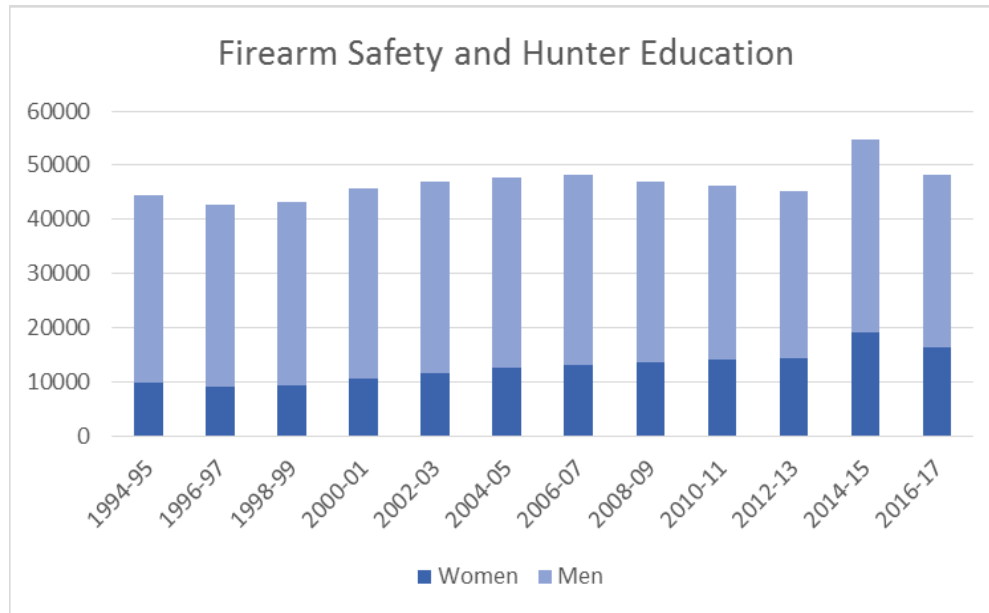
- Enforce regulations related to invasive species, wetland protection, water appropriation, water quality, solid waste, timber theft, and air quality.
- Work with partner regulatory agencies to educate user groups on the state's natural resource laws and regulations.

4. Public Safety

- The licensed peace officers of the Division work within the emergency management system to provide mutual-aid assistance in response to disasters, search and rescue, and law enforcement.

RESULTS

Quantity Performance Measure: Number of Minnesotans Certified in Firearms Safety and Hunter Education Programs. Outreach efforts continue to increase the number of women certified in firearms safety and hunter education programs.



The legal authority for the Enforcement Program comes from Minnesota Statutes:

84.028 (<https://www.revisor.mn.gov/statutes/?id=84.028>)

84.081 (<https://www.revisor.mn.gov/statutes/?id=84.081>)

97A.201 (<https://www.revisor.mn.gov/statutes/?id=97A.201>)

103G.2372 (<https://www.revisor.mn.gov/statutes/?id=103G.2372>)

115.071 (<https://www.revisor.mn.gov/statutes/?id=115.071>)

116.073 (<https://www.revisor.mn.gov/statutes/?id=116.073>)

138.40 (<https://www.revisor.mn.gov/statutes/?id=138.40>)

626.84 (<https://www.revisor.mn.gov/statutes/?id=626.84>)

Enforcement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	4,246	4,157	5,635	8,135	7,042	7,085	7,632	8,175
2001 - Other Misc Special Revenue	6,262	6,288	6,110	6,827	6,741	6,741	6,741	6,741
2100 - Water Recreation	4,432	4,530	4,083	5,288	4,742	4,742	5,684	5,773
2101 - Snowmobile	1,864	1,833	1,808	1,895	1,880	1,880	1,925	1,969
2102 - All-Terrain Vehicle	2,968	3,000	2,851	3,537	3,261	3,285	3,451	3,535
2103 - Off-Highway Motorcycle	124	132	109	151	133	135	133	138
2104 - Off-Road Vehicle	251	255	250	261	259	261	386	389
2106 - State Park	67	75	59	86	76	78	82	93
2107 - State Pks & Trls Lott In Lieu	71	72	63	79	71	71	71	71
2112 - Invasive Species	360	360	340	380	360	360	360	360
2200 - Game and Fish (Operations)	24,088	22,273	22,194	24,527	24,126	24,387	25,106	25,980
2209 - Heritage Enhancement	1,536	1,581	1,497	1,663	1,580	1,580	1,580	1,580
2212 - Peace Officer Training Account	133	143	96	174	135	135	135	135
2403 - Gift		0	3					
2801 - Remediation	99	101	83	123	105	106	106	109
3000 - Federal	0	85		180				
Total	46,500	44,887	45,183	53,306	50,511	50,846	53,392	55,048
Biennial Change				7,102		2,868		9,951
Biennial % Change				8		3		10
Governor's Change from Base								7,083
Governor's % Change from Base								7

Expenditures by Category

Compensation	25,193	25,597	25,275	29,560	29,841	30,103	32,085	33,668
Operating Expenses	16,569	17,185	17,742	21,392	18,552	18,625	18,889	18,962
Grants, Aids and Subsidies	2,006	1,961	2,007	2,132	2,076	2,076	2,376	2,376
Capital Outlay-Real Property	2,587	13	4	2	2	2	2	2
Other Financial Transaction	146	131	155	220	40	40	40	40
Total	46,500	44,887	45,183	53,306	50,511	50,846	53,392	55,048

Total Agency Expenditures	46,500	44,887	45,183	53,306	50,511	50,846	53,392	55,048
Internal Billing Expenditures	13,664	14,069	14,840	15,170	15,333	15,325	15,333	15,325

Enforcement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures Less Internal Billing	32,836	30,818	30,343	38,136	35,178	35,521	38,059	39,723

<u>Full-Time Equivalents</u>	237.18	233.81	224.14	224.14	219.66	215.26	237.17	243.24
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Enforcement

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		17		1,156				
Direct Appropriation	4,257	4,140	6,791	6,979	7,042	7,085	7,632	8,175
Balance Forward Out	12		1,156					
Expenditures	4,246	4,157	5,635	8,135	7,042	7,085	7,632	8,175
Biennial Change in Expenditures				5,367		357		2,037
Biennial % Change in Expenditures				64		3		15
Governor's Change from Base								1,680
Governor's % Change from Base								12
Full-Time Equivalents	29.19	29.35	34.02	34.02	33.34	32.68	36.91	37.87

2001 - Other Misc Special Revenue

Balance Forward In	493	386	178	285	199	199	199	199
Receipts	5,947	6,053	6,218	6,741	6,741	6,741	6,741	6,741
Internal Billing Receipts	5,883	5,960	6,175	6,700	6,700	6,700	6,700	6,700
Transfers In	120	17						
Balance Forward Out	299	168	286	199	199	199	199	199
Expenditures	6,262	6,288	6,110	6,827	6,741	6,741	6,741	6,741
Biennial Change in Expenditures				387		545		545
Biennial % Change in Expenditures				3		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.41	1.53	0.96	0.96	0.94	0.92	0.94	0.92

2050 - Environment & Natural Resources

Balance Forward In		132						
Direct Appropriation	132							
Cancellations		132						
Balance Forward Out	132							

2100 - Water Recreation

Balance Forward In		18		546				
Direct Appropriation	4,439	4,519	4,629	4,742	4,742	4,742	5,684	5,773
Transfers In	135	153	169	154	161	168	161	168

Enforcement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Cancellations	135	160	169	154	161	168	161	168
Balance Forward Out	7		546					
Expenditures	4,432	4,530	4,083	5,288	4,742	4,742	5,684	5,773
Biennial Change in Expenditures				410		113		2,086
Biennial % Change in Expenditures				5		1		22
Governor's Change from Base								1,973
Governor's % Change from Base								21
Full-Time Equivalents	22.38	22.86	20.10	20.10	19.70	19.30	23.15	23.70

2101 - Snowmobile

Balance Forward In	96	83	2	36	21	21	21	21
Direct Appropriation	1,775	1,805	1,823	1,845	1,845	1,845	1,890	1,934
Receipts	25	19	19	35	35	35	35	35
Transfers In	64	58	63	60	63	66	63	66
Cancellations	64	130	63	60	63	66	63	66
Balance Forward Out	32	2	36	21	21	21	21	21
Expenditures	1,864	1,833	1,808	1,895	1,880	1,880	1,925	1,969
Biennial Change in Expenditures				5		57		191
Biennial % Change in Expenditures				0		2		5
Governor's Change from Base								134
Governor's % Change from Base								4
Full-Time Equivalents	10.85	10.08	10.63	10.63	10.42	10.21	10.88	11.14

2102 - All-Terrain Vehicle

Balance Forward In		191		301				
Direct Appropriation	3,059	3,101	3,152	3,236	3,261	3,285	3,451	3,535
Transfers In	92	92	91	99	103	108	103	108
Cancellations	92	384	91	99	103	108	103	108
Balance Forward Out	93		301					
Expenditures	2,968	3,000	2,851	3,537	3,261	3,285	3,451	3,535
Biennial Change in Expenditures				421		158		598
Biennial % Change in Expenditures				7		2		9
Governor's Change from Base								440

Enforcement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								7
Full-Time Equivalents	15.68	14.93	14.55	14.55	14.26	13.97	15.63	15.99

2103 - Off-Highway Motorcycle

Balance Forward In		4		20				
Direct Appropriation	127	128	129	131	133	135	133	138
Transfers In	4	4	4	3	3	4	3	4
Cancellations	4	5	4	3	3	4	3	4
Balance Forward Out	4		20					
Expenditures	124	132	109	151	133	135	133	138
Biennial Change in Expenditures				5		8		11
Biennial % Change in Expenditures				2		3		4
Governor's Change from Base								3
Governor's % Change from Base								1
Full-Time Equivalents	0.62	0.53	0.39	0.39	0.38	0.37	0.38	0.40

2104 - Off-Road Vehicle

Balance Forward In		1		4				
Direct Appropriation	251	254	254	257	259	261	386	389
Transfers In	4	4	5	4	5	5	5	5
Cancellations	4	4	5	4	5	5	5	5
Balance Forward Out	1		4					
Expenditures	251	255	250	261	259	261	386	389
Biennial Change in Expenditures				5		9		264
Biennial % Change in Expenditures				1		2		52
Governor's Change from Base								255
Governor's % Change from Base								49
Full-Time Equivalents	0.62	0.67	0.55	0.55	0.54	0.53	1.26	1.26

2106 - State Park

Balance Forward In		4		12				
Direct Appropriation	71	71	71	74	76	78	82	93
Transfers In		2	4	5	5	5	5	5

Enforcement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Cancellations		2	4	5	5	5	5	5
Balance Forward Out	4		12					
Expenditures	67	75	59	86	76	78	82	93
Biennial Change in Expenditures				3		9		30
Biennial % Change in Expenditures				2		6		21
Governor's Change from Base								21
Governor's % Change from Base								14
Full-Time Equivalents	0.53	0.63	0.51	0.51	0.50	0.49	0.56	0.65

2107 - State Pks & Trls Lott In Lieu

Balance Forward In	0	2		8				
Direct Appropriation	71	71	71	71	71	71	71	71
Cancellations		1						
Balance Forward Out			8					
Expenditures	71	72	63	79	71	71	71	71
Biennial Change in Expenditures				(2)		0		0
Biennial % Change in Expenditures				(1)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2112 - Invasive Species

Balance Forward In	0	0		20				
Direct Appropriation	360	360	360	360	360	360	360	360
Transfers In			5					
Cancellations		0	5					
Balance Forward Out			20					
Expenditures	360	360	340	380	360	360	360	360
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures				(0)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2200 - Game and Fish (Operations)

Enforcement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	150	68	67	782	103	102	103	102
Direct Appropriation	23,832	22,113	22,761	23,683	23,960	24,221	24,940	25,814
Receipts	164	156	148	165	165	165	165	165
Transfers In	947	951	1,026	1,026	1,070	1,122	1,070	1,122
Cancellations	949	951	1,026	1,026	1,070	1,122	1,070	1,122
Balance Forward Out	55	64	782	103	102	101	102	101
Expenditures	24,088	22,273	22,194	24,527	24,126	24,387	25,106	25,980
Biennial Change in Expenditures				360		1,792		4,365
Biennial % Change in Expenditures				1		4		9
Governor's Change from Base								2,573
Governor's % Change from Base								5
Full-Time Equivalents	155.35	152.25	141.98	141.98	139.14	136.36	147.01	150.85

2209 - Heritage Enhancement

Balance Forward In		1		83				
Direct Appropriation	1,537	1,580	1,580	1,580	1,580	1,580	1,580	1,580
Balance Forward Out	1		83					
Expenditures	1,536	1,581	1,497	1,663	1,580	1,580	1,580	1,580
Biennial Change in Expenditures				43		0		0
Biennial % Change in Expenditures				1		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2212 - Peace Officer Training Account

Balance Forward In		8		39				
Direct Appropriation	135	135	135	135	135	135	135	135
Balance Forward Out	2		39					
Expenditures	133	143	96	174	135	135	135	135
Biennial Change in Expenditures				(6)		0		0
Biennial % Change in Expenditures				(2)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

Enforcement

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2403 - Gift								
Balance Forward In	39	40	42	39	39	39	39	39
Receipts	0	3	1					
Balance Forward Out	40	42	39	39	39	39	39	39
Expenditures		0	3					
Biennial Change in Expenditures				3		(3)		(3)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2801 - Remediation

Balance Forward In		1		19				
Direct Appropriation	100	100	102	104	105	106	106	109
Transfers In	4	3	4	4	4	4	4	4
Cancellations	4	3	4	4	4	4	4	4
Balance Forward Out	1		19					
Expenditures	99	101	83	123	105	106	106	109
Biennial Change in Expenditures				6		5		9
Biennial % Change in Expenditures				3		2		4
Governor's Change from Base								4
Governor's % Change from Base								2
Full-Time Equivalents	0.55	0.56	0.45	0.45	0.44	0.43	0.45	0.46

3000 - Federal

Receipts	0	85		180				
Expenditures	0	85		180				
Biennial Change in Expenditures				95		(180)		(180)
Biennial % Change in Expenditures				111				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.42						

Program: Operations Support

Activity: Operations Support

dnr.state.mn.us/aboutdnr/commissioner/index.html

AT A GLANCE

- Direct budget and accounting for effective use of approximately \$565 million per year
- Provide human resource services to 4,300 employees
- Maintain more than 3.8 million square feet of space at more than 2,900 owned or leased buildings of various age, construction, use, and lifecycle statewide
- Manage more than 5,000 pieces of fleet equipment made up of approximately 3,400 fleet land operated items, 1,800 watercraft, and 12 aircraft
- Coordinate with MN.IT Services @DNR to host 190 business-enhancing information technology (IT) applications for the Department of Natural Resources (DNR)
- Provide support for the DNR website, which had more than 80 million webpages viewed in FY18
- Managed more than 106,384 calls and emails by the DNR Information Center

PURPOSE & CONTEXT

The Operations Support program provides leadership direction and support for the Department of Natural Resources (DNR). Operations Support ensures that its mission is carried out in an integrated and efficient manner through its services in partnership with DNR divisions. Operations Support's professionals in communications, human resources, budget, internal audit, fleet and building services work together to make sure DNR's workforce is supported and have the resources to complete their work. Operations Support works within Minnesota's regulatory framework to accomplish the agency's goals. Its work is focused on operational excellence and continuous improvement to provide better conservation service delivery.

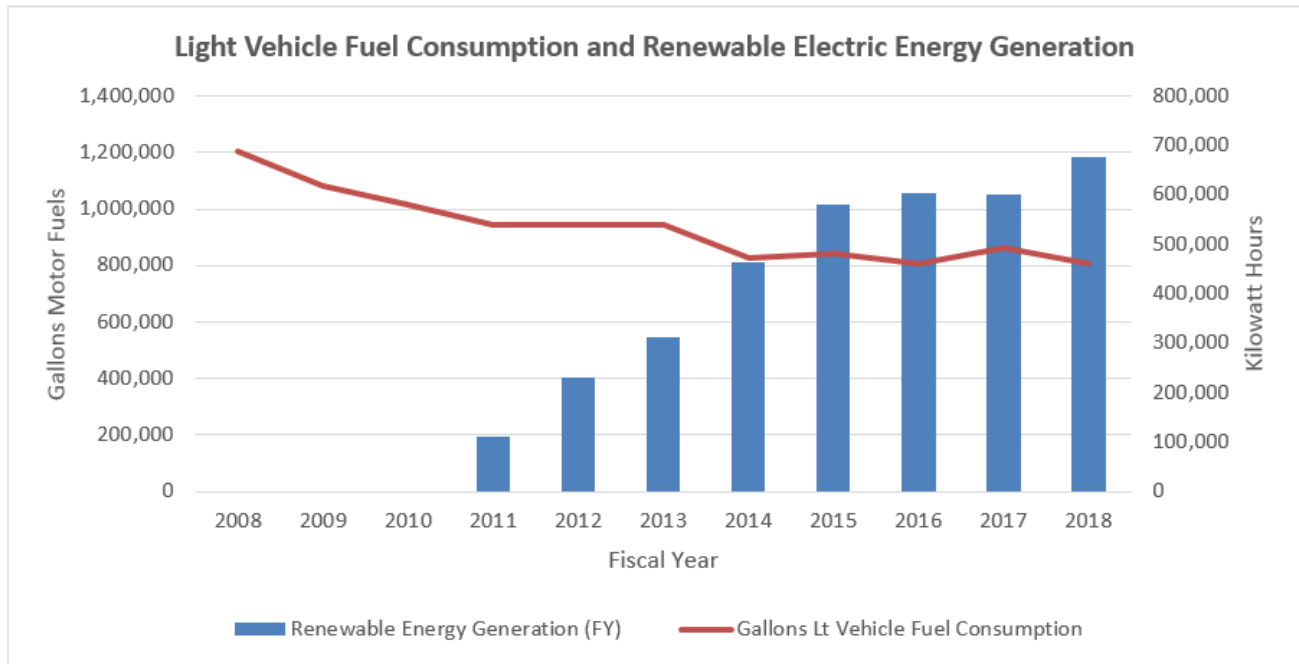
SERVICES PROVIDED

Operations Support supports the agency's operations in the following ways:

- Provides administrative leadership and direction for the department, government relations management, capital investment, and management of regulatory activities, including business services as set forth in Minnesota statute.
- Supports staff through human resources services including labor relations, ethics, employee development, payroll, and hiring services.
- Manages safety, emergency preparedness, and disaster response (non-fire emergency).
- Maintains fleet, buildings, and infrastructure that support its conservation mission.
- Administers financial operations and biennial budget processes for the department's critical functions including revenues, expenditures, internal audit and procurement services.
- Utilizes policy and planning services to ensure operations are coordinated to achieve priorities.
- Engages the public through communication services that build staff and public awareness, trust, and support through clear and transparent plain language.
- Provides leadership and management for IT services that support daily activities.
- Administers engineering and architectural services for the department.
- Provides legal support for DNR programs.
- Provides leadership and assistance for regional offices for interdisciplinary delivery of DNR services at the local level, with headquarters in Bemidji, Grand Rapids, Saint Paul, and New Ulm.

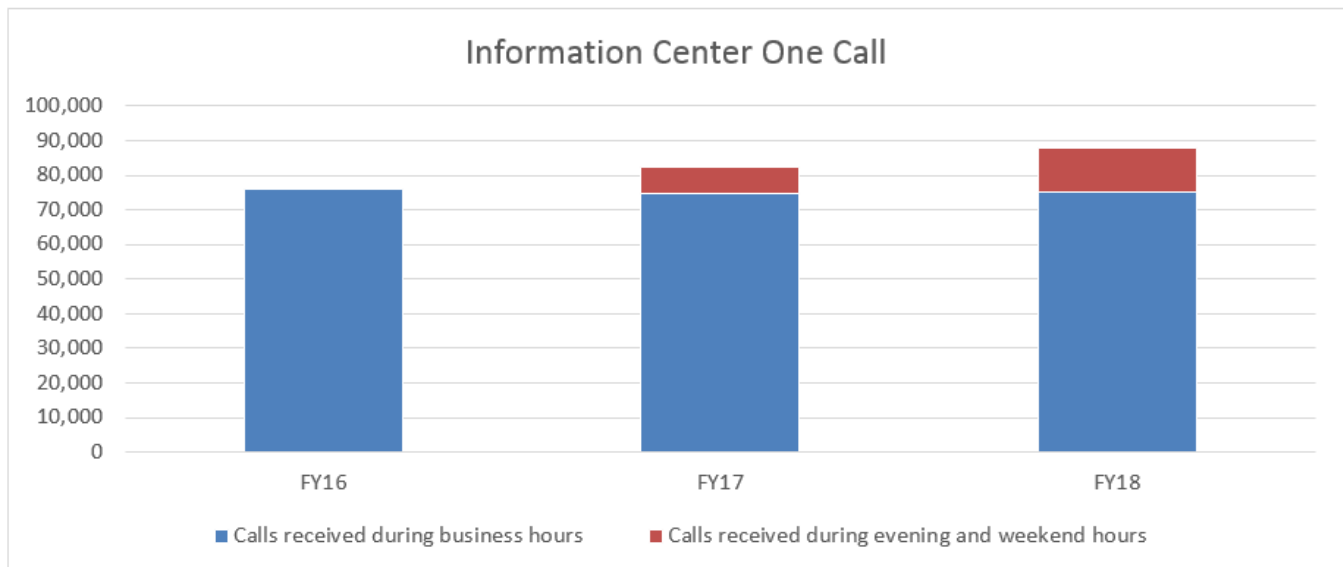
RESULTS

Results Performance Measure: Light vehicle fuel consumption and renewable energy generation. This chart shows an increase in the amount of renewable energy generated by Operations Support's renewable energy systems and an overall decrease in light vehicle fuel consumption. Cutting overall energy use and increasing the use of renewables is a key agency priority.



*A new fleet data system was implemented part way through FY12, so data is incomplete or not available for that year.

Quantity Performance Measure: DNR Customer Service. Extended service hours in Operations Support's One Call Information Center demonstrates its commitment to meeting the needs of its customers. This chart shows evening and weekend calls increased by 75 percent from FY17 to FY18, providing better service to the public.



*Evening and weekend hours began in November FY17

The legal authority for Operations Support comes from the following Minnesota Statutes and Minnesota Constitution:

Chapter 84 (<https://www.revisor.mn.gov/statutes/cite/84>)

Chapter 16A (<https://www.revisor.mn.gov/statutes/cite/16A>)

Article 11 (https://www.revisor.mn.gov/constitution/#article_11)

Operations Support

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	1,628	894	1,767	3,437			3,548	3,681
2000 - Restrict Misc Special Revenue	0	351	445	23	9	9	9	9
2001 - Other Misc Special Revenue	77,180	76,933	81,679	104,278	96,565	95,097	96,565	95,097
2050 - Environment & Natural Resources	1,034	251	97	1,307				
2300 - Outdoor Heritage	361	193	150	398				
2403 - Gift	1,125	1,273	1,294	2,765	1,463	1,463	1,463	1,463
3000 - Federal	104	32	15	96				
6000 - Miscellaneous Agency	7,325	7,137	6,908					
Total	88,756	87,065	92,355	112,304	98,037	96,569	101,585	100,250
Biennial Change				28,838		(10,053)		(2,824)
Biennial % Change				16		(5)		(1)
Governor's Change from Base								7,229
Governor's % Change from Base								4

Expenditures by Category

Compensation	37,360	28,336	28,566	35,690	33,817	33,541	33,947	33,671
Operating Expenses	39,099	48,515	52,585	63,972	51,580	50,388	54,998	53,939
Grants, Aids and Subsidies	713	1	750					
Capital Outlay-Real Property	8,472	6,675	6,629	9,066	9,066	9,066	9,066	9,066
Other Financial Transaction	3,112	3,537	3,824	3,576	3,574	3,574	3,574	3,574
Total	88,756	87,065	92,355	112,304	98,037	96,569	101,585	100,250

Total Agency Expenditures	88,756	87,065	92,355	112,304	98,037	96,569	101,585	100,250
Internal Billing Expenditures	6,904	6,934	6,926	6,859	6,789	6,789	6,789	6,789
Expenditures Less Internal Billing	81,852	80,131	85,429	105,445	91,248	89,780	94,796	93,461

Full-Time Equivalents

386.78	297.20	290.74	290.74	273.13	267.65	273.13	267.65
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Operations Support

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	716	2,391	4,262	3,437				
Direct Appropriation	2,149	4,001	1,965				4,268	4,599
Receipts	35	31	142					
Transfers Out	132	1,259	1,160				720	918
Cancellations		8	5					
Balance Forward Out	1,139	4,262	3,437					
Expenditures	1,628	894	1,767	3,437			3,548	3,681
Biennial Change in Expenditures				2,681	(5,204)			2,025
Biennial % Change in Expenditures				106	(100)			39
Governor's Change from Base								7,229
Governor's % Change from Base								
Full-Time Equivalents		0.18	0.48	0.48	0.47	0.46	0.47	0.46

2000 - Restrict Misc Special Revenue

Balance Forward In	32	32	449	51	35	33	35	33
Receipts		769	47	7	7	7	7	7
Balance Forward Out	32	449	52	35	33	31	33	31
Expenditures	0	351	445	23	9	9	9	9
Biennial Change in Expenditures				116		(450)		(450)
Biennial % Change in Expenditures				33		(96)		(96)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	13,734	16,766	23,389	28,326	17,524	16,163	17,524	16,163
Receipts	77,088	81,768	82,484	93,626	95,371	95,258	95,371	95,258
Internal Billing Receipts	73,289	76,364	75,839	86,899	79,723	79,663	79,723	79,663
Transfers In	1,215	82	4,545	17				
Transfers Out	1,139	202	412	167	167	167	167	167
Balance Forward Out	13,719	21,481	28,326	17,524	16,163	16,157	16,163	16,157
Expenditures	77,180	76,933	81,679	104,278	96,565	95,097	96,565	95,097
Biennial Change in Expenditures				31,845		5,705		5,705
Biennial % Change in Expenditures				21		3		3

Operations Support

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	376.00	285.41	284.68	284.68	267.24	261.88	267.24	261.88

2050 - Environment & Natural Resources

Balance Forward In	320	221	113	622				
Direct Appropriation	857	135	622	685	0	0	0	0
Cancellations	0	3	17					
Balance Forward Out	144	101	622					
Expenditures	1,034	251	97	1,307				
Biennial Change in Expenditures				119		(1,404)		(1,404)
Biennial % Change in Expenditures				9		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.34	0.92	0.05	0.05				

2209 - Heritage Enhancement

Direct Appropriation	60					
Transfers Out	60					

2300 - Outdoor Heritage

Balance Forward In	317	215	201	188				
Direct Appropriation	150	150	150	210	0	0	0	0
Cancellations	0	8	13					
Balance Forward Out	105	163	188					
Expenditures	361	193	150	398				
Biennial Change in Expenditures				(6)		(548)		(548)
Biennial % Change in Expenditures				(1)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.01							

2403 - Gift

Operations Support

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	1,621	1,769	1,971	2,323	880	775	880	775
Receipts	1,255	1,355	1,647	1,322	1,358	1,397	1,358	1,397
Transfers In	47							
Transfers Out	47							
Balance Forward Out	1,751	1,851	2,323	880	775	709	775	709
Expenditures	1,125	1,273	1,294	2,765	1,463	1,463	1,463	1,463
Biennial Change in Expenditures				1,661		(1,133)		(1,133)
Biennial % Change in Expenditures				69		(28)		(28)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.43	6.54	5.36	5.36	5.25	5.15	5.25	5.15

3000 - Federal

Balance Forward In	2,455	1,954	1,812	96		
Receipts	118	160	392			
Transfers Out	516	277	2,094			
Balance Forward Out	1,954	1,806	96			
Expenditures	104	32	15	96		
Biennial Change in Expenditures				(24)	(111)	(111)
Biennial % Change in Expenditures				(18)	(100)	(100)
Governor's Change from Base						0
Governor's % Change from Base						

6000 - Miscellaneous Agency

Balance Forward In	1,292	1,048	1,791	17		
Receipts	7,076	7,876	6,908			
Internal Billing Receipts	7,076	7,796	6,900			
Transfers In			17			
Transfers Out			1,791	17		
Balance Forward Out	1,044	1,787	17			
Expenditures	7,325	7,137	6,908			
Biennial Change in Expenditures				(7,554)	(6,908)	(6,908)
Biennial % Change in Expenditures				(52)		

Operations Support

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.00	4.15	0.17	0.17	0.17	0.16	0.17	0.16

Program: Pass Through Funds

Activity: Pass Through Funds

AT A GLANCE

- Provide approximately \$37 million each year to counties for payment in lieu of taxes
- Arrange for \$8.7 million in Native American tribe payments in FY17
- Manage roughly 210 grant contracts totaling more than \$310 million of environmental trust and outdoor heritage legacy funds in FY18
- Provide \$4.3 million to local governments from the parks and trails legacy fund in FY17
- Provide \$320,000 to the Duluth and Como Zoos each year

PURPOSE & CONTEXT

Pass-through funds administered by the Department of Natural Resources (DNR) include funds directed to non-state entities by statute, law, or agreement. Since the DNR does not determine who receives the funds and cannot use them for its own operations, these funds are commonly referred to as “pass through.”

The DNR is responsible for being a fiscal steward of these funds. To this end, it establishes sound business management practices that are consistent with state law, statewide grant management policies, and internal policies.

The financial activity in this budget activity reflects the dollars that DNR sends directly to non-state entities and reimbursements for statewide services, such as the statewide accounting and human resources systems, that are paid for from the general fund. Administrative costs associated with the management of pass through dollars is recorded by the division that serves as the steward for assigning and monitoring the funds.

Recipients of these funds are partners in promoting and advancing the broader goals of protecting and preserving the state’s natural resources. Pass-through funds include:

- Payment in lieu of taxes (PILT).
- Tribal agreements.
- Environmental and natural resource trust fund grants to third parties.
- Outdoor heritage fund grants to third parties.
- Parks and trail legacy fund grants to local units of government.
- Lottery-in-lieu grants to the Duluth and Como Zoos.
- Other grants as specified by law.

SERVICES PROVIDED

DNR calculates approximately \$37 million annually for PILT. PILT is a local government aid payment made by the state to counties for tax-exempt natural resource lands according to Minnesota statutes 477A.10-14 and 17. Most of the payments are for state-owned land and school trust land that is administered by the DNR and for county-administered tax forfeited land.

DNR makes payments of roughly \$8.7 million each year to Native American tribes as a result of agreements where the tribes have agreed to forgo certain treaty rights. According to MS 97A.151 subd. 4 and 97A.155 subd. 1, the Leech Lake Band receives 5 percent of specific game and fish proceeds. Per MS 97A.157 subd. 2 and the area agreement, the Grand Portage Band and Bois Forte Band receive \$1.6 million annually plus additional funds if the

payment to the Leech Lake Band exceeded \$1.5 million in the previous fiscal year. The additional payment is equal to the amount in excess of \$1.5 million.

DNR manages approximately 210 grants a year totaling over \$310 million dollars to third party recipients identified by the legislature from the environmental and natural resources trust fund and the outdoor heritage fund (OHF). The purpose of the trust fund is to maintain and enhance Minnesota's environmental and natural resources. The purpose of the OHF is to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife that prevent forest fragmentation, encourage forest consolidation, and expand restored native prairie.

DNR provides about \$4.3 million to local units of government from the parks and trails legacy fund for acquisition, development, restoration, and maintenance of park and trail facilities of regional or statewide significance.

RESULTS

Quantity Measure: Total pass through dollars each year

DNR provides responsible management for all dollars that it is legally accountable to provide to non-state entities. The table below demonstrates the amount that has been expended in the recent past.

TOTAL AMOUNT OF PASS THROUGH FUNDS BY YEAR
Data source: StateWide Integrated Financial Tools System

2013	2014	2015	2016	2017
84,537,043	96,455,370	102,392,810	90,760,207	82,664,842

The legal authority for the grants management process comes from [Minnesota Statutes 16B.98](https://www.revisor.mn.gov/statutes/?id=16B.98) (https://www.revisor.mn.gov/statutes/?id=16B.98).

Pass Through Funds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	8,657	8,623	8,826	9,327	9,780	9,782	9,967	9,969
2050 - Environment & Natural Resources	7,720	11,745	11,241	9,879				
2100 - Water Recreation	205	162	214	214	214	214	214	214
2101 - Snowmobile	102	74	103	103	103	103	103	103
2102 - All-Terrain Vehicle	89	77	103	103	103	103	103	103
2103 - Off-Highway Motorcycle	18	16	21	21	21	21	21	21
2104 - Off-Road Vehicle	18	16	21	21	21	21	21	21
2106 - State Park	96	128	139	139	139	139	139	139
2107 - State Pks & Trls Lott In Lieu	64	47	60	60	60	60	60	60
2110 - Zoos Lottery In Lieu	320	320	320	320	320	320	320	320
2111 - Nongame	1	0	0					
2112 - Invasive Species	23	17	21	21	21	21	21	21
2113 - Forest Management Investment	129	77	144	144	144	144	144	144
2114 - Mineral Management	25	21	22	22	22	22	22	22
2119 - State Land & Water Conservation	2	1	1	1	1	1	1	1
2120 - Water Management Account	39	30	38	38	38	38	38	38
2200 - Game and Fish (Operations)	1,303	1,047	1,349	1,057	1,300	1,300	1,300	1,300
2300 - Outdoor Heritage	56,384	52,868	56,504	67,808				
2302 - Clean Water	127	123	260	260				
2303 - Parks and Trails	81	56	8,195	9,319				
3800 - Permanent School							300	300
Total	75,402	75,447	87,584	98,857	12,287	12,289	12,774	12,776
Biennial Change				35,591		(161,865)		(160,891)
Biennial % Change				24		(87)		(86)
Governor's Change from Base								974
Governor's % Change from Base								4

Expenditures by Category

Compensation	3	7	2	3			295	301
Operating Expenses	11,307	11,018	12,253	14,211	11,967	11,969	12,159	12,155
Grants, Aids and Subsidies	64,024	62,234	73,420	84,638	320	320	320	320
Capital Outlay-Real Property	6	5	14					

Pass Through Funds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Other Financial Transaction	61	2,183	1,895	5				
Total	75,402	75,447	87,584	98,857	12,287	12,289	12,774	12,776

Total Agency Expenditures	75,402	75,447	87,584	98,857	12,287	12,289	12,774	12,776
Internal Billing Expenditures	84	162	232	369				
Expenditures Less Internal Billing	75,318	75,285	87,352	98,488	12,287	12,289	12,774	12,776

Full-Time Equivalents

0.02	0.17	0.04	0.04		2.50	2.50
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Pass Through Funds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation							187	187
Open Appropriation	40,363	40,461	40,956	45,091	45,769	45,996	45,769	45,996
Transfers Out	31,707	31,838	32,130	35,764	35,989	36,214	35,989	36,214
Expenditures	8,657	8,623	8,826	9,327	9,780	9,782	9,967	9,969
Biennial Change in Expenditures				873		1,409		1,783
Biennial % Change in Expenditures				5		8		10
Governor's Change from Base								374
Governor's % Change from Base								2
Full-Time Equivalents							1.00	1.00

2050 - Environment & Natural Resources

Balance Forward In	119	152	5	8				
Direct Appropriation	7,556	11,706	11,177	9,803	0	0	0	0
Open Appropriation	64	44	68	68	0	0	0	0
Cancellations	17	152						
Balance Forward Out	3	5	8					
Expenditures	7,720	11,745	11,241	9,879				
Biennial Change in Expenditures				1,655		(21,120)		(21,120)
Biennial % Change in Expenditures				9		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.02	0.03						

2100 - Water Recreation

Open Appropriation	205	162	214	214	214	214	214	214
Expenditures	205	162	214	214	214	214	214	214
Biennial Change in Expenditures				61		0		0
Biennial % Change in Expenditures				17		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

2101 - Snowmobile

Open Appropriation	102	74	103	103	103	103	103	103
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Pass Through Funds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	102	74	103	103	103	103	103	103
Biennial Change in Expenditures				30		0		0
Biennial % Change in Expenditures				17		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2102 - All-Terrain Vehicle

Open Appropriation	89	77	103	103	103	103	103	103
Expenditures	89	77	103	103	103	103	103	103
Biennial Change in Expenditures				41		0		0
Biennial % Change in Expenditures				25		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

2103 - Off-Highway Motorcycle

Open Appropriation	18	16	21	21	21	21	21	21
Expenditures	18	16	21	21	21	21	21	21
Biennial Change in Expenditures				7		0		0
Biennial % Change in Expenditures				22		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2104 - Off-Road Vehicle

Open Appropriation	18	16	21	21	21	21	21	21
Expenditures	18	16	21	21	21	21	21	21
Biennial Change in Expenditures				9		0		0
Biennial % Change in Expenditures				26		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

2106 - State Park

Open Appropriation	96	128	139	139	139	139	139	139
Expenditures	96	128	139	139	139	139	139	139

Pass Through Funds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				54		0		0
Biennial % Change in Expenditures				24		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2107 - State Pks & Trls Lott In Lieu

Open Appropriation	64	47	60	60	60	60	60	60
Expenditures	64	47	60	60	60	60	60	60
Biennial Change in Expenditures				8		0		0
Biennial % Change in Expenditures				7		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2110 - Zoos Lottery In Lieu

Direct Appropriation	320	320	320	320	320	320	320	320
Expenditures	320	320	320	320	320	320	320	320
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2111 - Nongame

Open Appropriation	1	0	0					
Expenditures	1	0	0					
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures				(91)				
Governor's Change from Base								0
Governor's % Change from Base								

2112 - Invasive Species

Open Appropriation	23	17	21	21	21	21	21	21
Expenditures	23	17	21	21	21	21	21	21
Biennial Change in Expenditures				1		0		0

Pass Through Funds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				4		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

2113 - Forest Management Investment

Open Appropriation	129	77	144	144	144	144	144	144
Expenditures	129	77	144	144	144	144	144	144
Biennial Change in Expenditures				83		0		0
Biennial % Change in Expenditures				40		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

2114 - Mineral Management

Open Appropriation	25	21	22	22	22	22	22	22
Expenditures	25	21	22	22	22	22	22	22
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures				(3)		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

2119 - State Land & Water Conservation

Open Appropriation	2	1	1	1	1	1	1	1
Expenditures	2	1	1	1	1	1	1	1
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures				(32)		(10)		(10)
Governor's Change from Base								0
Governor's % Change from Base								0

2120 - Water Management Account

Open Appropriation	39	30	38	38	38	38	38	38
Expenditures	39	30	38	38	38	38	38	38
Biennial Change in Expenditures				7		0		0
Biennial % Change in Expenditures				10		(1)		(1)

Pass Through Funds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0

2200 - Game and Fish (Operations)

Open Appropriation	1,303	1,047	1,349	1,057	1,300	1,300	1,300	1,300
Expenditures	1,303	1,047	1,349	1,057	1,300	1,300	1,300	1,300
Biennial Change in Expenditures				57		194		194
Biennial % Change in Expenditures				2		8		8
Governor's Change from Base								0
Governor's % Change from Base								0

2300 - Outdoor Heritage

Balance Forward In	1,398	2,872	4,078	2,218				
Direct Appropriation	56,345	52,170	55,299	65,306	0	0	0	0
Open Appropriation	100	77	284	284	0	0	0	0
Cancellations	55	984	938					
Balance Forward Out	1,405	1,268	2,219					
Expenditures	56,384	52,868	56,504	67,808				
Biennial Change in Expenditures				15,061		(124,312)		(124,312)
Biennial % Change in Expenditures				14		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.14	0.04	0.04				

2302 - Clean Water

Open Appropriation	127	123	260	260	0	0	0	0
Expenditures	127	123	260	260				
Biennial Change in Expenditures				270		(520)		(520)
Biennial % Change in Expenditures				108		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2303 - Parks and Trails

Pass Through Funds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Direct Appropriation			8,086	9,209	0	0	0	0
Open Appropriation	81	56	110	110	0	0	0	0
Expenditures	81	56	8,195	9,319				
Biennial Change in Expenditures				17,377		(17,514)		(17,514)
Biennial % Change in Expenditures				12,655		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

3800 - Permanent School

Transfers Out							(300)	(300)
Expenditures							300	300
Biennial Change in Expenditures				0		0		600
Biennial % Change in Expenditures								
Governor's Change from Base								600
Governor's % Change from Base								
Full-Time Equivalents							1.50	1.50

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Commerce, National Oceanic and Atmospheric Administration, 11.419	Coastal Zone Management- Program requires a balance between economic development and resource protection within the coastal zone. Projects must preserve, protect, develop, and where possible, restore and enhance coastal resources.		1,084	1,663	1,910	1,550	State Match Required	4.5
Defense, 12.630	Basic, Applied, and Advanced Research in Science and Engineering: Higgins Eye Pearlymussel Reintroduction Research.		61	100	100	100		0
Interior/Fish and Wildlife Service, 15.608	Federal Agreements for Invasives- Implementation of state plan for invasive species prevention, research, and monitoring.		716	422	1,020	935	State Match Required	1.5
Interior/Fish and Wildlife Service, 15.615	Endangered Species Reimbursement- Research & monitoring to support endangered species recovery.		99	125	125	125	State Match Required	1.5
Interior/Fish and Wildlife Service, 15.623	North American Wetlands Conservation Act - Increase bird populations and wetland habitat while preserving local economies and American traditions.	New	0	0	100	100	State Match Required	1.0
Interior/Fish and Wildlife Service, 15.634	Comprehensive Conservation Plan- Coordinate and monitor state wildlife.		293	600	600	600	State Match Required	0.0
Interior/Fish and Wildlife Service, 15.634	State Wildlife Grants- Implement, coordinate, and monitor implementation of the state wildlife action plan to benefit species of greatest conservation need.		716	1,650	1,650	1,650	State Match Required	0.0
Interior/Fish and Wildlife Service, 15.647	Migratory Bird Conservation- Monitors and manages a diverse range of birds to help conserve and protect their habitats and ensure sustainable populations.		51	120	120	120		1.0
Interior/Fish and Wildlife Service, 15.657	White Nose Syndrome-Monitor bat populations for the occurrence of white nose syndrome and educate the public about the disease.		21	100	100	100		0.0
Interior/Fish and Wildlife Service, 15.662	Great Lakes Restoration Initiative-To protect and restore the Great Lakes by preventing and controlling invasive species, reducing nutrient runoff, and restoring habitat to protect native species.		368	700	1,000	1,000		16.0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Geological Survey, 15.808	National Park Service Vegetation Mapping Inventory Program-Accuracy assessment of Great Smoky Mountain National Park vegetation map.		14	51	31	31		1.0
U.S. Geological Survey, 15.808	U.S. Geological Survey Research and Data Collection: Systemic analysis of hydrogeomorphic influences on native freshwater mussels.	New	0	90	23	0		0.55
U.S. Geological Survey, 15.978	Long Term Resource Monitoring-Monitor long-term trends of water quality, aquatic vegetation, & fish on Pool 4 of the Mississippi River; analyze & summarize the data and provide that information to decision makers.		570	711	691	712		0.0
U.S. Geological Survey, 15.980	Upper Mississippi River System Long Term Resource Monitoring: Groundwater Monitoring Data Sharing Partnership.		8	152	120	120	State Match Required	0.0
Environmental Protection Agency, 66.461	EPA Wetlands Program Development Grant Agreement-Pass-through grant under a cooperative agreement with Minnesota Pollution Control Agency for wetland monitoring.		0	100	45	45	State Match/ MOE Required	0.5
Federal Emergency Management Agency, 97.023	Community Assistance Program-State Support Services Element- Provide technical assistance to National Flood Insurance. Program communities to monitor and evaluate performance of floodplain management activities.		167	552	300	300	State Match Required	2.0
Homeland Security, 97.041	National Dam Safety Program-To strengthen and improve the state dam safety program.		150	150	250	280		1.4
Federal Emergency Management Agency, 97.045	Cooperating Technical Partners-Increase local involvement in the production, development, and maintenance of Digital Flood Insurance Maps (DFIRMS) and develop non-regulatory products to help local governments reduce flood risk.		653	2,875	3,950	2,220		7.0
Interior/Fish and Wildlife Service, TBD	Natural Resource Damage Assessment (Part of Deepwater Horizon Natural Resources Damage Assessment Program) – Restoration of Common Loons in MN.	New	0	270	3,050	2,200		3.0
	Ecological and Water Resources Division Total		4,971	10,431	15,185	12,188		40.95
Homeland Security, US Coast Guard, 97.056,	2017 Port Security: Update 3 airboats in the central region.		0	180	0	0	State Match Required	0
	Enforcement Division Total		0	180	0	0		0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Agriculture, Natural Resources Conservation Service, 10.093	Voluntary Public Access & Habitat Incentive Program (VPA-HIP): Provide a program for hunting opportunities and habitat enhancement on private lands in the agricultural region of the state.		626	700	475	3,000	State Match Required	1.25
Agriculture, Natural Resources Conservation Service, 10.932	Regional Conservation Partnership Program: Offers conservation partners and agricultural producers to work together to harness innovation, expand the conservation mission and demonstrate the value and efficacy of voluntary, private lands conservation.	New	0	0	300	5,150	State Match Required	2
Commerce, National Oceanic and Atmospheric Administration, 11.407	Inter-jurisdictional Fisheries Act- Work with statistical and modeling experts at the Quantitative Fisheries Center (QFC) at Michigan State University to provide quantitative methods and models for fish community and population dynamics.		14	40	30	25		0
Interior/Fish and Wildlife Service, 15.608	National Fish Habitat Program - Midwest Glacial Lakes Partnership: Crane Lake Fish Passage.		0	25	0	0	State Match Required	0
Interior/Fish and Wildlife Service, 15.608	National Fish Habitat Program - Midwest Glacial Lakes Partnership: Assessment of Critical Thermal Fish Habitat		6	8	0	0	State Match Required	0.1
Interior/Fish and Wildlife Service, 15.608	National Fish Habitat Program – Lake Carlos Fish Passage		0	10	40	0	State Match Required	0
Interior/Fish and Wildlife Service, 15.608	National Fish Habitat Program - Midwest Glacial Lakes Partnership: Assessment of Oxythermal Habitat of Cisco in MN lakes for use in prioritizing habitat protection efforts.		0	48	0	0	State Match Required	0
Interior/Fish and Wildlife Service, 15.615	Cooperative Endangered Species Conservation Fund - Native prairie acquisition to provide critical habitat for Species of Greatest Conservation Need.			300	300	0	State Match Required	0
Interior/Fish and Wildlife Service, 15.623	North American Wetlands Conservation Act- Wetland restoration and enhancement.		40	100	100	100	State Match Required	1
Environmental Protection Agency, 66.469	Great Lakes Restoration Initiative - Habitat work on several sites in the St. Louis River Estuary. Includes long-term monitoring (Grassy/Kingsbury Project).		270	3,105	4,103	3,078		1.5
Environmental Protection Agency, 66.469	Great Lakes Restoration Initiative - Restore and maintain the chemical, physical, and	New	0	125	2,215	2,725		0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	biological integrity of the Great Lakes Basin Ecosystem.							
Environmental Protection Agency, 66.469	Great Lakes Restoration Initiative - St. Louis Estuary Aquatic Habitat Restoration-Design-Construction (Perch Lake Project).		0	200	3,000	1,513		1
Environmental Protection Agency, 66.469	Great Lakes Restoration Initiative - Mud Lake	New	0	0	840	53		
	Fish and Wildlife Division Total		956	4,661	11,403	15,644		6.85
Agriculture/Forest Service, 10.664	Volunteer Fire Department Assistance - Grants to local volunteer fire departments for training, PPE & Equipment for Wildfire Support.		316	355	455	355	State Match Required	0.5
Agriculture/Forest Service, 10.664	Woodbasket Analysis Training - Utilizing FIA and TOP reports in wood basket analysis is the key tool in developing analyses to assist in make informed decisions and aligning sustainable forest management efforts.		39	29			State Match Required	0.1
Agriculture/Forest Service, 10.664	Cooperative Fire Protection-State Fire Assistance-The State Fire Assistance program provides financial, technical, and related assistance for fire prevention, training, and pre-suppression activities.		408	682	725	600	State Match Required	2
Agriculture/Forest Service, 10.664	Wildfire Risk Reduction-The Firewise program provides information and education targeting prevention and mitigation in the Wildland Urban Interface.		561	230	268	265	State Match Required	1
Agriculture/Forest Service, 10.664	Private Forest Management-Stewardship (Competitive Grants) - Promote and enable the long-term active management of non-industrial private and other non-federal forest land (Family Owners, Pine River, Master Woodland, Healthy Forests).		632	125	255	75	State Match Required	0
Agriculture/Forest Service, 10.664	Cooperative Forestry Assistance -Dynamic Forest Canopy: Using cutting-edge, high spatial and temporal resolution satellite-based information to produce and disseminate three dimensional (3-D) change maps of forests across all ownerships in Minnesota. Data products will be customized to meet the broadest range of needs possible. Project includes a robust outreach and education component.	New	49	111	163	9	State Match Required	.2

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Agriculture/Forest Service, 10.664	Landscape Stewardship-The Minnesota Forest Resources Council Landscape Grant increases private forest management in a collaborative manner by addressing regionally significant forest management concerns and/or opportunities.		174	129	130	95	State Match Required	0.25
Agriculture/Forest Service, 10.675	Urban and Community Forestry-The focus of this program is to improve the protection and management of community forests and expand the resource base by building the capacity of local programs and private vendors across the state.		793	260	310	240	State Match Required	1
Agriculture/Forest Service, 10.676	Forest Legacy -This program contracts specific acquisition activities and/or provides a portion of salaries for employees involved in day-to-day administration of the program.		39	13	30	33	State Match Required	0.25
Agriculture/Forest Service, 10.678	Conservation Reserve Program & Equip Grant- Program reserves highly erodible cropland acres and establishes more suitable covers to promote other resource values. These values include improved air and water quality and wildlife habitat.		114	137	144	144		0.5
Agriculture/Forest Service, 10.678	Forest Stewardship-Programs promote and enable the long-term active management of non-industrial private and other non-federal forest land to sustain the multiple values and uses that depend on such lands.		93	160	260	260	State Match Required	2.5
Agriculture/Forest Service, 10.680	Forest Health Management Program - Forest Health Core Funding, Off-Plot, Canker and Monitoring.		211	216	200	200	State Match Required	0.8
Agriculture/Forest Service, 10.680	Forest Health Management Protection and Treatment Program- Prevention and treatment of invasive species		70	35			State Match Required	0.1
	Forestry Division Totals		3,499	2,482	2,940	2,276		9
Commerce/National Oceanic and Atmospheric Administration, 11.419	Coastal Zone Management, NOAA Yr. 5- Coastal Zone Management, program requires a balance between economic development and resource protection within the coastal zone. Projects must preserve, protect, develop, and where possible, restore and enhance coastal resources		82	81				

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Interior, Fish and Wildlife Service, 15.616	Clean Vessel Act - Provides grant funds to the states, the District of Columbia and insular areas for the construction, renovation, operation, and maintenance of pump out stations and waste reception facilities for recreational boaters and also for educational programs that inform boaters of the importance of proper disposal of their sewage		0	200	200	200	State Match Required	0.1
Interior, Fish and Wildlife Service, 15.662	Boating Infrastructure Grant Program (BIG)- Provides grant funds to the states, the District of Columbia and insular areas to construct, renovate, and maintain tie-up facilities with features for transient boaters in vessels 26 feet or more in length, and to produce and distribute information and educational materials about the program.		0	200	200	200	State Match Required	0.1
Transportation, Federal Highway Administration, 20.219	Recreation Trail Program (FTRP)-Provides funds to the States to develop and maintain recreational trails and trail-related facilities for both nonmotorized, motorized and diversified recreational trail uses.		4,116	2,500	2,500	2,500	State Match Required	1
Homeland Security-United States Coast Guard, 97.012	Boating Safety Financial Assistance- States that meet certain minimum USCG program standards (including MN) are automatically eligible for a Recreational Boating Safety Grant. MNDNR Enforcement division administers the grant and disperses funds for a variety of boat and water safety purposes.		3,033	3,700	3,700	3,700	State Match Required	7
	Parks and Trails Division Totals		7,231	6,681	6,600	6,600		8.2
Federal Emergency Management Agency	Federal Disaster DR-4290		4	96				
Federal Emergency Management Agency	Federal Disaster DR-4182		11					
	Operations Support Total		15	96	0	0		0
	Federal Fund – DNR Total		16,672	24,531	36,128	36,708		65

Narrative

Federal funds are accepted at the DNR when they support the mission, strategies, goals and objectives found in the DNR's Strategic Conservation Agenda. The Federal Funds Summary Table lists anticipated revenues for incoming federal funds, their use, number of FTE positions needed to implement, and whether funds are new and require a state match and/or maintenance of effort. Federal funds include discretionary continuing programs, funds based on funding formulas, competitive grants, non-competitive grants, and project grants.

Federal Fund accounts include:

1. Incoming federal grant or federal cooperative agreement revenue deposited directly to a federal (3000 fund) account.
2. Federal grant funds awarded to the DNR that are then passed-through to another entity.

Outgoing grants funded from federal dollars are estimated throughout the spending period of the grant, rather than estimated in the first year of the grant award. Estimates are based on the best federal funding information available at the time this report is prepared. Most new federal awards that impact state fiscal years 2020-2021 have not yet been confirmed. Therefore, we used historical trend information from recent years to estimate future revenues, as well as any knowledge of changing funding levels or trends that may impact future awards.

Specific funding level changes or trends by division include:

- Enforcement Division: Assumed responsibility for the Boating Safety Financial Assistance Program (CFDA 97.012) previously administered by the Parks and Trails Division.

Major state funding is required related to the federal awards listed in this summary as many grants are implemented on a reimbursement basis and may require a state match or a maintenance of effort.

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
AIS Control Projects (State, Natural Resources) 84D.10	For the control of curly-leaf pondweed, Eurasian watermilfoil, and flowering rush using herbicides, mechanical control, or a combination of both to support projects that have received an Invasive Aquatic Plant Management Permit.	Lake associations, watershed districts, cities, and counties	\$95	\$18
AIS Public Awareness Projects (State, Natural Resources) 84D.10	To help prevent the spread of aquatic invasive species (AIS), especially zebra mussels and spiny waterfleas, into Minnesota waters.	Lake associations, tribal organizations, coalitions of lake associations, local citizen groups, local units of government		
Angler and Hunter Recruitment and Retention Grant Program (State, Game and Fish) ML 2015 1st SS, Chapter 4, Art 3, Sec. 3 sub 6 and Sec 11	Help local groups support MN's angling and hunting heritage.	Must have a mission or educational purpose that supports hunter and angler recruitment and retention	\$97	\$150
Archery in the Schools (State, Game and Fish) Coop Funds Account Heritage Funds	Introduces Minnesota students to archery by providing schools with the best equipment, training, and curriculum available at the lowest possible price. It is part of the National Archery in the Schools Program (NASP).	Minnesota Schools	\$35	\$35
Boating Infrastructure Grants Program (Federal, Department of the Interior, Fish and Wildlife Service) CFDA 15.622	Provide grants to State and Territories to construct, renovate, or maintain tie-up facilities for up to 15 days for transient recreational vessels 26 feet or more in length	Private individuals, organizations, state and local agencies.		
Clean Vessel Act Grants (Federal, Department of the Interior, Fish and Wildlife Service) CFDA 15.616	Encourage the development or improvement of marina sanitation facilities for boaters in order to maintain and improve water quality in public waters.	Private individuals, organizations, state and local agencies.		
Community Assistance Program - State Support Service Element (CAP-SSSE) (Federal, Department of Homeland Security) CFDA 97.023	Support costs of MnAFPM annual conference that is held to educate local officials and other professionals on floodplain mapping, management, mitigation, etc.	MN Association of Floodplain Managers (MnAFPM) to support costs of annual conference providing training and updates to local officials and professionals involved in floodplain management	\$2	
Community Assistance Program - State Support Service Element (CAP-SSSE) (Federal, Department of Homeland Security) CFDA 97.023	Construct enhanced reality floodplain simulator, and produce educational videos to use with simulator	St. Cloud State University - constructing enhanced reality floodplain simulator and educational videos using simulator	\$5	

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Community Assistance Program - State Support Service Element (CAP-SSSE) (Federal, Department of Homeland Security) CFDA 97.023	Produce MN Floodplain management Quick Guide in accessible pdf format	Producing MN Floodplain Management Quick Guide		\$10
Conservation Partners Legacy (State, Legacy, Outdoor Heritage Fund) M.L. 2018, Chapter 208, Article 1, Section 2, Subd. 5 c	Funds conservation projects that restore, enhance, or protect forests, wetlands, prairies, and habitat for fish, game, and wildlife in Minnesota.	Nonprofit organizations and government entities	\$8,660	\$11,053
Cross Country Ski Trail Grant in Aid (State, Natural Resources) M.S. 85.44	Encourage the maintenance and development of cross country ski trails.	Counties, cities, townships, and private trail organizations sponsored by a local unit of government	\$286	\$286
CTP Grant to Twin City HUC8 Watershed Organizations (Federal) CFDA: 97.045	Development of FEMA Flood Risk Database	sole source, identified in grant from FEMA	\$40	\$420
CTP Grant to Wild Rice Watershed District (Federal) CFDA: 97.045	Development for FEMA Flood Risk Products	sole source, identified in grant from FEMA	\$5	
Dam Safety (State General Fund, Bonding) M.S. 103G.511	Improve the safety and condition of publicly owned dams and water level control structures.	Cities, counties, townships, watershed districts	\$900	\$2,000
Division of Forestry Cost Share program (State General Fund) 89.018	Forest stewardship management planning assistance and cost share for forestry practices/projects. Primary purpose is to encourage landowner management of forest land and potential timber sale harvests as a management tool.	Nonindustrial private landowners who have 20-1,000 acres of land with 10 acres of woody vegetation after the plan has been implemented. The cost share is available statewide.	\$500	\$600
Federal Recreational Trail (Federal, Department of Transportation, Federal Highway Administration) CFDA 20.219	Encourage the maintenance and development of motorized, non-motorized, and diversified trails by providing funding assistance.	Sponsored by a unit of government, preferably in cooperation with a local trail organization	\$1,800	\$2,500
Firewise Community Mitigation (Federal, Department of Agriculture, Forest Service) CFDA 10.664	Through Firewise, we partner with agencies, municipalities, organizations, and homeowners to identify, plan for and reduce wildfire risk. Grant funding supports local groups and require a 50/50 cash or in-kind match.	Fire department district, organized township, city, or county	\$346	\$350
Flood Hazard Mitigation (State General Fund, Bonding) M.S. 103G.161	Provide financial and technical assistance to local governmental units for conducting flood damage reduction studies and for planning and implementing flood damage reduction measures.	Cities, counties, townships, watershed districts, watershed management organizations and lake improvement districts	\$8,156	\$17,000

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Grant to Koronis Lake Association (State, Natural Resources) ML 2017 Chapter 93 Art 1 Sec 3 Subd 3(j)	For the purpose of removing and preventing aquatic invasive species	Legislatively named to the Koronis Lake Association	\$33	\$167
Improving Community Forests Through Citizen Engagement (State, Environment and Natural Resources Trust Fund) ML 2015, Chapter 76, Sec 2, Sub 8h	A grant program supplying approximately \$400,000 to an estimated 8 to 12 Minnesota cities and towns to support urban and community forestry (planting new trees, creating and maintaining gravel tree beds, watering new trees, recruiting and training citizen volunteers, developing a citywide urban forestry plan, updating tree inventories, pruning trees, and conducting early detection of pests and disease presence in priority areas).	All political subdivisions of Minnesota as well as non-governmental organizations	\$135	\$172
Local Trail Connections Program (State, Natural Resources) MS. 85.019	Promote relatively short trail connections between where people live and desirable locations. Not to develop significant new trails.	Counties, cities, and townships	\$600	\$1,300
Long Term Resource Monitoring (Federal, Department of the Interior, U.S. Geological Survey) CFDA 15.978	Monitor long-term trends of water quality, aquatic vegetation, & fish on Pool 4 of the Mississippi River; analyze & summarize the data and provide that information to decision makers.	Six LTRM Program field stations in the five Upper Mississippi River states	\$535	\$628
Minnesota Snowmobile Trails Assistance (Grant in Aid) (State, Natural Resources) M.S. 84.83	Creation and maintenance of locally initiated trails that were financially assisted by the state.	Counties, cities, townships, and private trail organizations sponsored by a local unit of government	\$7,382	\$8,449
Minnesota's Lake Superior Coastal Program (Federal, Department of Commerce, National Oceanic and Atmospheric Administration) CFDA 11.419	Support costs of MnAFPM annual conference that is held to educate local officials and other professionals on floodplain mapping, management, mitigation, etc.	Regional planning agencies; state agencies; non-profit agencies; colleges and universities; public school districts in the coastal area; conservation districts; port authorities; tribal governments; joint powers boards; sanitary sewer boards; cities, townships, and counties within the coastal area; area-wide agencies. Projects must be located within Minnesota's coastal area, which includes portions of Carlton, St. Louis, Lake and Cook Counties (maps available at www.mndnr.gov/mlscp)	\$520	\$525
Monitoring Starry Stonewort Control Projects (Federal GLRI / State, Natural Resources) CFDA 15.662	These grant funds must be used to help pay for DNR approved monitoring of starry stonewort control projects.	local entities such as lake associations, watershed districts, cities, and counties who have received a permit to control starry stonewort.	\$11	\$12

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
National Outdoor Recreation Legacy Partnership Program (Federal, Department of Agriculture, Forest Service) CFDA 10.676	Create or reinvigorate parks and other outdoor recreation spaces located in jurisdictions delineated by the Census Bureau for the 2010 Census as comprising densely settled territory that contains 50,000 or more people.	State agencies, political subdivisions such as cities, counties, and special purpose districts such as park districts, and federally-recognized Indian tribes that are organized to govern themselves and perform the functions of a general purpose unit of government.		\$750
Natural and Scenic Area (ENRTF, Federal LAWCON) CDFA 15.916 MS. 85.019	Increase, protect and enhance natural and scenic areas.	Cities, counties, and townships		\$690
Off Highway Vehicle safety Grants (State) M.L. 2017, Ch.93 Section 3, Subd.6	Assist counties to enforce off highway vehicle laws, rules and regulations, also providing youth training and assistance to DNR Conservation Officers.	Counties, through their sheriffs' offices	\$485	\$485
Off-Highway Vehicle Assistance (State, Natural Resources) 84.803	Facilitate development and maintenance of trails for use by all-terrain vehicles, off-highway motorcycles, and off-road vehicles at the initiative of enthusiast groups or clubs, with the support and participation of local government sponsors.	All-Terrain Vehicles (ATVs), Off-Highway Motorcycles (OHMs), and Off-Road Vehicles (ORVs) enthusiast groups or clubs with the support and participation of local government sponsors	\$1,592	\$1,853
Outdoor Recreation (ENRTF, LIL, General Fund, Federal LAWCON) CDFA 15.916 MS. 85.019	Increase and enhance outdoor recreation facilities in local and community parks throughout the state.	Cities, counties, and townships		\$2,170
Regional Trail Program (State, Natural Resources) M.S.85.019	Promote development of regionally significant trails outside the seven-county metropolitan area.	Counties, cities, and townships	\$400	\$600
Shooting Range Grants (State, Game and Fish) ML 2015 Chapter 4 Sec 3 Subd (6)	Increase shooting range capacity for youth trap shooters by providing matching funds to recreational shooting clubs open to public use.	Local recreational shooting clubs in Minnesota that allow public access to shooting that need funds for larger trap shooting facility projects	\$971	\$387
Snowmobile Safety Enforcement (State) M.L. 2017, Ch.93 Section 3, Subd.6	Assist counties to enforce snowmobile laws, rules and regulations, also providing youth training and assistance to DNR Conservation Officers.	Counties, through their sheriffs' offices	\$315	\$315
State Boat and Water Safety (State, Natural Resources) M.L. 2017, Ch. 93, Art. 1, Sec. 3, Subd. 7, Para. C	Assist in funding boat and water safety programs carried out through the county sheriff's offices in order to reduce deaths, injuries, and property damage on state waters.	Counties through their sheriff's offices	\$1,077	\$1,077

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Supplemental Boating Safety Equipment and Aids to Navigation (Federal, Department of Homeland Security) CFDA 97.012	Assist counties, through their sheriffs' offices, in funding boating safety equipment and aids to navigation to help carry out their legislatively-mandated boating safety duties and in order to reduce deaths, injuries, and property damage on state waters.	Counties participating in the state boat and water safety grant program, through their sheriff's offices	\$567	\$550
Supplemental Boating Safety Patrol (Federal, Department of Homeland Security) CFDA 97.012	Assist counties, through their sheriffs' offices, in funding additional boating safety patrol hours on lakes and rivers in an effort to reduce accidents.	Counties through the sheriff's offices	\$301	\$323
37			\$34,261	\$54,875

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AT A GLANCE

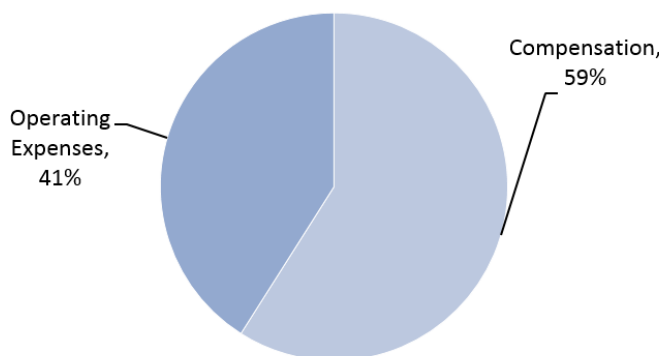
- 109,250 Registered Nurses
- 21,525 Licensed Practical Nurses
- 8,525 Advanced Practice Registered Nurses
- 18,750 Public Health Nurse Registrations
- 1,110 jurisdictional complaints
- 89 nursing education programs

PURPOSE

The Board of Nursing's purpose is to protect the health, safety and welfare of the public in their receipt of nursing services. The Board carries out its mission by regulating nursing education, licensure and practice. These functions contribute to the statewide outcomes that **all Minnesotans have optimal health and people in Minnesota are safe**. The agency strives for **efficient and accountable government services** through innovation, technology, and internal controls.

BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation. Fees have not been raised since 2001.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are: the Administrative Services Unit (inter-board), Health Professionals Services Program (inter-board), HIV, HBV and HCV Prevention Program (Department of Health), Prescription Monitoring Program

(Pharmacy Board), Office of the Attorney General for legal services, Criminal Background Check Program (inter-board), and the Voluntary Healthcare Provider Program (inter-board).

STRATEGIES

The Board of Nursing holds nurses accountable to legal, ethical, and professional standards. The Board achieves its mission of public protection by defining these standards and issuing licenses to practice nursing. Once a license is issued, the Board monitors licensees' compliance to state laws and takes action against the licenses of those nurses who have exhibited unsafe nursing practice and who present a risk of harm to the public.

The Board contributes to the statewide outcome that **people in Minnesota are safe** by:

1. Ensuring an ethical and competent nursing workforce by reviewing credentials and providing a legally defensible nurse license examination. The Board of Nursing licenses registered nurses, licensed practical nurses, and advanced practice registered nurses, and registers public health nurses to ensure that the individuals who practice nursing in Minnesota have the requisite education, competence, and ethical character to practice nursing safely and effectively.
2. Establishing and conducting a complaint investigation process that is expedient, just, and commensurate with the perceived risk to public safety. The Board investigates complaints and takes action against nurses who violate the Nurse Practice Act. This action includes removing nurses from practice who are a risk to patient safety and monitoring nurses whose practice requires remediation and oversight to ensure public safety.
3. Upholding nursing education standards through consultation and survey. The Board monitors program graduation pass/fail rates on the national nurse licensure examination; facilitates innovative approaches to address nursing workforce and nursing faculty shortages; provides consultation to nursing education programs regarding national nurse licensure examination (NCLEX®) pass rates; conducts research to promote a safe, competent and sufficient nursing workforce; and advises prospective nursing students regarding educational tracks and scholarships.
4. Analyzing and disseminating data for use in regulatory decisions. The Board provides employers and the public with verification of a nurse's authority to practice. Additionally, data is submitted to required national and federal databases and other county and state government agencies. The Board also participates in the collection of nursing workforce data to inform decision making related to educational planning, workforce development and emergency preparedness.
5. Collaborating in statewide initiatives on nursing practice, education and patient safety. The Board promotes standards of safe nursing practice by interpreting relevant laws and rules. The Board participates in nursing practice forums with nursing organizations and other state agencies to establish nursing performance guidelines for safe nursing practice so that employers and consumers can make informed decisions regarding the performance of nursing services.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Licenses issued within 24 hours of meeting all requirements	8,700	10,500	FY2016 and FY2017
Quality	Public availability of data on nursing licensure and authority to practice <ul style="list-style-type: none"> • Online renewal display in real time • Online verifications of license 	53,000 550,000	65,000 650,000	FY2016 and FY2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of all online licensure services	91%	93%	FY2016 and FY2017
Quality	Complaint resolution cycle			FY2016 and FY2017
	<ul style="list-style-type: none"> Average number of days to resolve complaints Average number of days to impose Temporary Suspension 	151 108	129 100	
Quantity	Automatic verification service use	40,000	50,000	FY2016 and FY2017

Minnesota Statutes sections 148.171-148.285 (<https://www.revisor.mn.gov/statutes/?id=148.171>) provides the Board of Nursing with legal authority to regulate nursing practice for the purpose of public protection. Chapter 214 prescribes further authority related to investigations and discipline procedures of the Board and other health-related licensing boards. Chapters 13 (Government Data Practices), 14 (Administrative Procedures) and 15 (State Agencies in General) all provide guidance to the Board's operations.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	3,512	4,469	3,445	7,882	4,916	4,916	5,028	5,028
2000 - Restrict Misc Special Revenue			257	387	342	342	342	342
Total	3,512	4,469	3,701	8,269	5,258	5,258	5,370	5,370
Biennial Change				3,989		(1,454)		(1,230)
Biennial % Change				50		(12)		(10)
Governor's Change from Base								224
Governor's % Change from Base								2

Expenditures by Program

Nursing Board	3,512	4,469	3,701	8,269	5,258	5,258	5,370	5,370
Total	3,512	4,469	3,701	8,269	5,258	5,258	5,370	5,370

Expenditures by Category

Compensation	2,632	2,617	2,599	3,308	3,397	3,426	3,493	3,522
Operating Expenses	852	1,843	1,093	4,900	1,860	1,831	1,876	1,847
Other Financial Transaction	28	9	9	61	1	1	1	1
Total	3,512	4,469	3,701	8,269	5,258	5,258	5,370	5,370

Full-Time Equivalents

	31.52	29.44	29.38	32.50	32.50	32.50	32.50	32.50
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Nursing, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		685		3,009				
Direct Appropriation	4,189	4,243	6,426	4,873	4,881	4,881	4,993	4,993
Open Appropriation		408	28		35	35	35	35
Transfers In		16						
Transfers Out		500	1					
Cancellations		383						
Balance Forward Out	677		3,009					
Expenditures	3,512	4,469	3,445	7,882	4,916	4,916	5,028	5,028
Biennial Change in Expenditures				3,346		(1,495)		(1,271)
Biennial % Change in Expenditures				42		(13)		(11)
Governor's Change from Base								224
Governor's % Change from Base								2
Full-Time Equivalents	31.52	29.44	29.38	32.50	32.50	32.50	32.50	32.50

2000 - Restrict Misc Special Revenue

Balance Forward In			45					
Receipts		302	342		342	342	342	342
Balance Forward Out		45						
Expenditures		257	387		342	342	342	342
Biennial Change in Expenditures			644			40		40
Biennial % Change in Expenditures						6		6
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	4,873	4,873	4,873	9,746
Base Adjustments				
Pension Allocation		8	8	16
Forecast Base	4,873	4,881	4,881	9,762
Change Items				
Operating Adjustment		112	112	224
Total Governor's Recommendations	4,873	4,993	4,993	9,986
Open				
Fund: 1201 - Health Related Boards				
Base Adjustments				
Forecast Open Appropriation Adjustment		35	35	70
Forecast Base		35	35	70
Total Governor's Recommendations		35	35	70
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	387	342	342	684
Forecast Base	387	342	342	684
Total Governor's Recommendations	387	342	342	684
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	342	342	342	684
Total Governor's Recommendations	342	342	342	684
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	5,530	5,530	5,317	10,847
Total Governor's Recommendations	5,530	5,530	5,317	10,847

Nursing, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	112	112	112	112
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	112	112	112	112
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$224,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Board of Nursing.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year. The proposed increase anticipates 2% per square foot rent increase, an outsourcing scanning project to convert paper discipline records to a scanned document system, and increases in salaries and benefits.

The Board is entirely fee supported and receives no General Fund dollars to provide all services. Fees must be collected to cover direct and indirect expenditures, deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Board is granted authority to use these fees by the Minnesota Legislature to pay for all expenses incurred by the Board. The Board collects sufficient revenue to cover all expenses.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board of Nursing, this funding will cover known employee compensation growth, rent, and an IT project.

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Salary Increases (current staff increases)	96,000	96,000	96,000	96,000
Rent Increases	6,000	6,000	6,000	6,000
Outsource Scanning Project	10,000	10,000	10,000	10,000
Total	\$112,000	\$112,000	\$112,000	\$112,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to provide services for all people of the State of Minnesota without discrimination.

Results:

This proposal will provide the Board with sufficient staff resources and space to meet its mandate to protect the public and provide efficient government services through providing current levels of service and information to the public.

Statutory Change(s):

N/A

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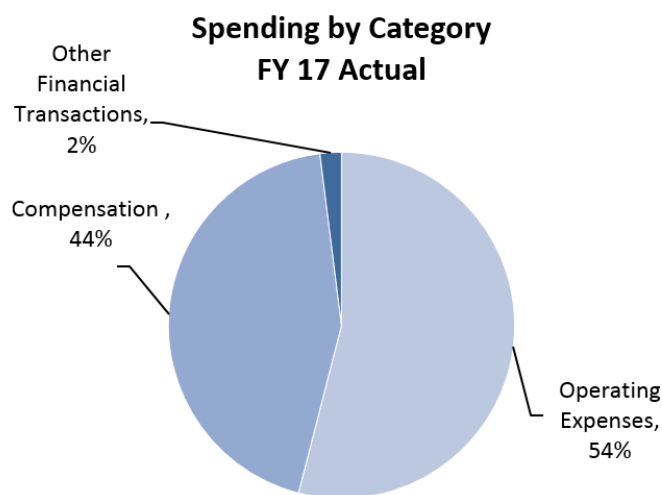
AT A GLANCE

- The Board's main function is licensing Nursing Home Administrators
- Serves as the fiscal agent for the Administrative Services Unit (ASU)

PURPOSE

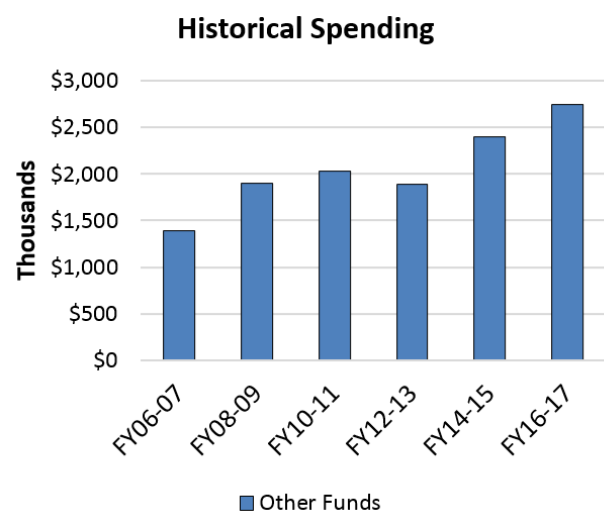
The Minnesota Board of Examiners for Nursing Home Administrators (BENHA) was established in 1970. The board is responsible to act as the official licensure agency for nursing home administrators. BENHA works to promote safe living and thriving environments for Minnesota elders and to promote strong families and communities. This is completed by having strong academic and preparatory requirements for nursing home administrators.

BENHA has an additional budgetary responsibility as the fiscal agent for the Administrative Services Unit (ASU):

BUDGET

FY 17 includes spending for both Board of Nursing Home Administrators and the Administrative Services Unit

Source: Budget Planning & Analysis System (BPAS)



FY 06-17 includes spending for both Board of Nursing Home Administrators and the Administrative Services Unit and the Criminal Background Check Program

Source: Consolidated Fund Statement

BENHA: The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Fees have not been increased since 1995.

ASU: All 18 health related and non-health-related licensing boards fund the operations of Administrative Services Unit and the Criminal Background Checks Program.

STRATEGIES

BENHA: The eleven governor-appointed citizens serving on the Minnesota Board of Examiners for Nursing Home Administrators (BENHA) ensure that sufficiently trained leaders are accountable for their actions without imposing unintended barriers or restrictions of elder care campuses. The licensure of Nursing Home Administrators is a federal requirement affecting Medicare and Medicaid funding.

ASU: The Administrative Services Unit (ASU) is the centralized business office and provides subject matter experts on financial, human resource, contracting, and other common office services. This allows each board to focus their staff resources on public safety and board specific practices.

The authorizing Minnesota statute for BENHA is M.S. 144A.19-144A.28:

<https://www.revisor.mn.gov/statutes/?id=144A&view=chapter#stat.144A.19>

The Minnesota Rules for BENHA are located at: <https://www.revisor.leg.state.mn.us/rules?id=6400.5000>

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1201 - Health Related Boards	1,335	1,409	1,923	5,520	2,898	2,898	3,755	3,223
2000 - Restrict Misc Special Revenue			1	2	2	2	2	2
2001 - Other Misc Special Revenue	2	0	55	1,752	200	200	200	200
Total	1,337	1,409	1,979	7,274	3,100	3,100	3,957	3,425
Biennial Change				6,507		(3,053)		(1,871)
Biennial % Change				237		(33)		(20)
Governor's Change from Base								1,182
Governor's % Change from Base								19

Expenditures by Program

Nursing Home Admin Board	1,337	1,409	1,979	7,274	3,100	3,100	3,957	3,425
Total	1,337	1,409	1,979	7,274	3,100	3,100	3,957	3,425

Expenditures by Category

Compensation	622	620	773	1,402	1,167	1,183	1,949	1,432
Operating Expenses	714	765	1,202	5,392	1,927	1,911	2,002	1,987
Other Financial Transaction	1	24	5	480	6	6	6	6
Total	1,337	1,409	1,979	7,274	3,100	3,100	3,957	3,425

Full-Time Equivalents

8.17	7.85	9.51	12.93	13.13	13.13	14.63	14.63
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Nursing Home Administrators, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In	1,400	2,381	1,400	2,626				
Direct Appropriation	2,365	2,062	3,214	2,873	2,876	2,876	3,733	3,201
Open Appropriation	17	18	17	19	20	20	20	20
Receipts	1	1	1	2	2	2	2	2
Transfers In		10						
Transfers Out	120	251	83					
Cancellations		1,412						
Balance Forward Out	2,328	1,400	2,626					
Expenditures	1,335	1,409	1,923	5,520	2,898	2,898	3,755	3,223
Biennial Change in Expenditures				4,699		(1,647)		(465)
Biennial % Change in Expenditures				171		(22)		(6)
Governor's Change from Base								1,182
Governor's % Change from Base								20
Full-Time Equivalents	8.17	7.85	9.51	12.18	12.13	12.13	13.63	13.63

2000 - Restrict Misc Special Revenue

Receipts			1	2	2	2	2	2
Balance Forward Out			0					
Expenditures			1	2	2	2	2	2
Biennial Change in Expenditures				3		1		1
Biennial % Change in Expenditures						32		32
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	771	888	1,401	1,552				
Receipts	118	514	206	200	200	200	200	200
Balance Forward Out	888	1,401	1,552					
Expenditures	2	0	55	1,752	200	200	200	200
Biennial Change in Expenditures				1,805		(1,407)		(1,407)
Biennial % Change in Expenditures				86,501		(78)		(78)
Governor's Change from Base								0
Governor's % Change from Base								0

Nursing Home Administrators, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Full-Time Equivalents				0.75	1.00	1.00	1.00	1.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	2,873	2,873	2,873	5,746
Base Adjustments				
Pension Allocation		3	3	6
Forecast Base	2,873	2,876	2,876	5,752
Change Items				
Operating Adjustment		67	70	137
ASU Operating Adjustment		232	255	487
ASU - Retirement Costs for HLB Staff		558		558
Total Governor's Recommendations	2,873	3,733	3,201	6,934
Open				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	19	19	19	38
Base Adjustments				
Forecast Open Appropriation Adjustment		1	1	2
Forecast Base	19	20	20	40
Total Governor's Recommendations	19	20	20	40
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	2	2	2	4
Forecast Base	2	2	2	4
Total Governor's Recommendations	2	2	2	4
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	1,752	200	200	400
Forecast Base	1,752	200	200	400
Total Governor's Recommendations	1,752	200	200	400
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	2	2	2	4
Total Governor's Recommendations	2	2	2	4
Fund: 2001 - Other Misc Special Revenue				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	200	200	200	400
Total Governor's Recommendations	200	200	200	400
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	222	222	226	448
Change Items				
Fee Increase		41	41	82
Total Governor's Recommendations	222	263	267	530

Nursing Home Administrators, Board of Examiners for

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	67	70	70	70
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	67	70	70	70
FTEs	.5	.5	.5	.5

Recommendation:

The Governor recommends additional funding of \$137,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Board of Examiners for Nursing Home Administrators (BENHA).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board of Examiners for Nursing Home Administrators, this funding will cover a shared staff individual serving three boards, rent, and MN.IT services. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases.

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Salary Increases (Assistant ED)	\$48,000	\$50,000	\$50,000	\$50,000
Rent	4,000	4,000	4,000	5,000
MNIT* Detail below	15,000	16,000	16,000	16,000
Total	\$67,000	\$70,000	\$70,000	\$70,000

IT Related Proposals:

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts	5,000	5,000	5,000	5,000	5,000	5,000
Infrastructure						
Hardware						
Software						

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Training						
Enterprise Services	10,000	11,000	11,000	11,000	11,000	11,000
Staff costs (MNIT or agency)						
Total	\$15,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000
MNIT FTEs						
Agency FTEs						

Equity and Inclusion:

The Minnesota Board of Examiners for Nursing Home Administrators supports all endeavors for equality, equity, and inclusion for all citizens providing and receiving services in Minnesota long term care campuses.

Results:

This proposal is intended to allow BENHA to continue to provide current levels of service and information to the public.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of license renewals completed online	88%	93%	FY2017-FY2018
Quality	Percent of initial applications completed online	65%	88%	FY2017-FY2018
Quantity	Actual Complaints Received/resolved in <one year;	68/64	368/318	FY2017-FY2018

Statutory Change(s):

N/A

Nursing Home Administrators, Board of Examiners for

FY 2020-21 Biennial Budget Change Item

Change Item Title: Fee Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	41	41	75	75
Net Fiscal Impact = (Expenditures – Revenues)	(41)	(41)	(75)	(75)
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding a ‘not to exceed’ fee increase for the Minnesota Board of Examiners for Nursing Home Administrators. This proposal will also cover expenses to move fees as required from Rules to Statutes.

Rationale/Background:

The last fee increase occurred in 1995. Fees have not increased for 23 years and the board requires both a fee increase and spending authority to maintain its essential core functions. Currently, the Board does not collect fees sufficient to fund budgeted expenses.

The Board requires a fee adjustment to eliminate a gap between board-generated revenues and appropriations, as well as to support additional spending for IT expenses, Criminal Background checks, the Automated Licensure Information Maintenance System (ALIMS) contracts, rent, and return to the previous staffing level of 2.0 full time equivalents. Board members carefully monitor both fees and expenses.

The Board of Examiners for Nursing Home Administrators, like the other health-related license boards, is a fee-supported agency that receives no General Fund dollars. While the legislature appropriates the Board’s biennial budget, fees must be sufficient to fund all expenditures, which this board is currently not in compliance. Each year the board will approve their fee schedule so as not to build up a large surplus, but to operate within state guidelines of minimum balances. Discretionary spending has been eliminated.

Proposal:

The Governor recommends a ‘not to exceed’ amount with the fees listed above and transferred to Minnesota Statutes. Once the current deficit budget and staffing levels are sufficient, the Board will be able to rebuild the statutorily required surplus of six months.

The Board currently and will continue to share their Executive Director between two agencies in creating operational efficiency. This proposal funds partnerships with other state agencies, which focus on specific administrative tasks. The Criminal Background Check Unit, the Health Professional Services Program and the Administrative Services Unit are all partners in working with the Board of Examiners to maximize public safety with efficient and focused services, not achievable by an independent board. The effective implementation date would be July 1, 2019.

Fees	Current Fee	Units per year	Not to exceed Proposed Fee	Actual Anticipated 2020 Fees	Total New Revenue FY 2020
Original Application	\$150.00	103	\$ 200.00	\$200	\$5,150.00
State Exam	\$75.00	112	\$ 125.00	\$100	\$2,800.00
Original License	\$200.00	53	\$ 250.00	\$225.00	\$1,350.00
NHA Permit	\$250.00	21	\$ 400.00	\$300.00	\$1,050.00
NHA Renewal	\$200.00	845	\$ 250.00	\$225.00	\$21,125.00
Continuing Education > 6 hours	\$30.00	106	\$ 50.00	\$50.00	\$2,120.00
Miscellaneous					\$0.00
Reinstatement	\$200.00	18	\$ 250.00	\$225.00	\$450.00
Duplicate	\$10.00	57	\$ 50.00	\$25.00	\$1,425.00
Second Shared Licensed	\$10.00	27	\$ 250.00	\$225.00	\$5805.00
Reciprocity Verification	\$30.00	39	\$ 50.00	\$30.00	\$390.00
Mail Labels	\$50.00	12	\$ 75.00	\$75.00	\$300.00
CE for 7 Hours or more	\$50.00	67	\$ 75.00	\$75.00	\$1,675.00
Reinstatement/late Fee	\$50.00	28	\$ 75.00	\$75.00	\$700.00
ED Review	\$50.00	32	\$ 100.00	\$100.00	\$1,600.00
Application filed post ED Review	\$100.00	15	\$ 100.00	\$100.00	\$0.00
Health Services Executive	\$200.00	50	\$200.00	\$200.00	\$0.00
				Total	\$40,790

Equity and Inclusion:

The proposal affects all 963 licensed administrators and 103 applicants per year and ultimately all individuals receiving supports and services in Minnesota senior living campuses. The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of State of Minnesota without discrimination.

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percent of license renewals completed online	88%	93%	FY2017 & FY2018
Quality	Percent of initial applications completed online	65%	88%	FY2017 & FY2018
Quantity	Actual Complaints received/resolved in <one year	68/64	368/318	FY2017 & FY2018

Statutory Change(s):

Fees are currently listed in Minnesota Rules: 6400.6970 and a new Statutory Fees section must be created by the Revisor's office.

Nursing Home Administrators, Board of Examiners for

FY 2020-21 Biennial Budget Change Item

Change Item Title: Administrative Services Unit Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	232	255	255	255
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	232	255	255	255
FTEs	1	1	1	1

Recommendation:

The Governor recommends additional funding of \$487,000 in the FY 2020-2021 biennium to maintain the current level of service delivery in the Administrative Services Unit at the Board of Examiners for Nursing Home Administrators. The proposal also provides funding for one new staff member within the unit.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Current staffing levels are as such: The Administrative Services Unit (ASU) employs 6.5 FTEs, The Criminal Background Unit (CBC) employs 5.5 FTEs, and The Administrative Services Unit Currently 5.0 FTEs.

- This request is to cover anticipated state car lease rental for ASU state car that is shared by the Health Related Licensing Boards. The current state car lease has ended and is no longer eligible for an extension. A new lease will be required.
- This request is to cover anticipated MN.IT data center cost increases
- This request is to cover anticipated MN.IT costs related to the services of Chief Business Technology Officer (CBTO) that we currently do not pay for.

This request would be funded by fees collected by the health related licensing boards and deposited within the state government special revenue fund; the State's General Fund will not be impacted. Currently there are sufficient funds in the state government special revenue to cover the costs. The Board's is entirely fee supported and receives no General Fund dollars to provide all services.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the ASU, this funding will cover known employee compensation growth, a specialist position, rent increases, equipment replacement, state car lease, and IT costs. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases.

Small Agency Increase:	FY 2020	FY 2021	FY 2021	FY 2022
Salary Increases (ASU - current staff increases)	\$8,000	\$16,000	\$16,000	\$16,000
Salary Increases (CBC - current staff increases)	\$30,000	\$37,000	\$37,000	\$37,000
Rent Increase (ASU Space)	\$10,000	\$10,000	\$10,000	\$10,000
Rent Increase (CBC Space)	\$9,000	\$9,000	\$9,000	\$9,000
State Car Lease (ASU office)	\$5,000	\$5,000	\$5,000	\$5,000
Equipment (CBC Office)	\$10,000	\$10,000	\$10,000	\$10,000
MN.IT @ agency Salary Increases	\$8,000	\$16,000	\$16,000	\$16,000
MN.IT Data Center Cost Increase	\$12,000	\$12,000	\$12,000	\$12,000
MN.IT @ agency Data Base Maintenance	\$10,000	\$10,000	\$10,000	\$10,000
MN.IT CBTO Costs	\$30,000	\$30,000	\$30,000	\$30,000
ALIMS Specialist – New Position – ASU office	\$100,000	\$100,000	\$100,000	\$100,000
Total	\$232,000	\$255,000	\$255,000	\$255,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to provide services for all people of the State of Minnesota, without discrimination.

IT Related Proposals:

A portion of this request includes an increase for MN.IT staff salary costs, database maintenance, and to cover annual MN.IT service rates.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Staff costs (MNIT or agency)	\$38,000	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000
Total	\$60,000	\$68,000	\$68,000	\$68,000	\$68,000	\$68,000
MNIT FTEs						
Agency FTEs						

Results:

The increase will provide ASU with sufficient staff resources to provide current levels of service and information to the eighteen boards in served by the unit.

Statutory Change(s):

N/A

Nursing Home Administrators, Board of Examiners for

FY 2020-21 Biennial Budget Change Item

Change Item Title: HLB – Retirement Costs

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	558	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	558	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a one-time appropriation increase from the state government special revenue fund in FY 2020 in the amount of \$558,000 to cover the projected retirement payout costs of twenty-four long-term employees of the various Health Related Licensing Boards. This funding shall be appropriated to the Administrative Services Unit and may be transferred to the health related licensing board incurring retirement costs. These funds are available either year of the biennium.

Rationale/Background:

The Health Related Licensing Boards anticipate the retirement of twenty-four long-term state employees. Salaries account for approximately 83% of the Board's operating costs. The Health Related Licensing boards estimate that 26.7% of the total staff are age 62 or older or meet the rule of 90 and are eligible for retirement. The requested increase in spending authority will allow each Board to continue its critical program functions of licensing, approving education programs, and disciplining licensees whose behavior is a violation of the Minnesota Statutes and Administrative Rules and is thereby a risk to patient safety.

The Health Related Licensing Boards are fee-supported agencies. The Boards are required by Minnesota Statutes to collect sufficient revenue to cover all direct-appropriated costs and indirect costs. The Health Related Licensing Boards collect revenue from licensing fees that are deposited into the State Government Special Revenue fund to cover this one-time appropriation increase. This change will not affect the current licensing fees.

Below is a list of anticipated retirement costs by board:

Board Name	Classification Retiring	FY 2020-21 Estimate Payout	Total Payout by Board
Behavioral Health and Therapy	Executive Director	\$19,000	
	Office & Admin Specialist	\$10,000	\$29,000
Dentistry	Investigator Senior	\$21,000	\$21,000
Dietetics & Nutrition Practice	Executive Director	\$15,000	\$15,000
Medical Practice	Investigator	\$15,000	\$15,000
Medical Practice – Health Professional Services Program	State Program Administrative Prin.	\$33,000	
	State Program Administrative Prin.	\$23,000	\$56,000

Board Name	Classification Retiring	FY 2020-21 Estimate Payout	Total Payout by Board
Nursing	Executive Director	\$70,000	
	Office & Admin Specialist	\$14,000	
	Registered Nursing Senior	\$22,000	
	Paralegal	\$13,000	
	Nursing Education Spec	\$12,000	
	Office & Admin Specialist	\$6,000	
	Customer Service Spec Int	\$14,000	
	Nursing Education Spec	\$19,000	
	Reg Nurse Advance Pract	\$32,000	\$202,000
Nursing Home Administrators	Executive Director	\$43,000	\$43,000
Nursing Home Admin – Administrative Services Unit	Admin Management Director 2	\$44,000	\$44,000
Pharmacy	Office & Admin Specialist	\$7,000	
	Pharmacy Surveyor	\$38,000	\$45,000
Podiatric Medicine	Executive Director	\$15,000	\$15,000
Psychology	Investigator Senior	\$13,000	\$13,000
Social Work	Executive Director	\$39,000	
	St Program Admin Supervisor Prin.	\$21,000	\$60,000
		Grand Total	\$558,000

Proposal:

ASU seeks a one-time increase in FY 2020 of \$558,000 to cover the costs of anticipated health related licensing board retirement costs. When an employee retires, ASU will transfer funds from the ASU appropriation to the individual board's retirement account. This will allow each board to pay for the retirement costs and maintain their operation budget.

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to provide services for all people of the State of Minnesota, without discrimination.

Results:

Retirement costs will be covered and will not affect the Board's current operation budgets.

Statutory Change(s):

No statutory change is required for this initiative.

Program: Board of Examiners for Nursing Home Administrators (BENHA)

Activity: Board of Examiners for Nursing Home Administrators (BENHA)

mn.gov/boards/nursing-home/

AT A GLANCE

Credentialing

- 895 Licensed Nursing Home Administrators (LNHA)
- 91,000 Minnesotans receive long term supports and services across the continuum
- 65 New licensees
- 29 acting permits issued
- 11 Minnesota Accredited Centers of LTC Education
- 108 state jurisprudence exams
- 169 continuing education reviews and approvals
- 689 complaints received

Source: Annual Quality Improvement Report for June 30, 2018

PURPOSE & CONTEXT

The Minnesota Board of Examiners for Nursing Home Administrators (BENHA) was established in 1970 within Minnesota Statutes 144A.19 – 144A.28 and Minnesota Rules 6400. The board, which was originally created by federal mandate, ensures that nursing home administrators have the education and skills necessary to provide strong, safe communities for Minnesota's elders; while assuring accountability and support for all individuals receiving supports and services. We carry out this mission through regulation of the practice, education and licensure of practitioners, and investigation of complaints in an attempt for neutral and timely resolution.

The BENHA has an additional budgetary responsibility as the fiscal agent for the Administrative Services Unit (ASU). The main purpose of the ASU is to provide centralized administrative services to 16 health-related licensing boards and two boards funded from the general fund with detail work provided in the ASU Agency Profile.

SERVICES PROVIDED

The BENHA is required to set the standards for Nursing Home Administrator licensure in order for the state to receive Center of Medicare and Medicaid Service funds per federal guidelines. We accomplish this by:

- Maintaining educational standards for prospective and existing licensees
- Licensing qualified individuals so that Minnesotans seeking nursing home care will be able to identify those working in the field with skills necessary to provide services in compliance with Minnesota Statutes and Rules.
- Implementing disciplinary and compliance actions when licensees do not perform at a contemporary standard of practice while serving as a neutral intermediary to resolve various interpersonal complaints.
- Educating the public on health-related professions, practitioners, and standards.
- Working with eleven approved colleges with Long Term Care Administration programs.

Currently, Minnesota has 915 licensed administrators that oversee the care provided to nearly 35,000 Minnesotans, residing in skilled nursing facilities and other ancillary roles. Resident safety is the primary focus working with all stakeholders. Research is very active at this time as it relates to leadership of long term care supports and services and its relationship to customer satisfaction. The board remains active with the National

Association of Boards for Long Term Care Administrators (NAB) to ensure contemporary practice standards for Minnesotans.

BENHA revisited their latest four year strategic plan in 2016. New goals and strategies identified for 2018-20 include the review of the long-term care supports and services credentialing, revising practicum and field experience guidelines, and coordination with other state agencies. The Board receives an annual statistical review in October of each year. This data is used to identify new initiatives or areas of concern. The board intends to update their statute this year. The board engages with many stakeholder groups to ensure administrative involvement in problem resolution.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of license renewals completed online	99.5%	98.8%	FY 2016 & FY 2017
Quantity	Percent of initial license applications submitted online	65%	82%	FY 2016 & FY 2017
Quality	Number of complaints received/closed without action.	49/18	67/17	FY 2016 & FY 2017

The authorizing Minnesota statute for BENHA is found at:

<https://www.revisor.mn.gov/statutes/?id=144A&view=chapter#stat.144A.19>.

The Minnesota Rules for BENHA are located at: <https://www.revisor.leg.state.mn.us/rules?id=6400.5000>.

The Board operates under other Minnesota Statutes including Chapter 214, 13, and 16.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	155	197	164	301	241	241	308	311
2000 - Restrict Misc Special Revenue			1	2	2	2	2	2
Total	155	197	165	303	243	243	310	313
Biennial Change				116		18		155
Biennial % Change				33		4		33
Governor's Change from Base								137
Governor's % Change from Base								28

Expenditures by Category

Compensation	118	132	123	176	179	182	227	232
Operating Expenses	37	56	42	124	64	61	83	81
Other Financial Transaction		10		3				
Total	155	197	165	303	243	243	310	313

Full-Time Equivalents

1.52	1.57	1.48	1.50	1.50	1.50	2.00	2.00
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Nursing Home Admin Board

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		64		63				
Direct Appropriation	213	215	226	236	239	239	306	309
Open Appropriation	2	2	1	2	2	2	2	2
Cancellations		83						
Balance Forward Out	59		63					
Expenditures	155	197	164	301	241	241	308	311
Biennial Change in Expenditures				113		17		154
Biennial % Change in Expenditures				32		4		33
Governor's Change from Base								137
Governor's % Change from Base								28
Full-Time Equivalents	1.52	1.57	1.48	1.50	1.50	1.50	2.00	2.00

2000 - Restrict Misc Special Revenue

Receipts			1	2	2	2	2	2
Balance Forward Out			0					
Expenditures			1	2	2	2	2	2
Biennial Change in Expenditures				3		1		1
Biennial % Change in Expenditures						32		32
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Board of Examiners for Nursing Home Administrators (BENHA)

Activity: Administrative Services Unit (ASU)

mn.gov/boards/asu/

AT A GLANCE

- Serves 18 health and non-health related licensing boards
- Serves 192 state employees
- Serves 183 appointed board members
- Registered 28 Volunteer Health Care Provider facilities
- Registered 127 Volunteer Health Care Provider volunteers
- Processed over 728 purchase orders
- Processed over 8,126 vendor payments
- Processed over 7,215 revenue deposits
- Processed 15,822 criminal background checks

PURPOSE & CONTEXT

The mission of the Administrative Services Unit (ASU) is to:

Provide centralized administrative services to 16 health-related licensing boards and two non-health related licensing boards – the Board of Barber Examiners and Board of Cosmetologist Examiners. The services provided include budgeting, fiscal analysis, human resources, payment transaction processing, purchasing and printing services, operations analysis, contracts, information technology, and research and policy analysis.

- Provide high quality services by having individually trained staff focused on specific administrative tasks.
- Assist in the establishment of a consortium of boards to cooperate on matters of common interest.
- Register individuals and organizations for the Volunteer Health Care Provider Program (VHCPP).
- Process criminal background checks on new applicants for the health-related licensing boards through the Criminal Background Checks Program (CBC).

SERVICES PROVIDED

In 1995 the Health Licensing Boards (HLB) voluntarily and informally created the ASU to increase efficiencies among the Boards in performing their duties. The ASU was formalized in statute in 2011 (Minnesota Statutes Chapter 214.107).

The ASU is required to perform administrative, financial, and management functions common to all the boards using procedures that streamline services, reduce expenditures, target the use of state resources, and meet the mission of public protection. Specifically, the ASU processes payroll; pays invoices; records receipts; performs purchasing, contracting and grant functions; maintains fixed assets; prepares annual and biennial budgets, annual spending plans and fiscal notes; compiles financial reports; administers building leases; and performs human resource functions and labor relations.

ASU was recognized nationally for occupational governance by the PEW Commission.

The ASU is funded by all the independent boards and consists of 7 full time staff members who perform shared administrative and business services for all the boards. ASU also coordinates the Voluntary Health Care Provider Program (which provides malpractice coverage for physicians, physician assistants, dentists, dental hygienists, dental therapists, dental assistants, and nurses serving in a voluntary capacity at a charitable organization). The ASU also operates the Criminal Background Checks Program which was created in FY 2015 to process criminal background checks for all new health-related licensing board applicants. ASU's annual budget is determined by

the Executive Directors Forum. Oversight of ASU is assigned on a rotating basis to one of the health-related boards. The current ASU oversight board is the Minnesota Board of Examiners for Nursing Home Administrators. ASU is managed by the Executive Directors Forum's Management Committee.

The Executive Directors' Forum holds monthly meets. The HLB's governance structure consists of an elected Chair, Vice-Chair who serves as chair of the Management Committee. An Office Manager also serves on the Management Committee. Standing committees include the Policy Committee, MNIT HLB Governance Committee, Criminal Background Checks Program (CBC) and Health Professional Services Program (HPSP) Committees with representatives invited from all boards.

Responsibilities of the Management Committee include:

- Administering shared conference rooms and shared equipment, such as copiers;
- Coordinating the boards' computer collaboration efforts;
- Developing recommended policies and procedures for all boards and reviewing best practices; and
- Oversight of the Administrative Services Unit.

Responsibilities of the Policy Committee include:

- Making recommendations to the Executive Directors Forum on issues relating to public policy,
- Reviewing legislative proposals,
- Making recommendations on legislative initiatives affecting all the boards, and
- Undertaking efforts to make investigative data more readily available to share among health boards.

Responsibilities of the MN.IT HLB Governance Committee include:

- Expanding the use of electronic communications in the provision of HLB services, this Committee is responsible for collaboration and coordination of MN.IT projects and implementation of technological improvements for occupational licenses.

Responsibilities of the Criminal Background Checks Program (CBC) Committee include:

- Implementation of the statutory CBC requirements in 2016 with limited participating pilot boards to full implementation of all board applicants in 2018.
- Coordination of an efficient and effective CBC system for health related professionals.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Registered VHCPP Facilities	24	28	2016 & 2018
Quantity	Number of Registered VHCPP Volunteers	110	127	2016 & 2018
Quantity	Number of Criminal Background Checks	1,575	15,822	2016 & 2018

The authorizing Minnesota statute for Administrative Services Unit is found at:

<https://www.revisor.mn.gov/statutes/?id=214.107&view=chapter#stat.214.107>

The authorizing Minnesota statute for Volunteer Health Care Provider Program is found at:

<https://www.revisor.mn.gov/statutes/?id=214.40&view=chapter#stat.214.40>

The authorizing Minnesota statute for Criminal Background Checks Program is found at:

<https://www.revisor.mn.gov/statutes/?id=214.075&view=chapter#stat.214.075>

Administrative Services Unit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1201 - Health Related Boards	1,180	1,212	1,759	5,219	2,657	2,657	3,447	2,912
2001 - Other Misc Special Revenue	2	0	55	1,752	200	200	200	200
Total	1,182	1,212	1,814	6,971	2,857	2,857	3,647	3,112
Biennial Change				6,391		(3,071)		(2,026)
Biennial % Change				267		(35)		(23)
Governor's Change from Base								1,045
Governor's % Change from Base								18

Expenditures by Category

Compensation	504	488	649	1,226	988	1,001	1,722	1,200
Operating Expenses	677	710	1,160	5,268	1,863	1,850	1,919	1,906
Other Financial Transaction	1	14	5	477	6	6	6	6
Total	1,182	1,212	1,814	6,971	2,857	2,857	3,647	3,112

Full-Time Equivalents

6.65	6.28	8.03	11.43	11.63	11.63	12.63	12.63
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Administrative Services Unit

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In	1,400	2,317	1,400	2,563				
Direct Appropriation	2,152	1,847	2,988	2,637	2,637	2,637	3,427	2,892
Open Appropriation	15	16	16	17	18	18	18	18
Receipts	1	1	1	2	2	2	2	2
Transfers In		10						
Transfers Out	120	251	83					
Cancellations		1,329						
Balance Forward Out	2,268	1,400	2,563					
Expenditures	1,180	1,212	1,759	5,219	2,657	2,657	3,447	2,912
Biennial Change in Expenditures				4,586		(1,664)		(619)
Biennial % Change in Expenditures				192		(24)		(9)
Governor's Change from Base								1,045
Governor's % Change from Base								20
Full-Time Equivalents	6.65	6.28	8.03	10.68	10.63	10.63	11.63	11.63

2001 - Other Misc Special Revenue

Balance Forward In	771	888	1,401	1,552				
Receipts	118	514	206	200	200	200	200	200
Balance Forward Out	888	1,401	1,552					
Expenditures	2	0	55	1,752	200	200	200	200
Biennial Change in Expenditures				1,805		(1,407)		(1,407)
Biennial % Change in Expenditures				86,501		(78)		(78)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents				0.75	1.00	1.00	1.00	1.00

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mn.gov/boards/occupational-therapy/

AT A GLANCE

Licensing services through August 22, 2018

- 3955 total number of active occupational therapist licensees
- 1246 total number of active occupational therapy assistant licensees
- 22 total number of currently active temporary occupational therapist licensees
- 14 total number of currently active temporary occupational therapy assistant licensees

Complaint Services- FY ending 6/30/2018 January 1, 2018- June 30, 2018

- 8 complaints open/received**
- 7 complaints closed

Staff

- 2.0 full time equivalent employees currently employed
- full time equivalent employee position (open)

*Occupational Therapy Licensing transitioned from MN Department of Health to MN Board of Occupational Therapy Practice (Board) fully 4/19/2018

**This includes active complaint files transitioned from MN Department of Health January 2018.

PURPOSE

The Minnesota Board of Occupational Therapy Practice exists to protect the public through effective licensure and enforcement of the statutes and rules governing the practice of occupational therapy to reasonably ensure a standard of competent and ethical practice. Licensing of occupational therapy practitioners began in 1996 under the umbrella of the Minnesota Department of Health. The Board was established in 2018 under the authority of Minnesota Statutes, Chapter 148 transitioning all licensing activities from the Minnesota Department of Health to the newly formed Board. The Board carries out its mission by granting qualified applicants the privilege to practice in Minnesota and by investigating complaints related to the statutory obligation of licensed individuals to provide competent, ethical care.

The Board contributes to the statewide outcomes:

- **People in Minnesota are safe**
- **All Minnesotans have optimal health**
- **Government services are efficient and accountable**

BUDGET

The Board of Occupational Therapy was established January 1, 2018. Prior to January 1, 2018 this program was under the Department of Health.

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are: the Administrative Services Unit (inter-board), Health Professionals Services Program (inter-board), Office of the Attorney General for legal services, and the Criminal Background Check Program (inter-board).

STRATEGIES

The Board of Occupational Therapy Practice promotes and protects the health and safety of the citizens of Minnesota, accomplishes its public protection mission, and contributes to statewide outcomes by:

- Issuing licenses to practice only to qualified individuals;
- Administering the license renewal process;
- Responding to inquiries, complaints, and reports regarding applicants and licensees;
- Investigating and resolving complaints;
- Maintaining a comprehensive website that provides information to licensees, applicants, the public, and any other interested parties;
- Ensuring inquiries are managed in a timely and efficient manner;
- Educating stakeholders, licensees, potential licensees, educational programs, and the public;
- Conducting ongoing analysis of regulatory body best practice to ensure effective decision making

RESULTS

The information included below was generated using the Board's licensure and regulatory database. The information demonstrates data collected and extrapolated from licensing at the Minnesota Department of Health along with the Board's licensing activities. The total number of licensees continues to increase annually. Complaint data will be more reflective of current metrics at the end of FY19.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity*	Number of new licenses issued: Occupational Therapist Occupational Therapy Assistants	244 111	262 93	FY 2017 & FY 2018
Quantity*	Number of licensees renewing: Occupational Therapist Occupational Therapy Assistants	2031 713	2665 564	FY 2017 & FY 2018

*Includes Minnesota Department of Health Data. Licensing responsibility did not begin with the Board until April 17, 2018.

The Board's activities are governed by Minnesota Statutes sections 148.6401 to 148.6449 (<https://www.revisor.mn.gov/statutes/cite/148>) and Minnesota Statutes chapter 214 (<https://www.revisor.mn.gov/statutes/?id=214>).

Occupational Therapy Practice Board

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards			228	475	340	340	460	466
2000 - Restrict Misc Special Revenue			5	14	12	12	12	12
Total			232	489	352	352	472	478
Biennial Change				721		(17)		229
Biennial % Change						(2)		32
Governor's Change from Base								246
Governor's % Change from Base								35

Expenditures by Program

Occupational Therapy Pract Bd			232	489	352	352	472	478
Total			232	489	352	352	472	478

Expenditures by Category

Compensation			68	279	256	256	315	321
Operating Expenses			123	209	95	95	155	155
Other Financial Transaction			42	1	1	1	2	2
Total			232	489	352	352	472	478

Full-Time Equivalents

			0.48	3.00	2.50	2.50	3.00	3.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In				146				
Direct Appropriation			374	329	330	330	450	456
Open Appropriation					10	10	10	10
Balance Forward Out			146					
Expenditures			228	475	340	340	460	466
Biennial Change in Expenditures				703		(23)		223
Biennial % Change in Expenditures						(3)		32
Governor's Change from Base								246
Governor's % Change from Base								36
Full-Time Equivalents			0.48	3.00	2.50	2.50	3.00	3.00

2000 - Restrict Misc Special Revenue

Balance Forward In				2				
Receipts			7	12	12	12	12	12
Balance Forward Out			2					
Expenditures			5	14	12	12	12	12
Biennial Change in Expenditures				19		5		5
Biennial % Change in Expenditures						27		27
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	329	329	329	658
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	329	330	330	660
Change Items				
Operating Adjustment		120	126	246
Total Governor's Recommendations	329	450	456	906
Open				
Fund: 1201 - Health Related Boards				
Base Adjustments				
Forecast Open Appropriation Adjustment		10	10	20
Forecast Base		10	10	20
Total Governor's Recommendations		10	10	20
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	14	12	12	24
Forecast Base	14	12	12	24
Total Governor's Recommendations	14	12	12	24
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	12	12	12	24
Total Governor's Recommendations	12	12	12	24
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	380	352	391	743
Change Items				
Fee Adjustment		103	114	217
Total Governor's Recommendations	380	455	505	960

Occupational Therapy Practice, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	120	126	126	126
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	120	126	126	126
FTEs	.50	.50	.50	.50

Recommendation:

The Governor recommends additional funding of \$246,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Board of Occupational Therapy Practice and continue the work of Board establishment.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The Board was created on January 1, 2018 to assume Occupational Therapist (OT) and Occupational Therapy Assistant (OTA) licensing and regulatory responsibility from the Department of Health. The Board is entirely fee supported and receives no General Funds to provide all services. Fees must be collected to cover all direct and indirect expenditures and are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Minnesota Legislature makes appropriations from the fund to pay for expenses incurred by the Board.

Based upon historical Department of Health data, the number of licensees managed by the board is steadily increasing. As such, operating costs have increased. As of October 1, 2018 there are 4,000 actively licensed occupational therapists and 1,260 occupational therapy assistants in Minnesota.

	OT New Licenses	OT Renewals	OTA New Licenses	OTA Renewals
2013 and 2014	420 issued	3039 completed	190 issued	886 completed
2016 and 2017	485 issued	3494 completed	229 issued	967 completed

Proposal:

The Governor recommends increasing the Board's operating budget to maintain the delivery of current services. For the Board of Occupational Therapy, this funding will cover known employee compensation growth, day-to-day operational needs, rent, centralized IT costs, and licensing database system maintenance. This proposal requests an increase in the spending authority of the Board to ensure it will have sufficient authority to carry out its mission of public protection. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases.

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Salary Increases (current staff increases)	\$54,000	\$60,000	\$60,000	\$60,000
Board Per Diems	\$5,000	\$5,000	\$5,000	\$5,000
Rent	\$18,000	\$18,000	\$18,000	\$18,000
Printing	\$2,000	\$2,000	\$2,000	\$2,000
Professional Technical Services	\$5,000	\$5,000	\$5,000	\$5,000
Instate Travel	\$4,000	\$4,000	\$4,000	\$4,000
Out-State Travel	\$4,000	\$4,000	\$4,000	\$4,000
Employee Development	\$2,000	\$2,000	\$2,000	\$2,000
Agency Provided Prof/Technical Services	\$2,000	\$2,000	\$2,000	\$2,000
Centralized MN.IT Costs	\$20,000	\$20,000	\$20,000	\$20,000
Supplies	\$2,000	\$2,000	\$2,000	\$2,000
Other Operations	\$1,000	\$1,000	\$1,000	\$1,000
Equipment Non-Capital	\$1,000	\$1,000	\$1,000	\$1,000
Total	\$120,000	\$126,000	\$126,000	\$126,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

IT Related Proposals:

A portion of this request includes an increase for database maintenance (included in the proposal section).

Category	FY 2020	FY 2021	FY 2022	FY 2023
Payroll				
Professional/Technical Contracts	\$20,000	\$20,000	\$20,000	\$20,000
Infrastructure				
Hardware				
Software				
Training				
Enterprise Services				
Staff costs (MNIT or agency)				
Total	\$20,000	\$20,000	\$20,000	\$20,000
MNIT FTEs				
Agency FTEs				

Results:

This proposal is intended to allow the Board to continue to provide current levels of service and information to the public. With increased spending authority, the Board will be able to continue to develop the organization and to provide efficient and timely license processing and complaint management to serve and protect the citizens of Minnesota.

Statutory Change(s):

No statutory change is required.

Occupational Therapy Practice, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Fee Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	103	114	103	113
Net Fiscal Impact = (Expenditures – Revenues)	(103)	(114)	(103)	(113)
FTEs				

Recommendation:

The Governor recommends adjusting fees charged by the Board of Occupational Therapy Practice as shown in the table below.

This proposal will provide revenues to right size the Board's operational budget and expenditure requirements to ensure effective operation. The fee increase will be used to fund appropriations to meet day-to-day operational needs and to continue the work of board establishment. License fees were last changed by the Department of Health in 2008. This proposal would give the Board authority set fees at an amount 'not to exceed' a specified cap, which would allow the Board to manage future biennial budgets and to potentially lower fees as revenue and expenditures stabilize.

Rationale/Background:

The Minnesota Board of Occupational Therapy Practice was created January 1, 2018 transferring Occupational Therapists (OT) and Occupational Therapy Assistants (OTA) licensing and regulatory responsibility from the Minnesota Department of Health.

As of October 1, 2018 there are 4,000 actively licensed occupational therapists and 1,260 occupational therapy assistants in Minnesota.

The Board is entirely fee supported and receives no General Fund funds to provide all services. Fees must be collected to cover all direct and indirect expenditures, deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Board is granted authority by the Minnesota Legislature to use these fees to pay for all expenses incurred by the Board. Currently, fees collected are not sufficient to fund anticipated or unanticipated expenses.

Proposal:

The Board requires a fee increase in order to sufficiently collect fees to support the transition from the Department of Health, the further establishment of the newly formed Board, and its ongoing operations.

Fee	Current Fee Rate	Proposed Fee Rate	Difference in Fee Rate	# Paying FY 2020	Additional Revenue Estimate	# Paying FY 2021	Additional Revenue Estimate
H7Y OT Course Approval After Lapse	\$96	\$100	\$4	0	\$0	0	\$0
H7Y OT Duplicate License Fee	\$25	\$30	\$5	16	\$80	16	\$80
H7Y OT Initial License Fee	\$145	\$185	\$40	280	\$11,200	270	\$10,800
H7Y OT Penalty Fee	\$various	\$various	\$0	Various	\$0	Various	\$0
H7Y OT Limited License Fee	\$96	\$100	\$4	0	\$0	0	\$
H7Y OT Renewal Fee	\$145	\$185	\$40	1,650	\$66,000	1,900	\$76,000
H7Y OT Institution Verification	\$10	\$10	\$0	0	\$0	0	\$0
H7Y Temporary License Fee OT or OTA	\$50	\$75	\$25	145	\$3,625	150	\$3,750
H7Y OT Assist Renewal Fee	\$80	\$105	\$25	450	\$11,250	500	\$12,500
H7Y OT States Verification Fee	\$25	\$25	\$0	200	\$0	200	\$0
H7Y OT Late Fee	\$25	\$50	\$25	310	\$7,750	304	\$7,600
H7Y OT Assist Initial License Fee	\$80	\$105	\$25	103	\$2,575	100	\$2,500
H7Y Miscellaneous Fee	New Fee	\$various	\$various	various	\$1,000	various	\$1,000
Total New Revenue					\$103,480		\$114,230

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

IT Related Proposals:

Not an IT related proposal.

Results:

The results of this proposal would be indicated through the successful establishment and fiscal solvency of the newly formed Board. The current fee structure does not collect sufficient fees to support the actual expenditure required for board operations. Performance data will be documented on an annual basis and through routine reporting.

Statutory Change(s):

148.6445.

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Ombudsman for Mental Health and Developmental Disabilities

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mn.gov/omhdd

AT A GLANCE

- The Ombudsman for Mental Health and Developmental Disabilities (OMHDD) operates eight offices statewide with fewer than 20 staff
- We oversee more than 16,000 agencies, facilities, programs, and licensees providing services to over 300,000 Minnesotans with mental, developmental, chemical, and emotional disabilities
- OMHDD staff respond to more than 4,500 requests for assistance, reviews more than 1,500 serious injury reports, and over 850 death reports annually
- Monitors quality of care related to Department of Human Services and Department of Health Licensing, the Department of Education, Special Review Board, Nursing Home closures, Behavior Intervention Report Forms, and the U of M Clinical Trials on psychiatric medications

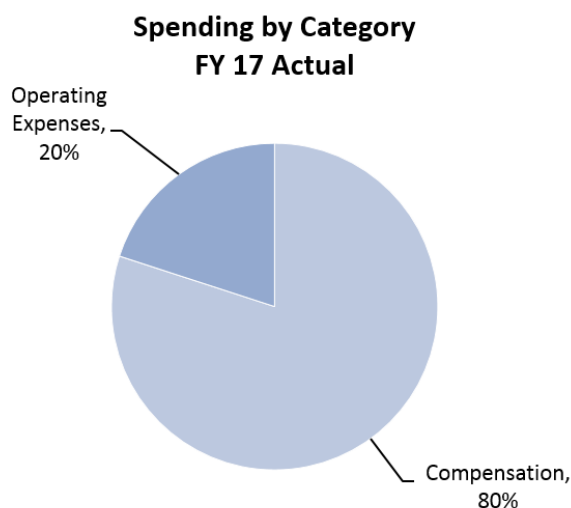
PURPOSE

The OMHDD promotes the highest attainable standards for treatment, competence, efficiency, and justice for persons receiving state provided or state funded care and treatment for mental illness (MI), developmental disabilities (DD), chemical dependency (CD), substance use disorder (SUD), and emotional disturbance (ED).

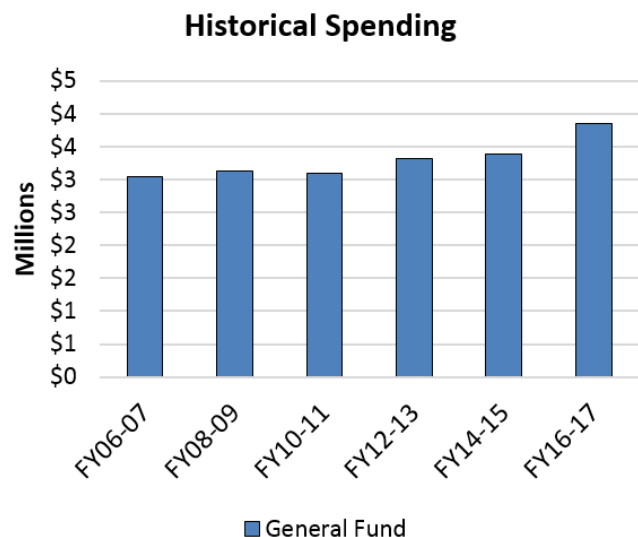
OMHDD works to resolve client complaints and concerns regarding treatment and rights-related issues. The OMHDD reviews serious injury and death reports of clients, monitors Clinical Drug Trials at the U of M, and provides civil commitment and other training statewide.

OMHDD contributes to statewide outcomes **that all Minnesotans have optimal health and efficient and effective government services.**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

STRATEGIES

The OMHDD regional and medical review staff monitor client cases for individual client needs and also for systemic issues in all areas of the MI, DD, CD/SUD and ED service systems. When staff see issues occurring in multiple areas of the state they can quickly share information to providers on what has been seen and how OMHDD staff have helped others deal with those issues. Medical Review staff produce timely and topical medical alerts which focus on education and prevention of issues that negatively impact client safety. The alerts are shared electronically with licensed providers and interested persons statewide. OMHDD staff provide civil commitment education to stakeholders in an effort to reduce the number of inappropriate commitments, save valuable resources, and get clients to the level of service they require in the least restrictive environment needed.

The OMHDD acts as the intermediary between Minnesota residents and state government provided or funded service delivery systems. When practices, policies, and procedures do not make sense to clients, are unfair, or errors have been made, OMHDD staff can help bring the two sides together to obtain the best result for the client. OMHDD provides training to providers, families, law enforcement, legal, medical, local, county, and state staff in order to improve services and increase understanding of service delivery systems and laws. OMHDD staff are involved in local and statewide work groups and committees covering a wide variety of topics related to client care provision. OMHDD staff also monitor the quality of care via report review from multiple agencies, facilities and programs.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Cases by all issue types	18,520	18,731	FY 14-15; FY 16-17
Quantity	Civil commitment trainings/attendees	32/1,068	44/1,213	FY 14-15; FY 16-17

The following statutes apply to the OMHDD:

MS Chapter 245.91 <https://www.revisor.mn.gov/statutes/?id=245.91>
MS Chapter 245.92 <https://www.revisor.mn.gov/statutes/?id=245.92>
MS Chapter 245.93 <https://www.revisor.mn.gov/statutes/?id=245.93>
MS Chapter 245.94 <https://www.revisor.mn.gov/statutes/?id=245.94>
MS Chapter 245.945 <https://www.revisor.mn.gov/statutes/?id=245.945>
MS Chapter 245.95 <https://www.revisor.mn.gov/statutes/?id=245.95>
MS Chapter 245.96 <https://www.revisor.mn.gov/statutes/?id=245.96>
MS Chapter 245.97 <http://www.revisor.mn.gov/statutes/?id=245.97>.

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,842	2,012	2,264	2,770	2,438	2,438	2,438	2,438
2001 - Other Misc Special Revenue	46							
Total	1,888	2,012	2,264	2,770	2,438	2,438	2,438	2,438
Biennial Change				1,134		(158)		(158)
Biennial % Change				29		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Ombudsman for MH & DD	1,888	2,012	2,264	2,770	2,438	2,438	2,438	2,438
Total	1,888	2,012	2,264	2,770	2,438	2,438	2,438	2,438

Expenditures by Category

Compensation	1,521	1,604	1,807	2,014	1,977	2,009	1,977	2,009
Operating Expenses	363	397	451	752	457	425	457	425
Capital Outlay-Real Property			1					
Other Financial Transaction	4	11	5	4	4	4	4	4
Total	1,888	2,012	2,264	2,770	2,438	2,438	2,438	2,438

Full-Time Equivalents

	16.24	16.75	17.93	19.58	20.00	20.00	20.00	20.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	193	369	193	337				
Direct Appropriation	1,917	2,382	2,407	2,433	2,438	2,438	2,438	2,438
Transfers Out		85						
Cancellations		461						
Balance Forward Out	267	193	336					
Expenditures	1,842	2,012	2,264	2,770	2,438	2,438	2,438	2,438
Biennial Change in Expenditures				1,180		(158)		(158)
Biennial % Change in Expenditures				31		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	16.12	16.75	17.93	19.58	20.00	20.00	20.00	20.00

2001 - Other Misc Special Revenue

Receipts	46					
Expenditures	46					
Biennial Change in Expenditures			(46)		0	0
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	0.12					

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	2,433	2,433	2,433	4,866
Base Adjustments				
Pension Allocation		5	5	10
Forecast Base	2,433	2,438	2,438	4,876
Total Governor's Recommendations	2,433	2,438	2,438	4,876

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AT A GLANCE

- In 2017, Minnesota's child population was 1,298,657. Of the total child population, 39,606 children were alleged victims of child maltreatment.
- Minnesota ranked #4 in the nation in overall child well-being (2017 KIDS COUNT Data Book). However, Minnesota continues to have some of the nation's largest racial disparities. Compared to White children, based on child population estimates, American Indian children were over 17 times more likely to experience care, children identified as two or more races were over 4 times more likely to experience care and African American children were over 3 times more likely to experience care.
- For FY 2017, approximately 84% of the Agency's spending is budgeted from the General Fund and 16% from the Special Revenue Fund.
- Four full-time Ombudspersons operate independently, but in collaboration with the Minnesota Indian Affairs Council, Council for Minnesotans of African Heritage, Council on Asian-Pacific Minnesotans, and the Minnesota Council on Latino Affairs. Each Council appoints a volunteer community-specific board that is advisory to the Ombudspersons.

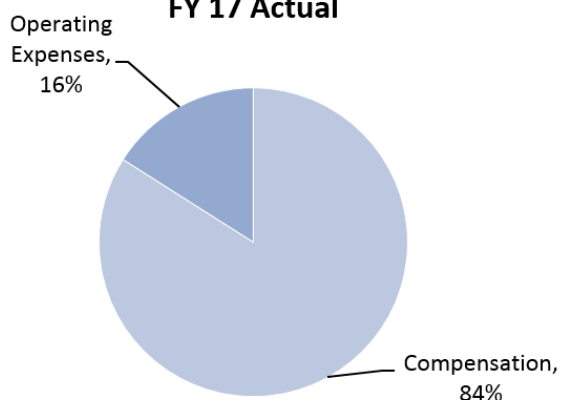
PURPOSE

The Office of Ombudsperson for Families (OBFF) is an independent state agency whose goals are: (1) to reduce racial and ethnic disparities and disproportionality in Minnesota's child welfare system; (2) to improve outcomes for children and their families involved in child protection cases; (3) to ensure that all laws governing the protection of children and their families are implemented in a culturally and linguistically competent manner; and (4) to ensure that laws protecting children and families are adhered to in decision-making processes. We work to resolve complaints from families who have been negatively impacted by child welfare social service agencies.

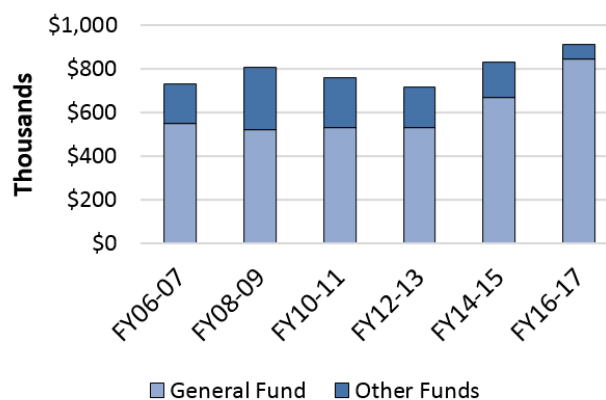
Our mission is to ensure that children and families are protected by law in all child placement proceedings conducted by public and private agencies and organizations.

OBFF contributes to the following statewide outcomes:

- **Strong and stable families and communities**
- **People in Minnesota are safe**
- **Efficient and accountable government services**

BUDGET**Spending by Category****FY 17 Actual**

Source: Budget Planning & Analysis System (BPAS)

Historical Spending

Source: Consolidated Fund Statement

DISPARITIES DATA AT A GLANCE

Minnesota Children in Out-of-Home Care 2016

<i>Race/Ethnicity</i>	<i>2015 Number</i>	<i>2015 Percent</i>	<i>2016 Number</i>	<i>2016 Percent</i>	<i>All MN Kids 2016 Number</i>	<i>All MN Kids 2016 Percent</i>
African American/Black	2,348	17%	2,423	16%	122,535	9%
American Indian	2,617	19%	2,946	20%	26,515	2%
Asian	248	2%	296	2%	79,013	6%
Pacific Islander	13	<1%	17	<1%	1,226	<1%
Unknown/declined	146	1%	235	2%	--	--
Two or more races	2,049	15%	2,277	15%	70,937	6%
White	6,191	46%	6,810	45%	990,412	77%
Total	13,612	100%	15,004	100%	1,290,638	100%
Hispanic (any race)*	1,292	10%	1,426	10%	113,525	9%

Source: Minnesota Department of Human Services

*Counties, the state, and the U.S. Census Bureau disaggregates data for people of Hispanic heritage as Hispanic people may attribute themselves to different races. These numbers are already included in the totals and are dispersed between the different race/ethnicity categories above listed.

STRATEGIES

To accomplish its mission, OBFF uses the following strategies:

- **Investigation** - Through case investigations, the Ombudspersons make recommendations on cases regarding non-compliance with state or federal laws and policies. These cases include, but are not limited to: possible bias, discrimination, lack of culturally appropriate services, and inadequate linguistic and cultural sensitivity.
- **Taking Complaints** - Complaints include a person making a specific claim against a county child welfare agency, or its agent; a public or private child placing agency, or its agent; the courts; the Guardian Ad Litem Program; and others. A person may call to complain about current laws, policies, and practices.

Specific examples of types of complaints include, but are not limited to the following: Violations of the Indian Child Welfare Act; children are not placed with their families or relatives; relatives and families are not being considered for permanency placement; no transportation to visitations; cannot get into treatment in a timely manner; inadequate housing; lack of understanding of the court process/system; the public defender (parents' attorney) not being helpful; and the child protection workers' lack of cultural sensitivity. [Note: OBFF does not provide direct services or programs, nor do the Ombudspersons have enforcement over their recommendations.]

- **Monitoring** – (a) Monitor agency compliance with all laws governing child protection and placement that impact children of color and American Indian children; (b) document and monitor court activities in order to heighten awareness of diverse belief systems and family relationships; (c) ensure experts from the appropriate community of color, including tribal advocates, are used as court advocates and are consulted in placement decisions that involve children of color and American Indian children; (d) ensure Guardians ad Litem and other individuals from communities of color and American Indian are used in court proceedings to advocate on behalf of children of color and American Indian children; and (e) provide training programs for bilingual workers.

- **Public Policy Development** - Through public policy development, the Ombudspersons work to effect policy changes when current policies do not reflect best practices. Examples of some of the initiatives on which the Ombudspersons have worked include: Minnesota Supreme Court Children's Justice Initiative (CJI); Minnesota Department of Human Services Children's Justice Act (CJA) Task Force; Minnesota Child Welfare Training System (MNCWTS); Ramsey County Citizen Advisory Panel; and Hennepin County Child Protection Task Force. These initiatives and task forces have had an ongoing and positive impact on reducing racial disparities and disproportionality in child welfare; and improving outcomes for children and their families involved in child protection cases.

RESULTS

<i>Name of Measure</i>	<i>2015 Report</i>	<i>2016 Report</i>	<i>2017 Report</i>
Complaints and Inquiries received*	1,972	2,221	2,290
Consultations/resolutions	861	809	918
Investigations	58	86	111

*This measure tracks the number of calls/complaints to OBFF to make inquiries, to lodge a complaint, or request information about the child protection system and how to navigate it.

Governor Mark Dayton's Task Force on the Protection of Children met from September 2014 through March 2015 and developed 93 recommendations for improvements to the State of Minnesota's Child Protection System. The Minnesota Legislature quickly acted on several of the Task Force's recommendations, which resulted in an increased number of cases being screened in at the county level. According to the 2016 Department of Human Services Out-of-home Care and Permanency Report Summary, there has been an increase of over 15,000 reports received annually.

Additional statistics calculated that screened-out reports decreased from 70.3% in 2014 to 67.5% in 2015. This means that an additional 3% of reports were screened-in for assessment or investigation.

All of the changes put forth by the Minnesota Legislature and the Task Force affected greatly the number of telephone calls and complaints to the OBFF, which is illustrated in the above graph. Due to the increase, the OBFF provided more consultations and case resolutions to complainants, as well as the number of Child in Need of Protection or Services (CHIPS) cases that were investigated. The statewide ripple effect of the increases in calls have affected the social services agencies, the courts, the state Guardian ad Litem Program, other major stakeholders, and OBFF itself. For instance, the number one reason for the call volume increase is parental drug abuse followed by alleged neglect, respectively, 2,091 (27.1%) and 1,894 (24.5%). (Minnesota's Out-of-home Care and Permanency Report, 2016).

In addition, on January 1, 2015, the Northstar Care for Children law took effect. This new law consolidated and simplified three child welfare programs: Family Foster Care, Kinship Assistance (which replaced Relative Custody Assistance), and Adoption Assistance to support families caring for children who must be removed from the home for reasons of child protection, delinquency or disability. This also resulted in an increased number of telephone calls to OBFF.

M.S. 257.0755 (<https://www.revisor.mn.gov/statutes/?id=257.0755>) provides the legal authority for the Office of Ombudsperson for Families

Ombudsperson for Families

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	380	465	454	472	467	467	714	723
2001 - Other Misc Special Revenue	66	2	5	138	159	161	159	161
Total	446	467	460	610	626	628	873	884
Biennial Change				156		184		687
Biennial % Change				17		17		64
Governor's Change from Base								503
Governor's % Change from Base								40

Expenditures by Program

Ombudspersons for Families	446	467	460	610	626	628	873	884
Total	446	467	460	610	626	628	873	884

Expenditures by Category

Compensation	380	391	372	418	439	442	686	698
Operating Expenses	66	76	85	182	177	176	177	176
Capital Outlay-Real Property				10	10	10	10	10
Other Financial Transaction		0	3					
Total	446	467	460	610	626	628	873	884

Full-Time Equivalents

4.66	4.77	4.50	5.00	5.00	5.00	8.00	8.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		12		6				
Direct Appropriation	392	453	460	466	467	467	714	723
Balance Forward Out	12		6					
Expenditures	380	465	454	472	467	467	714	723
Biennial Change in Expenditures				81		8		511
Biennial % Change in Expenditures				10		1		55
Governor's Change from Base								503
Governor's % Change from Base								54
Full-Time Equivalents	4.63	4.77	4.50	5.00	5.00	5.00	8.00	8.00

2001 - Other Misc Special Revenue

Balance Forward In	115	144	234	321	275	208	275	208
Transfers In	92	92	92	92	92	92	92	92
Balance Forward Out	141	234	321	275	208	139	208	139
Expenditures	66	2	5	138	159	161	159	161
Biennial Change in Expenditures				75		177		177
Biennial % Change in Expenditures				110		124		124
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.03							

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	466	466	466	932
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	466	467	467	934
Change Items				
Addition of Two Full-Time Investigators & Intake Worker		247	256	503
Total Governor's Recommendations	466	714	723	1,437
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	138	159	161	320
Forecast Base	138	159	161	320
Total Governor's Recommendations	138	159	161	320

Office of Ombudsperson for Families

FY 2020-21 Biennial Budget Change Item

Change Item Title: Addition of Investigators and an Intake Worker

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	247	256	256	256
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	247	256	256	256
FTEs	3	3	3	3

Recommendation:

The Governor recommends additional funding for three staff positions at the Office of Ombudsperson for Families (OBFF).

Rationale/Background:

On January 1, 2015, the Northstar Care for Children law took effect. This new law consolidated and simplified three child welfare programs: family foster care, kinship assistance (which replaced relative custody assistance) and adoption assistance to support family caring for children who must be removed from the home for reasons of child protection, delinquency or disability. These also resulted in an increased number of telephone calls to the OBFF.

Additionally, in 2017, the Office received 2,290 calls for assistance; consulted and resolved 40% of the case circumstances; and conducted 111 investigations.

The 2018 Minnesota legislative session established a Foster Care Sibling Bill of Rights for children who enter foster care. Effective August 1, 2018, child welfare agency staff are required to provide a copy of the Sibling Bill of Rights Commissioner's Form to children at the time they enter foster care and to adult siblings of a child entering foster care, when known, and to their foster care provider. The law also provided that if there are questions or complaints, the Office of Ombudsperson for Families (OBFF) should be contacted. The implementation of this new law will increase the number of calls, inquiries, complaints and requests for investigations.

Proposal:

Presently, there are four full-time community-specific ombudspersons and one full-time office administrative specialist. The intake worker will assist the office administrative specialist in the increased number of telephone and email traffic to the OBFF and streamline the intake process so that the calls can be directed to the community-specific ombudsperson in a timely manner. The addition of the two full-time investigators will allow the office to conduct more investigations in a timely manner and ensure that children and their families are guaranteed fair treatment, especially on racial grounds, by all agencies that provide child welfare services.

The addition of these positions will allow OBFF to: (1) Create a referral center in the office to assist families in finding the resources that they need to maintain safety and stability when they are dealing with child abuse issues; (2) Follow-up with county agencies when child abuse complaints are not screened in for further county investigation; (3) Assist families in navigating inter-systems and across systems (achievement gap/education, juvenile justice, housing, substance/chemical abuse services, etc.) when families are represented in more than

one system; (4) Develop an external citizen satisfaction survey of Minnesota's counties, child welfare services and child placing agencies; and (5) identify trends and/or systemic problems and issues.

Equity and Inclusion:

In 2017 Minnesota's child population was 1,298,657. Of the total child population, 39,606 children were alleged victims of child maltreatment. Minnesota ranked #4 in the nation in overall child well-being according to the 2017 Annual National Annie E. Casey Kids Count Profile. According to the 2016 Out-of-Home Care and Permanency Report from the Department of Human Services, there were 15,004 children who experienced 15,654 placement episodes during 2016. From 2015 to 2016, there was a 10.2 percent increase in the overall number of children who experienced out-of-home care. White children remain the largest group, both entering care and continuing in care, however, disproportionality remains a significant concern for children in out-of-home placement. Compared to White children, based on child population estimates, American Indian children were 17.6 times more likely to experience care, children identified as two or more faces were 4.8 times more likely to experience care and African-American children were over 3.1 times more likely to experience care.

Results:

The intended result is that all children in Minnesota's child welfare system are equitably supported and that the agencies who have children in foster care are in compliance with the new Foster Care Sibling Bill of Rights and that the complaints from the children and other interested persons are handled in a timely manner.

The intended result is that all families in Minnesota's child welfare system are equitably supported to ensure that children have safety and permanency in their own homes. We will work with state partners to achieve our desired results including the Minnesota Department of Human Services, Minnesota State Guardian ad Litem Program, Minnesota Courts, and Minnesota Legislature.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Quantity	Complaints and Inquiries received*	1,975	2,221	2,290
Quality	Consultations/resolutions	861	809	918
Results	Investigations	58	86	111

The implementation of this new law will substantially increase the number of calls, inquiries, complaints and requests for investigations on an already overburdened and strained staff of the OBFF. Presently, there are four full-time community-specific ombudspersons and one full-time office administrative specialist. The intake worker will assist the office administrative specialist in the increased number of telephone and email traffic to the OBFF and streamline the intake process so that the calls can be directed to the community-specific ombudsperson in a timely manner.

Statutory Change:

M.S. 257.0755 provides the legal authority for the Office of Ombudsperson for Families.

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mn.gov/boards/optometry/

AT A GLANCE

Credentialing Services

- 1,130 renewed licenses
- 51 new licenses

Education Services

- 1,130 reviews of reported continuing education
- 113 audits of reported continuing education
- 40 continuing education program approvals

Complaint Resolution

- Investigated 39 complaints
- Formal action for 11 complaints

Source: Annual Board Report For Year Ended 06/30/2018

PURPOSE

The Minnesota Board of Optometry is responsible for protection of the public through the regulation of optometrists (OD) in the state of Minnesota. The Board was established in 1915 under the authority of Minnesota Statutes, Chapter 148. Regulation is accomplished through licensure examination, annual license renewal, continuing education requirements, as well as providing neutral and timely investigations and resolution of complaints against licensees. Approximately 75% of Minnesotans use some type of vision correction.

The Board's mission is to:

- Protect the public through effective licensure and enforcement of the statutes and rules governing the practice of optometry
- Ensure a standard of competent and ethical care
- Provides timely and neutral resolution of complaints

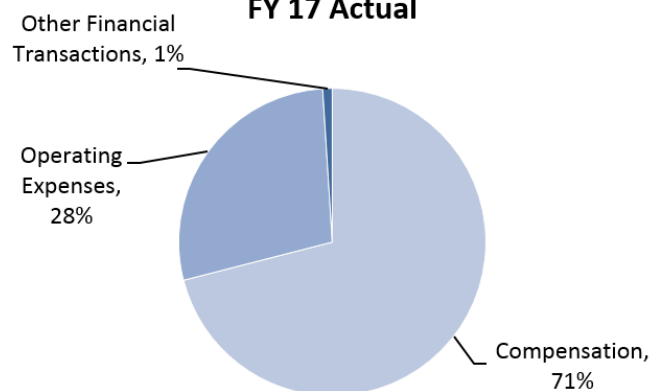
The Board contributes to the statewide outcomes of:

- **People in Minnesota are safe**
- **Efficient and accountable government services**

BUDGET

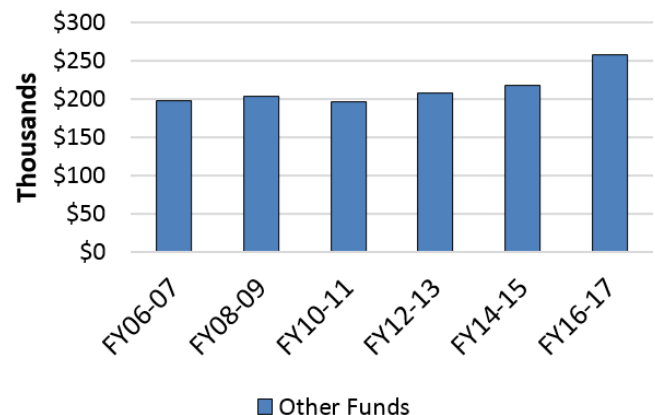
Spending by Category

FY 17 Actual



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) requires the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases, and operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are: the Administrative Services Unit (inter-board), Health Professionals Services Program (inter-board), Prescription Monitoring Program (Pharmacy Board), Office of the Attorney General for legal services, and the Criminal Background Check Program (inter-board).

Board members communicate openly with licensees to ensure fees are used prudently. (ARBO). The national optometry board, the Association of Regulatory Boards for Optometry (ARBO) completes an annual survey of all fees charged to the nation's OD's for licensing activities. The Minnesota Board of Optometry renewal of license fees are in the lowest 25% percentile in the nation.

STRATEGIES

The Board of Optometry regulates the profession by:

- Setting educational standards for initial licensure.
- Reviewing applicant's education and training to determine compliance with the board's licensure requirements.
- Reasonably ensuring that only applicants who meet licensure requirements are granted a license.
- Issuing initial and renew licensure for qualified professionals.
- Setting continuing education requirements for maintenance of licensure.
- Setting standards of practice and taking disciplinary or corrective action against misconduct for licensees.
- Responding to public and agency inquiries, complaints, and reports regarding licensure and conduct of applicants and licensees and completing those reviews in a timely and neutral manner.
- Providing information about licensure requirements and standards of practice to citizens and other interested persons or agencies.

The board provides services to 1,130 licensed optometrists in Minnesota and collaborates with continuing education and provider associations. The current board chair and one other Minnesota board member serve on the national board, the Association of Regulatory Boards of Optometry.

Quarterly board meetings are driven by seven governor-appointed board members with other stakeholders in attendance. Complaints are actively reviewed by an OD and one public member to assure the blending of both perspectives in seeking a timely and neutral review of the concerns presented. The board agenda reflects quality improvement activities with key statistics tracked and shared with the attendees. Board discussion leads to action steps and directives to staff which is listed in the minutes of each board meeting. Those minutes are posted on the website.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of license renewals completed online	99%	90%	FY 2017 & FY 2018
Quality	Percent of initial applications completed online	77%	83%	FY 2017 & FY 2018
Quantity	Number of complaints received/closed without investigation within three months	11/1	39/6	FY 2017 & 2018

The statutory authority for the Minnesota Board of Optometry was most recently updated in 2015 is located in Chapter 148: <https://www.revisor.mn.gov/statutes?id=148.52>

The rules was most recently updated in July, 2018 and are located in MN Rules Chapter 6500.
<https://www.revisor.mn.gov/rules?id=6500>

Additional statutes pertaining to all health licensing boards are found in Chapters 13, 16, and 214.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	133	124	134	216	176	176	200	201
2000 - Restrict Misc Special Revenue			2	2	2	2	24	24
Total	133	124	135	218	178	178	224	225
Biennial Change				97		3		96
Biennial % Change				38		1		27
Governor's Change from Base								93
Governor's % Change from Base								26

Expenditures by Program

Optometry Board	133	124	135	218	178	178	224	225
Total	133	124	135	218	178	178	224	225

Expenditures by Category

Compensation	93	87	98	122	123	124	147	149
Operating Expenses	40	34	38	95	55	54	77	76
Other Financial Transaction		2		1				
Total	133	124	135	218	178	178	224	225

Full-Time Equivalents

0.86	0.82	0.89	0.88	0.88	0.88	1.13	1.13
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		21		40				
Direct Appropriation	138	143	174	176	176	176	200	201
Open Appropriation	16							
Cancellations		41						
Balance Forward Out	21		40					
Expenditures	133	124	134	216	176	176	200	201
Biennial Change in Expenditures				93		2		51
Biennial % Change in Expenditures				36		1		15
Governor's Change from Base								49
Governor's % Change from Base								14
Full-Time Equivalents	0.86	0.82	0.89	0.88	0.88	0.88	1.13	1.13

2000 - Restrict Misc Special Revenue

Receipts			2	2	2	2	24	24
Balance Forward Out			0					
Expenditures			2	2	2	2	24	24
Biennial Change in Expenditures				4		0		44
Biennial % Change in Expenditures						9		1,210
Governor's Change from Base								44
Governor's % Change from Base								1,100

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Direct</i>				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	176	176	176	352
Forecast Base	176	176	176	352
Change Items				
Operating Adjustment		24	25	49
Total Governor's Recommendations	176	200	201	401
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	2	2	2	4
Forecast Base	2	2	2	4
Change Items				
OE Tracker (Optometry Education)		22	22	44
Total Governor's Recommendations	2	24	24	48
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	2	2	2	4
Change Items				
OE Tracker (Optometry Education)		22	22	44
Total Governor's Recommendations	2	24	24	48
<i>Non-Dedicated</i>				
Fund: 1201 - Health Related Boards				
Forecast Revenues	157	157	157	314
Change Items				
Fee Increase		75	75	150
Total Governor's Recommendations	157	232	232	464

Optometry, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Government Special Revenue Fund				
Expenditures	24	25	25	25
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	24	25	25	25
FTEs	.25	.25	.25	.25

Recommendation:

The Governor recommends \$49,000 from the State Government Special Revenue Fund in the FY 2020-2021 biennium to maintain the current level of service delivery at the Board of Optometry.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Minnesota Board of Optometry, this funding will cover known employee compensation growth and support for an additional shared staff member shared among three boards and assure contemporary national practice standards. Current staffing is .83 FTE's and with this increase, three people would total 1.08 FTE's assigned to various specialty work assignments.

Small Agency Increase:	FY 2020	FY 2021	FY 2022	FY 2023
Salary Increases (Assistant ED)	\$24,000	\$25,000	\$25,000	\$25,000
Total	\$24,000	\$25,000	\$25,000	\$25,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

Results:

This proposal is intended to allow the Board to continue to provide current levels of service and information to the public.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of license renewals completed online	88%	93%	FY2017- FY2018
Quality	Percent of initial applications completed online	65%	88%	FY2017- FY2018

Statutory Change(s):

N/A

Optometry, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Fee Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	0	0	0	0
Revenues	75	75	75	75
Net Fiscal Impact = (Expenditures – Revenues)	(75)	(75)	(75)	(75)
FTEs	0	0	0	0

Recommendation:

The Governor recommends a fee increase for the Minnesota Board of Optometry. The Board requires both a fee increase to maintain its core functions. The most recent fee increase occurred in 2014. Currently, the Board does not collect fees sufficient to fund budgeted expenses. The Board received an appropriation increase in 2017. However, due to an end of session oversight fee increase language was not included in the bill

This proposal would give the Board authority set fees at an amount ‘not to exceed’ a specified cap, which would allow the Board to manage future budgets.

Rationale/Background:

The Board requires a fee adjustment to eliminate a gap between board-generated revenues and appropriations, as well as to support additional spending for IT expenses, Criminal Background Check operations, and increased expenses related to the Health Professional Services Program and the Administrative Services Unit. Board members carefully monitor both fees and expenses. Statutorily, the Board currently does not meet the required six month reserve.

The proposed fee increase will be a ‘not to exceed’ amount. Each year the Board will approve their fee schedule so as not to build up a large surplus, but to operate within state guidelines of minimum balances. Currently, the board-staffing pattern is with two part time individuals totaling less than one full time equivalent. Rent is the next largest budget item. Most discretionary spending has been eliminated.

Proposal:

The Board shares two staff members with two other agencies to generate operational efficiency. This proposal funds partnerships with other state agencies, which focus on specific administrative tasks. The Criminal Background Check Unit, the Health Professional Services Program, and the Administrative Services Unit are all partners in working with the Board to maximize public safety with efficient and focused services, not achievable by an independent board. The effective implementation date would be July 1, 2019.

The Board:

- Requests to increase the license renewal fee by \$65.00
- Requests to establish a fee for the state jurisprudence examination of \$75.00
- Requests to create a new budget line item for preparing data for public data requests. The fee is currently embedded within the miscellaneous account and the board requests to separate this item and to track it for accounting purposes.

Fees	Units per year	Current Fee	Not to exceed Proposed Fee	Total Revenue FY 2020
Annual License Renewal (increase)	1,100	\$135.00	\$200.00	\$71,500
State Jurisprudence Examination (new)	48	\$0	\$75.00	\$3,600
Miscellaneous to Labels/Data Retrieval	48	\$50.00	\$50.00	-0-
Total				\$75,100

Equity and Inclusion:

The proposal affects all 1,100 licensed optometrists and 48 applicants per year. The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of license renewals completed online	88%	93%	FY2017 & FY2018
Quality	Percent of initial applications completed online	65%	88%	FY 2018

Statutory Change(s):

Fees are currently listed in M.S. 148.59

Optometry, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Optometry Education (OE) Tracker

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	22	22	22	22
Revenues	22	22	22	22
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends that the Minnesota Board of Optometry purchase a subscription to the national optometric board's continuing education database for all Minnesota Optometrists. Currently, 74% of all Minnesota Optometrists self-enroll in the national continuing education database and pay an individual fee of \$25.00 per year. With this request, the Minnesota Board of Optometry would collect and pay the annual subscription, at a discounted payment of \$20.00 for Optometric Doctors (ODs). This fees associated with this proposal will match the registration expense. This will not result in any change in the board's overall operational budget.

Rationale/Background:

Similar to the current North Dakota model, the Minnesota Board of Optometry would collect a fee for the online continuing education database, which automates continuing education for license renewal. The fee would be collected by the board as part of the annual license renewal and paid to the national clearinghouse; Continuing Optometric Practitioner Education (COPE). With approval, 72% of all Optometrists could save \$5.00 per year. Currently, OE Tracker tracks continuing education for all Minnesota Optometrists. Bill language would allow the Board flexibility to increase the fee at a not to exceed amount as aligned with the cost of the subscription.

COPE collects all approved continuing education attended by ODs throughout the nation and provides an electronic distribution of that data to the Minnesota Board of Optometry. In the past year, ODs using OE Tracker completed the electronic renewal of license averaging less than five minutes.

Proposal:

	Units per year	Current Fee	Proposed Fee to Charge FY 2020	Total Revenue FY 2020	Total Revenue FY 2021
Fees/Revenue					
Annual OE Tracker Subscription	1,100	\$0.00	\$20.00	\$22,000	22,000

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
OE Tracker: Subscription Expense	\$22,000	\$22,000	\$22,000	\$22,000
Total	\$22,000	\$22,000	\$22,000	\$22,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

Results:

Board members would achieve 100% of auditing all ODs for continuing education requirements.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of license renewals completed online	88%	93%	FY2016 & FY2017
Quality	Percent of initial applications completed online	65%	88%	FY2016 & FY2017

Statutory Change(s):

Fees are currently listed in M.S. 148.59

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Peace Officer Standards and Training Board

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dps.mn.gov/entity/post/Pages/default.aspx

AT A GLANCE

- License more than 12,000 peace officers and part-time peace officers.
- Certify the Professional Peace Officer Education programs at 29 colleges and universities.
- Conduct law enforcement agency compliance reviews.
- Process complaints of peace officer misconduct.
- The POST Board serves more than 430 law enforcement agencies, 29 colleges and universities, legislators and Governor's office, local elected officials, other state agencies, as well as special interest groups, individual citizens and the media.

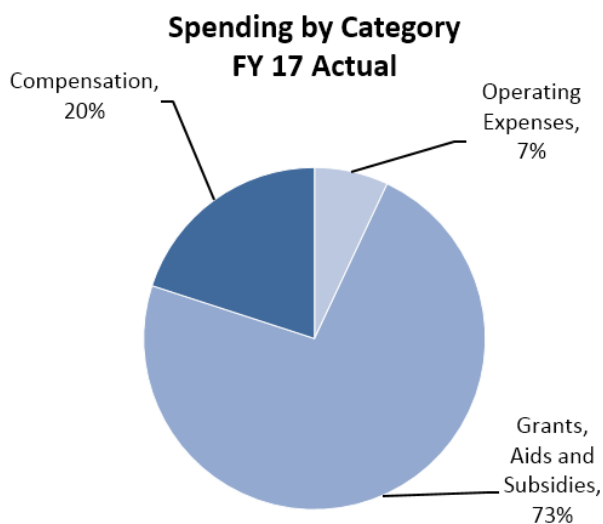
PURPOSE

The mission of the Minnesota Board of Peace Officer Standards and Training (POST Board) is to advance the professionalism of Minnesota's peace officers by adopting and regulating education, selection, licensing and training standards. Established in 1978 by M.S. 626.84 (<https://www.revisor.mn.gov/statutes/?id=626.84>), the purpose of the POST Board is to regulate and enhance the profession of law enforcement throughout the state of Minnesota.

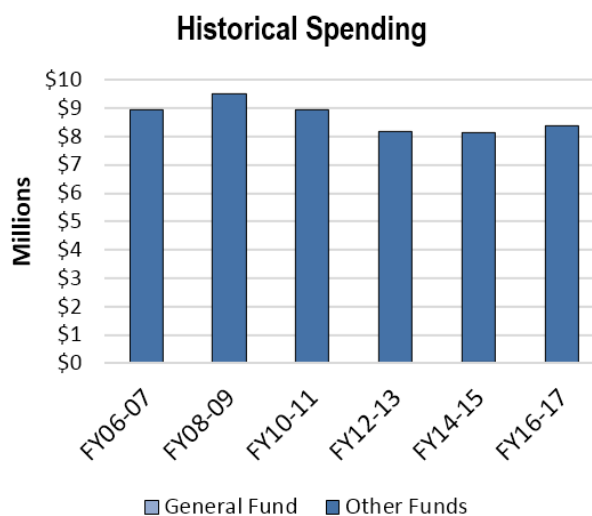
The POST Board supports the following statewide outcomes.

- **Minnesotans have the education and skills needed to achieve their goals**
- **People in Minnesota are safe**
- **Efficient and accountable government services**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The POST Board is funded through a special revenue account from a surcharge on certain criminal and traffic offences. Although the law directs the state treasurer to credit 39% of the proceeds of the first \$25 of that surcharge to the Peace Officer Training Account, POST's budget cannot exceed the legislated base appropriation. Minnesota Statutes 171.20 Subdivision 4 (d) (<https://www.revisor.mn.gov/statutes/cite/171.20>) requires that certain non-DUI (Driving Under the Influence) reinstatement fees be deposited in a special revenue account and

appropriates those proceeds to POST for training reimbursements to local government. The POST Board also received a General Fund appropriation in FY 18-19. The budget for FY 18-19 from all these sources is \$20,480,000 and it is allocated as follows:

- Training reimbursements to local governments (includes \$12,000,000 from the General Fund):
..... \$17,718,000
- General operating costs:..... \$2,382,000
Training reimbursements to local governments from non-DUI
Related Driver's License Reinstatements \$180,000
- Special Revenue for Training (one time appropriation) \$200,000
- The POST Board has 10 full-time employees.

STRATEGIES

The POST Board's mission is implemented through the following functions:

Education

- establish and maintain pre-service education learning objectives
- manage a training reimbursement fund for law enforcement agencies

Licensing and Compliance

- administer license exams (peace officer, interstate reciprocity and military reciprocity)
- license peace officers
- renew and restore peace officer licenses
- ensure compliance with standards of conduct
- ensure compliance with in-service continuing education requirements
- conduct annual on-site compliance reviews of the state's 431 law enforcement agencies every 4-5 years
- process allegations of misconduct and impartial policing complaints

Efficiency

- administer new on-line examination process and administer current computer system enhancements to data collection, processing and data storage
- manage the in-house e-licensing system
- manage the in-house continuing education tracking system for licensees
- perform other duties and services as mandated by the legislature

RESULTS

While Board and staff members are comfortable and experienced in their role as the State's regulatory agency for law enforcement, POST also serves a parallel role as a resource to law enforcement officers, chiefs, sheriffs and state agency directors.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Awarded new peace officer license	605	596	FY 17/FY18
Quantity	Administered peace officer exams	1,013	899	FY 17/FY18
Quantity	Conducted on-site law enforcement agency compliance reviews	76	47	FY 17/FY18

POST's enabling legislation was created in 1977 session law and later codified under M.S. 626.84 (<https://www.revisor.mn.gov/statutes/?id=626.84>), which provides the legal authority for the POST Board.

Peace Officer Standards and Training Board

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			6,000	6,000	6,000	6,000	6,000	6,000
2000 - Restrict Misc Special Revenue	4,180	4,204	4,029	4,448	4,246	4,246	4,401	4,401
Total	4,180	4,204	10,029	10,448	10,246	10,246	10,401	10,401
Biennial Change				12,093		15		325
Biennial % Change				144		0		2
Governor's Change from Base								310
Governor's % Change from Base								2

Expenditures by Program

Peace Officers Standards & Training	4,180	4,204	10,029	10,448	10,246	10,246	10,401	10,401
Total	4,180	4,204	10,029	10,448	10,246	10,246	10,401	10,401

Expenditures by Category

Compensation	921	851	781	988	988	988	1,143	1,143
Operating Expenses	206	269	195	208	208	208	208	208
Grants, Aids and Subsidies	3,053	3,063	9,046	9,251	9,049	9,049	9,049	9,049
Capital Outlay-Real Property				1	1	1	1	1
Other Financial Transaction	0	20	7					
Total	4,180	4,204	10,029	10,448	10,246	10,246	10,401	10,401

Full-Time Equivalents

10.44	9.19	8.16	10.00	10.00	10.00	11.00	11.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation			6,000	6,500	6,000	6,000	6,000	6,000
Transfers Out				500				
Expenditures			6,000	6,000	6,000	6,000	6,000	6,000
Biennial Change in Expenditures				12,000		0		0
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	97	151		202				
Direct Appropriation	4,112	4,129	4,144	4,156	4,156	4,156	4,311	4,311
Receipts	0							
Transfers In	122	104	87	90	90	90	90	90
Transfers Out		180						
Cancellations			0					
Balance Forward Out	151		202					
Expenditures	4,180	4,204	4,029	4,448	4,246	4,246	4,401	4,401
Biennial Change in Expenditures				93		15		325
Biennial % Change in Expenditures				1		0		4
Governor's Change from Base								310
Governor's % Change from Base								4
Full-Time Equivalents	10.44	9.19	8.16	10.00	10.00	10.00	11.00	11.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	6,000	6,000	6,000	12,000
Forecast Base	6,000	6,000	6,000	12,000
Change Items				
Deficiency Funding Request	500			
Total Governor's Recommendations	6,500	6,000	6,000	12,000
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	4,156	4,156	4,156	8,312
Forecast Base	4,156	4,156	4,156	8,312
Change Items				
Rulemaking Initiative		155	155	310
Total Governor's Recommendations	4,156	4,311	4,311	8,622
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	90	90	90	180
Forecast Base	90	90	90	180
Total Governor's Recommendations	90	90	90	180
Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	450	450	450	900
Total Governor's Recommendations	450	450	450	900

Minnesota Board of Peace Officer Standards and Training (POST Board)

FY 20-21 Biennial Budget Change Item

Change Item Title: Deficiency Funding Request

Fiscal Impact (\$000s)	FY 2019			
General Fund				
Transfer Out	500			
Revenues	0			
Net Fiscal Impact = (Expenditures – Revenues)	500			
FTEs	0			

Recommendation:

The Governor recommends a general fund appropriation of \$500,000 in FY 2019 for the Minnesota Board of Peace Officer Standards and Training (POST Board). This funding would be transferred to the peace officer training account in the special revenue fund to ensure adequate revenues in the account to cover the agency's total direct appropriation of \$4,156,000 in FY 2019.

Rationale/Background:

The POST Board's operating budget as well as the base budget for peace officer training reimbursement of local law enforcement is appropriated directly from the special revenue account fund. This account is funded from a surcharge on criminal and traffic convictions. Currently, Minnesota Statute § 357.021, subdivision 7 (2) directs 39% of the first \$25 of the surcharge to be credited to the peace officer training account in the special revenue fund. The percentage directed to the POST Board is based on the original \$25 surcharge. Proceeds from that portion of the surcharge breakdown as follows: 39% to the peace officer training account, 60% to the general fund and the remaining 1% to the DNR to fund game warden training. The surcharge portion directed to the POST Board has declined over time and now no longer covers the appropriated amount.

Proposal:

This proposal to transfer \$500,000 from the general fund to the peace officer training account will ensure that there are sufficient revenues in that account to cover the existing appropriation to the POST Board for its operating expenses and a portion of the training reimbursement funding for peace officers.

The deficiency in the account is projected to increase significantly in the FY 2020-21 biennium. The Governor's proposal addressing the deficiency after FY 2019 is included in a separate recommendation.

Board of Peace Officer Standards and Training

FY 20-21 Biennial Budget Change Item

Change Item Title: Increase Dedicated Funding Source to Maintain Appropriations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	(1,897)	(2,097)	(2,003)	(1,915)
Transfers In	1,390	1,496	1,244	1,007
Net Fiscal Impact GF	507	601	759	908
Special Revenue Fund				
Expenditures	0	0	0	0
Revenues	1,897	2,097	2,003	1,915
Transfer Out	1,390	1,496	1,244	1,007
Net Fiscal Impact SF	(507)	(601)	(759)	(908)
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a significant increase to the percentage credited to the peace officer training account from the criminal and traffic surcharge which is used to fund expenditures of the Board of Peace Officers Standards and Training (POST Board). This recommendation would increase the percentage of funds going into the account from 39 percent to 62 percent of the first \$25 collected under Minnesota Statute § 357.021, subdivision 7(2). It would likewise reduce the portion of the proceeds deposited into the general fund by the same amount. The amount of funding deposited into this account under current law has decreased substantially since the surcharge was enacted and no longer covers the agency's appropriations out of it.

Rationale/Background:

The POST Board's operating budget as well as the base budget for peace officer training reimbursement to local law enforcement is appropriated directly from the special revenue account. This account receives funding from a surcharge on certain criminal and traffic convictions. Under current law, Minnesota Statute § 357.021, subdivision 7(2) directs 39% of the first \$25 of the surcharge to be credited to the peace officer training account in the special revenue fund. Proceeds from that \$25 portion of the surcharge are now deposited as follows: 39% to the peace officer training account, 60% to the general fund and the remaining 1% to the DNR to fund game warden training.

The surcharge portion dedicated to the peace officer training account no longer covers the POST Board appropriation, creating a deficiency in the account. The amount of proceeds has generally declined each year since the surcharge was enacted and has become more volatile in the last couple years. As an example, the amount available for POST Board spending declined from \$5.258 million in FY 2009 to \$3.984 million in FY 2018. Base level funding for expenditures out of this account are \$4.156 million each year in the FY 2020-21 biennium, while current forecast revenues available are estimated at \$3.891 million in FY 2020 and \$3.719 million in FY 2021. Without the additional funding, POST Bd. expenditures would have to be reduced so as not to exceed the actual revenues collected, regardless of the appropriated amount.

Proposal:

This proposal would allow the POST Board to continue with the dedicated funding source it has used since the creation of the criminal and traffic surcharge. The proposal to increase the funding percentage from 39% to 62% is calculated to allow for potential modest increases in appropriations made from the peace officer training account and for further fluctuations in the revenues.

Surcharges in excess of the appropriation are transferred back to the general fund, so the impact to the general fund also accounts for the estimated transfer.

Statutory Change(s):

Minnesota Statute § 357.021, subd. 7(2).

Board of Peace Officer Standards and Training (POST Board)

FY 20-21 Biennial Budget Change Item

Change Item Title: Rulemaking Initiative

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Transfers In	(155)	(155)	(155)	(155)
Special Revenue Fund				
Expenditures	155	155	155	155
Transfers Out	(155)	(155)	(155)	(155)
Net Fiscal Impact = (Expenditures – Revenues)	155	155	155	155
FTEs	1	1	1	1

Recommendation:

The Governor recommends increasing the appropriation to the Board of Peace Officer Standards and Training (POST Board) by \$155,000 each year from the peace officer training account in the special revenue fund to cover the costs of administrative rulemaking. The agency has requested this investment to more effectively carry out its statutory authority to promulgate and update rules pertaining to the selection, training, licensing and standards of conduct of peace officers and part-time peace officers to ensure the most effective and professional peace officers serve our communities. This funding will allow the POST Board to re-establish the internal capacity and expertise to develop, write and update administrative rules relating to the law enforcement profession.

Rationale/Background:

The role of the POST Board is to advance the professionalism of Minnesota's licensed peace officers through education, selection, licensing, and on-going training standards.

The POST Board is requesting to re-establish a rules coordinator position to build long term approaches and outcomes on behalf of the state by positioning itself to efficiently and effectively promulgate rules pursuant to its statutory authority. The lack of a rules coordinator on staff with the experience and technical expertise for such rulemaking has been challenging for the agency. To achieve this goal, the POST Board must restore its internal capacity and capability to effectively and comprehensively update its administrative rules to reflect current best practices and appropriate law enforcement standards. The POST Board has been without a rules coordinator since 2010 and has done little rulemaking since that time. This is an important strategic initiative for the Board given the ongoing focus in Minnesota on police practices, training and standards.

Proposal:

The primary objectives of this initiative is to:

- Restore POST's internal capacity to promulgate rules
- Interpret, analyze and report on bills, statutes or rules that impact the POST Board and that may require amending board rules

The POST Board is proactively seeking increased staffing to handle current board rulemaking initiatives and future executive and legislative initiatives and requirements concerning the law enforcement profession that require administrative rulemaking. This position would also conduct research to address issues raised by the legislature, the POST Board, or POST Board committees. The staffing costs for this position are estimated at \$100,000 each year.

Internal staff work for the board's rulemaking initiative has begun. The board will also incur non-staffing costs associated with this initiative. Those costs are estimated by using the MN Administrative Rulemaking Manual and are relative to legal fees to the Office of Attorney General, Office of Administrative Hearings, and fees for state register publication, transcripts and other miscellaneous fees.

This increase in the POST Boards appropriation results in an equivalent decrease in revenues to the general fund.

Results:

Re-establishing this permanent position will enable POST to build long term approaches and outcomes on behalf of the state by positioning POST to efficiently and effectively promulgate rules and respond to legislative initiatives and inquiries concerning the law enforcement profession.

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AT A GLANCE

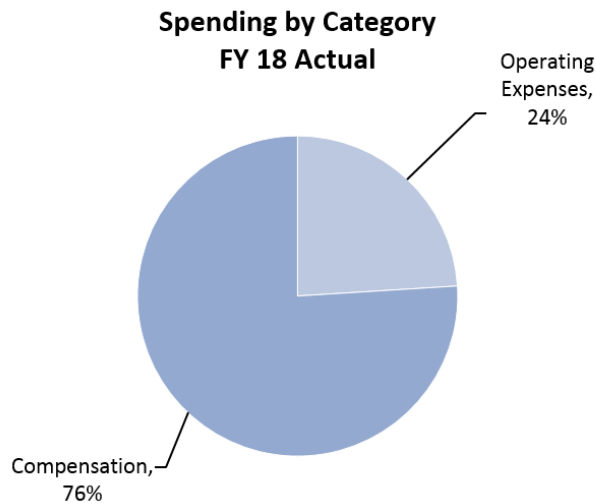
- Authorized by the Legislature in 1985
- Provides unique and challenging learning environment to highly talented Minnesota students
- Provides high-quality professional development opportunities for arts teachers in 480 Minnesota public and charter school districts
- Provided leadership for the development of new Minnesota K-12 Academic Standards in the Arts.
- Employs 63 full and part-time teachers and staff
- Facilitates a Master Teacher network that connects experienced art teachers across the entire state.
- Designates and supports “demonstration” (magnet) school sites in each region.
- Provides a comprehensive arts planning program (CAPP) for up to 30 districts or sites statewide each year.
- Center is governed by a statewide board

PURPOSE

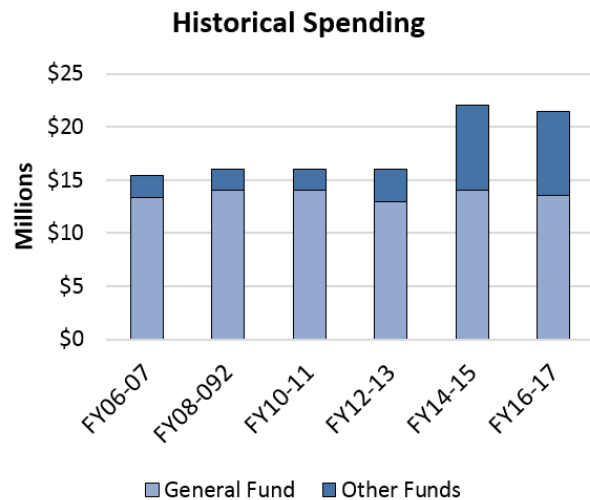
The mission of the Perpich Center for Arts Education is to provide all Minnesota students the opportunity to develop, enhance, and integrate their artistic and academic abilities to their highest potential. As a public education institution, the Perpich Center is uniquely positioned to fuse artistic passion and academic excellence to produce creative critical thinkers. We do this by teaching in and through the arts. The agency operates two distinct divisions, the Arts High School and the Professional Development and Resource Support to accomplish the following:

1. Provide a challenging and supportive learning environment for highly talented Minnesota arts students in grades 11 & 12.
2. Assist all Minnesota students in developing the education and skills needed to achieve their personal goals. Perpich Center programs in arts education address many of the systemic issues affecting student achievement, including social and personal development, equity, and engagement in learning.
3. Prepare Minnesota’s future workforce with 21st Century skills including creativity, communication, collaboration and critical thinking. These skills result in a better prepared workforce, thus contributing to a thriving economy that encourages business growth and employment opportunities.
4. Support Minnesota public and charter school arts education teachers through high quality professional development programming.
5. Maintain a traditional lending library for Perpich students, public patrons, and art educators across the State of Minnesota. The professional collection of more than 15,000 items serves as the preeminent arts education resource for the State of Minnesota. This collection includes print, multimedia and electronic resources on arts education, arts-integrated education, arts in cultural context and professional development. Special collections of multimedia and electronic resources on arts education, arts-integrated education, arts in cultural context and professional development are also available. The Perpich Center for Arts Education Library was fully remodeled in 2018.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Perpich Center had a total biennial budget of \$17 million. Funds are primarily from general fund appropriations. The Center also receives revenues from student fees and federal reimbursements through the MN Department of Education.

STRATEGIES

To accomplish its mission, the Perpich Center for Arts Education programs incorporate the following strategies:

- Through rigorous work in both artistic and academic disciplines, the Perpich Arts High School student develops competencies that prepare them for a creative life.**
- Statewide Arts Leadership:** The Perpich Center has been fostering development of arts education throughout Minnesota school districts since 1985. We do this through departments that include the Perpich Arts High School and Professional Development and Resource Support (PD&R) formerly referred to as "Outreach".

A survey commissioned by Perpich Center with funds from the Cultural Arts and Heritage Fund, indicated the following benchmarks.

- 87% of schools have aligned their curriculum with state arts standards
- Nearly one-half of all high schools include the arts in School Improvement Plans
- 92% of all schools use licensed arts teachers (full or part-time) as the primary provider of music and visual arts instruction
- 93% of all schools reported providing student field trips to museums, theaters, musical performances and exhibitions to engage in artistic experiences

Building upon this solid foundation of arts in Minnesota schools, the Perpich Center has developed a plan to meet the needs of arts teachers and public school arts programs statewide. Outreach programs were assessed, modified, and in some cases eliminated in FY18 based upon statutory language, mission, impact, cost, and duplication of services. A partnership with eight regional Service Coops provide a location to meet, technology and connectivity, and member communication services bringing many services to them, rather than traveling to the metropolitan area.

- Supporting effective schools.** Perpich Arts High School – Perpich Arts High School opened its doors in 1989 and graduated its first class in 1991. It is a statewide, public, residential high school for students in

11th and 12th grades. Students who wish to attend Perpich Arts High School must go through a competitive application and review process. Those accepted have shown artistic promise and a strong commitment to rigorous study in the arts and academics. Students from 61 school districts attended the most recent academic year at the Arts High School. Those students represented the eight (8) congressional districts in our state.

The school is entering its second year of intensive teacher professional development to improve student engagement, has established defined student outcomes, and provides for effective teacher support and evaluation. Additionally, the staff and administration are committed to ongoing implicit bias and equity training. Goals of the school include 100% graduation and 100% college placement.

4. **Equity and Diversity.** The Perpich Center seeks to foster equity and diversity both in its school and through professional development opportunities provided to Minnesota arts teachers. Closing the achievement gap has been the state's #1 educational goal for the past years. The agency seeks to create student-centered educational organizations through training its own staff in student engagement and culturally responsive teaching techniques as well as providing opportunities for educator growth via professional development across the state.
5. **Operational Excellence, Financial Stability, and Accountability.** As a state agency, Perpich Center operates under a plan of continuous improvement in order to balance financial and human resources as dictated by revenues approved by the legislature. The agency is governed by a 15-member board, appointed by the Governor and chosen for their expertise and experience in serving statewide initiatives. A sixteenth ex-officio member representing the Minnesota Department of Education was added in the 2017 legislative session. The agency has vigorously pursued and completed its corrective actions plans to mitigate the findings of the 2016 Legislative Auditor reports.
6. **Positive Public Image:** A Communications and Marketing Plan was developed during FY 18 setting the stage for a multi-faceted approach to shifting the public perception of the agency, increasing enrollment, and making connections with arts educators and organizations across the state. Strategies include: Targeted Audience Identification; Updated Marketing Materials (both digital and print); Promotions using social media, market data, press releases, online advertising and event marketing; Joint ventures and partnerships with other arts organizations; and involving our own students in the creation and dissemination of student recruitment information.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
<u>Expenditures by Fund</u>								
1000 - General	6,530	7,268	6,949	8,195	7,002	7,008	8,172	7,663
2000 - Restrict Misc Special Revenue	3,757	3,118	553	510	383	387	383	387
2001 - Other Misc Special Revenue	39	36	32					
2301 - Arts & Cultural Heritage	535	775						
2403 - Gift	2			4	2	2	2	2
3000 - Federal	219	279	37	76	48	23	48	23
Total	11,081	11,476	7,571	8,785	7,435	7,420	8,605	8,075
Biennial Change			(6,202)		(1,501)		324	
Biennial % Change			(27)		(9)		2	
Governor's Change from Base							1,825	
Governor's % Change from Base							12	

Expenditures by Program

Arts Education	11,081	11,476	7,571	8,785	7,435	7,420	8,605	8,075
Total	11,081	11,476	7,571	8,785	7,435	7,420	8,605	8,075

Expenditures by Category

Compensation	7,736	8,171	5,728	5,338	5,167	5,229	5,324	5,451
Operating Expenses	3,340	3,292	1,782	3,437	2,266	2,189	3,279	2,622
Grants, Aids and Subsidies	1	5						
Capital Outlay-Real Property		3						
Other Financial Transaction	4	6	61	10	2	2	2	2
Total	11,081	11,476	7,571	8,785	7,435	7,420	8,605	8,075

Full-Time Equivalents

83.28	87.14	54.94	53.59	50.04	49.79	53.34	53.09
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		295		1,208				
Direct Appropriation	6,872	6,973	8,319	6,987	7,002	7,008	8,172	7,663
Transfers Out			12					
Cancellations		0	150					
Balance Forward Out	342		1,208					
Expenditures	6,530	7,268	6,949	8,195	7,002	7,008	8,172	7,663
Biennial Change in Expenditures				1,345		(1,134)		691
Biennial % Change in Expenditures				10		(7)		5
Governor's Change from Base								1,825
Governor's % Change from Base								13
Full-Time Equivalents	53.25	57.88	51.62	51.47	48.17	48.17	51.47	51.47

2000 - Restrict Misc Special Revenue

Balance Forward In	538	474	242	430	281	232	281	232
Receipts	3,442	2,883	740	361	334	334	334	334
Balance Forward Out	223	238	429	281	232	179	232	179
Expenditures	3,757	3,118	553	510	383	387	383	387
Biennial Change in Expenditures				(5,812)		(293)		(293)
Biennial % Change in Expenditures				(85)		(28)		(28)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	25.65	23.73	3.32	1.62	1.62	1.62	1.62	1.62

2001 - Other Misc Special Revenue

Balance Forward In	4	11	23					
Receipts	46	44	9					
Balance Forward Out	10	19						
Expenditures	39	36	32					
Biennial Change in Expenditures				(43)		(32)		(32)
Biennial % Change in Expenditures				(57)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.02						

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2301 - Arts & Cultural Heritage

Balance Forward In		70						
Direct Appropriation	600	800						
Cancellations		70						
Balance Forward Out	65	24						
Expenditures	535	775						
Biennial Change in Expenditures				(1,310)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	3.16	3.62						

2403 - Gift

Balance Forward In	6	11	13	15	16	17	16	17
Receipts	7	3	2	5	3	3	3	3
Balance Forward Out	11	13	15	16	17	18	17	18
Expenditures	2			4	2	2	2	2
Biennial Change in Expenditures				2		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	22			3				
Receipts	197	279	39	73	48	23	48	23
Balance Forward Out			3					
Expenditures	219	279	37	76	48	23	48	23
Biennial Change in Expenditures				(385)		(42)		(42)
Biennial % Change in Expenditures				(77)		(37)		(37)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.22	1.89		0.50	0.25		0.25	

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	6,987	6,987	6,987	13,974
Base Adjustments				
Pension Allocation		15	21	36
Forecast Base	6,987	7,002	7,008	14,010
Change Items				
Operating Adjustment		210	275	485
Technology Initiative		960	380	1,340
Total Governor's Recommendations	6,987	8,172	7,663	15,835
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	510	383	387	770
Forecast Base	510	383	387	770
Total Governor's Recommendations	510	383	387	770
Fund: 2403 - Gift				
Planned Spending	4	2	2	4
Forecast Base	4	2	2	4
Total Governor's Recommendations	4	2	2	4
Fund: 3000 - Federal				
Planned Spending	76	48	23	71
Forecast Base	76	48	23	71
Total Governor's Recommendations	76	48	23	71
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	361	334	334	668
Total Governor's Recommendations	361	334	334	668
Fund: 2403 - Gift				
Forecast Revenues	5	3	3	6
Total Governor's Recommendations	5	3	3	6
Fund: 3000 - Federal				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	73	48	23	71
Total Governor's Recommendations	73	48	23	71

Perpich Center for Arts Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	210	275	275	275
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	210	275	275	275
FTEs	3.3	3.3	3.3	3.3

Recommendation:

The Governor recommends additional funding of \$485,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Perpich Center for Arts Education.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Perpich Center, this funding will cover known employee compensation growth and expected increases for legal services and other operating expenses such as fuel and utilities.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Perpich Center for Arts Education

FY 2020-21 Biennial Budget Change Item

Change Item Title: Technology Initiative

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	960	380	340	285
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	960	380	340	285
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$1.34 million in the FY 2020-2021 biennium to fund campus-wide technology upgrades at the Perpich Center for Arts Education. These technology improvements are needed to protect, enhance and support the Center's operations, infrastructure and school safety systems as well as improve the delivery of instructional education.

Rationale/Background:

As the state's agency for arts education, technology is essential for the Center's ability to support a statewide mission of providing all students and art educators the opportunity to develop and integrate their artistic and academic abilities to their highest potential. Unlike school districts, the Center cannot levy for technology.

Investment in technology is needed for the following reasons:

- The wireless network system is unreliable and unavailable in some areas of the campus, most notably in the dormitory where inconsistent access impedes contact with home, accessibility for homework, and communication with student medical facilities.
- Limited access and antiquated equipment hinder the ability of teachers to teach and students to learn. Each art area supported by the Center for school and outreach services has unique hardware and software applications that need ongoing support and enhancements to stay current in the industry.
- Campus security systems are antiquated and dysfunctional. In the past few years, most Minnesota schools have used technology to improve school safety. Improved safety systems will ensure the safety of students, staff and the thousands of guests who visit the campus each year.

Technology is the backbone in effective curricular programs in arts education. Improvements will bring the Center up-to-date with Minnesota schools, colleges, and the global marketplace. Limited financial and personnel resources can be better utilized with reliable technology that can be used for distance learning, accessing library materials, holding off-campus classes, and publishing online curricular materials. Used as a learning tool in arts education, technology can advance achievement for students and teachers. Innovation, creativity, and problem-solving skills are challenged and advanced when technology is incorporated into such learning activities as design engineering, technical writing, film production, photography, choreography, and music composition.

Proposal:

The Governor recommends funding Perpich Center's campus-wide IT project plan, which was created in consultation with MN.IT and other stakeholders, on how best to leverage limited IT capabilities. High level details of the technology plan are as follows:

- Expand and implement a campus-wide wireless network system by rewiring the entire campus (including the dormitory, classrooms, and conference center), and upgrading switches and servers as needed to support increase connectivity.
- Update hardware and software applications that support students' curricular needs, online learning, and video conferencing, and the digitization of the Center's library.
- Upgrade the campus security system by installing new hardware and software, which includes installing a new controlled entry system and security cameras.

Equity and Inclusion:

- Use of technology will help ensure statewide access to arts education for Minnesota students. The Center will increase capacity to identify and bring resources to more rural schools and more poverty school districts whose students lack access to the arts.
- Bringing technology up-to-date will enable Minnesota students seeking post-secondary education in the arts to be competitive with graduates from other high schools who are applying at the same institutions.

IT Related Proposals:

The costs associated with this proposal are based upon upgrading of infrastructure (such as wiring, servers, switches, WIFI), establishing replacement cycles for devices (hardware), upgrading security systems (hardware), the purchase and maintenance of related software and the current staff needed to train on the new technology that is being integrated.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts						
Infrastructure	315	10	10	10	10	10
Hardware	435	290	220	165	165	165
Software	180	50	80	80	80	80
Training						
Enterprise Services						
Staff costs (MNIT or agency)	30	30	30	30	30	30
Total	960	380	340	285	285	285
MNIT FTEs						
Agency FTEs						

Results:

The Center is committed to tracking benchmarks on student engagement, communication and ability to grasp educational standards. This proposal allows access to communication, increased production and presentation capabilities and offers students more educational opportunities. Classrooms whose students have ubiquitous access to technology demonstrate increased understanding and mastery of their academic and art-area tasks.

Program: Arts Education
Activity: Agency Operation

perpich.mn.gov/

AT A GLANCE

- Provide for overall operation and planning for agency divisions.
- Oversee 33-acre campus in Golden Valley.
- 4,000 annual visitors attend concerts, exhibitions, and trainings?
- Plan for financial viability and sustainability.
- Manage school food service operations for breakfast, lunch, and dinner.
- Support a residence hall for X students.
- Manage stakeholder communications and web site developments.

PURPOSE & CONTEXT

Operations includes the structural divisions necessary for the agency to conduct business: human resources, facilities, administrative management, finance, communications, technology, program, security, and administration.

The center operates an Arts high school, student dormitory and a Professional Development and Resource Program (PD&R) formerly known as “outreach”. The arts high school accounts for about 28 FTE, the dormitory for about 4.2 FTE and PD&R about 8 FTE. The general fund appropriation to Perpich funds the majority of operations, the arts high school, the student dormitory and professional development & resources.

The Center provides a safe, healthy, and sustainable environment; empowers employees through resources, mentorship, training, and accountability; serves as good stewards of public dollars and public facilities; fosters an agency-wide culture that welcomes diversity, employee engagement, and informed decision-making.

Perpich is a key part of the arts education landscape in Minnesota*:

1. Minnesota is recognized as having all nationally accepted policies and standards in place for delivering effective K-12 programs for arts education.
2. Minnesota is one of 20 states having a State Arts Education Grant Program or School for the Arts.
3. Minnesota is one of 26 states mandating that high school students obtain course credit in the arts as a requirement for graduation.
4. Minnesota is one of 17 states that have policies that pertain to assessment of student learning in the arts.
5. Minnesota, New Hampshire and New Jersey are the only states that define the arts as core subject and have an aligned system of policies for the arts that is consistent with other core curricular areas.

*Source: Arts Education Partnership/Council of Chief State School Officers report: State of the States. Arts Education State Policy Summary 2016

SERVICES PROVIDED

- Provide internal and external decision-makers with research-based information supporting the impact of teaching and learning in and through the arts
- Assess state laws and policies and communicate results to decision-makers to assure Minnesota’s compliance with federal laws associated with arts education

- Conduct research and analytical services for internal agency divisions and school district leaders seeking to expand, enhance, or change the delivery of arts education to meet emerging needs
- Monitor school district shifts regarding arts education including: per-pupil spending for arts education, best practices, use of licensed arts teachers, student access to arts instruction, and inclusion of arts education in district strategic plans
- Provide information to managers so they are able to perform their responsibilities, including daily security reports, monthly financial statements, communication updates, and biweekly human resource reports
- Conduct quarterly reviews of internal controls, risk management procedures, and facilities
- Ensure employees within their departments have the expertise, training, resources, and authority to achieve their goals. Members of the leadership team are directors of: human resources, administrative management, finance, program, communications, and administration.

Advocacy for Minnesota Arts Education: Research continues to come forward demonstrating the impact of arts education in schools. Many organizations conduct national studies to determine accessibility to arts education and examine policy actions taken by individual states. In December 2015, passage of ESSA by congress includes language for implementation of arts education as meeting a “well-rounded education”. The Center works with the Minnesota Department of Education, the Governor, and the Minnesota Legislature to maintain appropriate laws and policies as a means to support arts education in Minnesota schools.

- Feedback from teachers and school district leaders, statewide
- Legislative position papers of local education associations
- Actions by Minnesota Board of Teaching
- State priorities in education
- Best practices emerging in arts education

RESULTS

Benchmark #1 – Improve system for collection of revenues

The Center has made steady improvement in policies and practices for internal controls and stewardship of public funds, including facility lease, staff and student food accounts, library fines, and residence hall fees. Process improvements have been made to improve the collection of revenues associated with the arts high school without increasing student fees.

Indicators:

- Communication to parents
- Options for payment
- Review committee for assistance and/or fee reduction

Performance Measure: Collection of Revenues

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Total Revenues Collected	42%	62%	9/16 & 9/17

MS 129C; MS 43A.38; MS 16A.057; Perpich Board Bylaws; Perpich Board Policies.

Agency Operation

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	6,530	7,268	6,579	8,195	7,002	7,008	8,172	7,663
2000 - Restrict Misc Special Revenue	152	301	251	149	43	43	43	43
2001 - Other Misc Special Revenue	3	1						
2403 - Gift	2			4	2	2	2	2
Total	6,687	7,569	6,830	8,348	7,047	7,053	8,217	7,708
Biennial Change				921		(1,078)		747
Biennial % Change				6		(7)		5
Governor's Change from Base								1,825
Governor's % Change from Base								13

Expenditures by Category

Compensation	5,251	6,007	5,303	5,205	5,041	5,112	5,198	5,334
Operating Expenses	1,435	1,553	1,465	3,133	2,004	1,939	3,017	2,372
Capital Outlay-Real Property		3						
Other Financial Transaction	0	6	61	10	2	2	2	2
Total	6,687	7,569	6,830	8,348	7,047	7,053	8,217	7,708

Full-Time Equivalents

	54.96	60.30	51.12	51.47	48.17	48.17	51.47	51.47
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Agency Operation

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		295		1,208				
Direct Appropriation	6,872	6,973	7,949	6,987	7,002	7,008	8,172	7,663
Transfers Out			12					
Cancellations		0	150					
Balance Forward Out	342		1,208					
Expenditures	6,530	7,268	6,579	8,195	7,002	7,008	8,172	7,663
Biennial Change in Expenditures				975		(764)		1,061
Biennial % Change in Expenditures				7		(5)		7
Governor's Change from Base								1,825
Governor's % Change from Base								13
Full-Time Equivalents	53.25	57.88	49.10	51.47	48.17	48.17	51.47	51.47

2000 - Restrict Misc Special Revenue

Balance Forward In	29	41	25	213	117	102	117	102
Receipts	157	285	438	53	28	28	28	28
Balance Forward Out	35	25	213	117	102	87	102	87
Expenditures	152	301	251	149	43	43	43	43
Biennial Change in Expenditures				(53)		(314)		(314)
Biennial % Change in Expenditures				(12)		(79)		(79)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.71	2.42	2.02					

2001 - Other Misc Special Revenue

Balance Forward In	3	1						
Receipts	0	0						
Balance Forward Out	1							
Expenditures	3	1						
Biennial Change in Expenditures				(3)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Agency Operation

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
2403 - Gift								
Balance Forward In	6	11	13	15	16	17	16	17
Receipts	7	3	2	5	3	3	3	3
Balance Forward Out	11	13	15	16	17	18	17	18
Expenditures	2			4	2	2	2	2
Biennial Change in Expenditures				2		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Arts Education**Activity: Perpich Arts High School**perpich.mn.gov/index.php?section=high-school_overview

AT A GLANCE

- Statewide, residential public high school for 11th and 12th grade students
- Rigorous academic programs with offerings in six art areas: dance, literary, media, music, theater and visual
- 25% of families receive financial assistance to support attendance
- 27% students of color

PURPOSE & CONTEXT

The Perpich Arts High School is a statewide, public school with a residential component that serves 11th and 12th grade students. The purpose is to empower students who have a passion for the arts to participate creatively, critically, and confidently in the global community. Students who wish to attend the school go through a competitive application and review process.

Those accepted have shown artistic promise and a strong commitment to learning in an environment that supports rigorous academic programs.

This innovative, statewide school attracts students from all over the state who represent all aspects of Minnesota's demographics, including ethnic diversity, at-risk-youth, and families suffering economic hardship. We support a learning environment that is free of bullying and sharply focused on student artistic growth, personal leadership, and academic achievement.

The arts high school sponsors an internal college fair each fall where students are able to meet with college representatives from around the country, presenting their portfolio and transcript information. Many are granted immediate acceptance and scholarships from these visits, benchmarking our success in preparing students for college and for careers. Feedback from college admissions counselors show that arts high alums do well because they participate in their education, accept responsibility, and thrive on learning.

SERVICES PROVIDED

The Perpich Arts High School provides:

- Opportunity for Minnesota junior and senior students to attend a school focused on teaching and learning in and through the arts.
- A model community where students thrive in an innovative, challenging, and safe learning environment

As a result, Perpich graduates 98-100% of students annually and places 80-90% directly into 2-4 year colleges.

Perpich also engages in teacher evaluation and continuous improvement:

- Perpich teachers engage in continuous improvement planning and implementation in partnership with AdvancEd. The school is re-accredited every five years with ongoing benchmark goals and curriculum evaluation in between accreditation years.
- Perpich teachers develop competencies that all Perpich students are expected to demonstrate prior to graduation:
 - Maker of art
 - Innovator
 - Resource savvy

- Keen observer
- Empathetic collaborator
- Articulate communicator
- Engaged citizen
- Culturally competent
- Fluent critical and creative thinker
- Disciplinary thinker
- Problem framer and solver
- Decision maker and forward planner
- Self-knowledgeable
- Productive and accountable
- Devoted to improving

The Perpich Arts High School is committed to developing capacity of teachers, staff and students with regards to racial equity and inclusion. The school is engaging in this work through professional development series, partnership with racial equity and educational organizations, school-wide forums and strategic planning.

RESULTS

Benchmark – Student Achievement

Preparing students for post-secondary education and careers commensurate with their abilities and desires has long been a tradition at the Arts High. A two-year program today makes it imperative for us to support rigorous academic program with standards related to those in colleges seeking our students.

Indicators:

- Graduation rates
- AP Scores
- State and national achievement awards
- ACT Scores

Performance Measure: Improvement in student achievement.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Stats</i>	<i>Year</i>
Quantity	Graduation Rate	99%	2018
Quantity	Graduation Rate	99%	2017
Quantity	Graduation Rate	100%	2016

Performance Measure: Achievement in academics. Perpich Arts High uses numerous methods to determine achievement in its academic programs, including AP scores and College in the Schools participation. Below is a representative sample measurement of student achievement in an AP class.

<i>Class</i>	<i>Perpich Mean Score</i>	<i>Minnesota Mean Score</i>	<i>Global Mean Score</i>	<i>Year</i>
Calculus AB	4.00	3.05	2.96	2018
Calculus AB	3.5	3.01	2.91	2017
Calculus AB	3.0	3.05	2.94	2016

Performance Measure: Awards and Recognitions

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Total Awardees</i>	<i>Year</i>
Quantity	State, national awards	112	2018
Quantity	State, national awards	97	2017
Quantity	State, national awards	98	2016

Performance Measure: ACT Composite

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Perpich Mean</i>	<i>Year</i>
Quality	ACT Composite	23.4	2018
Quality	ACT Composite	23.2	2017
Quality	ACT Composite	22.5	2016

M.S. 129C.10

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	358	258	300	353	332	336	332	336
3000 - Federal	55	42	37	26	23	23	23	23
Total	414	300	338	379	355	359	355	359
Biennial Change				3		(3)		(3)
Biennial % Change				0		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	120	105	99	108	113	117	113	117
Operating Expenses	291	195	239	271	242	242	242	242
Other Financial Transaction	2	0						
Total	414	300	338	379	355	359	355	359

Full-Time Equivalents

1.71	2.12	1.30	1.62	1.62	1.62	1.62	1.62
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	160	156	204	204	153	121	153	121
Receipts	336	293	300	302	300	300	300	300
Balance Forward Out	137	192	204	153	121	85	121	85
Expenditures	358	258	300	353	332	336	332	336
Biennial Change in Expenditures			37		15		15	
Biennial % Change in Expenditures			6		2		2	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	1.48	2.06	1.30	1.62	1.62	1.62	1.62	1.62

3000 - Federal

Balance Forward In	1			3				
Receipts	54	42	39	23	23	23	23	23
Balance Forward Out			3					
Expenditures	55	42	37	26	23	23	23	23
Biennial Change in Expenditures				(34)		(17)		(17)
Biennial % Change in Expenditures				(35)		(27)		(27)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.23	0.06						

Program: Arts Education

Activity: Perpich Center Outreach

http://perpich.mn.gov/index.php?section=outreach_overview

AT A GLANCE

- Perpich Arts Specialists provided professional development for arts educators in Dance, Media Arts, Music, Theater and Visual Arts statewide.
- Provided technical assistance and professional development for 1392 arts educators across the state.
- Provided professional development for 603 non-arts educators who learned to integrate the arts into their classrooms.
- Collaborated with Minnesota Department of Education to review and revise the Minnesota Academic Standards in the Arts.
- Regional Centers were reconfigured with a new Master Teacher network of representing all nine Service Cooperative Regions.
- Delivered professional development for 55 teachers in the Perpich Arts Integration Network of Teachers in the Southwest/South Central regions. This program ended December 30, 2017.
- • Managed Turnaround Arts, a whole school transformation initiative, for 7 schools, serving 184 educators across the state. This program ended June 30, 2018.

PURPOSE & CONTEXT

The primary goal of Professional Development & Resource Programs is to *build teacher and administrator capacity statewide so that they can provide innovative, inclusive, standards-based, measurable, and student centered learning in and through the arts.*

Four Arts Education Specialists (two part-time and two full-time) were in place as of February 2018. PDR staff provide innovative, inclusive, standard-based, student-centered professional development for individual teachers, school districts, schools, teachers and administrators. A Director of the Comprehensive Arts Planning Program (CAPP) will be hired in FY19. The CAPP program is being reinstated after being on hiatus about three years ago, to focus on assisting school districts with multi-year strategic planning by establishing district planning committees that work with district educators as well as community members and artists to develop a vision, mission and plan for the District arts education programs. A new Regional Center Director, expected to be on board by October 2018, will coordinate the Master Teachers network of 63 teachers as well as a pilot program of Demonstration Schools to increase the capacity of teachers and administrators to deliver high quality arts education.

The PDR goal of building educator capacity helps support the agency mission of providing all Minnesota students the opportunity to develop, enhance, and integrate their artistic and academic abilities to their highest potential because when teachers are supported to use effective practices in their classrooms, the quality of their teaching increases and consequently students have more prepared and effective teachers to help them reach their potential.

As schools and communities address education gaps, opportunity gaps and issues of access and equity, PDR assists with providing culturally diverse learning opportunities and resources to meet student and teacher needs to fulfill the arts standards and build strong arts programs.

SERVICES PROVIDED

- Collaboration with Minnesota Department of Education to support teacher development and academic standards.
- Professional development for arts educators and school administrators to strengthen the delivery of arts education throughout the state and better serve students.
- Curriculum, instruction and assessment development for all five arts areas, which builds educator capacity for student-centered, innovative, relevant learning opportunities.
- Support for arts teacher evaluation and professional learning through the Perpich Center “What to Look For in Teacher Evaluation in the Arts” documents.
- Access to relevant research on effective instructional practices.

RESULTS

Benchmark #1

Provide professional development and technical services for arts educators across the state. A commitment was made to hire Arts Education Specialists in each arts discipline to provide professional development and technical services for arts teachers statewide

Indicators:

- Specialists in Dance, Music and Theater provide discipline specific services to arts educators across the state

Performance Measures for FY17 and FY18, although not all programs and services were the same each year for exact comparison.

<i>Type of Measure</i>	<i>FY 2017</i>	<i>FY 2018</i>
Teachers served in school districts	330	184
Educators served in schools	508	269
Arts educators served	921	1,392
Non-arts educators served	513	603

Performance Measures indicate the reach of PDR as well as the level of depth of programming by listing the Tier of Service. Data can be accessed at; https://docs.google.com/spreadsheets/d/1E-gPKvRwaP8SLUt1jihFKmxV_jb0nERMYN3_b9-fl0g/edit?usp=sharing

M.S 129C.15 RESOURCE, MAGNET, AND OUTREACH PROGRAMS
M.S. 129C. 25-26 COMPREHENSIVE ARTS PLANNING PROGRAM

Perpich Arts Outreach

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			370					
2000 - Restrict Misc Special Revenue	1	2	2	8	8	8	8	8
2001 - Other Misc Special Revenue	11	17	8					
3000 - Federal				50	25		25	
Total	12	19	380	58	33	8	33	8
Biennial Change				407		(397)		(397)
Biennial % Change				1,315		(91)		(91)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation			326	25	13		13	
Operating Expenses	12	19	54	33	20	8	20	8
Total	12	19	380	58	33	8	33	8

Full-Time Equivalents

	0.02	2.52	0.50	0.25	0.25
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Perpich Arts Outreach

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation			370					
Expenditures			370					
Biennial Change in Expenditures				370		(370)		(370)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			2.52					

2000 - Restrict Misc Special Revenue

Balance Forward In	14	13	13	13	11	9	11	9
Receipts	0	2	2	6	6	6	6	6
Balance Forward Out	13	13	13	11	9	7	9	7
Expenditures	1	2	2	8	8	8	8	8
Biennial Change in Expenditures				7		6		6
Biennial % Change in Expenditures				209		63		63
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	0	10	8					
Receipts	20	15						
Balance Forward Out	10	8						
Expenditures	11	17	8					
Biennial Change in Expenditures				(20)		(8)		(8)
Biennial % Change in Expenditures				(71)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.02						

3000 - Federal

Receipts			50		25		25	
Expenditures			50		25		25	
Biennial Change in Expenditures				50		(25)		(25)

Perpich Arts Outreach

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents				0.50	0.25		0.25	

Program: Arts Education

Activity: Crosswinds Arts and Science School

AT A GLANCE

- School was conveyed to the Center in July, 2014 and operates as a wholly-owned subsidiary/independent school district
- Year-round middle school focused on integration and diversity
- 60% students of color
- 63% of students receive free/reduced meals
- Curricular focus on art and science to engage all learners
- Serves as an incubator for teacher/administrator training in culturally relevant pedagogy and teaching strategies.
- Crosswinds Arts and Science School was closed June 30, 2017.

PURPOSE & CONTEXT

Crosswinds Arts and Science School served students from the east metro region. The school's mission was to create a culturally-diverse education community where each student's special talents and needs are recognized as he/she becomes a responsible citizen and an environmental steward. In response to Minnesota's achievement gap and the continued demographic growth among families of ethnic diversity, Crosswinds utilized the Center's expertise in art and cultural context to develop a curriculum that brings each student's culture or frame of reference into the classroom to make learning more meaningful and applicable.

To further address Minnesota's student achievement gap and to better prepare teachers for emerging demographic shifts, Crosswinds Arts and Science School operated a Teacher Training Institute for student teachers and student administrators from Minnesota college and university teacher/educator preparation programs. Research continues to suggest that student achievement improves in classrooms where students and teachers share similar social and cultural backgrounds.

SERVICES PROVIDED

- Culturally relevant teaching and mentoring of teachers and administrators
- Year-round programming with service learning and enrichment opportunities for all students
- Holistic approach to teaching and learning that addresses the systemic issues affecting achievement
- Training by Center staff on culturally relevant teaching and pedagogy
- Access by all interested Minnesota teachers to professional development conferences and/or counsel by Perpich Center professional development staff
- Services for families and area community leaders that help address changing demographics and/or special health, social or other humanistic needs.

Effective July 1, 2017, Crosswinds Arts and Science School was closed by enabling legislation from the 90th Legislature, 1st Special Session. With the closing of the school, approximately 36 staff members lost employment. Layoff payments for the affected staff were driven by their corresponding bargaining unit and money was appropriated to cover those costs.

Until the Department of Administration was able to sell the building, the Perpich Center was still responsible for the maintaining the building. The costs to maintain the building were offset by Perpich leasing the building to the Woodbury Leadership Academy for the 2017-18 school year.

The Department of Administration sold the Crosswinds building to the Saint Paul School District in February 2018.

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	3,246	2,557						
2001 - Other Misc Special Revenue	6	1						
3000 - Federal	164	238						
Total	3,415	2,796						
Biennial Change				(6,210)		0		0
Biennial % Change				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
<u>Expenditures by Category</u>								
Compensation	2,059	1,697						
Operating Expenses	1,353	1,093						
Grants, Aids and Subsidies	1	5						
Other Financial Transaction	2							
Total	3,415	2,796						
<u>Full-Time Equivalents</u>								
	23.45	21.08						

Crosswinds Arts and Science School

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	335	263						
Receipts	2,949	2,303						
Balance Forward Out	38	9						
Expenditures	3,246	2,557						
Biennial Change in Expenditures				(5,803)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	22.46	19.25						

2001 - Other Misc Special Revenue

Receipts	6	1						
Expenditures	6	1						
Biennial Change in Expenditures				(6)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	21							
Receipts	142	238						
Expenditures	164	238						
Biennial Change in Expenditures				(401)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.99	1.83						

Program: Arts Education

Activity: Turnaround Arts: Minnesota

perpich.mn.gov/index.php?section=outreach_turnaround17

AT A GLANCE

- Turnaround Arts a national program that is part of the President’s Committee on the Arts and the Humanities
- Minnesota was selected to participate in 2014, along with schools in Boston, California, Chicago, Des Moines, and Louisiana
- 3,700 total students were served in MN; 300 teachers and specialists
- Funds were approved during the 2014 and 2015 legislative sessions, with additional support from the Perpich Center for Arts Education and the Minnesota State Arts Board

PURPOSE & CONTEXT

The Turnaround Arts initiative was designed to improve student achievement and engagement by using the arts as an improvement tool in high-poverty, underperforming schools (as designated by the Minnesota Department of Education). Each school in the national program started out in the lowest performing 5% in the state, but are working hard to close the achievement gap and turnaround their school. With guidance and direction from professionals of the Perpich Center for Arts Education, these schools developed programs to strategically use arts education and arts integration to address persistent, pervasive problems commonly found in high-poverty, chronically underperforming schools, such as student achievement and engagement, school culture and climate, and family and community involvement.

The Turnaround Arts program has ended as of June 30, 2018 due to no additional funding provided to operate the program.

Eight schools were accepted into the program. They are:

- Bethune Community School (Minneapolis)
- Northport Elementary School (Brooklyn Center)
- Red Lake Middle School (Red Lake)
- Northside Elementary School (St James)
- I.J. Holton Intermediate School (Austin)
- Stonebridge World School (Minneapolis)
- Riverside Elementary School (Rochester)
- Cityview Community School (Minneapolis)

This project addresses the agency mission, to provide “all Minnesota students the opportunity to develop and integrate their artistic and academic abilities to their highest potential,” by building whole school capacity to help improve some of our lowest performing schools through the arts.

SERVICES PROVIDED

The program provides both uniform and customized resources to respond to the particular arts education-related needs of the individual schools selected to participate, including:

- Strategic planning support
- Principal and teacher coaching and support

- In-school professional development for the entire teaching staff
- Tools, approaches, and resources designed to reach students and improve achievement

RESULTS

This program began with the 2014-15 school year. External evaluators have collected data at all Turnaround Arts sites in the country. Measurements include:

- Increased MCA scores in all Minnesota schools and that increase ranged from 15.3% to 65.7% in FY16
- Increased student attendance by decreasing tardiness and school suspensions in all MN schools ranging from 57% to 96% in FY 16
- Administration of the “5 Essentials Survey” for tracking growth in ambitious instruction, effective leaders, collaborative teachers, supportive environment, and involved families

Laws of 2014, Chapter 312, Article 4, Section 2, Subd.6

Turnaround Arts

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<i>Expenditures by Fund</i>								
2001 - Other Misc Special Revenue	20	17	24					
2301 - Arts & Cultural Heritage	535	775						
Total	555	792	24					
Biennial Change				(1,324)		(24)		(24)
Biennial % Change				(98)				
Governor's Change from Base								0
Governor's % Change from Base								
<i>Expenditures by Category</i>								
Compensation	305	362						
Operating Expenses	249	431	24					
Total	555	792	24					
<i>Full-Time Equivalents</i>								
	3.16	3.62						

Turnaround Arts

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2001 - Other Misc Special Revenue								
Balance Forward In			15					
Receipts	20	28	9					
Balance Forward Out		11						
Expenditures	20	17	24					
Biennial Change in Expenditures				(13)		(24)		(24)
Biennial % Change in Expenditures				(36)				
Governor's Change from Base								0
Governor's % Change from Base								
2301 - Arts & Cultural Heritage								
Balance Forward In		70						
Direct Appropriation	600	800						
Cancellations		70						
Balance Forward Out	65	24						
Expenditures	535	775						
Biennial Change in Expenditures				(1,310)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	3.16	3.62						

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
USDA 10.553 USDA 10.555	Arts High School Cafeteria Reimbursement	N	12	3	0	0	N	0.0
USDOE 84.027A	Arts High School Special Education Reimbursement	N	25	23	23	23	N	0.0
NEA 45.024	Professional Development Program for Arts Educators and Administrators Throughout Minnesota	Y	0	50	25	0	N	.5
	Federal Fund – Agency Total		37	76	48	23		.5

Narrative

Perpich Center receives federal reimbursement through the Minnesota Department of Education for the following programs:

- Free/Reduced Breakfast (Only FY18, as of FY19 Perpich no longer participates in the school nutrition program)
- Free/Reduced Lunch (Only FY18, as of FY19 Perpich no longer participates in the school nutrition program)
- Special Education

It is anticipated that the reimbursement for special education through MDE will remain steady through the biennium.

In addition, the Perpich Center was awarded a grant from the National Endowment for the Arts. The grant was awarded to organizations and individuals for the promotion of the arts. The Perpich Center will be using the grant to support a professional development program for arts educators and administrators across the entire State of Minnesota. The program, called Perpich Regional Centers Master Teachers Network and Demonstration Schools, is being instituted to focus on serving more arts educators in all parts of the state, most especially rural Minnesota

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AT A GLANCE

In FY 2016,

Board Members and Staff

- 9 board members (six pharmacists and three public members) appointed by the Governor
- 21 Full-time employees

Licenses & Registrations Issued

- 21,271 individuals
- 4,143 businesses

Inspections

- 336 inspections of licensed facilities, including pharmacies, drug manufacturers and wholesalers, and medical gas distributors

Complaint & Discipline

- Receipt of 221 new jurisdictional complaints
- Resolution of 176 jurisdictional complaints
- 39 disciplinary actions taken

In calendar year 2017,

Prescription Monitoring Program (PMP)

- 7.42 million controlled substance prescriptions reported to PMP
- 26,157 enrolled PMP Users
- 1.24 million database queries

PURPOSE

The Board's mission is to preserve and protect the public health, safety, and welfare of Minnesotans by promoting the safe distribution of pharmaceuticals and the provision of quality pharmacy care.

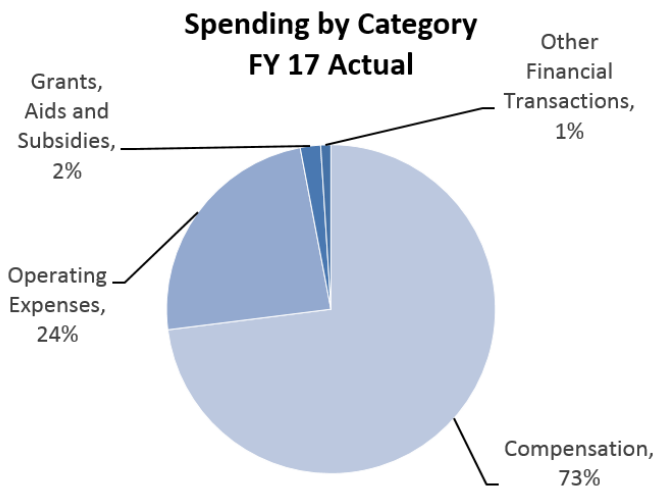
The Board fulfills this mission through examination and licensure of pharmacists, regulation of the practice of pharmacy, inspection of licensed facilities, investigation of complaints, and the issuance of disciplinary orders and agreements for corrective action. Board staff also help educate pharmacists and others about laws, rules and best standards of practice.

The Minnesota Prescription Monitoring Program (PMP), a tool that prescribers and pharmacists can use to help prevent prescription drug abuse, is also administered by the Board.

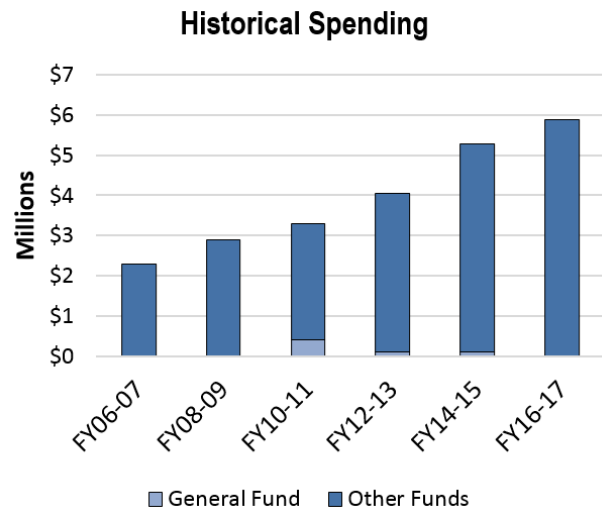
The Board contributes to the following state wide outcomes:

- All Minnesotans have optimal health
- People in Minnesota are safe
- Efficient and accountable government services

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The activities of the board are largely funded by license fees collected from licensees of the Board. The Board has also received federal and private grants that have been used to make enhancements to the Prescription Monitoring Program.

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support other boards and agencies. Some of these are: the Administrative Services Unit (inter-board), Health Professionals Services Program (inter-board), Prescription Monitoring Program (Pharmacy Board), Office of the Attorney General for legal services, and the Criminal Background Check Program (inter-board).

STRATEGIES

The Board's primary strategy is to promote adherence to state and federal laws and rules relating to the practice of pharmacy and the manufacture and distribution of drugs. Another, equally important strategy is to promote the adoption of cutting edge standards of practice that go beyond the minimum requirements specified in the statutes and rules. The Board's activities can be divided into several areas of focus:

Licensing. Licensing is the Board's "foundation," on which most activities ultimately rest. The ability to issue licenses and registrations empowers the Board to inspect facilities, investigate complaints, and take disciplinary action when necessary. In addition, the Board is primarily funded by the licensing and registration fees that it collects. Most of the Board's staff members are involved in some aspect of the licensing process. Administrative staff members process applications and work with the National Association of Boards of Pharmacy to make sure that applicants for a pharmacist license have passed the required examinations. Compliance staff members conduct initial inspections of facilities before they are allowed to be licensed.

Compliance. Activities in this area can be further divided as follows:

- **Inspections.** The Board licenses or registers 2,125 in-state pharmacies, drug wholesalers, drug manufacturers, medical gas distributors and controlled substance researchers. Each facility is inspected by a Board Surveyor before it can open. Subsequent, unannounced inspections are also periodically conducted.
- **Complaint Investigations.** The Board investigates every jurisdictional complaint it receives. Most often, a Board Surveyor visits the pharmacy in question, meets with pharmacy staff, reviews the policies and procedures of the pharmacy, and directs pharmacy staff to make necessary changes to policies and procedures. For cases involving certain issues, such as alleged physical or mental impairment of a licensee, the Board refers the matter to the Attorney General's Office (AGO) for investigation. The Surveyor of the AGO Investigator issues a report which is reviewed by the Board's Complaint Review Panel (CRP). CRP may dismiss the complaint if the allegations aren't proven or may refer the matter on for discipline.
- **Discipline.** If either the CRP or the Board's Executive Director (ED) determines that the evidence substantiates a serious violation of statutes or rules, the matter is turned into a disciplinary case. The ED works with the AGO to initiate the due process procedures that the Board must follow. The licensee or registrant is directed to appear before a Committee on Professional Standards, which weighs the available evidence. In most cases, if the Committee determines that discipline is warranted, it reaches a settlement agreement with the licensee or registrant. Such agreements, which must be approved by the full Board, usually involve the issuance of a disciplinary order which places limitations and conditions on the license or registration of the person or business that was investigated.
- **Consultations.** The Executive Director, Deputy Director, and Board Surveyors are licensed pharmacists with, collectively, nearly 200 years of experience working in a variety of pharmacy settings. As such, their advice is sought on a daily basis by pharmacists and other licensees and registrants. The ED, DD and Surveyors provide consultations on issues that are often extremely technical and complex. The goal of all consultations is to promote both adherence to laws and rules and the adoption of cutting edge standards of practice and technology that help protect the health, welfare, and safety of citizens.

Policy, Regulatory and Legislative Activities. As new standards of practice emerge and new technologies are developed, the Board and its staff work to update guidances, rules, and statutes. Guidances help licensees and registrants use new technologies and procedures in a way that best promotes the health, welfare, and safety of citizens. As new technologies and standards of practice become more broadly accepted, the Board will promulgate rules, as necessary, to replace the guidances or propose statutory changes. In addition, Board staff very frequently provide technical assistance to legislators and their staff on a variety of issues concerning pharmacy and drugs. The Board also works on policy issues with other local, state, and federal agencies, including local law enforcement agencies, county attorneys, the state Departments of Human Services and Health, the Minnesota Pollution Control Agency, the Bureau of Criminal Apprehension, the U.S. Drug Enforcement Administration, and the U.S. Food and Drug Administration.

Services for the General Public. Board staff provides direct services to the public. Staff provide information to the public in response to inquiries concerning the legal requirements and standards for pharmacy practice. The public can use the Board's online license verification system to verify that individuals and businesses are licensed by the Board and to determine if any disciplinary action has been taken against a licensee or registrant. The Board provides free copies of disciplinary orders to the public upon request.

Prescription Monitoring Program. The purpose of the Prescription Monitoring Program (PMP) is to promote public health, safety, and welfare by detecting abuse or misuse of controlled substances— drugs that have a high potential for abuse and addiction, such as narcotics and stimulants. The PMP collects information concerning controlled substance prescriptions dispensed for people residing in Minnesota. Prescribers, pharmacists, and certain Medicaid staff can access this data through a secure online system. The PMP is a tool that these authorized users can employ in order to detect if a patient is obtaining prescriptions from multiple prescribers and

having them filled by multiple pharmacies. The Board encourages prescribers and pharmacists who identify individuals who appear to be engaged in such an activity to refer them for appropriate care – either chemical dependency treatment or pain management. Law enforcement officials can obtain data from the system as well, but only after obtaining a court-issued search warrant and serving it on the Board.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of in-state facility inspections completed annually	17.1%	19.3%	FY 2015 FY 2016
Quality	Percentage of complaints investigated and resolved within 12 months	71.7%	77.4%	FY 2015 FY 2016
Results	Number of individuals who receive prescriptions from five or more prescribers and have them filled at five or more pharmacies within a three month period of time	908	452	7/1/2016 – 12/31/2016 7/1/2017 – 12/31/2017

Sections of MN Statutes Chapters 151 (<https://www.revisor.mn.gov/statutes/?id=151>), 152 (<https://www.revisor.mn.gov/statutes/?id=152>) and 214 (<https://www.revisor.mn.gov/statutes/?id=214>) provide the Board of Pharmacy with legal authority to carry out its duties.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1201 - Health Related Boards	2,729	3,161	3,105	3,383	3,301	3,338	3,624	3,654
2000 - Restrict Misc Special Revenue		1	12	17	16	16	16	16
2365 - Opioid Stewardship							1,643	1,285
3000 - Federal	35	182	131	836	584	434	584	434
Total	2,763	3,344	3,248	4,236	3,901	3,788	5,867	5,389
Biennial Change				1,377		205		3,772
Biennial % Change				23		3		50
Governor's Change from Base								3,567
Governor's % Change from Base								46

Expenditures by Program

Pharmacy Board	2,763	3,344	3,248	4,236	3,901	3,788	5,867	5,389
Total	2,763	3,344	3,248	4,236	3,901	3,788	5,867	5,389

Expenditures by Category

Compensation	2,226	2,440	2,491	2,682	2,736	2,745	3,659	3,686
Operating Expenses	536	813	753	1,534	1,157	1,035	2,200	1,695
Grants, Aids and Subsidies		64		20	8	8	8	8
Other Financial Transaction	2	26	4					
Total	2,763	3,344	3,248	4,236	3,901	3,788	5,867	5,389

Full-Time Equivalents

18.48	19.30	19.82	21.00	21.00	21.00	30.25	30.25
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Pharmacy, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		263		117				
Direct Appropriation	2,962	3,033	3,164	3,243	3,276	3,313	3,599	3,629
Open Appropriation				23	25	25	25	25
Transfers In	30	98	58					
Transfers Out		10	1					
Cancellations		223						
Balance Forward Out	263		117					
Expenditures	2,729	3,161	3,105	3,383	3,301	3,338	3,624	3,654
Biennial Change in Expenditures				598		151		790
Biennial % Change in Expenditures				10		2		12
Governor's Change from Base								639
Governor's % Change from Base								10
Full-Time Equivalents	18.48	19.30	19.49	19.08	19.71	19.83	20.71	20.83

2000 - Restrict Misc Special Revenue

Balance Forward In	1	1		1				
Receipts			13	16	16	16	16	16
Balance Forward Out	1		1					
Expenditures		1	12	17	16	16	16	16
Biennial Change in Expenditures				28		3		3
Biennial % Change in Expenditures						11		11
Governor's Change from Base								0
Governor's % Change from Base								0

2365 - Opioid Stewardship

Direct Appropriation							1,643	1,285
Expenditures							1,643	1,285
Biennial Change in Expenditures				0		0		2,928
Biennial % Change in Expenditures								
Governor's Change from Base								2,928
Governor's % Change from Base								
Full-Time Equivalents							8.25	8.25

3000 - Federal

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward In	1	1	1	1				
Receipts	35	182	131	835	584	434	584	434
Balance Forward Out	1	1	1					
Expenditures	35	182	131	836	584	434	584	434
Biennial Change in Expenditures				751		51		51
Biennial % Change in Expenditures				346		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.33	1.92	1.29	1.17	1.29	1.17

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	3,243	3,243	3,243	6,486
Base Adjustments				
Current Law Base Change		25	62	87
Pension Allocation		8	8	16
Forecast Base	3,243	3,276	3,313	6,589
Change Items				
Operating Adjustment		124	126	250
Pharmacy Surveyor for Compliance Activities		199	190	389
Total Governor's Recommendations	3,243	3,599	3,629	7,228
Fund: 2365 - Opioid Stewardship				
Change Items				
PMP Operating Adjustment		696	699	1,395
Controlled Substance Registration System		663	460	1,123
Opioid Manufacturer and Wholesaler Fee		284	126	410
Total Governor's Recommendations		1,643	1,285	2,928
Open				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	23	23	23	46
Base Adjustments				
Forecast Open Appropriation Adjustment		2	2	4
Forecast Base	23	25	25	50
Total Governor's Recommendations	23	25	25	50
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	17	16	16	32
Forecast Base	17	16	16	32
Total Governor's Recommendations	17	16	16	32
Fund: 3000 - Federal				
Planned Spending	836	584	434	1,018
Forecast Base	836	584	434	1,018
Total Governor's Recommendations	836	584	434	1,018
Revenue Change Summary				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	16	16	16	32
Total Governor's Recommendations	16	16	16	32
Fund: 3000 - Federal				
Forecast Revenues	835	584	434	1,018
Total Governor's Recommendations	835	584	434	1,018
<i>Non-Dedicated</i>				
Fund: 1201 - Health Related Boards				
Forecast Revenues	2,979	3,013	3,013	6,026
Change Items				
Fee Increase		651	651	1,302
Total Governor's Recommendations	2,979	3,664	3,664	7,328
Fund: 2365 - Opioid Stewardship				
Change Items				
Controlled Substance Registration System		7,918	7,918	15,836
Opioid Manufacturer and Wholesaler Fee		18,000	18,000	36,000
Total Governor's Recommendations		25,918	25,918	51,836

Pharmacy, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	124	126	126	126
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	124	126	126	126
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$250,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at The Board of Pharmacy.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The Board is entirely fee supported and receives no General Fund dollars to provide all services. Fees must be collected to cover all direct and indirect expenditures and are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Minnesota Legislature makes appropriations from the fund to pay for expenses incurred by the Board.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board of Pharmacy, this funding will cover known employee compensation growth, rent, legal services, and MN.IT costs. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases.

Small Agency Increase:	FY 2020	FY 2021	FY 2022	FY 2023
Salary Increases	\$44,000	\$61,000	\$61,000	\$61,000
Other Benefits – Board Member Per Diems	\$2,000	\$0	\$0	\$0
Rent Increases	\$12,000	\$12,000	\$12,000	\$12,000
Professional/Technical Contracts – Expert witness	\$5,000	\$5,000	\$5,000	\$5,000
Communications	\$3,000	\$3,000	\$3,000	\$3,000
In-State Travel	\$3,000	\$0	\$0	\$0
Out-State Travel	\$10,000	\$2,000	\$2,000	\$2,000
Employee Development	\$10,000	\$8,000	\$8,000	\$8,000
Administrative Hearings	\$5,000	\$5,000	\$5,000	\$5,000
Repairs	\$2,000	\$2,000	\$2,000	\$2,000

Small Agency Increase:	FY 2020	FY 2021	FY 2022	FY 2023
MN.IT Enterprise Services	\$28,000	\$28,000	\$28,000	\$28,000
Total	\$124,000	\$126,000	\$126,000	\$126,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination. The proposal has no impact, either positive or negative on equity and inclusion.

IT Related Proposals:

A portion of this request includes an increase for database maintenance and to cover annual MN.IT service rates.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000
Staff costs (MNIT or agency)						
Total	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000
MNIT FTEs						
Agency FTEs						

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Percentage of complaints investigated and resolved within 12 months	77%	85%	FY 2014 FY 2016

Statutory Change(s):

No statutory change will be required.

Pharmacy, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Prescription Monitoring Program Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Opioid Stewardship Fund				
Expenditures	696	699	699	699
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	696	699	699	699
FTEs	2	2	2	2

Recommendation:

The Governor recommends additional funding of \$1.395 million from the Opioid Stewardship Fund in the FY 2020-2021 biennium to maintain the current level of service delivery at The Board of Pharmacy for the Prescription Monitoring Program (PMP).

This proposal is part of a package of proposals recommended by the Governor to address rising rates of opioid use. The package of proposals is funded by new fees on opioid manufacturers, wholesalers, and entities that handle controlled substances.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The workload for the Board's PMP staff has increased since the program's inception in 2010. Part of the increased workload involves the processing of an increased number of search warrants, the need to do more analysis of data to assess the program, and the need to do additional work involving the accuracy and integrity of prescription data submitted to the program.

The Board previously held a contract with Health Information Designs, LLC (HID) for the PMP platform and service and support necessary to collect and store data, and to make it available to permissible users. The Board will be migrating to a new platform developed by APPRISS, which is called AWARe. The AWARe platform is far more robust than the existing platform.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board of Pharmacy, this funding will cover known employee compensation growth, rent increases, IT costs including enterprise rates and PMP system migration. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases.

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination. There will be no direct impact on equity and inclusion.

IT Related Proposals:

This proposal contains costs related to the migration of the PMP system.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of search warrants processed within one business day	95%	75%	FY 2017 FY 2018
Quantity	Percentage of data uploaders reporting daily as required.	87%	94%	FY 2012 FY 2016

Statutory Change(s):

No changes in statutes are required.

Pharmacy, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Pharmacy Surveyor for Compliance Activities

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	199	190	190	190
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	199	190	190	190
FTEs	1	1	1	1

Recommendation:

The Governor recommends funding for a pharmacy surveyor at the Board of Pharmacy. The Board will hire another Pharmacy Surveyor in order to increase the number of in-state facility inspections that are completed and to better handle the increased number of complaints it has been receiving.

Rationale/Background:

The Board's workload has increased over the past decade due to an increase in the facilities licensed by the Board by 1,296 between 2008 and 2018 (a 43% increase). The number of individuals licensed by the Board increased by 5,609 during the same period of time (a 34% increase). Due to several factors, the number of complaints that the Board needs to process has tripled since FY 2008, totaling between 200 and 250 complaints per year (about one complaint per business day). The complexity of the complaints has also increased, with many complaints involving out-of-state compounding pharmacies, which have to be reviewed by the Board's Pharmacy Surveyors.

The Board currently employs seven Pharmacy Surveyors. However, two of those Surveyors are assigned to duties not related to facility inspections, complaint investigations, or review of out-of-state facility inspection reports. One of the Surveyors shares time as the Complaint Coordinator, ensuring that complaints are properly entered into our system, assigned to a Surveyor for investigation, and brought before the Board's Complaint Review Panel for resolution. The second Surveyor shares time as the Variance and Policy Review Coordinator, making sure that variance requests are properly entered into the system and reviewed by the Surveyors and acting as chair of the Board's Variance and Policy Review Committee. All of the Surveyors spend time responding to requests for technical assistance from licensees.

Proposal:

This proposal would allow the Board to hire an additional Pharmacy Surveyor so that the in-state facilities that the Board licenses can be inspected more frequently and complaints can be investigated and resolved more quickly. This proposal would allow the Board to hire an eighth Surveyor. As seen in the Results table below, the number of in-state facilities inspected decreased between FY 2016 and FY 2018 for three reasons: 1) several Pharmacy Surveyors retired and time to train new Surveyors to the point that they can complete inspections on their own; 2) Surveyors have had to spend a lot of time reviewing the inspection reports submitted by out-of-state facilities that are seeking Minnesota licenses; and 3) Surveyors have had to focus on complaint investigations. The percentage of complaints that are investigated and resolved has increased over the past several years.

The cost for the salaries and benefits of the current seven Pharmacy Surveyors is approximately \$1.25 million. The cost for the salary and benefits of an eighth Surveyor is projected to be \$187,000. An additional \$12,000 will be

used in FY2020 to pay for equipment and fixtures. An additional \$3,000 will be needed in FY 2021 to pay for IT services such as desktop and mobile device support and office software. The figure of \$187,000 is based on the salaries and benefits paid to current Pharmacy Surveyors and assumes a 2.8% increase in salaries and benefits for the next biennium. The \$3,000 cost for IT services was based on information provided by MN.IT.

The hiring process will be implemented and completed by the beginning of fiscal year 2020.

Small Agency Increase:	FY 2020	FY 2021	FY 2022	FY 2023
Salary Increases (Pharmacy Surveyor)	\$187,000	\$187,000	\$187,000	\$187,000
Equipment and Fixtures	\$9,000			
IT central services	\$3,000	\$3,000	\$3,000	\$3,000
Total	\$199,000	\$190,000	\$190,000	\$190,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of State of Minnesota without discrimination.

IT Related Proposals:

Some funds will be expended for routine IT services, such as a computers and office software.

Category	FY 2020	FY 2021	FY 2022	FY 2023
Payroll				
Professional/Technical Contracts				
Infrastructure				
Hardware				
Software				
Training				
Enterprise Services	3,000	3,000	3,000	3,000
Staff costs (MNIT or agency)				
Total	3,000	3,000	3,000	3,000
MNIT FTEs	0		0	0
Agency FTEs	0	0	0	0

Results:

By hiring an additional Pharmacy Surveyor, the Board should see improvements in the number of in-state facilities inspected annually. The goal is to inspect every in-state facility at least once every 24 months. Currently, the Board is unable to inspect at this rate. The completion of the training of the newer Surveyors, plus the addition of an eighth Surveyor, should help the Board meet this goal. Additionally, an increase in the percentage of complaints that are investigated and resolved within 12 months is expected with an additional Pharmacy Surveyor. Improvements have already been made in this area and will continue.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of in-state facility inspections completed annually	467	351	FY 2016 FY 2018
Quantity	Percentage of complaints investigated and resolved within 12 months	77%	85%	FY 2014 FY 2016

Statutory Change(s):

No changes in statutes are required.

Pharmacy, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Controlled Substances Registration System

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Opioid Stewardship Fund				
Expenditures	663	460	460	460
Revenues	7,918	7,918	7,918	7,918
Net Fiscal Impact = (Expenditures – Revenues)	(7,255)	(7,458)	(7,458)	(7,458)
FTEs	4.25	4.25	4.25	4.25

Recommendation:

The Governor recommends the establishment of a controlled substances registration system by the Board of Pharmacy. This proposal is part of a package of proposals recommended by the Governor to address rising rates of opioid use. This proposal represents one revenue source to support expenditures across many state agencies, including the Board of Pharmacy.

Rationale/Background:

At least 26 other states have established a controlled substances registration system that is equivalent to the federal controlled substance registration system administered by the United States Drug Enforcement Administration (DEA).

Through investigations, the Board of Pharmacy would have the authority to administratively remove a pharmacy's controlled substance registration if it is found to be in violation of state and federal laws. For example, if the Board received a complaint alleging that a pharmacy had begun purchasing a large number of opioids and if, after an investigation, the Board determined that the pharmacy was operating knowingly filling inappropriate prescriptions, the Board could administratively remove the pharmacy's controlled substance registration. This could be done more quickly than taking action against the license of the pharmacy, which requires lengthy due-process procedures. Establishing a controlled substance registration system would also help to identify prescribers of controlled substances who, under current law, are supposed to register for and maintain a Prescription Monitoring Program account.

Drug wholesalers, pharmacies, and prescribers all bear some of the responsibility for the opioid epidemic. Drug wholesalers have been fined by the Drug Enforcement Administration for not reporting suspiciously large sales of opioids to pharmacies and other purchasers who were inappropriately dispensing opioids. Similarly, the DEA has levied civil penalties against some of the large, national pharmacy chains – based on allegations that the pharmacists working for those chains did not appropriately verify the validity of controlled substance prescriptions. Prescribers, acting in accordance with pain treatment guidelines that are now considered flawed, inappropriately prescribed opioids.

Proposal:

The Board would establish a controlled substance registration system. The following businesses or entities would be required to obtain a controlled substance registration if they were involved in the manufacture, sale, prescribing, or handling of any controlled substances: drug manufacturers, drug wholesalers, pharmacies, prescribers, and controlled substance researchers. The registration would have to be renewed annually. All fee

revenue would be deposited in the Opioid Stewardship Fund. The funds would be used to administer the registration system, upgrade the PMP, and to fund several activities across state government.

Fiscal Impact:

Controlled Substances Registration Fee Expenditures				
	FY20	FY21	FY22	FY23
Salary	387	387	387	387
IT	125	25	25	25
Other Operating Costs	151	48	48	48
Total	663	460	460	460

This proposal would require an additional 4.25 staff, including 0.25 manager, a pharmacy surveyor, a program lead, and two processing agents. The program would require modifications to the Board's current registration system. There are a number of other operating costs, including costs for space, communications with impacted providers, and other supplies.

Controlled Substances Registration Fee Revenue Calculation			
Registration Type	Number	Proposed Fee (annual)	Revenue
Pharmacy - Chain	882	\$2,500	\$2,205,000
Pharmacy - Independent	307	\$500	\$153,500
Pharmacy - Hospital (> 50 beds)	85	\$2,500	\$212,500
Pharmacy - Hospital (< 50 beds)	59	\$500	\$29,500
Researcher	214	\$125	\$26,750
Manufacturer - large	10	\$75,000	\$750,000
Manufacturer - medium	28	\$5,000	\$140,000
Manufacturer - small	49	\$500	\$24,500
Wholesaler - large	3	\$75,000	\$225,000
Wholesaler- smaller	13	\$2,500	\$32,500
Practitioners	32,946	\$125	\$4,118,250
Total	34,596	TOTAL	\$7,917,500

IT Related Proposals:

There will be costs to pay for additional services from our licensing software vendor; purchase of computers, monitors, phones, etc. for new staff; one-time MN.IT costs related to reviewing the work done by the vendor; and costs associated with obtaining more server space.

Results:

The primary purpose of this proposal is to create a permanent and stable source of revenue to fund various state programs that are part of the effort to combat opioid abuse, including the Prescription Monitoring Program. The ultimate goal is to reduce opioid abuse and to reduce the number of deaths that are being caused by opioid overdoses.

Statutory Change(s):

Statutory changes will be required to sections 152.01, 152.10, 152.11, 152.12, 151.125 and 151.126.

Pharmacy, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Fee Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	651	651	651	651
Net Fiscal Impact = (Expenditures – Revenues)	(651)	(651)	(651)	(651)
FTEs	0	0	0	0

Recommendation:

The Governor recommends a fee increase for the Board of Pharmacy to maintain its core functions.

Rationale/Background:

The Board's workload has dramatically increased over the past decade. The number of facilities licensed by the Board increased by 1,296 between 2008 and 2018 (a 43% increase). The number of individuals licensed by the Board increased by 5,609 during the same period of time (a 34% increase). Due to several factors, the number of complaints that the Board needs to process has tripled since FY2008. The Board's last fee increases occurred in FY 2015.

Proposal:

This proposal to increase fees is intended to ensure that the Board will have funds to carry out its mission to protect the public by covering personnel costs and other operating expenses. This increase would allow the Board to continue its services of completing facility inspections, responding to complaints, imposing disciplinary actions, and issuing licenses and registrations.

Application fees	Current Fee	Proposed New Fee
pharmacist licensed by examination	145	175
pharmacist licensed by reciprocity	240	275
pharmacy intern	37.50	50
pharmacy technician	37.50	50
pharmacy	225	260
drug wholesaler, legend only or legend & nonlegend	235	260
drug wholesaler, nonlegend drugs, veterinary legend drugs, or both	210	260
drug wholesaler, medical gases	175	260
drug wholesaler, also licensed as a pharmacy in Minnesota	150	260
drug manufacturer, legend only or legend & nonlegend	235	260
drug manufacturer, nonlegend or veterinary legend drugs	210	260
drug manufacturer, medical gases	185	260
drug manufacturer, also licensed as a pharmacy in Minnesota	150	260
medical gas distributor	110	260

Application fees	Current Fee	Proposed New Fee
controlled substance researcher	75	100
pharmacy professional corporation	125	150
Original license fee		
pharmacist original licensure fee	145	175
Annual renewal fees		
pharmacist	145	175
pharmacy technician	37.50	50
pharmacy	225	260
drug wholesaler, legend drugs only	235	260
drug wholesaler, legend and nonlegend drugs	235	260
drug wholesaler, nonlegend drugs, veterinary legend drugs, or both	210	260
drug wholesaler, medical gases	185	260
drug wholesaler, also licensed as a pharmacy in Minnesota	150	260
drug manufacturer, legend drugs only	235	260
drug manufacturer, legend and nonlegend drugs	235	260
drug manufacturer, nonlegend, veterinary legend drugs, or both	210	260
drug manufacturer, medical gases	185	260
drug manufacturer, also licensed as a pharmacy in Minnesota	150	260
medical gas distributor	110	260
controlled substance researcher	75	100
pharmacy professional corporation	75	100
Miscellaneous fees		
intern affidavit	20	30
duplicate small license	20	30
duplicate large certificate	30	30

Calculations

Fee Name	New Fee	2020 # Paying	2020 Estimate	2021 # Paying	2021 Estimate
Intern Affidavit Fee	\$30.00	30	\$900.00	30	\$900.00
New Tech Fee	\$50.00	1,836	\$91,800.00	1,836	\$91,800.00
MNFCTR Lic	\$260.00	18	\$4,680.00	18	\$4,680.00
MNFCTR Gas	\$260.00	70	\$18,200.00	70	\$18,200.00
MNFCTR Non-RX	\$260.00	600	\$156,000.00	600	\$156,000.00
WHLSLR Lic	\$260.00	235	\$61,100.00	235	\$61,100.00
WHLSLR Gas	\$260.00	95	\$24,700.00	95	\$24,700.00
Phar Renewal	\$175.00	9,329	\$1,632,575.00	9,329	\$1,632,575.00
Pharmacists: Late Fee	\$87.50	80	\$7,000.00	80	\$7,000.00
Pharmacists: Arrears		0	\$0.00	0	\$0.00
Pharmacists: Exam Fee	\$175.00	375	\$65,625.00	375	\$65,625.00
Pharmacists: Original Fee	\$175.00	340	\$59,500.00	340	\$59,500.00
Pharmacists: Reciprocity Fee	\$275.00	135	\$37,125.00	135	\$37,125.00
Pharmacists: Intern Regist Fee	\$50.00	450	\$22,500.00	450	\$22,500.00
Pharmacy: License Fee	\$260.00	2,125	\$552,500.00	2,125	\$552,500.00
Pharmacy: Late Fee	\$130.00	35	\$4,550.00	35	\$4,550.00
Pharmacy: Arrears		0	\$0.00	0	\$0.00

Fee Name	New Fee	2020 # Paying	2020 Estimate	2021 # Paying	2021 Estimate
Wholesaler Lic Fee	\$260.00	165	\$42,900.00	165	\$42,900.00
Wholesaler Late Fee		0	\$0.00	0	\$0.00
Wholesaler in Arrears		0	\$0.00	0	\$0.00
Manufacture License	\$260.00	45	\$11,700.00	45	\$11,700.00
Manufacture Late Fee		0	\$0.00	0	\$0.00
Manufacture in Arrears		0	\$0.00	0	\$0.00
Corporation Fee - Ren \$75/New \$125		0	\$0.00	0	\$0.00
Drug Researcher Fees	\$100.00	15	\$1,500.00	15	\$1,500.00
Researcher Late Fee		0	\$0.00	0	\$0.00
Med Gas Dist Lic Fee	\$260.00	115	\$29,900.00	115	\$29,900.00
Medical Gas Late Fee	\$130.00	3	\$390.00	3	\$390.00
Duplicate License	\$30.00	55	\$1,650.00	55	\$1,650.00
Duplicate Certificate	\$30.00	2	\$60.00	2	\$60.00
Proceedings Costs		0	\$0.00	0	\$0.00
Pharmacy Service Charge		0	\$0.00	0	\$0.00
Phar Tec Fee	\$50.00	9,000	\$450,000.00	9,000	\$450,000.00
Phar Tech Late Fee	\$25.00	400	\$10,000.00	400	\$10,000.00
New PHCY Lic	\$260.00	250	\$65,000.00	250	\$65,000.00
WHLSLR Non-RX	\$260.00	1,200	\$312,000.00	1,200	\$312,000.00
Total Fee Revenue			\$3,663,855.00		\$3,663,855.00
Previous Projected Fee Revenue			\$3,013,037.50		\$3,013,037.50
Extra Revenue with fee increase			\$650,817.50		\$650,817.50

Results:

By retaining current staff, the Board should see improvements in the percentage of in-state facilities inspected annually. The Board also anticipates that license applications will be processed more quickly. The percentage of complaints that have been investigated and resolved within 12 months increased from 77% to 85% between FY 2014 and 2016.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of in-state facility inspections completed annually	467	351	FY 2016 FY 2018
Quality	Percentage of complaints investigated and resolved within 12 months	77%	85%	FY 2014 FY 2016

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of State of Minnesota without discrimination.

Statutory Change(s):

The Board's fee are listed in Minn. Stats. §151.065, which will need to be amended.

Pharmacy, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Opioid Wholesaler and Manufacturer Registration Fees

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	284	126	126	126
Revenues	18,000	18,000	18,000	18,000
Net Fiscal Impact = (Expenditures – Revenues)	(17,716)	(17,784)	(17,784)	(17,784)
FTEs	2	2	2	2

Recommendation:

The Governor recommends the establishment of fees on opioid wholesalers and manufacturers. This proposal is part of a package proposals recommended by the Governor to address rising rates of opioid use. This proposal represents one revenue source to support expenditures across many state agencies, including the Board of Pharmacy.

Rationale/Background:

The opioid crisis has had a devastating impact on communities across Minnesota and opioid overdose deaths continue to rise in Minnesota. In 2016, there were:

- 395 total opioid overdose deaths—an 18% increase since 2015
- 194 overdose deaths that involved prescription opioids
- 150 overdose deaths that involved heroin

In 2017, the number of overdose deaths rose to 773 and this crisis has not been limited to any one area of the state.

The Governor and legislature have taken steps to address the issue. Key initiatives include, the Minnesota State Substance Abuse Strategy, the Opioid Prescribing Improvement and Monitoring Work Group, the Integrated Care for High Risk Pregnant Women Initiative grant funds to expand care for pregnant women and substance exposed infants, funding to increase access to Naloxone, and efforts to make disposing of unused prescription opioids easier. Minnesota has also received a number of federal grants to support Minnesota's response to the opioid epidemic. While these efforts are an important start, the scope and impact of this crisis requires even more robust, urgent, and sustained action. This proposal seeks to build upon and expand these existing efforts and ensure there are on-going and sustainable resources available to address opioid abuse.

Proposal:

This proposal would establish an annual registration fee for both opioid manufacturers and wholesale drug distributors who distribute opioids in the state of Minnesota. The total of all manufacturer fees would be \$11 million. This amount would be prorated across manufacturers based on the number of units sold, delivered, or distributed across the state. The total of all wholesaler fees would be \$7 million, which would be prorated in the same manner. This proposal would also fund two FTEs and \$150,000 in IT database development costs.

Fiscal Impact:

Manufacturer and Wholesales Registration Fee Expenditures				
	FY20	FY21	FY22	FY23
Salary	120	120	120	120
IT	150	3	3	3
Other Operating Costs	14	3	3	3
Total	284	126	126	126

Results:

This funding stream will support state efforts to impact the following indicators:

- Reduce opioid overdose related deaths;
- Increase the number of people who receive opioid use disorder treatment and recovery services
- Reduce percentage of people reporting past 12-month pain reliever misuse
- Increased the number of buprenorphine waived physicians

Statutory Change(s):

New statute for fees and fund.

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
US Department of Justice, Office of Justice Programs - 16.754	2016-Harold Rogers Prescription Drug Monitoring Program Purpose: To enhance the MN Prescription Monitoring Program (PMP).	-	\$61	\$312	\$199	\$199	no	.05
US Department of Justice, Office of Justice Programs - 16.754	2018-Harold Rogers Prescription Drug Monitoring Program Purpose: To further, enhance of the MN Prescription Monitoring Program.	New	\$0	\$300	\$300	\$150	no	.38
MN Department of Health - 93.136	Injury Prevention and Control Research and State and County Based Programs Purpose: Increase registration and use of PMP through integrating account registration into the health professional's licensing process. Funds to be, in part, awarded to health licensing boards.	-	\$50	\$74	\$0	\$0	no	
MN Department of Human Services - 93.243	Substance Abuse and Mental Health Service Project of Regular and National Significance Purpose: Plan and carryout the delivery of four regional information/educations sessions for health care providers with permissible use of PMP data.	-	\$20	\$150	\$85	\$85	no	.86
	Budget Activity Total		\$131	\$836	\$584	\$434		1.29
	Program Total		\$131	\$836	\$584	\$434		1.29
	Federal Fund – Agency Total		\$131	\$836	\$584	\$434		1.29

Narrative

The Board of Pharmacy receives an annual allocation from the MN Legislature to conduct the day-to-day operations of the MN Prescription Monitoring Program (PMP). The federal funds are primarily used to enhance system features to ensure health care professionals have the most robust tool to assist them in providing quality patient care while ensuring patient safety.

2016 Harold Rogers Prescription Drug Monitoring Program:

Funds were awarded to enhance the functioning of the data collection and analysis system, enhance educational and training programs, facilitate information sharing among states, enhance the capacity to provide unsolicited reports to health care professionals regarding their patients and travel as required by the grant conditions.

2018 Harold Rogers Prescription Drug Monitoring Program:

Funds were awarded to educate end users about the database and the updated functionalities; to ensure continued and accurate use of the system; create and distribute an educational tool; deploy analytics, visualization, and clinical intervention tools for system end users; expand the system's report generation

capabilities; travel to mandatory meetings as required by the grant conditions; and fund .38 FTE for grant management.

The creation and distribution of educational tools and resources is expected to cease within 12 months of the implementation of the updated system functionalities. There is a long-term commitment to continue to provide the enhanced version of the system including the analytics, visualization and additional clinical tools, and to expand the report generation capabilities of the system. With the additional report generation capabilities, it is anticipated that at minimum the .38 FTE position will need to be retained.

Injury Prevention and Control Research and State and County Based Programs:

Funds were provided by the MN Department of Health specifically to support the development of a solution to integrate the PMP registration process into the health licensing board's initial licensee application process and to measure the effectiveness of their solutions. It is anticipated that this funding once expended will not have an impact on the day-to-day operations of the program.

Substance Abuse and Mental Health Service Project of Regular and National Significance:

The MN Department of Human Services provided funds to plan and carryout the delivery of four regional information/education sessions. To continue to provide educational opportunities related to opioid abuse, misuse, and overdose as well as the use of the PMP system, it is anticipated that the .86 FTE position will need to be retained.

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AT A GLANCE

- The Board's main function is to protect the public through the regulation of nearly 7,000 physical therapy professionals, including physical therapists (PTs) and physical therapist assistants (PTAs).
- 7,481 total licensees (5,601 PTs and 1,880 PTAs)
- 568 new licenses issued (425 PTs and 143 PTAs)
- 42 total complaints
- 34 resolved complaints
- 13 discipline orders
- 49 total open complaints on 6/30/17; 1 open longer than one year
- 1,133 Continuing Education courses reviewed

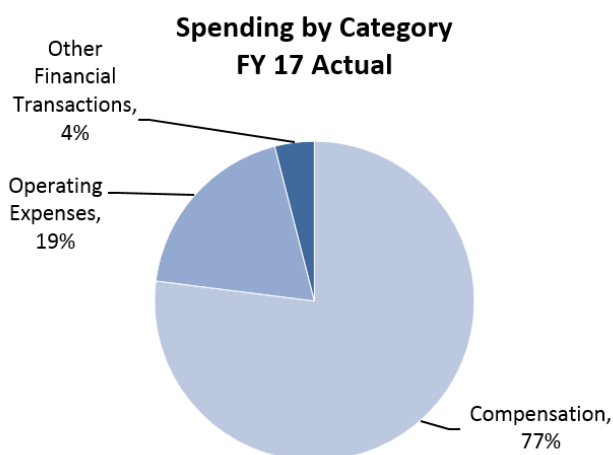
FY2017 data

PURPOSE

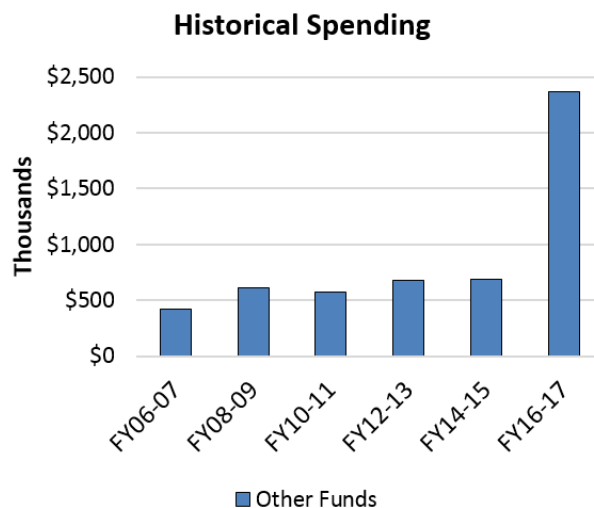
The Board works to ensure that people in Minnesota are safe. We license qualified applicants, and make sure that physical therapists (PTs) and physical therapist assistants (PTAs) maintain competence. We thoroughly investigate complaints against licensees, provide timely and impartial resolution, and when necessary, discipline licensees.

Our mission is to ensure that Minnesotans receive appropriate physical therapy from competent PTs and PTAs.

- **All Minnesotans have optimal health**
- **People in Minnesota are safe**
- **Efficient and accountable government services**

BUDGET

Source: Budget Planning & Analysis System (BPAS)



FY 04-15 includes spending for Physical Therapy. FY 16-17 includes Health Professionals Services Program (HPSP) and Physical Therapy spending.

Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation. Fees have not been raised since 1995.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are: the Administrative Services Unit (inter-board), Health Professionals Services Program (inter-board), Office of the Attorney General for legal services, and Criminal Background Check Program (inter-board).

STRATEGIES

Our agency is funded by fees paid for licensing and continuing education program approvals.

The three primary services that the Board engages in to regulate providers of physical therapy are:

1. **Licensure:** assurance that those approved for Minnesota licensure have met minimum standards established by the Board. These standards primarily include successful completion of education from an accredited program and passing a national examination, both of which help establish that the candidate is competent to practice. The Board also reviews the candidates' backgrounds to evaluate their fitness to practice. Beginning in May 2015, the Board has required that candidates for initial licensure complete a fingerprint background check, providing additional information for the Board to consider when making licensure decisions.
2. **Continued Competence:** the Minnesota Board of Physical Therapy uses continuing education (CE) requirements as a measure of the licensees' involvement and commitment to staying engaged in the profession. The Board has established a two-year CE cycle, during which each licensed professional must complete a minimum of 20 hours of CE activities that have significant intellectual or practical content dealing primarily with matters directly related to the practice of physical therapy or professional responsibility.
3. **Complaint Resolution:** when there is concern raised that a licensee may have violated the Practice Act, the Board initiates an investigation of the complaint and works to bring the matter to resolution. Physical therapy professionals are held to a high expectation of practice and ethical behavior as outlined in the statutes and rules governing them and enforced by the Board. Appropriate and timely resolution of complaint matters ensures that questionable behaviors are addressed and prevented from continuing.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of licensees using the online annual license renewal system	98%	99.6%	FY17
Quality	Percent of licenses renewed the same day Board receives the completed renewal application	99%	99%	FY17
Quality	Percent of complaint cases resolved in less than one year	78%	98%	FY17

M.S. 148.65-148.78 and M.R. 5601.0100-5601.3200 (<https://www.revisor.mn.gov/statutes/?id=148.65>) provide the legal authority for the Board of Physical Therapy

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	289	344	386	673	557	559	557	559
2000 - Restrict Misc Special Revenue	21	20	18	20	20	20	20	20
Total	310	364	404	693	577	579	577	579
Biennial Change				424		59		59
Biennial % Change				63		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Physical Therapy Bd	310	364	404	693	577	579	577	579
Total	310	364	404	693	577	579	577	579

Expenditures by Category

Compensation	239	246	254	299	297	304	297	304
Operating Expenses	71	111	150	394	280	275	280	275
Other Financial Transaction		7						
Total	310	364	404	693	577	579	577	579

Full-Time Equivalents

2.49	2.80	3.02	3.20	3.05	3.05	3.05	3.05
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		105		132				
Direct Appropriation	394	419	518	531	547	549	547	549
Open Appropriation				10	10	10	10	10
Transfers Out		50						
Cancellations		130						
Balance Forward Out	105		132					
Expenditures	289	344	386	673	557	559	557	559
Biennial Change in Expenditures				427		57		57
Biennial % Change in Expenditures				67		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.49	2.80	3.02	3.20	3.05	3.05	3.05	3.05

2000 - Restrict Misc Special Revenue

Balance Forward In	1	0	1					
Receipts	20	20	17	20	20	20	20	20
Balance Forward Out	0	1	0					
Expenditures	21	20	18	20	20	20	20	20
Biennial Change in Expenditures				(3)		2		2
Biennial % Change in Expenditures				(7)		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	531	531	531	1,062
Base Adjustments				
Current Law Base Change		16	18	34
Forecast Base	531	547	549	1,096
Total Governor's Recommendations	531	547	549	1,096
Open				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	10	10	10	20
Forecast Base	10	10	10	20
Total Governor's Recommendations	10	10	10	20
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	20	20	20	40
Forecast Base	20	20	20	40
Total Governor's Recommendations	20	20	20	40
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	20	20	20	40
Total Governor's Recommendations	20	20	20	40
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	654	656	656	1,312
Total Governor's Recommendations	654	656	656	1,312

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mn.gov/boards/podiatric-medicine/

AT A GLANCE

FY17,

Credentialing Services

- 19 temporary permits issued
- 90 license renewals

Professional Development/Continuing Education

- 4,050 Continuing Medical Education (CME) hours reviewed
- Approved 7 CME Sponsorships
- Conducted 15 DPM Interviews
- Administered 15 Jurisprudence Exams

Complaint Review

- 2 Formal Actions

PURPOSE

The Minnesota Board of Podiatric Medicine was established in 1916. The Board mission is to protect the public by extending the privilege to practice to qualified doctors of podiatric medicine (DPM) and investigating complaints relating to their competency or behavior. In FY17 the Board received administrative responsibilities from the legislature for the same oversight of the following new licensee types - prosthetists, orthotists, pedorthists, prosthetist orthotists, assistants, and fitters. It required the Board to create an Orthotics, Pedorthics, and Prosthetics Advisory Council that met by November 1, 2016 with full licensure completed by January 1, 2018.

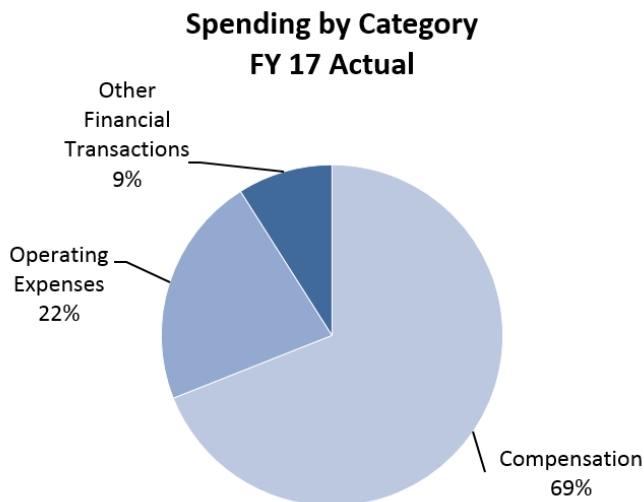
The Board accomplishes its mission by:

- Responding to public and agency inquiries, complaints and reports regarding licensure and conduct of applicants, permit holders, licensees and unlicensed practitioners;
- Reviewing allegations of statute and rule violations, holding disciplinary conferences with licensees, and taking formal action to suspend or revoke the licenses of DPM who fail to meet standards;
- Setting and administering educational requirements and examination standards for DPM licensure; and providing information and education about licensure requirements and standards of practice to the public and other interested audiences.

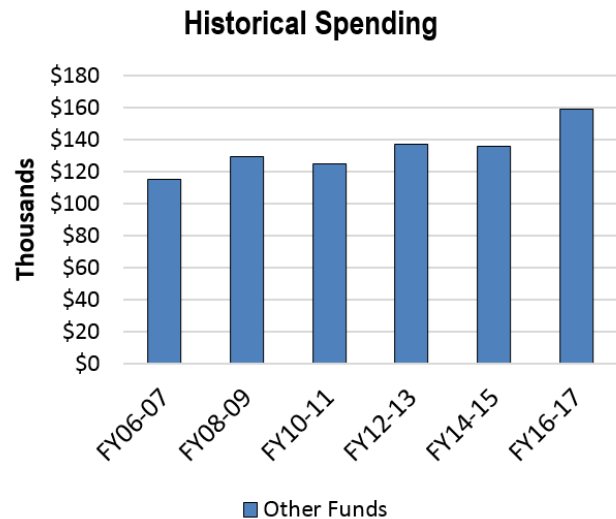
The Board of Podiatric Medicine contributes to the following statewide outcomes:

- A thriving economy that encourages business growth and employment opportunities
- Minnesotans have the education and skills needed to achieve their goals
- All Minnesotans have optimal health
- Strong and stable families and communities
- People in Minnesota are safe
- Efficient and accountable government services

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are: the Administrative Services Unit (interboard), Health Professionals Services Program (interboard), Prescription Monitoring Program (Pharmacy Board), Office of the Attorney General for legal services, and the Criminal Background Check Program (interboard).

STRATEGIES

The Board of Podiatric Medicine is guided by these principles:

- Responsibility for public protection will be fulfilled with respect for due process and adherence to laws and rules;
- Customer services will be delivered in a respectful, responsive, timely, communicative, and nondiscriminatory manner;
- Government services will be accessible, purposeful, responsible, and secure; and
- Business functions will be delivered with efficiency, accountability, and a willingness to collaborate.

The Board's licensure strategies are accomplished through licensure of applicants who meet set standards of education, examination, supervised practice, continuing education, and ethical practice. The number of licensed DPMs in Minnesota has increased 9% over the past four years. This reflects the growing need for their services and the demand is expected to continue with an aging population.

The Board's Complaint Resolution Committee (CRC) is authorized by Minnesota Statutes, Chapter 214 to receive, investigate and resolve complaints regarding conduct or standard of care.

The Board's administrative strategies are advanced through responsive, efficient, and cost-effective services that include a commitment to technology upgrades, helping to achieve this goal. The new Automated Licensing

Information Management System (ALIMS), now offers online applications for the first time. Online renewals and verifications are now received in real time, creating significant efficiencies.

The Board is comprised of seven volunteer members appointed by the Governor - five DPM and two public members who receive a per diem and mileage reimbursement for meetings. The full Board meets quarterly and the Complaint Review Committee (CRC) more frequently.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Number of licensees	227	247	2014 2017
Quality	Number of new license applications	10	15	2015 2017
Quantity/Quality	Percent and number of license verifications made online	95% 933	97% 957	2015 2017
Quantity	Number of complaints received/investigated	12	11	2015 2017
Quality	Licenses granted within 2 days upon receipt of all documentation	100%	100%	2015 2017

The statutory authority for the Minnesota Board of Podiatric Medicine is located in Chapter 153.01 – 153.26, 153B <https://www.revisor.mn.gov/statutes/?id=153.01>.

The rules are located in MN Rules Chapter 6900. <https://www.revisor.mn.gov/rules/?id=6900>.

Additional statutes pertaining to all health licensing boards are found in Chapters 13, 16, and 214.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	67	92	103	295	209	209	209	209
2000 - Restrict Misc Special Revenue			9	2	2	2	2	2
Total	67	92	113	297	211	211	211	211
Biennial Change				251		12		12
Biennial % Change				158		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Podiatry Board	67	92	113	297	211	211	211	211
Total	67	92	113	297	211	211	211	211

Expenditures by Category

Compensation	59	64	62	154	129	134	129	134
Operating Expenses	8	20	50	140	82	77	82	77
Other Financial Transaction		8		3				
Total	67	92	113	297	211	211	211	211

Full-Time Equivalents

0.45	0.56	0.52	1.12	1.12	1.12	1.12	1.12
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		11		96				
Direct Appropriation	78	154	199	199	199	199	199	199
Open Appropriation					10	10	10	10
Cancellations		73						
Balance Forward Out	11		96					
Expenditures	67	92	103	295	209	209	209	209
Biennial Change in Expenditures				239		20		20
Biennial % Change in Expenditures				151		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.45	0.56	0.52	1.12	1.12	1.12	1.12	1.12

2000 - Restrict Misc Special Revenue

Receipts			10	2	2	2	2	2
Balance Forward Out			0					
Expenditures			9	2	2	2	2	2
Biennial Change in Expenditures				11		(7)		(7)
Biennial % Change in Expenditures						(64)		(64)
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	199	199	199	398
Forecast Base	199	199	199	398
Total Governor's Recommendations	199	199	199	398
Open				
Fund: 1201 - Health Related Boards				
Base Adjustments				
Forecast Open Appropriation Adjustment		10	10	20
Forecast Base		10	10	20
Total Governor's Recommendations		10	10	20
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	2	2	2	4
Forecast Base	2	2	2	4
Total Governor's Recommendations	2	2	2	4
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	2	2	2	4
Total Governor's Recommendations	2	2	2	4
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	127	328	127	455
Total Governor's Recommendations	127	328	127	455

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<https://www.pca.state.mn.us/>

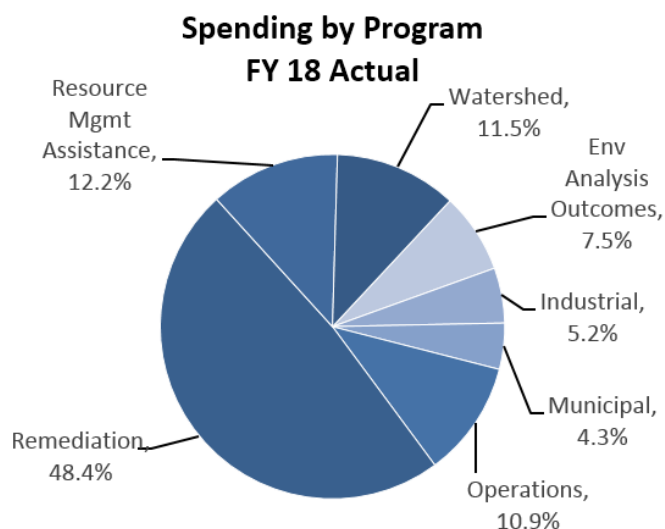
AT A GLANCE

- 875 employees in FY18: 635 in Saint Paul and 240 in seven regional offices; 29 are student workers or seasonal employees
- Protect human health by issuing more than 16,700 permits that include environmental standards to limit pollution
- Monitor the condition of air, ground and surface water, and land at more than 2,320 sites
- Inspect and license more than 40,000 sites that involve hazardous waste, feedlots, and storage tanks
- 2013 Eco Experience exhibit received “People’s Choice Award for Best Attraction” at the Minnesota State Fair
- Offer 20 online services with more launching soon

PURPOSE

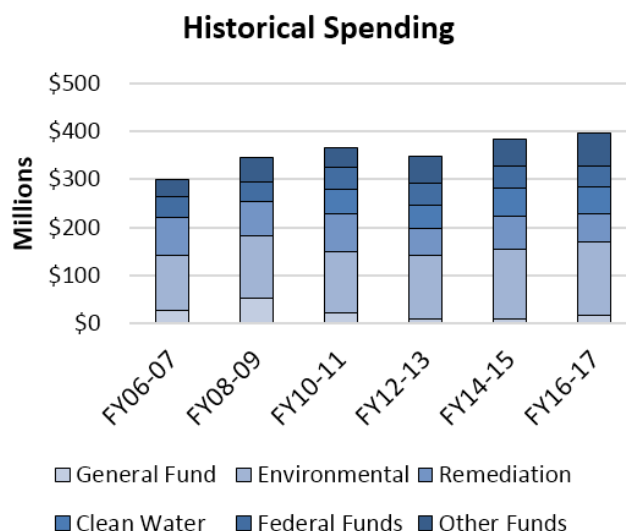
The Minnesota Pollution Control Agency (MPCA) monitors environmental quality, offers technical and financial assistance, and enforces environmental regulations. MPCA finds and cleans up spills or leaks that can affect health and environment. MPCA develops statewide policy, supports environmental education, and helps ensure pollution does not have a disproportionate impact on any group of citizens. MPCA’s mission is to protect and improve the environment and human health. The agency plays a key role in contributing to the following statewide outcome: **A clean, healthy environment with sustainable uses of natural resources.**

BUDGET



Budget structure changed in FY18 from Programs to Divisions

Source: Budget Planning and Analysis System (BPAS)



Source: Consolidated Fund Statement

MPCA’s budget is funded from multiple state government funds and federal grants. The funding MPCA has received from the general fund has decreased over this 12-year timeframe from 9 percent in FY12-13 to 4 percent in FY16-FY17.

In the last biennium, MPCA expenses by fund included environmental (38 percent), remediation (15 percent), clean water (14 percent), and federal (11 percent). All other state funds make up the remaining 18 percent. The clean water fund is one of the legacy funds created when voters passed a constitutional amendment in November 2008.

STRATEGIES

Limiting pollution caused by businesses, organizations, and individuals is fundamental to MPCA's mission. The MPCA develops and enforces regulations and provides education and technical assistance to help meet these regulations. Increasingly, MPCA's focus is on preventing pollution rather than just controlling or cleaning it up.

MPCA works with many partners—citizens, communities, businesses, government, environmental groups, and educators—to prevent pollution and conserve resources. These partnerships allow MPCA to:

- Foster greater commitment and personal responsibility for the environment.
- Work to minimize the use and generation of toxic chemicals in products and materials.
- Protect, restore, and preserve the quality of our waters.
- Develop solutions to Minnesota's climate change challenges.

As a result, Minnesota is a national model for environmental protection. The state's air, land, and water are cleaner now than 40 years ago, even with a growing population and rising industrialization.

MPCA's range of activities includes:

- Testing and researching to identify environmental problems.
- Setting priorities and operating strategies.
- Setting standards and developing rules that protect people and the environment.
- Writing permits to regulate activities that affect the environment (air emissions, toxic, or hazardous materials, water discharges, landfills, etc.).
- Ensuring compliance with and enforcing regulatory requirements to ensure equitable treatment and a level playing field for Minnesota businesses.
- Integrating environmental justice principles into the agency's processes to ensure pollution does not disproportionately impact the health of low income populations or people of color.
- Providing technical assistance, training, outreach, and education to schools, facility operators, permit holders, and the general public.
- Providing access to environmental data and regulatory services through data requests and online systems.
- Publicizing and demonstrating pollution prevention techniques.
- Responding to environmental spills, releases, and other environmental emergencies.

Minnesota Statutes, Chapter, 114D (<https://www.revisor.mn.gov/statutes/?id=114D>), Chapter 115 (<https://www.revisor.mn.gov/statutes/?id=115>), Chapter 115A (<https://www.revisor.mn.gov/statutes/?id=115A>), and Chapter 116 (<https://www.revisor.mn.gov/statutes/?id=116>) provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

Pollution Control

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	9,289	8,119	6,170	8,320	6,814	6,598	10,677	8,266
1200 - State Government Special Rev	76	80	76	78	78	78	78	78
2000 - Restrict Misc Special Revenue	4,942	4,977	5,567	5,920	4,939	4,839	4,939	4,839
2001 - Other Misc Special Revenue	30,718	29,740	28,184	32,477	29,568	29,404	29,868	29,704
2050 - Environment & Natural Resources	102	212	641	1,159				
2302 - Clean Water	25,532	29,910	22,480	29,694			25,505	23,455
2403 - Gift				10,000	7,800	7,800	7,800	7,800
2800 - Environmental	75,145	77,513	78,452	85,403	82,003	81,786	83,733	84,258
2801 - Remediation	30,890	28,698	157,761	40,730	147,585	194,184	148,190	194,789
2802 - Closed Landfill Investment			620	2,380				
3000 - Federal	21,341	20,423	18,967	21,785	22,850	21,878	22,850	21,878
8200 - Clean Water Revolving	1,564	1,567	1,610	1,610	1,610	1,610	1,610	1,610
Total	199,598	201,238	320,528	239,556	303,247	348,177	335,250	376,677
Biennial Change				159,247		91,340		151,843
Biennial % Change				40		16		27
Governor's Change from Base								60,503
Governor's % Change from Base								9

Expenditures by Program

Water	57,369	61,163						
Air	16,426	16,664						
Land	45,911	40,932						
Environmental Asst & Cross Media	49,249	53,049						
Admin Support	30,642	29,431						
Env Analysis Outcomes			25,089	25,922	16,174	16,174	25,367	25,378
Industrial			17,234	19,559	18,182	18,062	19,307	19,518
Municipal			14,396	18,365	10,399	10,399	17,012	15,462
Operations			36,177	42,027	37,844	37,700	39,234	38,680
Remediation			161,445	47,005	150,989	197,155	151,844	198,494
Resource Mgmt Assistance			40,515	54,804	50,834	50,834	54,751	52,382
Watershed			24,417	30,505	17,551	16,579	26,461	25,489
Environmental Quality Board			1,256	1,369	1,274	1,274	1,274	1,274

Pollution Control

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total	199,598	201,238	320,528	239,556	303,247	348,177	335,250	376,677

Expenditures by Category

Compensation	78,281	80,741	81,537	87,064	78,183	77,788	89,060	88,743
Operating Expenses	88,076	90,844	211,098	110,446	188,499	234,796	205,625	251,391
Grants, Aids and Subsidies	32,512	29,011	26,769	41,981	36,523	35,551	40,523	36,501
Capital Outlay-Real Property	480	208	219	27	7	7	7	7
Other Financial Transaction	250	435	906	38	35	35	35	35
Total	199,598	201,238	320,528	239,556	303,247	348,177	335,250	376,677

Total Agency Expenditures	199,598	201,238	320,528	239,556	303,247	348,177	335,250	376,677
Internal Billing Expenditures	27,000	28,149	28,771	28,902	23,179	23,040	23,179	23,040
Expenditures Less Internal Billing	172,599	173,089	291,757	210,654	280,068	325,137	312,071	353,637

Full-Time Equivalents

860.47	848.42	841.35	906.53	797.56	793.61	911.91	910.71
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Pollution Control

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	170	1,076	641	1,513				
Direct Appropriation	10,263	8,388	6,543	6,807	6,814	6,598	9,957	7,348
Transfers In		1,167	1,197	115			720	918
Transfers Out	75	1,318	697	115				
Cancellations		553						
Balance Forward Out	1,070	641	1,513					
Expenditures	9,289	8,119	6,170	8,320	6,814	6,598	10,677	8,266
Biennial Change in Expenditures				(2,918)		(1,078)		4,453
Biennial % Change in Expenditures				(17)		(7)		31
Governor's Change from Base								5,531
Governor's % Change from Base								41
Full-Time Equivalents	18.89	20.51	12.31	11.60	10.10	8.75	12.35	9.75

1200 - State Government Special Rev

Balance Forward In		1						
Direct Appropriation	75	75	75	75	75	75	75	75
Open Appropriation	2	4	2	3	3	3	3	3
Cancellations		0						
Balance Forward Out	1		0					
Expenditures	76	80	76	78	78	78	78	78
Biennial Change in Expenditures				(2)		2		2
Biennial % Change in Expenditures				(1)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.60	0.60	0.67	0.77	0.77	0.77	0.77	0.77

2000 - Restrict Misc Special Revenue

Balance Forward In	423	336	1,361	1,038	100		100	
Receipts	4,823	5,983	5,244	4,982	4,839	4,839	4,839	4,839
Transfers In			1,361					
Transfers Out			1,361					
Net Loan Activity	22	8						
Balance Forward Out	326	1,349	1,038	100				

Pollution Control

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	4,942	4,977	5,567	5,920	4,939	4,839	4,939	4,839
Biennial Change in Expenditures				1,568		(1,709)		(1,709)
Biennial % Change in Expenditures				16		(15)		(15)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	8.30	11.35	12.16	8.28	8.08	7.28	8.08	7.28

2001 - Other Misc Special Revenue

Balance Forward In	5,279	2,321	1,633	2,635	50	15	50	15
Receipts	27,162	28,663	28,878	29,570	29,211	29,067	29,211	29,067
Internal Billing Receipts	27,000	28,149	28,759	28,945	28,607	28,457	28,607	28,457
Transfers In	404	404	2,037	404	404	404	704	704
Transfers Out	48	77	1,731	82	82	82	82	82
Balance Forward Out	2,080	1,571	2,633	50	15		15	
Expenditures	30,718	29,740	28,184	32,477	29,568	29,404	29,868	29,704
Biennial Change in Expenditures				203		(1,689)		(1,089)
Biennial % Change in Expenditures				0		(3)		(2)
Governor's Change from Base								600
Governor's % Change from Base								1
Full-Time Equivalents	95.25	94.77	99.49	114.45	114.45	114.45	116.45	116.45

2050 - Environment & Natural Resources

Balance Forward In	169	67	0	548				
Direct Appropriation		180	1,189	611	0	0	0	0
Cancellations		35	0					
Balance Forward Out	67	0	548					
Expenditures	102	212	641	1,159				
Biennial Change in Expenditures				1,487		(1,800)		(1,800)
Biennial % Change in Expenditures				475		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			1.38	3.00				

Pollution Control

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2302 - Clean Water								
Balance Forward In		4,778		3,349				
Direct Appropriation	30,150	25,298	25,790	26,290	0	0	25,505	23,455
Open Appropriation	57	75	40	55	0	0	0	0
Cancellations	145	241						
Balance Forward Out	4,531		3,349					
Expenditures	25,532	29,910	22,480	29,694			25,505	23,455
Biennial Change in Expenditures				(3,267)		(52,174)		(3,214)
Biennial % Change in Expenditures				(6)		(100)		(6)
Governor's Change from Base								48,960
Governor's % Change from Base								
Full-Time Equivalents	93.75	90.48	91.50	97.80			99.10	99.10

2403 - Gift

Receipts			10,000		7,800	7,800	7,800	7,800
Expenditures			10,000		7,800	7,800	7,800	7,800
Biennial Change in Expenditures			10,000			5,600		5,600
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			5.05		5.05	5.05	5.05	5.05

2800 - Environmental

Balance Forward In	3,304	4,075	4,160	7,118	3,646	3,638	3,646	3,638
Direct Appropriation	73,480	75,250	78,984	80,051	79,812	79,595	81,542	82,067
Open Appropriation	290	373	261	276	276	276	276	276
Receipts	2,720	2,896	3,020	2,773	2,742	2,743	2,742	2,743
Transfers In	424	11	5,942	2,887	8	8	8	8
Transfers Out	1,208	800	6,810	3,699	820	820	820	820
Net Loan Activity	151	55	16	(357)	(23)	30	(23)	30
Cancellations		192						
Balance Forward Out	4,015	4,156	7,120	3,646	3,638	3,684	3,638	3,684
Expenditures	75,145	77,513	78,452	85,403	82,003	81,786	83,733	84,258
Biennial Change in Expenditures				11,197		(66)		4,136

Pollution Control

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				7		(0)		3
Governor's Change from Base								4,202
Governor's % Change from Base								3
Full-Time Equivalents	414.75	406.38	413.01	443.68	438.08	436.28	444.08	446.28

2801 - Remediation

Balance Forward In	9,975	10,748	3,452	727,250	734,701	632,070	734,701	632,070
Direct Appropriation	11,264	11,434	13,219	13,471	13,505	13,505	14,110	14,110
Open Appropriation	12,473	11,161	14,752	10,998	13,498	13,998	13,498	13,998
Receipts	1,429	1,515	855,869	17,569	16,808	15,538	16,808	15,538
Transfers In	7,029	5,957	7,259	8,178	111,400	163,900	111,400	163,900
Transfers Out	1,144	9,299	9,539	2,035	110,257	165,257	110,257	165,257
Cancellations		16						
Balance Forward Out	10,135	2,802	727,250	734,701	632,070	479,570	632,070	479,570
Expenditures	30,890	28,698	157,761	40,730	147,585	194,184	148,190	194,789
Biennial Change in Expenditures				138,903		143,278		144,488
Biennial % Change in Expenditures				233		72		73
Governor's Change from Base								1,210
Governor's % Change from Base								0
Full-Time Equivalents	84.41	85.73	86.07	94.72	94.42	94.42	99.42	99.42

2802 - Closed Landfill Investment

Balance Forward In		2,380		
Direct Appropriation		3,000		
Balance Forward Out		2,380		
Expenditures		620	2,380	
Biennial Change in Expenditures			3,000	(3,000)
Biennial % Change in Expenditures				(100)
Governor's Change from Base				0
Governor's % Change from Base				

3000 - Federal

Balance Forward In		44		
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Pollution Control

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	21,341	20,466	18,923	21,785	22,850	21,878	22,850	21,878
Transfers In			44					
Transfers Out			44					
Balance Forward Out		44						
Expenditures	21,341	20,423	18,967	21,785	22,850	21,878	22,850	21,878
Biennial Change in Expenditures				(1,012)		3,976		3,976
Biennial % Change in Expenditures				(2)		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	132.10	125.72	112.01	115.56	114.54	114.54	114.54	114.54

6000 - Miscellaneous Agency

Balance Forward In	2	2				
Cancellations		2				
Balance Forward Out	2					

8200 - Clean Water Revolving

Balance Forward In	11,343	14,138	22,072	17,953	17,953	17,953	17,953	17,953
Receipts	292	284	286	200	200	200	200	200
Transfers In	1,564	1,567	23,682	1,610	1,610	1,610	1,610	1,610
Transfers Out			22,072					
Net Loan Activity	891	(1,703)	(4,405)	(200)	(200)	(200)	(200)	(200)
Balance Forward Out	12,526	12,720	17,953	17,953	17,953	17,953	17,953	17,953
Expenditures	1,564	1,567	1,610	1,610	1,610	1,610	1,610	1,610
Biennial Change in Expenditures				89		0		0
Biennial % Change in Expenditures				3		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.42	12.88	12.75	11.62	12.07	12.07	12.07	12.07

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	6,807	6,807	6,807	13,614
Base Adjustments				
All Other One-Time Appropriations			(216)	(216)
Pension Allocation		7	7	14
Approved Transfer Between Appropriation		0	0	0
Forecast Base	6,807	6,814	6,598	13,412
Change Items				
Climate Outreach and Engagement		250		250
Environmental Impact Statement for Karst Groundwater Contaminants		643		643
Electric Vehicle Infrastructure		1,500		1,500
Food Waste Reduction		750	750	1,500
Total Governor's Recommendations	6,807	9,957	7,348	17,305
Fund: 1200 - State Government Special Rev				
FY2019 Appropriations	75	75	75	150
Forecast Base	75	75	75	150
Total Governor's Recommendations	75	75	75	150
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	611	611	611	1,222
Base Adjustments				
All Other One-Time Appropriations		(611)	(611)	(1,222)
Forecast Base	611	0	0	0
Total Governor's Recommendations	611	0	0	0
Fund: 2302 - Clean Water				
FY2019 Appropriations	26,290	26,290	26,290	52,580
Base Adjustments				
One-Time Legacy Fund Appropriations		(26,290)	(26,290)	(52,580)
Forecast Base	26,290	0	0	0
Change Items				
CWF River and Lake Monitoring and Assessment		8,000	8,000	16,000
CWF Watershed Restoration and Protection Strategies		8,050	8,050	16,100
CWF Groundwater Assessment		1,182	1,182	2,364
CWF Enhanced County Inspections/SSTS Corrective Actions		3,938	3,938	7,876
CWF Great Lakes Restoration		750	750	1,500
CWF Accelerated Implementation of MS4 Permit Requirements		225	225	450
CWF NPDES Wastewater Stormwater TMDL Implementation		900	900	1,800

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
CWF Chloride Reduction Program		300	300	600
CWF Clean Water Council		110	110	220
CWF Public Information Campaign		500		500
CWF Voyagers National Park Sanitary Sewer Projects		1,550		1,550
Total Governor's Recommendations	26,290	25,505	23,455	48,960
Fund: 2800 - Environmental				
FY2019 Appropriations	80,051	80,051	80,051	160,102
Base Adjustments				
All Other One-Time Appropriations		(401)	(618)	(1,019)
Pension Allocation		162	162	324
Approved Transfer Between Appropriation		0	0	0
Forecast Base	80,051	79,812	79,595	159,407
Change Items				
Business Friendly Data Services		800	800	1,600
St. Louis River Area of Concern			484	484
Closed Contaminated Sites: Understanding and Reducing Community Health Risks from TCE		272	272	544
Recycling Market Development		400	400	800
Air Appropriation Increase		258	516	774
Total Governor's Recommendations	80,051	81,542	82,067	163,609
Fund: 2801 - Remediation				
FY2019 Appropriations	13,471	13,471	13,471	26,942
Base Adjustments				
Pension Allocation		34	34	68
Approved Transfer Between Appropriation		0	0	0
Forecast Base	13,471	13,505	13,505	27,010
Change Items				
Vapor Intrusion and Contaminants of Emerging Concern		605	605	1,210
Total Governor's Recommendations	13,471	14,110	14,110	28,220
Open				
Fund: 1200 - State Government Special Rev				
FY2019 Appropriations	3	3	3	6
Forecast Base	3	3	3	6
Total Governor's Recommendations	3	3	3	6
Fund: 2302 - Clean Water				
FY2019 Appropriations	55	55	55	110
Base Adjustments				

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
One-Time Legacy Fund Appropriations		(55)	(55)	(110)
Forecast Base	55	0	0	0
Total Governor's Recommendations	55	0	0	0
Fund: 2800 - Environmental				
FY2019 Appropriations	276	276	276	552
Forecast Base	276	276	276	552
Total Governor's Recommendations	276	276	276	552
Fund: 2801 - Remediation				
FY2019 Appropriations	10,998	10,998	10,998	21,996
Base Adjustments				
Forecast Open Appropriation Adjustment		2,500	400	2,900
February Forecast Adjustment			2,600	2,600
Forecast Base	10,998	13,498	13,998	27,496
Total Governor's Recommendations	10,998	13,498	13,998	27,496
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	5,920	4,939	4,839	9,778
Forecast Base	5,920	4,939	4,839	9,778
Total Governor's Recommendations	5,920	4,939	4,839	9,778
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	32,477	29,568	29,404	58,972
Forecast Base	32,477	29,568	29,404	58,972
Change Items				
Electric Vehicle Infrastructure		50	50	100
Railroad and Pipeline Safety Assessment Reinstatement		250	250	500
Total Governor's Recommendations	32,477	29,868	29,704	59,572
Fund: 2403 - Gift				
Planned Spending	10,000	7,800	7,800	15,600
Forecast Base	10,000	7,800	7,800	15,600
Total Governor's Recommendations	10,000	7,800	7,800	15,600
Fund: 2800 - Environmental				
Planned Spending	2,738	2,727	2,727	5,454
Forecast Base	2,738	2,727	2,727	5,454
Total Governor's Recommendations	2,738	2,727	2,727	5,454

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2801 - Remediation				
Planned Spending	15,870	120,839	166,938	287,777
Forecast Base	15,870	120,839	166,938	287,777
Total Governor's Recommendations	15,870	120,839	166,938	287,777
Fund: 3000 - Federal				
Planned Spending	21,785	22,850	21,878	44,728
Forecast Base	21,785	22,850	21,878	44,728
Total Governor's Recommendations	21,785	22,850	21,878	44,728
Fund: 8200 - Clean Water Revolving				
Planned Spending	1,610	1,610	1,610	3,220
Forecast Base	1,610	1,610	1,610	3,220
Total Governor's Recommendations	1,610	1,610	1,610	3,220
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	4,982	4,839	4,839	9,678
Total Governor's Recommendations	4,982	4,839	4,839	9,678
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	29,570	29,211	29,067	58,278
Total Governor's Recommendations	29,570	29,211	29,067	58,278
Fund: 2403 - Gift				
Forecast Revenues	10,000	7,800	7,800	15,600
Total Governor's Recommendations	10,000	7,800	7,800	15,600
Fund: 2800 - Environmental				
Forecast Revenues	2,773	2,742	2,743	5,485
Total Governor's Recommendations	2,773	2,742	2,743	5,485
Fund: 2801 - Remediation				
Forecast Revenues	17,569	16,808	15,538	32,346
Total Governor's Recommendations	17,569	16,808	15,538	32,346
Fund: 3000 - Federal				

Pollution Control

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	21,785	22,850	21,878	44,728
Total Governor's Recommendations	21,785	22,850	21,878	44,728
Fund: 8200 - Clean Water Revolving				
Forecast Revenues	200	200	200	400
Total Governor's Recommendations	200	200	200	400
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	8	8	8	16
Total Governor's Recommendations	8	8	8	16
Fund: 1200 - State Government Special Rev				
Forecast Revenues	60	60	60	120
Total Governor's Recommendations	60	60	60	120
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	6	6	6	12
Total Governor's Recommendations	6	6	6	12
Fund: 2800 - Environmental				
Forecast Revenues	28,110	28,110	28,110	56,220
Change Items				
Air Appropriation Increase		258	516	774
Total Governor's Recommendations	28,110	28,368	28,626	56,994
Fund: 2801 - Remediation				
Forecast Revenues	1,875	1,875	1,875	3,750
Total Governor's Recommendations	1,875	1,875	1,875	3,750
Fund: 2802 - Closed Landfill Investment				
Forecast Revenues	2,300	3	3	6
Total Governor's Recommendations	2,300	3	3	6

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Business Friendly Data Services

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Environmental Fund				
Expenditures	800	800	800	800
Net Fiscal Impact = (Expenditures – Revenues)	800	800	800	800
FTEs	4	4	4	4

Recommendation

The Governor recommends appropriation of \$800,000 in FY 2020 and \$800,000 in FY 2021 from the Environmental Fund to the Minnesota Pollution Control Agency (MPCA) Operations Division. This appropriation continues development and maintenance of systems to support permitting and regulatory business processes and agency data.

The recommended appropriation represents a \$400,000 per year increase to one-time appropriation funding levels from Laws 2017. This appropriation represents less than a 1 percent increase to MPCA's Environmental Fund FY 2020-2021 base budget.

Rationale/Background

The MPCA is committed to updating its data services and improving the number of online services that allow timely reporting, improve data quality, and result in more effective interactions for permits, licenses, and certifications. Investing in information and data management systems will result in more efficient methods to manage work, obtain data, and report data to the public.

The MPCA offers 20 online services with another 55 expected by the end of the current biennium. However, more than 400 service activities are needed to meet customer expectations. Current online services support annual licensing of over 6,000 hazardous waste generators, issuance of more than 3,000 construction stormwater permits, and provide online monthly reporting for over 1,400 wastewater operators. Over 10,000 individuals have signed into the current online services with more than 50,000 transactions completed. Funding for FY 2018-19 provided MPCA analysts opportunity to identify innovative improvements including one service that fulfilled 53 separate activities.

Improved online and reporting services would allow the efficient issue of licenses, certifications, and enable users to obtain information for property redevelopment and environmentally-protective permits in a timelier manner. These improvements would result in more timely development decisions, helping maintain the state's strong economy. Good customer service requires modern technology and data systems that allow for easily-entered data and ready access.

Proposal

The Governor proposes to maintain levels of funding and expand work started with the previous one-time appropriations to continue development of online application services and reports in order to meet customer expectations for additional online services and electronic business functionality. This investment will further expand services to meet constituent needs. This funding will maintain two full-time employees (2 FTE @ \$121,000/FTE) and add an additional two new full-time employees (2 FTE @ \$121,000/FTE) dedicated to expanding the types and number of online services. The balance of funding is for contracted services (\$316,000/year) to address costs for maintenance and expansion of electronic services.

This proposal is intended to enable the following system capabilities and improvements into future years:

- Better and faster customer service by creating more online services for regulated parties and partners to submit applications, notifications, data and reports;
- Quicker property redevelopment because of faster responses to applications for assistance and improved response times to record requests;
- Expanded assistance time available to work directly with municipalities, businesses, feedlot owners and the many other constituents needing our services;
- Improved and expanded online access to environmental data and information for all Minnesotans;
- Improved data access for staff to complete daily work effectively and efficiently; and
- Enhanced partnerships with government partners by allowing them to use the data systems.

The MPCA will proactively engage regulated entities and county partners in testing the new online services and system capabilities. Customers helped define design and performance improvements and areas for new services. Involvement by users improves design, improves our understanding of their needs, and strengthens their support. Minnesota businesses have expressed interest in the agency pursuing data management improvements resulting in faster transactions, improved data, and better service that is transparent and reliable.

The following represent existing business needs that will be addressed by expansion of online services:

- 16,000 feedlot owners need the ability to report online, at their convenience, rather than mail requests with limited timeframes. Online services does not require ridged reporting times.
- 80 county feedlot officers and MPCA staff need to assist feedlot owners at their home.
- Low risk permit applications (wastewater general, solid waste permit by rule/recycling, feedlot interim and construction short-form permits) should be processed automatically, if possible.
- 700 certified designers, installers and inspectors for septic systems need credentials from all parts of the state to support the upgrading of individual wastewater treatment systems.

Equity and Inclusion

All Minnesotans deserve to live with clean air, clean water and unpolluted land. Electronic data systems allow MPCA staff to work more closely with project proposers and engage communities. The MPCA provides data to all citizens for decision processes; results must be accessible, usable, and available timely. This proposal ensures every citizen has equal opportunities to participate in the protecting their quality of life.

Results

Online services are promoted through program newsletters, social media, meeting with stakeholders, and unique training opportunities for service users. See complete list is available at: <https://www.pca.state.mn.us/data/e-services>

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY16/17</i>	<i>FY18/19</i>	<i>FY20/21</i>
Quantity	Number of online services	20	75	100
Quality	Performance Rating (Usability Satisfaction	Fair	Fair	Good
Results	% of Data Requests Filled Online	10	15	30

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: St. Louis River Area of Concern Remediation Project

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Environmental Fund				
Expenditures	0	484	363	363
Net Fiscal Impact = (Expenditures – Revenues)	0	484	363	363
FTEs	0	4	3	3

Recommendation

The Governor recommends appropriation of \$484,000 in FY2021 and \$363,000 in FY2022 and 2023 from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Remediation Division. This initiative maintains management oversight for contaminated sediment projects at multiple sites identified in the St. Louis River Remedial Action Plan to restore water quality in the St. Louis River Area of Concern.

The recommended appropriation of \$484,000 for FY 2020-21 represents a \$12,000 increase in annual amounts from those appropriated in Laws 2017 for FY 2018 – FY 2020 for the same purpose. This proposal would increase the agency's FY 2020 – FY 2021 Environmental Fund base budget by less than 1 percent.

Rationale/Background

The St. Louis River Area of Concern program is implementing 68 EPA-approved management actions over the course of almost a decade to restore degraded aquatic habitat and clean-up contaminated sediments at dozens of Minnesota and Wisconsin sites in the St Louis River estuary. The primary, active partners working on this program include about a dozen local, state, tribal, and federal organizations. A combination of state and federal funding sources have been used to complete the studies, administrative tasks, restoration projects, and remediation projects that have been progressing since the 2013 Remedial Action Plan (RAP) was initially prepared.

MPCA requested funding in 2016 for \$25.4M in bond funds to leverage approximately \$47.2M in federal funds for work on Minnesota's ten remediation site projects, with work projected to begin in FY2017. Hiring of staff was delayed for one year because the legislature approved the bond funds in 2017, postponing the start of project work until FY 2018. Because bond funding was for construction and remediation costs only, the Legislature approved annual appropriations to accomplish the following remediation project tasks:

- Coordinator (1.0 FTE). Develop and direct the remediation activities set forth in the MPCA-US Army Corps of Engineers Partnership Agreement; negotiate MPCA-US EPA construction Project Agreements; coordinating with state and federal project managers, consultants, attorneys and other staff; establish goals, objectives, and timelines for implementation; develop and manage financial reporting systems; develop and conduct training sessions; monitor compliance; provide information for legislative committees and public forums; assist with delisting; and, report the status of work.
- Project Manager (2.0 FTE). Provide project management and program leadership for contaminated sediment remediation project sites listed in the RAP; manage contracts and grants; facilitate project team planning and implementation meetings; manage federal and consultant contracts; and coordinate with resource managers at all levels of government and other stakeholders.
- Technical Analyst (1.0 FTE). Provide technical assistance to project managers and coordination with partner agencies for all contaminated sediment remediation project sites listed in the RAP.

When the 2013 Remedial Action Plan was prepared, an optimistic implementation schedule was envisioned, with a goal of implementing all 68 management actions by 2020 so that the site could be delisted by 2025. At that

time, there was an incomplete understanding of how long it would take to implement the management actions and remediation and restoration projects, which involve remedial investigations, feasibility studies, project design efforts, environmental reviews, archaeological studies, tribal consultation, state and federal Section 401 and 404 permitting, coordination with adjacent landowners, and execution of project agreements with EPA. The St. Louis River AOC remedial efforts have unfortunately experienced significant schedule delays.

Proposal

The Governor recommends appropriation of \$484,000 in FY2021 to maintain four FTEs (\$121,000/FTE) and \$363,000 in FY2022 and 2023 from the Environmental Fund for maintaining a reduced number of three FTE's (\$121,000/FTE) to staff the implementation tasks associated with the remediation project sites in the St. Louis River Area of Concern. As described above, this proposal is associated with bond funds for these sites.

Equity and Inclusion

Work is accomplished through communication and collaboration with a variety of community groups in the Duluth area, such as the St. Louis River Alliance, and interests from the greater watershed, including the Fond du Lac Band of Lake Superior Chippewa. The work being performed accomplishes equity inclusion goals as follows:

- Decreasing exposure to harmful legacy pollutants in the St. Louis River Area of Concern sediment and fish and wildlife populations.
- Improved access to recreational uses within the St. Louis River Area of Concern.
- Economic benefit and enhance/restored outdoor recreational opportunities from remediation and restoration projects. See link: <https://www.glc.org/work/blue-economy/GLRI-economic-impact>
- Coordination with the Fond du Lac Band of Lake Superior Chippewa to restore 275 acres of wild rice within the St. Louis River Area of Concern.

Results

To date, more than \$36 million of non-state funds to develop and begin to implement the St. Louis River Area of Concern Remedial Action Plan. Implementation of priority actions to fulfill Minnesota obligations under the Great Lakes Water Quality Agreement and the Great Lakes Restoration Initiative Action Plan Priority 1 have included the following activities:

- Identification and completion of studies needed to support the removal of beneficial use impairments,
- Sediment assessment and characterization,
- Identification of contaminated sediment cleanup sites requiring action and priority habitat restoration sites,
- Feasibility studies,
- Development of engineering designs and plans and specifications for bidding,
- Site construction, and
- Development of a St. Louis River Area of Concern data system.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Climate Outreach and Engagement

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	250	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	0	0	0
FTEs	0.5	0	0	0

Request

The Governor recommends appropriation of \$250,000 in FY 2020 from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division for public engagement and outreach that supports development and implementation of policies to holistically address climate change.

The recommended one-time appropriation of \$250,000 is a new effort for the agency. This proposal would increase the agency's FY 2020 – FY 2021 General Fund base budget by 2 percent.

Rationale/Background

Climate change impacts all of us. Minnesota's farmers are facing challenges associated with increasing numbers of extreme weather events and our warming summers may lead to increased negative health impacts for individuals living in urban areas. The 2007 Next Generation Energy Act (NGEA) laid out a series of greenhouse gas emissions reductions targets. The NGEA's 2015 target was to reduce greenhouse gas emissions across all sectors by 15 percent of 2005 levels, but through 2016 Minnesota only reduced greenhouse gas emissions by 12 percent across all sectors. By 2025, the NGEA calls for the state reduce emissions by 30 percent of 2005 levels and then 80% by 2050.

The electricity generation sector has made great strides toward reductions and its emissions will continue to decrease as the sector increases its use of renewable energy. The transportation sector is now the largest source of greenhouse gas emissions in Minnesota. Agriculture, forestry and the land use sector also remain a large source of emissions. Without additional, economy-wide efforts and robust public-private collaboration we are not likely to achieve the goals of the NGEA.

Proposal

The Governor proposes appropriating \$250,000 for a new statewide engagement and outreach initiative to support the development and implementation of climate change policies. The initiative will include statewide public meetings, development of environmental justice-sensitive materials and communication, and participation by businesses and non-governmental entities. This effort will be coordinated by the MPCA (0.5 FTE at \$121,000/FTE) and involve cross-agency collaboration to ensure this effort addresses all of the drivers of climate change. This proposal will provide all Minnesotans with a chance to participate in the policymaking process and help position Minnesota as a leader on climate change.

The appropriation will be used to pay for statewide activities that engage the public and stakeholders from industry, non-profits, and academia to better understand their views as they relate to both the opportunities and challenges inherent in climate policy. Costs for public meetings, including facilitation, materials, translation services and meeting costs are estimated at \$190,000. These activities will help build support for climate change policies and initiatives that will help Minnesota achieve its statutorily obligated greenhouse gas emissions reduction targets.

A steering committee made up of state agency leaders will be tasked with developing the scope of work for this effort (facilitation needs, number of meetings, meeting locations, etc.). In addition to engagement activities, this proposal will also yield a summary report/climate change roadmap outlining potential climate change policies that cut across all sectors and how those policies are viewed by the public and stakeholders. The roadmap will be informed by public meetings, current work of Minnesota's state agencies, and initiatives being pursued by private and non-profit sectors.

Equity and Inclusion

Climate change is affecting our health, well-being, way of life, and natural resources. While all Minnesotans feel these impacts, not everyone is affected equally. Often communities of color, indigenous communities, and low-income communities are disproportionately affected by climate change and other environmental issues.

The MPCA defines environmental justice as "the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies." This proposal would hold engagement meetings in identified environmental justice communities across Minnesota and would also work with the MPCA's Environmental Justice Advisory Committee to inform the content of all the outreach and engagement activities conducted under this proposal.

Results

This proposal will help inform the climate policies of the state and ensure that all people have access to the decision-making processes that impact their lives. Additionally, this process will help Minnesotan's better understand the implications of climate policy and the state's governing process.

Metrics regarding public meeting attendance will be tracked and surveys will be given out to individuals who participate in engagement activities to understand how the agency can improve its engagement efforts.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Environmental Impact Statement for Nitrates in Karst

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	643	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	643	0	0	0
FTEs	.75	0	0	0

Recommendation

The Governor recommends a onetime appropriation of \$643,000 in FY 2020 from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division. This proposal will provide scoping to an interagency Generic Environmental Impact Statement (GEIS) at the direction of the Environmental Quality Board (EQB) to study and address nitrate pollution of groundwater in the sensitive karst region of southeastern Minnesota. The GEIS Scoping process will work with the community, technical experts and State and local agency experts to identify what additional information, beyond the information required by Minnesota rules, will be included in a GEIS Report. This appropriation represents a 5 percent increase to MPCA's General Fund FY 2020-2021 base budget.

Rationale/Background

Per Minnesota Rules chapter 4410.3800, a GEIS may be ordered by the EQB to study types of actions that are not adequately reviewed on a case-by-case basis. A GEIS benefits the public by helping ensure complete information is available for government decision making. The GEIS process is not a substitute for project specific environmental review. Rather, it is a means of providing a more comprehensive analysis of a given region, issue or type of activity. The rules that direct the GEIS scoping process require that members of the public be offered the opportunity to provide input, before final decisions are made. This revised budget envisions a broader community engagement process using public engagement expertise and resources to help design and implement activities that will meet the needs of the karst region communities. .

Proposal

The Governor proposes completion of scoping for a GEIS for nitrates in the karst region of southeastern Minnesota. Scoping and design will include development of a plan to efficiently gather the needed data and effectively organize the expertise for assessing related issues. The scoping effort will consider existing studies such as the work done by the Minnesota Department of Agriculture (MDA). MDA recently compiled extensive data on nitrate contamination of drinking water wells via the MDA Township Testing Program. These data indicate that numerous townships in the karst region with private wells are at or above the 10 milligrams per liter health risk limit for nitrate.

During the GEIS scoping process, other existing studies will also be considered, as well as the identification of the types of sources that contribute to increases in nitrate pollution. The following are sources of nitrogen that most likely contribute to the current nitrate levels in groundwater, surface water and drinking water:

- Commercial fertilizer and manure application applied to row crops
- Aging septic systems
- Biosolids from wastewater treatment
- Animal agriculture and feedlots

- Natural background and atmospheric deposition

The scoping process will also identify any additional information that may be gathered as part of the scoping initiative to better understand the environmental effects of cross-jurisdictional regulatory decision-making:

- Improved understanding of how nitrates reach groundwater and contribute to contamination of wells, and improved understanding of alternatives to prevent, mitigate, and remediate such contamination.
- a complete inventory of all sources of nitrogen, including natural, and the level of contribution of each source to the existing problem

Finally, the scoping process may result in a recommendation for an evaluation of existing state policies, programs and regulatory requirements may also be evaluated to determine if refinements are needed to better prevent and reduce nitrate contamination of drinking water in the sensitive karst region.

The proposal includes one year of technical effort from state agency staff (3.5 FTE at \$121,000/FTE = \$423,000/year): MPCA (0.75 FTE) and collaborating agencies of Minnesota Department of Health (0.5 FTE), Minnesota Department of Natural Resources (0.5 FTE), MDA (0.5 FTE), the Board of Water and Soil Resources (0.25 FTE) and EQB (1.0 FTE). Additional costs include \$20,000 in public meetings, \$180,000 for planning and design of community assessment and GEIS development by a contractor and \$20,000 in technical expert panel review.

The scoping phase will more specifically identify the issues and geographic areas to be addressed in a GEIS.

Equity and Inclusion

The GEIS process is outlined in Minnesota Rules 4410.3800, and is designed to be transparent and inclusive. It may be augmented with civic engagement best practices that promote the principles of equity and inclusion.

Results

The GEIS scoping process will identify and bring together technical experts, interested parties and members of the affected community to design a thorough and effective scope of work that will be evaluated during the GEIS preparation process. An effective scoping process will bring the community and technical experts together to ensure that a GEIS Report will provide the best information for making effective environmental decisions in the karst region of southeastern Minnesota. Scoping will more specifically identify the issues and geographic areas to be addressed in the generic EIS, including which programs, policies and regulatory requirements may need to be refined to better protect the karst region of southeastern Minnesota from nitrate contamination of groundwater.

Scoping is the first step in the process of completing a GEIS and supporting documents. The completed GEIS would eventually provide a ready source of information for decision-making and allow the public to participate in related approval decisions and processes in a more knowledgeable and meaningful way. This information would be valuable for state and local decision makers on the past, present and future effects (environmental, public health and economic impacts) of nitrate contamination in the region.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Closed Contaminated Sites: Vapor Intrusion and Contaminants of Emerging Concern

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Remediation Fund				
Expenditures	605	605	605	605
Net Fiscal Impact = (Expenditures – Revenues)	605	605	605	605
FTEs	5	5	5	5

Recommendation

The Governor recommends an appropriation of \$605,000 in FY 2020 and FY 2021 from the Remediation Fund to the Minnesota Pollution Control Agency's (MPCA) Remediation Division. The initiative will address needed investigation and cleanup of known contaminated sites in order to reduce potential health risks to humans and negative impacts to the environment.

The recommended appropriation of \$605,000 in FY 2020 and FY 2021 represents an increase in MPCA's Superfund administration costs by \$363,000 each year from similar efforts in FY 2018-2019, and increase MPCA's closed landfill administration costs by \$242,000 each year from similar efforts in FY 2018-2019. This represents a 1 percent increase to the agency's FY 2020 – FY 2021 Remediation Fund base budget.

Rationale/Background

Minnesota's Superfund (SF) programs includes management of more than 4,300 closed sites. Of those, 1,429 sites have the potential for vapor intrusion – the migration of vapor-forming chemicals from a subsurface source into an overlying building – and 200 of those sites are located near sensitive populations (schools and day care facilities). These sites were closed prior to knowledge of health risks posed by vapor intrusion. Additionally, 626 groundwater sites used for drinking water have the potential to be contaminated by trichloroethylene (TCE), which is a toxic chemical used as an industrial cleaning/degreaser solvent. Since these sites' closure the health values have become more stringent and the sites reviewed again.

The estimated non-staff cost to investigate contamination at the 2,055 closed SF sites is estimated at approximately \$10.6 million. Without additional funding, reviews to determine whether the sites are contaminated will not be completed until sometime after 2061. Based on historic closed site reviews, at least 25% of the reviewed sites will require systems to be installed for management of the contaminants. Mitigation is estimated to cost at least \$18 million and will not address cleanup of the underlying contamination source.

The Closed Landfill Program's (CLP) 110 closed landfills (and another four eligible) have a similar need for additional analyses and sampling for pollutants. When the sites were initially investigated, the health risks posed by vapor intrusion and contaminants of emerging concern (CECs) such as PFAS, and 1,4 dioxane to drinking water were unknown.

Proposal

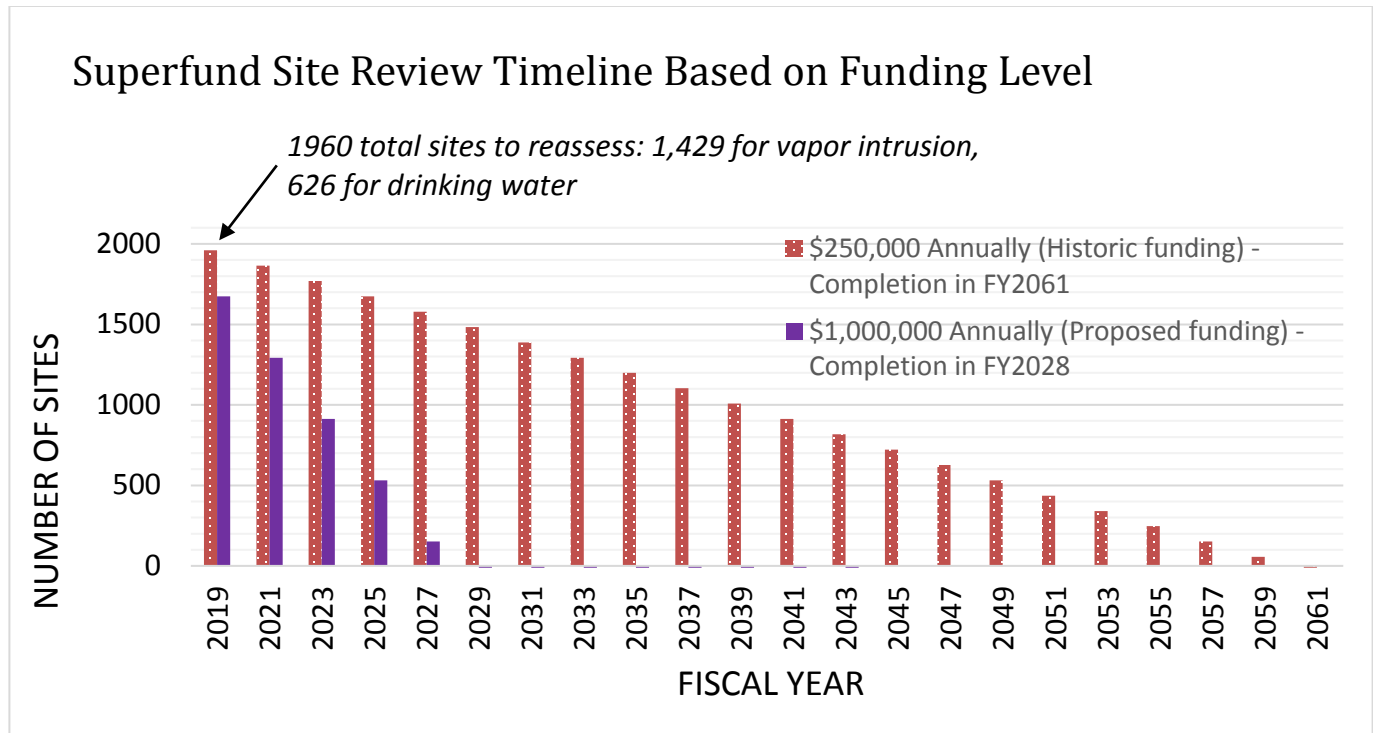
The Governor proposes \$605,000/year for five new staff (\$121,000/FTE), three for Superfund and two for Closed Landfill to expedite MPCA's investigation at the contaminated Superfund sites and closed landfills. Additional Superfund staff will accelerate the review completion timeline for the remaining 1,980 sites from FY 2061 to FY 2028. The staff will also be able to assist with human health risk mitigation necessary to address discovered vapor intrusion and drinking water contamination. Closed Landfill Program staff will work on sites impacted by CEC and

vapor intrusion, which include quantifying risks and assisting with mitigation efforts. In both cases, the necessary project resources are supported through the statutory appropriation process for the Remediation Fund.

Equity and Inclusion

Several metro and Greater Minnesota communities in the State that are characterized by a legacy of industrial use will see additional investigations and cleanups occur to address public health and environmental risks. As many closed landfills were located at time of construction either in densely populated areas or in rural areas where there is a higher economic disparity, those communities will receive risk identification and mitigation.

Results



- Number of closed landfill sites investigated and reviewed for vapor intrusion and/or CEC
- Changes in the risk scores for each of our closed landfills sites. Risk scores increase once a risk is found and then decrease once actions are taken to address them, so they are a barometer of how our working is progress once the investigation and review.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Understanding and Reducing Community Health Risks from TCE

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Environmental Fund				
Expenditures (MPCA)	272	272	0	0
Expenditures (MDH)	121	121	0	0
Net Fiscal Impact = (Expenditures – Revenues)	393	393	0	0
FTEs	3	3	0	0

Recommendation

The Governor recommends an appropriation of \$272,000 in FY 2020 and \$272,000 in FY 2021 from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Industrial Division and an appropriation of \$121,000 in FY 2020 and \$121,000 in FY 2021 from the Environmental Fund to the Minnesota Department of Health's (MDH) Environmental Health Division to develop a statewide program to further evaluate the use of Trichloroethylene (TCE) and related industrial chemicals in industrial applications as well as address concerns about the potential health impacts of TCE air emissions on communities.

Rationale/Background

Trichloroethylene (TCE) is a solvent most commonly used to degrease metal parts during various manufacturing processes. Industries that may use TCE include platers, machine shops and manufacturing facilities. Breathing TCE, especially at high levels or over long periods, can cause negative health effects.

Based on environmental and health concerns from the recent release of TCE from a manufacturing facility in White Bear Township, the MPCA and MDH propose initiating a statewide program to further evaluate the use of TCE (and related industrial chemicals) in industrial applications as well as address concerns about potential health impacts of TCE air emissions on communities.

Proposal

The Governor recommends development of a program to address the risks associated with use of chemicals that are harmful to the environment and human health during industrial processes. The recommendation includes \$363,000/year for two new staff at MPCA and one new staff at MDH (\$121,000/FTE x 3 FTE = \$363,000), and \$30,000/year for sampling costs.

MPCA/MDH staff will complete a statewide evaluation of facilities with air permits that use and emit TCE. This evaluation will include:

- Reviewing MPCA data to determine facilities with TCE, or potential TCE, emissions
- Assessing potential health risks based on location, quantity of TCE emissions, environmental factors, type of pollution control equipment and permit conditions
- Prioritizing facilities based on the determined risks

MPCA/MDH will work with the regulated facilities and other partners to reduce/eliminate TCE from processes and, if appropriate, increase regulatory oversight at the regulated facilities, including:

- Conducting environmental audits and inspections at the regulated facilities
- Working with existing pollution prevention organizations such as Minnesota Technical Assistance Program (MNTAP) to assist with the phase out of TCE (or related industrial chemicals) at the regulated facilities.
- Updating and reissuing air permits, if appropriate

- Issuing compliance agreements or enforcement documents, as necessary
- Requiring additional facility monitoring and site assessments, as necessary

In communities where it is determined that there are significant potential impacts, the MPCA/MDH will work with local units of government and community members to develop outreach and communication plans and to implement health screening tools, including:

- Creating health registries where community members (current or past) can register their names to receive communications on regulated facility information, emissions data, and health information
- Using existing screening tools such as the MDH's Birth Defect Registry and the Cancer Surveillance System to determine if there are existing community health conditions.
- Conduct additional community health assessments, as appropriate, including drinking water supply assessments and private well testing

The Governor's recommended goal is to reduce or eliminate the use of TCE at regulated facilities in the state. In those communities where we have determined that there might be potential significant health risks from TCE emissions, the state will take action to evaluate impacts and share information with community members.

Equity and Inclusion

Several metro and Greater Minnesota communities in the State that are characterized by a legacy of industrial use will see additional investigations and cleanups occur to address environmental and public health risks. As many industries and businesses were located at time of construction either in densely populated areas or in rural areas where there is a higher economic disparity, those communities will receive greater risk identification, education, partnership and regulatory attention efforts.

Results

- Number of completed statewide evaluation of facilities with air permits that use and emit TCE
- Number of environmental audits, inspections, updated permits and enforcement actions at regulated facilities
- Number of developed outreach and communication plans and to implement health screening tools,
- Number of developed community health registries
- Number of community health assessments completed

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Electric Vehicle Infrastructure

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (MPCA)	1,500	0	0	0
Highway Users Tax Distribution				
Revenues (DPS)	50	50	50	50
Transfer Out (DPS)	50	50	50	50
Special Revenue Fund				
Transfer In (MPCA)	50	50	50	50
Expenditures (MPCA)	50	50	50	50
Net Fiscal Impact = (Expenditures – Revenues)	1,500	0	0	0
FTEs	0	0	0	0

Request

The Governor recommends appropriating \$1.5 million from the General Fund in FY2020 to the Minnesota Pollution Control Agency (MPCA) and dedicating an ongoing \$25 electric vehicle (EV) registration fee increase to grants from MPCA for EV charging infrastructure. The annual registration fee for EVs will increase from \$75 to \$100, and the Department of Public Safety (DPS) will transfer the additional revenue from the Highway Users Tax Distribution Fund to the Other Miscellaneous Special Revenue Fund at the MPCA. MPCA's Resource Management and Assistance Division will distribute the grants. The one-time \$1.5 million increase in spending represents an 11 percent increase to MPCA's General Fund FY 2020-2021 base budget. The ongoing transfer of \$50,000 from the fee increase is new to the MPCA.

Rationale/Background

The transportation sector has eclipsed the electricity generation sector as the largest emitter of greenhouse gases (GHG) in Minnesota. Light-duty vehicles account for nearly 70 percent of the total GHG emissions for the transportation sector, representing a significant opportunity to realize the climate benefits of electrification in the transportation sector. Additionally, the EV market is at a tipping point where consumers other than early adopters are considering making the switch to an EV. However, a barrier to further EV adoption for many consumers is the current state of the charging network. While Minnesota's EV infrastructure is growing, demand for increased charging options remains high among EV owners and potential EV owners. Potential EV owners want to know they can travel to and from their favorite places in Minnesota without having to worry about range.

As part of its Volkswagen Settlement agreement the MPCA engaged in a robust stakeholder process, conducting nine public meetings and four stakeholder meetings to discuss use of the settlement funds. During these meetings one of the most common comments the agency heard was the desire for increased EV charging infrastructure. However, the MPCA is only allowed to spend 15 percent of Volkswagen Settlement funds on EV charging infrastructure.

In 2018 the MPCA issued Requests for Proposals (RFP) for both Direct Current Fast Chargers (DCFC) and Level 2 chargers. Under the RFPs, MPCA will provide grants to entities that will install charging infrastructure. Proposals seeking DCFCs were required to provide a 20 percent cash match and proposals seeking Level 2 chargers were required to provide a 20 percent or 40 percent cash match depending on the location of the Level 2 charger. The MPCA received requests for approximately \$3.2 million for DCFCs, greatly exceeding the available \$1.4 million.

Additionally, the agency received approximately \$500,000 in requests for Level 2 chargers while only \$158,000 was available.

Proposal

This proposal will increase financial support needed to accelerate deployment of EV charging infrastructure. The proposal will leverage funding from grant recipients through grant match requirements. This approach ensures that more funds are available for EV infrastructure buildout and users also contribute.

The \$1.5 million one-time appropriation of General Funds and \$50,000 annually from the fee increase will be distributed via the agency's existing EV charging infrastructure grant program. Use of MPCA's existing programs will ensure use of the funds is solely for infrastructure development and that monies are distributed in a timely manner to the public. The DCFC grants will be distributed along highway corridors previously identified for infrastructure buildout by the MPCA and Minnesota Department of Transportation. Alignment with these corridors will ensure EV infrastructure is deployed to Greater Minnesota and the Metro.

Using the \$1.4 million distributed by the MPCA's Phase 1 Volkswagen EV Infrastructure Grants as a benchmark, the \$1.55 million in appropriations will provide grants for approximately 45 Level 2 chargers and 20 DCFCs in FY 2020 and approximately one Level 2 charger and one DCFC in FY 2021.

The fee increase requires changes to the Minnesota Licensing and Registration System (MNLARS). Costs associated with MNLARS changes are accommodated in the Department of Public Safety's MNLARS budget recommendation.

Equity and Inclusion

All Minnesotans would benefit from cleaner air under this proposal, including communities of color, low-income communities, and indigenous communities. Low-income communities, communities of color and indigenous communities are more likely to be near higher levels of air pollution. In these communities, high levels of traffic often contribute to the air pollution and any reduction in air pollution along high-traffic corridors will be an important step.

Additionally, points are awarded during the grant evaluation process for small businesses that are certified as veteran-owned, economically disadvantaged, or targeted group businesses in Minnesota based on ownership by a woman, a minority, or a person with a substantial physical disability.

Results

This proposal will accelerate the deployment of EV charging infrastructure and hopefully help spur the adoption of EVs. Even when charged on the electric power grid EVs are much cleaner than gasoline-powered vehicles. On average a gasoline-fueled car will emit (based on a well-to-wheel analysis) 11,000 pounds of carbon dioxide equivalent, 6.5 pounds of nitrogen oxides, and 0.4 pounds of particulate matter 2.5 annually. An EV charged on the grid will emit 4,000 pounds of CO₂ equivalent, 2.3 pounds of NO_x, and 0.4 pounds of PM_{2.5}.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Food Waste Reduction

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	750	750	750	750
Net Fiscal Impact = (Expenditures – Revenues)	750	750	750	750
FTEs	0.5	0.5	0.5	0.5

Recommendation

The Governor recommends appropriation of \$750,000 in FY 2020 and \$750,000 in FY 2021 from the General Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division to reduce the amount of food waste going to landfills, divert food waste away from the waste stream by redirecting edible food to feed people and food scraps to feed animals, and to remove barriers to building a large-scale collection and recovery of organics waste.

This \$1.5 million request is new effort to the agency in FY 2020-2021, and would increase the agency's General Fund base budget by 11 percent.

Rationale/Background

Food waste and other organic materials, including yard waste, wood and additional items, compose 31 percent of the waste stream in Minnesota; the biggest single source of trash flowing into our landfills. Organics programs in the state also have capacity to handle soiled paper and compostable plastics which would allow for nearly 40 percent of what we throw away to be composted.

In addition, less organics in landfills reduces the release of methane, a high potency greenhouse gas. In general, food waste is a significant contributor to climate change, responsible for at least 2.6 percent of all U.S. greenhouse gas emissions. That's equivalent to more than that of 37 million cars, or 1 in 7 cars on the road. When food is wasted, so are the resources that go into producing it.

Unmet food needs across the country would be met if we could redirect just one-third of the food from the trash, and give it to people in need¹. As donations to food shelves and donations of prepared food increase, less Minnesotans would be food insecure. Additionally, building infrastructure for food rescue and for composting will encourage the creation of new markets and new jobs.

Proposal

The Governor proposes support Minnesota's efforts to address food waste. Funding will be used to expand efforts to reduce the quantity of food wasted, improve the effectiveness of food rescue programs, and to remove barriers to expanding organics recycling programs. It includes a number of policy changes designed to support increased food rescue and organics recycling programs.

The proposal offers Minnesotans new resources for keeping as much food/organic waste as possible out of our landfills. This reduction in volume to the waste stream would help "bend the curve" on the need for future landfills and make new environmental, economic, public health and social benefits possible. Reducing the

¹ Natural Resources Defense Council's second release of Wasted 2017, <https://www.nrdc.org/sites/default/files/wasted-2017-report.pdf>

necessity for overall numbers of landfills translates to less spending for their operation and maintenance in the decades after they close. And the state through the MPCA's Closed Landfill Program is currently responsible in perpetuity for maintaining the 110 and growing number of closed landfills in Minnesota.

The initiative includes:

- \$500,000 per year for grants supporting increased retail and prepared food rescue and to expand adoption of proven methods for business and residential food waste prevention
- \$189,000 per year for analysis of emerging technologies (e.g. anaerobic digestion, pyrolysis, etc.), address issues regarding contaminants of emerging concern (e.g. PFAS) and other barriers
- \$61,000 per year for one-half FTE (\$121,000/FTE) for grant administration and policy support associated with the food rescue and food waste reduction efforts

Grant funding will be made available to local units of government, nonprofit organizations and private businesses. The policy and budget items will work in tandem to ensure the project is successful.

Policy items supported by the initiative include:

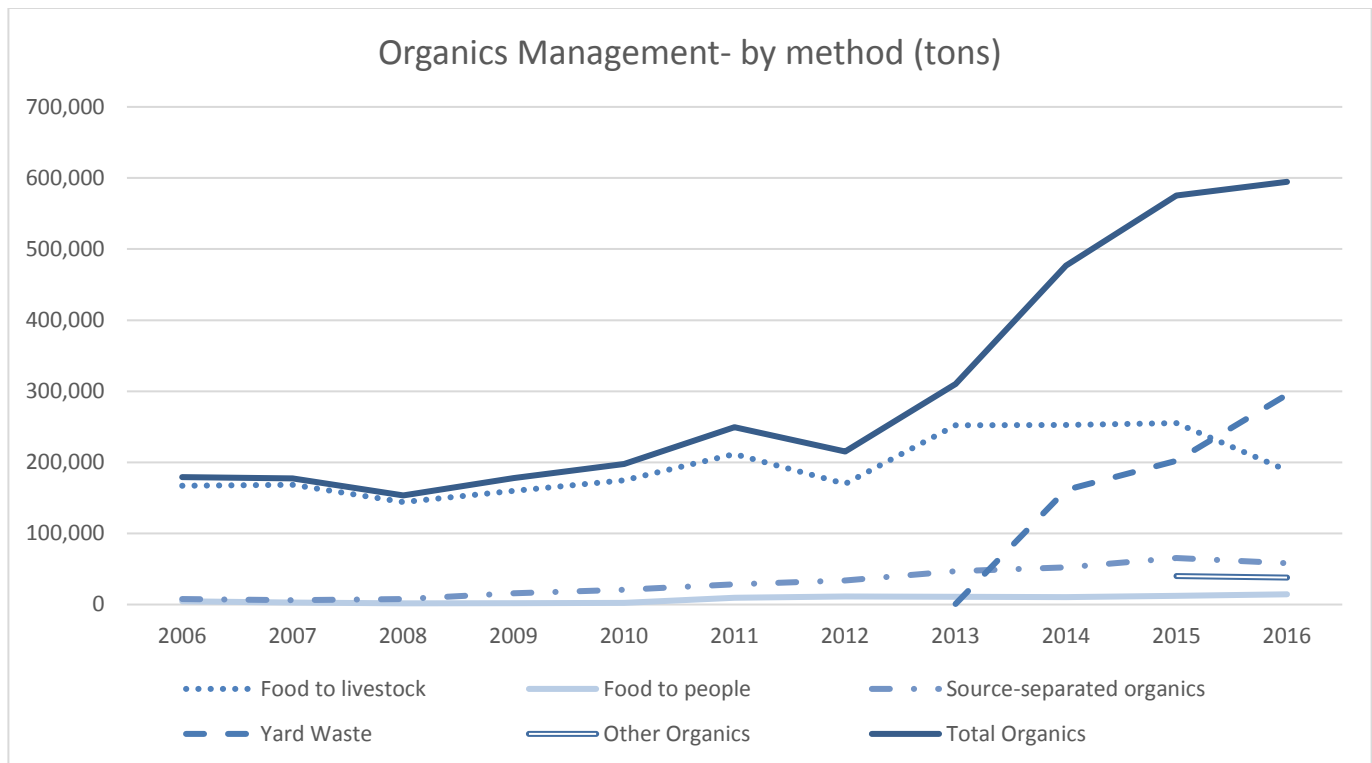
- Education on Good Samaritan law and food safety regulations for handling prepared and perishable foods
- Designation of a state food waste hierarchy
- Revising the compostable product labeling requirements to ensure compostable plastics meet industry standards and improve quality of the compost from professional composters
- Require waste composition studies from solid waste facilities to measure progress

Equity and Inclusion

More food donations to food shelves and shelters would assist lower-income families that need access to more and a greater diversity of healthy food. The increase in donated food addresses food insecurity across Minnesota. Lower-income families would benefit to the extent they can reduce the amount of food wasted, given that the average St. Paul household spends \$1,200 per year on food they never eat. Extra effort will be made to ensure that traditionally-underserved communities have knowledge of and access to grant applications. Technical and financial assistance would be provided to a diverse set of entities and organizations that represent underserved communities, so this proposal would seek to address inequities in that regard as well.

Results

The chart on the following page illustrates the current amount of organics being captured and how they are managed. The MPCA will monitor progress using this and other existing metrics noted below.



Food waste makes up about 18 percent of waste disposed. The MPCA has a goal of reducing the amount of food that ends up in the waste stream by 50 percent (down to 9 percent) by 2030. According to the last waste composition estimate we received from the Hennepin Energy Recovery Center facility food waste was at 17.1 percent.

Currently an estimated 17 percent of Minnesota’s residents have access to curbside organics recycling. The MPCA tracks the percentage of the population with access to curbside organics recycling under its strategic plan standard operating procedure.

Statutory Change(s)

The new policy initiatives would be introduced under chapter 115A the Waste Management Act. The compostable product labeling standard would amend M.S. 325E.046.

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Recycling Market Development

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Environmental Fund				
Expenditures	400	400	400	400
Net Fiscal Impact = (Expenditures – Revenues)	400	400	400	400
FTEs	0	0	0	0

Recommendation

The Governor recommends appropriation of \$400,000 in each FY 2021 and FY 2022 from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division. This initiative supports development and expansion of recycling markets for Minnesota businesses.

The recommended appropriation of \$800,000 for FY 2020-2021 represents development of a new MPCA program area. This proposal would increase the agency's FY 2020-2021 Environmental Fund base budget by less than 1 percent.

Rationale/Background

In July 2017, China announced its intent to stop accepting many types of recyclable material since much of it contained contamination above greater than 0.5 percent. An example of contamination is broken glass pieces littered through a bale of recycled paper. Recycled materials are difficult for businesses to use in the manufacturing process without having to spend more on attempts to remove contamination of non-homogenous materials. Recyclable materials from the United States are generally unable to meet this standard.

As a result, domestic markets are flooded with minimally contaminated recyclable materials, resulting in record-low prices for items such as plastic, glass and paper. Recycling processors and brokers are increasingly concerned about their ability to find enough manufacturers to use the supply of recycled material that is available domestically, including in Minnesota. They have expressed concern about how they are going to sell their material and for what price. Market prices are at all-time lows, with some materials having little or no value at all on the open market. There is a growing concern that material collected for recycling may have to be stored long-term and ultimately disposed of if there are not markets for the materials.

Proposal

The Governor proposes providing \$400,000 per fiscal year in grants to develop additional recycling markets that will help prices bounce back and keep a robust recycling economy in Minnesota. This is an opportunity for Minnesota to again be a leader in developing new markets for recycled material. The proposal will seek to increase the number of businesses that use recycled materials in their manufacturing processes.

Grant dollars will be used to fund a portion of costs on recycling projects that banks or financial lenders generally do not finance. Example include: leasehold improvements and other physical improvements to building that enable efficient operation of businesses, engineering studies and installation of equipment. Allowable grant costs will also include development of project applications for private and public funding, such as for support from DEED's business assistance programs.

The proposal's goal is to increase the price of recycled material and create jobs that provide upward economic mobility and an entry point into manufacturing jobs. It is estimated that this proposal could create 100+ good

paying jobs. The recycling community will have more stable markets and therefore jobs will be saved. These jobs are located throughout Minnesota as the companies that use recycled materials are located in every part of the state.

Recycling is important to Minnesota's economy. More than 260 Minnesota companies use recycled materials to manufacture their products. Minnesota's value-added recycling manufacturers employ about 18,000 people, and these companies generate approximately \$3.2 billion in wages and \$665 million in federal and local tax revenue. Recycling adds nearly \$8.5 billion to Minnesota's economy overall.

Equity and Inclusion

All Minnesotans are indirectly impacted by the development of recycling markets in the state. By increasing the demand for recyclables, living wage jobs will be created that will be accessible locally to Minnesotans of all backgrounds. All Minnesotans have access to recycling opportunities as well and can participate in these programs. Representatives of these groups have been engaged on some specific projects and are likely to be involved as projects progress. In addition, these funds will be disbursed via our grant/contracting process and will incorporate our policies and procedures to ensure equity and inclusion.

Results

Minnesota's value-added recycling manufacturers' employs about 18,000 people, and these companies generate approximately \$3.2 billion in wages and \$665 million in federal and local tax revenue. Recycling adds nearly \$8.5 billion to Minnesota's economy overall.

We will be able to track the amount of capacity created for the recycled material for each facility that receives assistance. In addition, we will use the annual the Governor's Select Committee on Recycling and the Environment (SCORE) report process to measure the overall amount of material recycled in Minnesota.

Also, we will measure jobs created with each new facility and new expansion of current facilities. The MPCA uses the Regional Economic Models, Inc. economic model to measure the economic activity. The model has been used since 1996.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Air Appropriation Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Environmental Fund				
Expenditures	258	516	516	516
Net Fiscal Impact = (Expenditures – Revenues)	258	516	516	516
FTEs	0	0	0	0

Recommendation

The Governor recommends appropriation of \$258,000 in FY 2020 and \$516,000 in FY 2021 from the Environmental Fund to the Minnesota Pollution Control Agency's (MPCA) Air Program. The increase will be distributed to the following Divisions: Resources Management and Assistance \$24,000/\$48,000; Environmental Analysis and Outcomes \$90,000/\$180,000; Operations \$11,000/\$22,000; and, Industrial \$133,000/\$266,000. The appropriation increase will maintain service levels provided by the Air Program.

The recommendation would increase the agency's similar funding in FY 2018-2019 of \$15,148,000 by 5% and the MPCA's Environmental Fund base budget by less than 1 percent.

Rationale/Background

The federal Clean Air Act (CAA) includes a requirement for states to charge air emission fees to cover the cost of issuing permits to facilities that emit air pollutants. The CAA also requires air permit fee increases to cover inflation and ensure that adequate resources are available to meet the requirements of the Act. Salaries, benefits, and program support costs are all projected to increase modestly in FY 2020-21.

Minnesota Statute 116.07, subd. 4d (b) directs the MPCA to increase air permit fees to cover the costs of delivering the air quality program, including permitting, regulatory and monitoring activities. However, the agency must request an increase in spending authority equal to the incremental increase in fees. If program costs increased by the consumer price index rate while appropriations remained at FY 2018-19 levels, it would force the MPCA to reduce program service levels in FY 2020-21 by the amount of that increase.

Proposal

The Governor's proposal accounts for program cost increases in FY 2020-21. The MPCA is directed by state and federal law to increase annual air emission fees to cover the increased costs of delivering program services to our regulated parties. Air emission fees, including this incremental increase, are deposited to the Environmental Fund. This proposal would increase the agency's authorized appropriation to the Air Program from the Environmental Fund equal to the increase in emission fees that will be generated in FY 2020 and FY 2021 under the cost provisions in statute. As established in statute, calculation of the increase includes identifying the total cost of the Air Program (\$15,148,000), identifying the consumer price index increase for the last biennium (1.7 percent) and distributing that calculated increase – \$258,000 in FY 2020 and \$516,000 in FY 2021 – across agency Air Program appropriations.

This requested funding increase allows sustained provision of Air Program services at the FY 2018-19 delivery levels. Several measures within Air Program operations will demonstrate the success of this proposal. These include whether the agency is able to maintain: the same level of program staffing; the pace of processing permit applications; site inspections and enforcement routines; and, prompt responses to requests for technical

assistance; and, review of complex operational plans and applications, particularly from companies in mining, energy and manufacturing sectors.

Equity and Inclusion

The initiative will ensure the agency is able to maintain service levels for the Air Program. This program provides services that positively impact heavily-populated areas and/or areas where high concentrations of many air pollutants are typically found by completing permitting and related air monitoring to ensure that regulated entities are conforming to established limits. Populations that benefit from this request include those located in communities experiencing economic disparities, the larger urban centers with higher population densities, historic inequitable pollution burdens and persons who tend to be more vulnerable to the health effects of air pollution.

This initiative will allow impacted communities to be engaged and meaningfully involved in decisions much earlier in permitting processes; when the completed permit applications are received by the MPCA, or earlier if possible. We will improve and enhance communication and engagement around permitting activities through use of plain language, translating services where appropriate, and more diverse sources of communication such as local newspapers and newsletters, and hold public meetings in places and at times that are more accessible. Further, we will encourage facilities to improve and increase their own engagement with their surrounding communities.

Results

The primary outcome is the maintenance of service levels from biennium to biennium. The increased costs addressed by this request cover all aspects of the Air Program related to permitting activity, including regulatory work and air quality monitoring.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Extension of Freeway Landfill and Dump Appropriation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Closed Landfill Investment Fund				
Expenditures	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation

The Governor recommends extending availability of the 2017 Freeway Landfill and Dump appropriation through June 30, 2021 to allow for the completion of initial investigation and engineering design work.

Rationale/Background

Freeway Landfill (150 acres) and Freeway Dump (28 acres) in Burnsville are next to the Minnesota River, just upstream from its confluence with the Mississippi River. Groundwater under the landfill and dump naturally flows towards the river. Kraemer Quarry, to the south of the landfill, has been pumping water out of the quarry to be able to mine. It has altered the flow of groundwater and kept groundwater levels under the landfill and dump artificially low.

When Kraemer Quarry stops production and pumping out water, groundwater will return to its regular level and flow towards the Minnesota River. The quarry site will fill with water and become a lake. The buried garbage at Freeway Landfill and Dump will come in contact with the groundwater and the groundwater will become contaminated with chemicals, metals and other pollutants. The contamination will flow to the river and new lake.

Burnsville and Savage residents get their drinking water from the quarry/new lake and groundwater in this area. Failing to clean up these sites now will pose risks to public health and the environment in the future.

The MPCA received a one-time appropriation in 2017 for settling obligations with the federal government, remedial investigations, feasibility studies, engineering, and cleanup-related activities for purposes of environmental response actions at the Freeway Landfill and Dump. However, due to delays in ability to complete investigation and design work, all intended and essential activities will not be completed by the appropriation's present expiration date.

Proposal

The Governor recommends extension of the 2017 appropriation to allow for successful completion of initial investigation and engineering design work at Freeway Landfill and Dump in Burnsville. This appropriation is from Laws of Minnesota 2017, Chapter 93, Article 1, Section 2, Subdivision 6 (e) and currently expires at the end of FY2019.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Extension of PFA Assistance Appropriation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Environmental Funds				
Expenditures	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation

The Governor recommends extending availability of the 2016 appropriation for technical assistance and review of Public Facilities Authority capital assistance projects through June 30, 2021 to enable continued review of municipal water infrastructure projects.

Rationale/Background

The Public Facilities Authority's (PFA) municipal water infrastructure projects require technical assistance review of design documents by wastewater treatment staff prior to plans being approved and projects moving forward toward implementation. This review is accomplished through continuing interagency effort by MPCA staff.

In anticipation of a capital budget bill in the 2016 session that included a greater than normal amount of bonding monies for water infrastructure projects, the MPCA received an appropriation sufficient to cover the costs for review of the increased number of projects. However, a bonding bill did not pass in the 2016 session. Instead, a capital budget bill was passed in 2017 that included the increase in municipal water infrastructure projects bonds; one year after monies had been appropriated to the MPCA. Due to the delay in PFA receiving bonding monies, engineering review of the increased number of municipal water infrastructure projects will not be completed prior to expiration of the appropriation for that purpose.

Proposal

The Governor proposes extension of the 2016 Environmental Fund appropriation to meet the increased demand for technical assistance and review of municipal water infrastructure projects that were generated by increased grant funding through the Public Facilities Authority. This appropriation is from Laws of Minnesota 2016, Chapter 189, Article 3, Section 2, Subdivision 2 that currently expires at the end of FY 2019.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: CWF River and Lake Monitoring and Assessment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	8,000	8,000	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8,000	8,000	0	0
FTEs	43.8	43.8	0	0

Recommendation

The Governor recommends appropriation of \$8 million in FY 2020 and \$8 million in FY 2021 from the Clean Water Fund (CWF) to the Minnesota Pollution Control Agency's (MPCA) Environmental Analysis and Outcomes Division. This recommendation continues the systematic progress of monitoring and assessing lakes, rivers and streams to detect long-term changes over time in water quality; and to identify waters to restore, those requiring protection from future degradation, and those that have been restored due to recent efforts. The monitoring data generated are foundational to other CWF-funded activities, such as targeting watershed restoration and protection plans to ensure greatest effectiveness, and supporting One Watershed-One Plan and local implementation.

The recommended appropriation of \$16 million for FY 2020-21 is a 2 percent reduction from the FY 2018-19 appropriation. The amount requested for FY 2020-21 reflects a lower level of monitoring effort and will cover higher costs of compensation for staff and many local partners who conduct monitoring through this appropriation. Full-time staffing funded by this request will continue at current levels, although slightly fewer seasonal staff will be needed.

Rationale/Background

To be successful preventing and fixing problems, Minnesota requires good information about the condition of the state's water resources, including problems and threats, options for addressing the problems and threats, and data on how effective management actions have been. The surface water monitoring and assessment program is focused on providing that critical information.

To fulfill the requirements of the state Clean Water Legacy Act (CWLA) and the federal Clean Water Act (CWA), Minnesota has a strategy to assess the condition of Minnesota's waters on a 10-year cycle via a combination of MPCA monitoring; monitoring by other local, state and federal agencies; citizen monitoring; and remote sensing. An outcome of this monitoring is the identification of waters that are impaired (i.e., do not fully support uses such as swimming and fishing and therefore need restoration) and those in need of protection to avoid impairment. As actions are taken, re-sampling of impaired waters is needed determine if impaired waters have been restored. Over time, this monitoring also identifies trends in water quality. This helps determine whether water quality is improving or worsening, and identifies the overall effectiveness of management actions.

This proposal for surface water monitoring funding will enable the MPCA to continue its work toward the goals of the CWLA. In 2015-2017, the MPCA worked with partner agencies and local governments to refine the monitoring approach to meet the needs of the next 10 years of CWLA implementation. The refinements, which were fully implemented in 2018, shift the emphasis from establishing the baseline condition of Minnesota's lakes and streams to:

- Revisiting a subset of sites to track changes over time and collect data for delisting purposes, and
- Targeted monitoring to fill in data gaps identified by local and state resource managers as critical to effective local implementation.

Fewer monitoring sites are necessary to meet the goals for the second round of monitoring, and therefore the recommended funding for this activity has been reduced.

Proposal

The Governor proposes continuation of funding for FY2020-21. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

Monitoring includes biological, chemical, and habitat monitoring at lakes, streams and rivers. Data are evaluated to determine if waters are impaired and if previously impaired waters have been restored, and to inform solutions to watershed problems. Chemical monitoring is also conducted at watershed outlets to further inform implementation efforts and track changes over time. Additionally, the MPCA monitors a representative subset of surface waters for contaminants of new and emerging concern and develop risk-based screening values to evaluate the risks to fish, and other aquatic life important to the food chain, associated with these contaminants. Monitoring data are used to help prioritize the development of tools to evaluate the potential risk to human health and aquatic life posed by the presence of these contaminants in the environment.

This proposal would fund monitoring in at least 17 major watersheds. Funding would support both a continuation of MPCA monitoring and assessment staff (\$121,000/FTE x 43.8 FTE = \$5.3 million), monitoring equipment and supplies of approximately \$700,000 and \$2.0 million to local partners that conduct monitoring. If this request is not funded, we will be less effective at targeting restoration efforts, have no way to evaluate whether or not restoration efforts are successful, and we will not be able to delist restored waters.

Equity and Inclusion

This proposal would ensure that data on water quality is collected and analyzed statewide. These data are critical to meeting the goals of the CWLA and CWF, and ensuring that Minnesotans are able to enjoy the benefits of clean and healthy lakes and streams. The MPCA employs a number of student workers and interns each summer to help conduct this monitoring effort, and has been actively recruiting seasonal and permanent employees among under-represented groups. Eligible applicants for the lake and stream monitoring solicitation process include local units of government, tribes, non-profits, and educational institutions.

Results

Since the advent of the CWF, the MPCA and its partners have monitored and assessed the baseline water quality of Minnesota's major watersheds. Monitoring progress is routinely communicated via MPCA publications and web sites and through the biennial Clean Water Fund Performance Report. The 2018 Clean Water Fund Performance Report is available on the Legacy website at <https://www.pca.state.mn.us/water/report-clean-water-fund-spending>. Watershed-specific monitoring and assessment reports are available at: <https://www.pca.state.mn.us/water/watersheds>. Watershed Pollutant Load Monitoring Network results can be found at: <https://www.pca.state.mn.us/water/watershed-pollutant-load-monitoring-network>.

More than 220 grants have been awarded to local units of government, colleges and universities, nonprofits, and tribal governments for local monitoring activities that contribute to the watershed monitoring approach.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: CWF Watershed Restoration and Protection Strategies

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	8,050	8,050	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8,050	8,050	0	0
FTEs	36.9	36.9	0	0

Recommendation

The Governor recommends an appropriation of \$8.050 million in each FY 2020 and FY 2021 from the Clean Water Fund (CWF) to the Minnesota Pollution Control Agency's (MPCA) Watershed Division to continue the systematic progress in developing protection and restoration strategies for the state's watersheds. The funding will enable the development of strategies to address point and nonpoint sources of pollution. This recommendation supports the agency's work with local partners to guide restoration of impaired watersheds and protect unimpaired watersheds.

The recommended appropriation of \$16.1 million for FY2020-2021 is a 15 percent decrease from the amount appropriated in FY 2018-19 due to program operational maturity and efficiencies. Staffing funded by this request will continue at current levels.

Rationale/Background

The state Clean Water Legacy Act (CWLA) and the federal Clean Water Act (CWA) require the state to make reasonable progress in assessing waters of the state for impairments and in developing plans for restoring waters to their intended uses. In 2002, the Office of the Legislative Auditor (OLA) noted the requirement to identify, evaluate, and restore waters was significantly underfunded. In 2003, the Legislature directed us to engage stakeholders in developing an efficient and accountable path to clean water. In 2005, court rulings cited the impaired waters section of the federal CWA in blocking the issuance of a wastewater permit to the cities of Annandale and Maple Lake. This action added momentum for passage of the state's CWLA in 2006. In 2008, Minnesotans approved the Clean Water, Land and Legacy Amendment that provides 25 years of constitutionally dedicated funding—an increase in the state sales tax—for clean water, habitat, parks and trails, and the arts.

This proposal enables the MPCA to continue work toward the goals of the CWLA. That law directs the agency to identify impaired waters in 10 years and to complete 10% of total maximum daily load (TMDLs) studies and watershed restoration and protection strategies (WRAPS) each year. The MPCA works with other state agencies on an inter-agency team to coordinate programs related to this Clean Water effort, and with local partners to ensure local conditions are understood and local water implementation plans are properly targeted.

Collectively, state agencies use a watershed approach by first identifying the health of Minnesota's water resources, then identifying impaired waters and those in need of protection, developing watershed-specific restoration and protection strategies based on this information, and incorporating them into their local water plans. The watershed approach is holistic, addressing the chemical, physical, and biological needs of the watershed. Working at a watershed scale is more efficient and effective.

Proposal

The Governor proposes continuation of funding for FY2020-21 for WRAPS, including TMDLs, to be developed with local partners to set strategies for restoring impaired waters and protecting unimpaired waters by setting

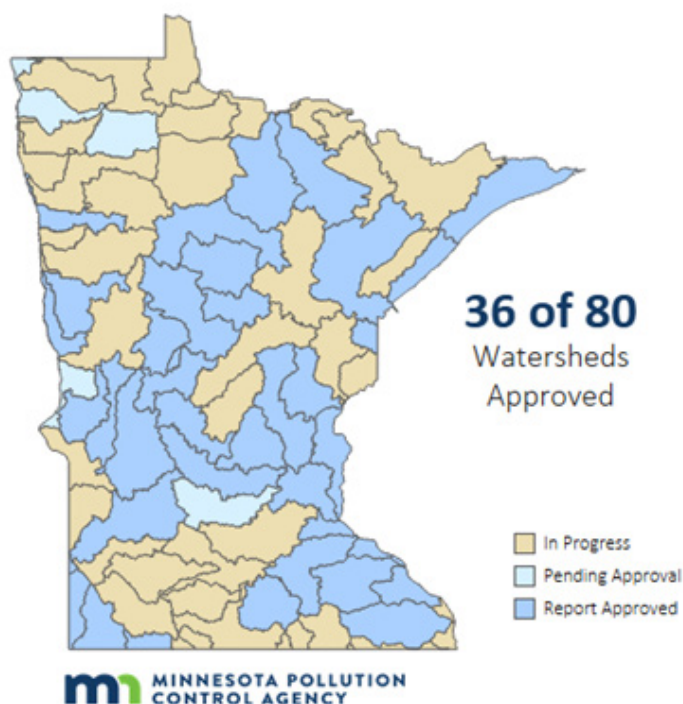
reduction and protection goals, milestones, and measures to guide state and local government implementation efforts. WRAPS and TMDLs are foundational to the development of science-based, efficiently targeted local water plans. The proposal includes maintaining 36.9 FTE (\$4.465 million) and other operating costs and contracts of \$3.585 million. Clean Water Fund may only be one-time appropriations.

Equity and Inclusion

WRAPS are developed with robust public participation opportunities, inclusive of all watershed citizens that choose to participate.

Results

This funding will enable the MPCA to continue its progress on the development of WRAPS and TMDL studies. EPA has approved 2,346 TMDLs and all Minnesota watersheds have WRAPS development projects underway. Thirty-six (45 percent) of the state's 80 watersheds have completed WRAPS. With this funding, at least 85 percent of the state's WRAPS will be completed by the end of the FY20-21 biennium, with the rest scheduled to be completed by the end of the FY2022-23 biennium. Thirty-seven lakes and streams have been restored to date.



The MPCA reports projects and funding on the Legislative Coordinating Commission's website, <http://www.legacy.leg.mn/funds/clean-water-fund/clean-water-fund-performance-reports>, which includes all recipients of the funds. The 2018 Clean Water Fund Performance Report is available on the MPCA website at <https://www.pca.state.mn.us/sites/default/files/lrp-f-3sy18.pdf>. This performance report uses Outcome, Action, and Financial Measures to gauge progress on protecting and restoring the state's water resources. The MPCA has also developed an on-line reporting tool to share progress on what is being done in Minnesota's watershed to protect and improve water quality; see <https://www.pca.state.mn.us/healthier-watersheds>.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: CWF Groundwater Assessment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	1,182	1,182	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,182	1,182	0	0
FTEs	4.8	4.8	0	0

Recommendation

The Governor recommends appropriation of \$1.182 million in each FY 2020 and FY 2021 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Environmental Analysis and Outcomes Division. This appropriation maintains the operation of Minnesota's groundwater monitoring network, ensuring continued assessment, monitoring and protection of the state's groundwater.

The recommended appropriation of \$2.364 million for FY 2020-2021 represents no increase from the amount appropriated in FY 2018-19. Staffing funded by this request will continue at current levels.

Rationale/Background

Clean Water Fund (CWF) monies are dedicated to protect, enhance, and restore water quality in lakes, rivers, streams, and groundwater; with at least five percent targeted to protecting drinking water sources. The majority of Minnesota's citizens receive their drinking water from groundwater. To be successful in protecting and restoring groundwater quality requires clear data concerning about the status of Minnesota's groundwater resources. Groundwater monitoring and assessment helps the MPCA and local and state partners understand groundwater quality and investigate potential sources of contamination.

The CWF provides support to the MPCA's groundwater assessment program, which includes: monitoring of non-agricultural pollutants in groundwater, including contaminants of emerging concern; modeling the interaction between groundwater and surface water; and, evaluating MPCA's progress protecting groundwater from contamination by non-agricultural chemicals. The MPCA's ambient groundwater monitoring network serves as an early-warning system of contaminants reaching groundwater. The program provides data and information to understand the quality of Minnesota's groundwater, including trends over time, and evaluate progress in protecting groundwater quality. Groundwater quality data, modeling, and information about surface water and groundwater interactions also inform restoration and protection strategies developed by the MPCA and its partners. The groundwater data generated through this appropriation provides essential information for decisions on other CWF-funded activities involving groundwater and drinking water protection.

Proposal

The Governor proposes continuation of funding for FY 2020-2021 for continued operation of the monitor network of about 270 wells across the state. The network targets aquifers that are most vulnerable to pollution by non-agricultural chemicals, typically shallow aquifers that underlie urban areas of the state. Monitoring data are analyzed to evaluate groundwater conditions and trends. This information is shared with state and local partners and the public to inform drinking water protection activities.

MPCA staff also work with the US Geological Survey and others to better understand the relationships among groundwater recharge, precipitation, streamflow, and lake levels and water quality. This work informs protection efforts for both groundwater and surface water.

The funding will also continue to support the evaluation of potential sources of concern for groundwater contamination to ensure requirements and best management practices (BMPs) are protective of groundwater resources. Costs include maintaining 4.8 FTE (\$121,000 x 4.8 FTE = \$580,000) and \$602,000 of other operating costs. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

Equity and Inclusion

This proposal will ensure that data on groundwater quality is collected and analyzed statewide. This data can be used by Minnesotans to plan for their communities' future, particularly in terms of what is needed to ensure clean and safe drinking water for all. The MPCA is currently evaluating our network design for its ability to detect any disproportionate impacts to groundwater quality. The requested funding will not adversely impact racial or ethnic groups in any way.

Results

Since the advent of the CWF, MPCA has established the groundwater quality monitoring network and is beginning to have sufficient data to calculate trends in groundwater quality for vulnerable aquifers. Monitoring results are routinely communicated via MPCA reports and web materials and through the biennial Clean Water Fund Performance Report available online at <https://www.pca.state.mn.us/water/report-clean-water-fund-spending>. Additional information about groundwater monitoring efforts and the data collected can be found in the "2015 Groundwater Monitoring Status Report" at <https://www.eqb.state.mn.us/2015-groundwater-monitoring-status-report>.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: CWF Enhanced County Inspections/SSTS Corrective Actions

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	3,938	3,938	0	0
Net Fiscal Impact = (Expenditures – Revenues)	3,938	3,938	0	0
FTEs	3.3	3.3	0	0

Recommendation

The Governor recommends appropriation of \$3.938 million in each FY2020 and FY 2021 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Municipal Division. This appropriation continues technical assistance efforts and funds county implementation of subsurface sewage treatment system (SSTS) program requirements (M.S. 115.55) including issuing permits, conducting inspections, identifying and resolving non-compliant SSTS, and revising and maintaining SSTS ordinances.

The recommended appropriation of \$7.876 million for FY2020-2021 is a 19 percent increase from the amount appropriated in FY 2018-19. This will allow an increase in grants available to low-income homeowners to upgrade SSTS's. Staffing funded by this request will continue at historic levels.

Rationale/Background

This proposal enables the MPCA to continue its work toward Clean Water Legacy Act (CWLA) goals. That law directs the agency to achieve compliance with federal Clean Water Act requirements in Minnesota, to support effective measures that prevent the degradation of groundwater according to the groundwater degradation prevention goal under M.S. 103H.001; and to support effective measures to restore degraded groundwater. The Subsurface Sewage Treatment Systems (SSTS) program works with the Implementation and Enforcement Task Force (M.S. 115.55), the Advisory Committee, Local Governmental Units and the industry to ensure that the approximately 537,000 SSTS's in the state protect human health and Minnesota's waters.

Prior to the Legacy Amendment, funding was insufficient to ensure new and existing SSTS's throughout the state did not result in illegal discharges to surface waters or to groundwater. Through this initiative, counties receive \$1.6 million per year by formula for local level implementation and enforcement of the SSTS program. This approach has proven effective in systematically addressing compliance across the state. An additional \$1,000,000 of this funding is given to and granted out from counties as assistance for low-income households to upgrade or replace their SSTS's when they are failing. The requests from counties for these low-income targeted funds is always much greater than the amount of money available. In 2018 the MPCA received requests totaling \$1,833,650 but only \$1,144,000 was available. The recommended appropriation for FY20-21 will more fully address the needs expressed by counties for low-income households.

Proposal

The Governor proposes continuation of funding for FY 2020-21 to support technical assistance and county implementation of SSTS program requirements (under M.S. 115.55), including issuing permits, conducting inspections, identifying and resolving non-compliant SSTS, and revising and maintaining SSTS ordinances. Incentive grant funding is based on several program aspects, including inspection requirements for point of sale, inspection requirements for any county permit, specific plans to improve compliance and specific plans to address unsewered areas. As noted above, the proposed increase in this appropriation from that provided in FY18-19 will allow an increase in the grants available to low-income homeowners to upgrade SSTS's. This proposal includes

maintaining 3.3 FTE (\$121,000 x 3.3 FTE = \$399,000), operating costs (\$439,000) and grants to counties (\$3.1 million). Appropriations from the Clean Water Fund may only be authorized as one-time funding.

Equity and Inclusion

All counties that manage an SSTS program are eligible for base funding through this initiative. In addition, any county can apply for low-income grants to fix non-compliant septic systems and incentive grants. All funding is distributed equally to all qualified counties that apply. Counties that receive funding are required to report on activities conducted in the program, allowing review of the performance of each county. The data from the report are used to determine if changes to the program are warranted and where those changes are appropriate.

Results

Over the past ten years, counties have estimated the following:

- The percent of systems in compliance to have increased from 65 percent to 82 percent
- The percent of systems failing to protect groundwater to have decreased from 25 percent to 12 percent
- Septic systems that pose an imminent threat to public health to have decreased from 11 percent to 4 percent
- Over 15,000 compliance inspections of existing systems were done in 2017

In 2017:

- 158 SSTS were connected to a centralized sewer
- 497 SSTS were abandoned or removed
- 10,906 SSTS systems were new or replaced

Approximately 700 septic systems have been fixed using low-income fix-up funds since FY13.

The MPCA provides annual reports of the local governmental efforts and funding on the Legislative Coordinating Commission's website, Clean Water Fund Performance Reports webpage <http://www.legacy.leg.mn/funds/clean-water-fund/clean-water-fund-performance-reports>. The 2018 Clean Water Fund Performance Report is available on the Legacy website at <https://www.pca.state.mn.us/sites/default/files/lrp-f-3sy18.pdf>. This report uses a number of factors to gauge progress on protecting and restoring the state's water resources. The 2017 SSTS Annual Report is available at <https://www.pca.state.mn.us/sites/default/files/wq-wwists1-58.pdf>.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: CWF Great Lakes Restoration Project

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	750	750	0	0
Net Fiscal Impact = (Expenditures – Revenues)	750	750	0	0
FTEs	2.3	2.3	0	0

Recommendation

The Governor recommends appropriation of \$750,000 in each FY2020 and FY2021 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Remediation Division for implementation of the Great Lakes Water Quality Agreement priority actions identified in the St. Louis River Area of Concern Remedial Action Plan. This work will leverage federal money to restore the St. Louis River Area of Concern located in the lower reaches of the St. Louis River Watershed in the Lake Superior Basin to improve water quality in the River and Lake Superior. The St. Louis River Area of Concern is a source of drinking water and economic development for the City of Duluth and other communities in the region, in addition to being an important ecological resource for the state.

The recommended appropriation of \$1.5 million for FY 2020-21 is equal to the amount appropriated in FY2018-FY2019. The amount will be utilized to continue implementation of the federal Environmental Protection Agency (EPA) approved management actions listed in the Remedial Action Plan, including those tasks outlined in the US Army Corps of Engineers (USACE)-MPCA partnership agreement. Staff funded by this request will continue at current levels.

Rationale/Background

The St. Louis River Area of Concern Remedial Action Plan describes the State of Minnesota's commitment to meet the goal of restoring this Area of Concern as called for by the 2012 Great Lakes Water Quality Agreement and the current federal Great Lakes Restoration Initiative Action Plan. Major actions in Minnesota address reducing risk from contaminated sediments at 12 sites and restoring approximately 1,700 acres of aquatic habitat to support the recovery of fish and wildlife populations. Importantly, these actions are needed to ensure drinking water resources remain available for surrounding communities.

Continued implementation of the St. Louis River Area of Concern Remedial Action Plan will ultimately result in the removal of the eight remaining beneficial use impairments. Once the management actions are completed, an application for formal delisting can occur, with a target of 2025 for delisting.

Proposal

The Governor proposes continuation of funding for FY 2020-21, including 2.3 FTE (\$121,000/FTE x 2.3 = \$278,000), operating costs and contracts (\$472,000). Appropriations from the Clean Water Fund may only be authorized as one-time funding.

This funding supports continued work to implement the Remedial Action Plan for the St. Louis River Area of Concern, completed with the assistance of several local and federal partners. This includes the activities completed under the USACE-MPCA Partnership Agreement that require at least a 35 percent state match to leverage the federal 65 percent share. In addition to the CWF, the St Louis River Area of Concern management actions have had funding support from various accounts in the federal Great Lakes Restoration Initiative fund, EPA's Office of Research and Development funding, the USACE's technical assistance funding, the Duluth-Superior

Harbor Maintenance Trust Fund, the Lessard-Sams Outdoor Heritage Fund, and the Environment and Natural Resources Trust Fund. Continued financial support from the CWF and the other funding sources will be needed to complete the management actions listed in the Remedial Action Plan and move forward with an application for formal delisting. Any permitting or construction delays will necessitate a schedule extension.

Equity and Inclusion

Work is accomplished through communication and collaboration with a variety of community groups in the Duluth area, such as the St. Louis River Alliance, and interests from the greater watershed, including the Fond du Lac Band of Lake Superior Chippewa. The work being performed accomplishes equity inclusion goals as follows:

- Decreasing exposure to harmful legacy pollutants in the St. Louis River Area of Concern sediment and fish and wildlife populations.
- Improved access to recreational uses within the St. Louis River Area of Concern.
- Economic benefit and enhance/restored outdoor recreational opportunities from remediation and restoration projects. See link: <https://www.glc.org/work/blue-economy/GLRI-economic-impact>
- Coordination with the Fond du Lac Band of Lake Superior Chippewa to restore 275 acres of wild rice within the St. Louis River Area of Concern.

Results

Clean Water Fund appropriations to date have helped leverage more than \$36 million of non-state funds to develop and begin to implement the St. Louis River Area of Concern Remedial Action Plan. Implementation of priority actions to fulfill Minnesota obligations under the Great Lakes Water Quality Agreement and the Great Lakes Restoration Initiative Action Plan Priority 1 have included the following activities:

- Identification and completion of studies needed to support the removal of beneficial use impairments,
- Sediment assessment and characterization,
- Identification of contaminated sediment cleanup sites requiring action and priority habitat restoration sites,
- Feasibility studies,
- Development of engineering designs and plans and specifications for bidding,
- Site construction, and
- Development of a St. Louis River Area of Concern data system.

The MPCA tracks its projects and funding on the Legislative Coordinating Commission's website, Clean Water Fund Performance Reports webpage <http://www.legacy.leg.mn/funds/clean-water-fund/clean-water-fund-performance-reports>, which includes all recipients of the funds.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: CWF Accelerated Implementation of MS4 Permit Requirements

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	225	225	0	0
Net Fiscal Impact = (Expenditures – Revenues)	225	225	0	0
FTEs	1	1	0	0

Recommendation

The Governor recommends appropriation of \$225,000 in each FY 2020 and FY 2021 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Municipal Division. Funds will provide assistance to local units of government and other permittees for accelerated implementation of Municipal Separate Storm Sewer System permit requirements.

The recommended appropriation of \$450,000 for FY 2020-21 is the same amount appropriated in FY 2018-19.

Rationale/Background

Stormwater runoff is a major source of water pollution for many of Minnesota's 11,000 plus lakes and 92,000 miles of rivers and streams. Minnesota's population density and amount of impervious surface have increased dramatically over the past century. Consequently, many of Minnesota's waters have been affected by pollutants in runoff from urban and agricultural sources, resulting in many of our lakes, rivers, and streams being listed as "impaired;" not fully supporting uses such as swimming and healthy fish and insect communities.

It is the goal of the MPCA Stormwater Program to prevent or reduce pollutants associated with stormwater runoff from being flushed into our lakes, rivers, streams, and wetlands. This is done by implementing the National Pollutant Discharge Elimination System (NPDES) program under Minnesota Rules 7001, 7050, 7060, 7090, as enabled by the federal Clean Water Act, for regulated industrial, municipal, and construction stormwater sources. The Stormwater Program is implemented primarily through general permits, including the Municipal Separate Storm Sewer System (MS4) General Permit, which expired on July 31, 2018 and is currently being reissued.

The MPCA has received comments from MS4 permittees, industry groups and environmental advocates stating that there is a significant need for assistance in implementing permit requirements. Requests of included need for assistance in the form of templates, check-lists, guidance documents and assistance visits. MPCA staff experience in data analyses reinforce the importance of additional tactical assistance as after two permit cycles and traditional inspection and assistance activities, regulated MS4s permittees are not meeting some of the basic permit requirements.

Proposal

The Governor proposes funding for extensive technical assistance, guidance development, and direct outreach to MS4s to accelerate MS4 permit implementation. The proposal is intended to bring all regulated MS4s up to a standard baseline of operating compliance with Minnesota NPDES rules, recognizing that some permittees may have more advanced programs than others. The one FTE of maintained MPCA staff (\$121,000/FTE) will collaborate with the regulated MS4s to determine the needed assistance, as MS4s vary in size, available resources and status of stormwater program development. Proposed costs of technical assistance and guidance materials remain consistent with FY 2018-2019 costs (approximately \$104,000/year). In addition, depending on what is learned from the MS4 permittees, new assistance and program needs may be discovered.

Equity and Inclusion

This proposal will benefit all Minnesota citizens, as regulated MS4s are distributed around the state. Improvements in local MS4 programs will result in implementation of additional Best Management Practices, which not only improve water quality, but also can be an aesthetic benefit to the community. All citizens can gain from the educational and public involvement aspects of the regulated MS4 programs and can contribute as citizen stakeholders, if they so choose.

Results

Beginning with the FY 2018-2019 appropriation, the following outcomes have been accomplished to date and will be continuously updated through this proposal to accelerate MS4 implementation and assist local regulated entities:

- Establishment of a digital document library (DDL) within the on-line MN Stormwater Manual. The DDL is a compilation of permittee-developed documents, standard operating procedures, checklists and processes, reviewed and endorsed by the MPCA that permittees can share and use to assist in compliance with the MS4 permit. The Minnesota Stormwater Manual has exceeded 5 million page views and is regularly cited by permittees and industry representatives as an extremely useful resource to aid their environmental protection efforts, including permit compliance. See <https://www.pca.state.mn.us/water/minnesotas-stormwater-manual>.
- Initiated an enhancement to the “MS4 Toolkit”, which is a package of best practices that facilitate establishing effective stormwater programs at the local level. Practices in the toolkit include public education and outreach, public participation, illicit discharge detection and elimination, construction site stormwater runoff control, post-construction stormwater runoff management and MS4-owned infrastructure management.
- Initiated development of model ordinances, which can be used by regulated MS4s as the backbone of an effective local stormwater program.
- Created a modeling package to assist MS4 permittees in demonstrating progress toward achieving TMDL waste load allocations (WLAs), and monitoring guidance as an alternative method of demonstrating progress toward achieving TMDL waste load allocations (WLAs),
- Developed guidance to assist permittees in developing appropriate procedures for the purpose of determining the TSS and TP treatment effectiveness of all permittee owned/operated ponds constructed and used for the collection and treatment of stormwater, and
- Developed and disseminate information on case studies of successful water quality projects implemented by regulated or unregulated MS4s.

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: CWF NPDES Wastewater Stormwater TMDL Implementation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	900	900	0	0
Net Fiscal Impact = (Expenditures – Revenues)	900	900	0	0
FTEs	6	6	0	0

Recommendation

The Governor recommends appropriation of \$900,000 in each FY2020 and FY2021 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Municipal Division for Total Maximum Daily Load implementation in its Wastewater and Stormwater Programs.

The recommended appropriation of \$1.8 million for FY2020-2021 is the same amount appropriated in FY2018-FY2019. MPCA staffing and effort levels will be maintained for these activities.

Rationale/Background

Stormwater and wastewater can be significant contributors of pollutants to impaired waters. Proper permitting and management of stormwater and wastewater is crucial to the successful implementation of Total Maximum Daily Load (TMDL) requirements under the federal Clean Water Act (CWA). The accelerated completion of TMDLs and Watershed Restoration and Protection Strategies (WRAPS) under the state Clean Water Legacy Act has increased the information available to inform the issuance and reissuance of wastewater and stormwater permits under the National Pollutant Discharge Elimination System (NPDES) program of the federal CWA. The MPCA is the Agency responsible for issuing such permits in Minnesota. This proposal ensures the MPCA is able to provide a wide range of outreach and guidance materials to help ensure the most effective stormwater best management practices are implemented, that TMDL and WRAPS information is effectively incorporated into NPDES permits, and assistance is provided to permittees to help ensure achievement of clean water goals.

The wastewater NPDES program work includes permitting, engineer review, compliance and enforcement, training and certification, assistance with the funding programs, effluent limit determination, Environmental Assessment Worksheets (EAW) review and data review. There are currently approximately 1,400 NPDES permits – all but 100 of which must be reissued every five years. Each permit has effluent limits and specific requirements with which they must comply. The MPCA's NPDES wastewater program must assure that permits issued meet the appropriate water quality uses and that permittees are complying with their permits.

Proposal

The Governor proposes continuing funding a stormwater program that provides a wide range of outreach and guidance materials to help ensure the most effective stormwater best management practices are implemented. NPDES staff will enhance coordination between other MPCA staff who are developing TMDLs/WRAPS and the permitting program. This will ensure stormwater discharges are appropriately addressed in projects, provide outreach and guidance to stormwater permittees to assist in complying with permit requirements related to TMDLs, and develop state-of-the-art stormwater guidelines and tools.

Staff funded by this proposal include the following functions: permit writing, coordinating TMDL/WRAPS, analyzing GIS data, engineer review of effluent limits based on TMDL and WRAPS information, coordination of efforts to address unsewered areas, coordination of permits that help to address TMDL/WRAPS, and the

development of guidance. Additionally, wastewater staff will assure that during the development of the WRAPS and TMDLs that wastewater influences are measured and understood, following the plan for integration of the watershed approach in agency permitting programs. Additionally, after the WRAPS and TMDLs are developed, results will be interpreted and incorporated into the wastewater program through permitting, effluent limit determination, and working with local governmental units (LGU). Staff will provide technical assistance to MPCA permit writers and to LGUs with unsewered community discharges.

This proposal includes funding for six FTE (\$121,000/FTE) and \$174,000 for program operations, and maintenance and upgrading the Stormwater Wiki Manual. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

Equity and Inclusion

The current TMDL, WRAPS, and permitting implementation processes follows the procedures that have been developed under the Agency's Environmental Justice priorities. This proposal ensures that consistent implementation occurs statewide, resulting in improved water quality for all citizens.

Results

The Program currently has three primary measures:

1. The number of new WQBEL limits in NPDES wastewater permits informed by monitoring, TMDLs, and WRAPS
2. An annual increase in NPDES wastewater permits with WQBEL's informed by intensive watershed monitoring, assessment, and WRAPS as well as the corresponding pollutant loading for TSS, phosphorus, mercury, chloride, nitrogen, dissolved oxygen, and biological oxygen demand.
3. Number of permits with new monitoring parameters that enhance the data available to inform TMDL developments.

Statutory Change(s)

Not Applicable.

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: CWF Chloride Reduction Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	300	300	0	0
Net Fiscal Impact = (Expenditures – Revenues)	300	300	0	0
FTEs	1	1	0	0

Recommendation

The Governor recommends appropriation of \$300,000 in each FY 2020 and FY 2021 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Resource Management and Assistance Division for creation and operation of the Chloride Reduction Program, administering the Smart Salting Training program, conducting statewide trainings and establishing a targeted grant program to address water softening.

The recommended appropriation of \$600,000 for FY2020-2021 is new, state funds have not been used previously for this activity.

Rationale/Background

Chloride is a permanent pollutant that is toxic to aquatic life and does not break down or change over time. The chloride water quality standard designed to protect aquatic life is 230 mg/liter (equivalent to one teaspoon in five gallons of water). Once chloride enters our lakes, streams, wetlands and groundwater, it is extremely expensive to remove it. Chloride levels are continuing to increase in Minnesota's water resources and the only way to address this pollutant is to reduce it at the source. The primary sources of chloride causing water quality problems are de-icing salt used in winter and salt used for water softening systems. In the metro area alone, winter maintenance activities apply 365,000 tons of road salt per year.

The Smart Salting Training has been identified in the MPCA's Chloride Management Plan and the 2015 Environmental Quality Board Water Policy Report as the priority strategy to reduce de-icing salt at the source without compromising public safety. Since 2006, a Smart Salting Training pilot had been offered by the Minnesota company Fortin Consulting due to one-time federal funding for non-point source water pollution protection. This pilot training is highly successful, and has significant support from local partners and the industry. However, due to the requirements and the one-time nature of the federal funds, these trainings have been primarily focused in the seven-county Twin Cities Metropolitan Area and have only been offered on a temporary basis. The current grant expires in 2020 and is the last federal grant available for the training. Unless sustainable funding can be identified, the Smart Salting Training will no longer be available in Minnesota.

More than 100 communities in Minnesota have been identified to have elevated chloride in their wastewater discharge, in large part due to water softening. Since most wastewater treatment plants are not designed to remove chloride, and retrofitting such plants with currently available chloride treatment would be prohibitively expensive, creative approaches are needed to reduce the chloride that enters wastewater treatment plants, which is ultimately discharged to lakes and streams.

Proposal

The Governor recommends establishing a new, statewide chloride reduction program in the MPCA's Resource Management and Assistance Division to assist communities in reducing salt at the source. These funds will enable the MPCA to administer a Smart Salting Training & Certification program for businesses that provide snow removal and deicing services. The funds will also be used to reduce the chloride entering our waters through

wastewater treatment plants, by offering targeted grants to communities that would like assistance working with their residents and businesses to upgrade home water softeners to low-salt use systems, and to interested communities that centrally soften their water to assist with removal of unnecessary water softening units. This new program proposal is consistent with the Clean Water Council's recent [de-icing chloride reduction policy](https://www.pca.state.mn.us/sites/default/files/wq-cwc1-20.pdf) (<https://www.pca.state.mn.us/sites/default/files/wq-cwc1-20.pdf>). The program would also make significant progress towards the MPCA's strategic plan goal of reducing chloride entering surface waters and groundwater (see <https://www.pca.state.mn.us/about-mpca/mpca-strategic-plan>). The program under this proposal would include:

1. Funding a state-wide Smart Salting training program for private and public winter maintenance professionals. This training has significant support by local partners and the industry, and is the top implementation strategy identified to reduce de-icing salt use. Past participants have successfully reduced their salt use by 30 percent - 70 percent. This training was proven successful in a federally funded pilot, but those funds have run out. This voluntary program would be operated similar to other MPCA certification programs, requiring 1 FTE (\$121,000/FTE) and monies for program development, informational materials and operations (approximately \$79,000/year).
2. Establishing a targeted water softener rebate program. To address the significant chloride contribution of water softeners, a grant program will be created and administered to assist communities interested in working with their residents and local businesses to upgrade or remove water softeners through rebates. These grants will be targeted to those communities determined to have high chloride in their wastewater effluent and where source reduction is a viable option. This funding would allow grants (\$100,000 /year) to be offered to interested communities to help implement a community-based rebate program to residents and small businesses to upgrade or remove their water softening units. These funds would allow for up to two communities a year to receive grant funds to cover a portion of the cost to upgrade or remove water softening units.

Equity and Inclusion

The MPCA will provide Smart Salting training classes and certification program to communities across greater Minnesota that have had limited opportunities to participate in the past due to the Metro focus of the federal funds used to offer the trainings. The MPCA will also provide financial assistance to underserved communities in need of reducing chloride from water softening. The water softening rebate program will target communities with high levels of chloride in their wastewater treatment discharge and rural and low socioeconomic communities. We will actively communicate and coordinate with these communities to participate in the programs.

Results

Improved water quality for the protection of aquatic life and drinking water through reductions in the amount of chloride entering our lakes, streams, wetlands and groundwater will be the outcome of the Chloride Reduction program. In addition to tracking the water quality trends of chloride in our surface waters and groundwater, progress in successfully implementing the chloride reduction program will be measured by the following:

- Number of applicators trained and certified by the MPCA Smart Salting Training program
- Number of users and progress on implementation of chloride reduction BMPs through the Smart Salting Assessment tool
- Estimated salt reduction from organizations willing to share their information
- Report number of communities receiving water-softening rebate grant funds every two years
- Number of permitted entities making progress towards complying with chloride water quality-based effluent limit

The Smart Salting Training pilot program has already shown promise for successful statewide implementation. By teaching proper use of equipment, and providing materials and awareness about environmental impacts, applicators can be more efficient with their services, which allows for significant reduction in salt use and also creates a cost savings as shown in table below:

<i>Entity</i>	<i>Time period</i>	<i>Main actions implemented</i>	<i>Salt reduction</i>	<i>Cost savings</i>
City of Waconia	2010	Staff Training; Switch from 1:1 sand:salt to straight salt & liquid anti-icing; calibration; equipment changes; use of air and pavement temperatures.	70%	\$8,600 yearly cost savings(\$1.80 per lane-mile)
City of Richfield	2010	All-staff Training; yearly sander calibration; use of low-pavement-temp deicers; road crown-only application; minor-arterial-road policy adjustments.	>50%	\$30,000: 2010-2011 \$70,000: 2011-2012
Joe's Lawn & Snow	2013-2014	Owner & staff Training; purchase of new spreader, temperature sensors; equipment calibration; use of temperature data; on-going experimentation.	50%	\$770 estimated cost savings in 2014

Statutory Change(s)

Not applicable

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Council

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	110	110	0	0
Net Fiscal Impact = (Expenditures – Revenues)	110	110	0	0
FTEs	0	0	0	0

Recommendation

The Governor recommends appropriation of \$110,000 in each FY 2020 and FY 2021 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Operations Division for Clean Water Council operations.

The recommended appropriation will cover costs of meetings, necessary travel for members and the production of the Council's biennial report. The 120 percent increase from FY 2018-2019 is needed to cover the costs of additional meetings of the Council's two committees, oversight and coordination of additional Council outreach efforts, and costs for travel of more Council members from rural Minnesota.

Rationale/Background

The Council was established in 2006 to advise the Legislature and Governor on the administration and implementation of the Clean Water Legacy Act (CWLA), M.S. Ch. 114D. The CWLA requires the Council to submit a report to the Legislature and Governor that includes recommendations for Clean Water Fund (CWF) appropriations for the purposes stated in Article XI, Section 15 of the Minnesota Constitution and M.S. 114D.50. The CWLA also requires this report include an evaluation of progress related to the CWF and future funding needs.

The 28-member Council represents organizations with a major role in achieving clean water, enabling consensus building and coordination on a wide array of issues critical to the people of Minnesota. The Council, and its Policy Committee and Budget and Outcomes Committee, hold public meetings monthly to discuss a variety of water topics and conduct Council business.

Proposal

The Governor proposes continuation of funding for Clean Water Council operations in FY 2020-2021. Appropriations from the Clean Water Fund may only be authorized as one-time funding.

Equity and Inclusion

The Council holds public meetings monthly to achieve clean water goals in Minnesota through enabling consensus building and coordination on a wide array of water-related issues critical to the people of Minnesota.

Results

In accordance with M.S. 114D.30, the Clean Water Council is required to submit a biennial report to the Legislature by December 1 of each even-numbered year on:

- the activities for which money has been or will be spent for the current biennium;
- the activities for which money is recommended to be spent in the next biennium;
- the impact on economic development of the implementation of efforts to protect and restore groundwater and the impaired waters program;

- an evaluation of the progress made in implementing the CWLA and the provisions of Article XI, Section 15, of the Minnesota Constitution relating to clean water;
- the need for funding of future implementation; and
- recommendations for the sources of funding.

The report also fulfills the CWLA requirement for the Council to recommend to the Governor and the Legislature the manner in which money from the Clean Water Fund should be appropriated for the purposes stated in Article XI, Section 15, of the Minnesota Constitution and M.S. 114D.50.

Statutory Change(s)

Not applicable.

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: CWF Public Information Campaign

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	500	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	0	0	0
FTEs	0	0	0	0

Recommendation

The Governor recommends appropriation of \$500,000 in FY 2020 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Operations Division for Clean Water Council (CWC) development of a public information campaign to engage and educate citizens regarding clean water fund investments to improve water quality and quantity in Minnesota.

This is a new effort for the Clean Water Council, and will represent 1 percent of the MPCA's Clean Water Fund FY 2020-21 budget if funded.

Rationale/Background

The Clean Water, Land and Legacy Amendment (Legacy Amendment) to the Minnesota Constitution provided funds for Clean Water Fund, Outdoor Heritage Fund, Parks & Trails Fund and Arts & Cultural Heritage Fund. The Council was established in 2006 to advise the Legislature and Governor on the administration and implementation of the Clean Water Legacy Act (CWLA), M.S. Ch. 114D. Additionally, the Clean Water Council is charged by statute to develop strategies for informing, educating and encouraging the participation of citizens, stakeholders, and others regarding the identification of impaired waters, development of TMDL 's, development of TMDL implementation plans, implementation of restoration for impaired waters, identification of degraded groundwater, and protection and restoration of groundwater resources.

The outcomes of Clean Water Fund, while impressive, are difficult to describe. This is mainly because improvements usually are not readily visible as a protected habitat or a new or improved parkland or trails. In 2020, the Clean Water Fund would have been in effect for ten years. The Clean Water Council believes that it is an opportune time to share with the Citizens of Minnesota progress made towards improving water quality and quantity, and what they can do to ensure that the investment of our funds continue to provide positive dividends over time.

Proposal

The Governor proposes a public outreach and education campaign designed to complement and enhance the activities of the State Agencies with respect to public engagement, which will:

- meet CWC's statutory requirements
- gauge the Public's knowledge of Clean Water Council, Clean Water Fund and local projects funded by CWF
- engage the Public and encourage their participation in local water planning, and
- provide necessary education and outreach to inform Minnesotan's water choices

The Clean Water Council, through Minnesota Pollution Control Agency, will hire a State approved contractor to provide this multi-year, statewide public information campaign. The CWC Coordinator will administer the contract as part of their routine job duties.

Equity and Inclusion

The Council holds public meetings monthly to achieve clean water goals in Minnesota through enabling consensus building and coordination on a wide array of water-related issues critical to the people of Minnesota.

Results

The Clean Water Council will demonstrate the following through this initiative:

- The level of public knowledge of Clean Water Council, Clean Water Fund and local projects funded by CWF
- Number of persons engaged and participating in local water planning
- Catalog the types of education and outreach training required to inform Minnesotan's water choices
- Number of persons participating in training on water choices

Statutory Change(s)

Not applicable.

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: CWF Voyageurs National Park Sanitary Sewer Projects

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	1,550	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,550	0	0	0
FTEs	0	0	0	0

Recommendation

The Governor recommends appropriation of \$1,550,000 in FY 2020 from the Clean Water Fund to the Minnesota Pollution Control Agency's (MPCA) Operations Division for restoration of water quality in Voyageurs National Park through sanitary sewer projects.

In FY 2020-21, this appropriation will represent 3 percent of the MPCA's Clean Water Fund biennial budget if funded.

Rationale/Background

Protection of water quality in the State's only National Park is dependent in part upon the functionality of wastewater and SSTS systems in surrounding communities. The Voyageurs National Park Clean Water Joint Powers Board (Board) was set up to create and implement a Comprehensive Plan for the area of the National Park and to help the project partners develop a comprehensive wastewater collection and treatment system (including centralized and decentralized treatment) for housing, recreational (including state and national park areas), and resort developments in the Park's Namakan Basin area.

To address this need, related projects began in FY 2014, supported by the Board's Comprehensive Plan to ensure the National Park area was in compliance with state standards. The comprehensive study found that there is a 64 percent non-complying/failing septic system rate in the planning area, which includes thousands of septic systems in the planning area.

Proposal

The Governor proposes continuation of funding for activities overseen and coordinated by the Voyageurs National Park Clean Water Joint Powers Board. The initiative of \$1,550,000 is for purposes of planning, design, permitting, and construction of the Ash River, Crane Lake, and Kabetogama projects.

Grants will be awarded to local government units for projects approved by the Voyageurs National Park Clean Water Joint Powers Board and must be matched by at least 25 percent from sources other than the Clean Water Fund.

Equity and Inclusion

The Voyageurs National Park Clean Water Joint Powers Board will ensure that community meetings and processes for selecting projects under this initiative is open and fair, and that selected projects address the Comprehensive Plan for the National Park area objectives.

Results

Initiative results will include:

- Names and types of projects within grant-funded communities
- Number of septic systems certified as passing County inspections
- Anticipated changes in water quality through installation of systems supported by grants

Statutory Change(s)

Not applicable.

Minnesota Pollution Control Agency

FY 20-21 Biennial Budget Change Item

Change Item Title: Legal Costs

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (DNR)	2,137	2,290	0	0
Transfer Out (DNR)	720	918	0	0
Transfer In (MPCA)	720	918	0	0
Expenditures (MPCA)	720	918	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,857	3,208	0	0
FTEs	1.0	1.0	0	0

Recommendation:

The Governor recommends that the Department of Natural Resources (DNR) and the Minnesota Pollution Control Agency (MPCA) be appropriated \$5.565 million in FY20-21 from the General Fund (\$2.357 million in FY20 and \$3.208 million in FY21) for the legal support costs they will incur to defend the agencies' decisions in contested proceedings. Supplemental funding gives the agencies the ability to defend their environmental and natural resources decisions whether in federal or state court, contested case hearings, mediation and other venues without imposing undue hardship on existing division budgets. This proposal also extends the availability of \$500,000 in funds provided for this purpose in the 2016 session.

Rationale/Background:

DNR's mission is to work with citizens to conserve and manage the state's natural resources, to provide outdoor recreation opportunities, and to provide for commercial uses of natural resources in a way that creates a sustainable quality of life. This mission brings together diverse constituencies who may disagree with DNR's decisions. The MPCA's mission is to protect and improve the environment and enhance human health. DNR and MPCA's natural resources and environmental regulatory, permit, leasing, or other types of decisions can be, and often are, challenged through either contested case or judicial proceedings. The cost of defending these decisions can be significant.

DNR and the MPCA will have difficulty adequately defending the legal challenges to the state's decisions without sufficient resources. Costs associated with the NorthMet project include outside legal counsel, staff and in-house counsel, records management, and related expenses. DNR is involved in several other large pieces of litigation, and anticipates being challenged on a number of complex water and mining decisions over the biennium. Costs associated with defending these agency decisions include in-house counsel costs, Attorney General's Office fees, Office of Administrative Hearings costs, and other defense preparation. In these cases, the DNR anticipates its decisions will be challenged regardless of the decision.

DNR and the MPCA are increasingly dependent on dedicated funding sources from the state – the agencies' share of General Fund as a part of the budget continues to diminish. DNR and MPCA do not have the ability to seek reimbursement of attorney's fees or other litigation costs from project proponents, plaintiffs or defendants except in very rare cases. Not defending the agency decision is not an option. This means that the DNR and MPCA

must seek additional resources from the Legislature or reduce/eliminate program funding in order to cover these costs.

Providing special appropriations for these large and unexpected legal costs has precedent. An example is an appropriation that the Legislature provided to defend the 1837 Treaty Rights lawsuit that was eventually heard by the U.S. Supreme Court in the 1990s. More recently, the Legislature appropriated \$750,000 to the DNR in ML 2015, 1st Special Session (\$300,000 in FY16 and \$450,000 in FY17) for legal costs related to water management that is available until June 30, 2018.

Laws of Minnesota 2016 appropriated \$4.4 million to the DNR that was split between both agencies (DNR - \$3.233 million and MPCA - \$1.167 million) related to NorthMet mining legal costs with funds available until June 30, 2019. DNR and MPCA are seeking a two-year extension to this appropriation, through June 30, 2021. Laws of Minnesota 2017 appropriated \$1.965 million to DNR and MPCA for legal costs (DNR - \$1.483 million and MPCA - \$0.482 million). The 2016 appropriation extension and 2017 appropriation amount are both factored into this FY20-21 request.

Proposal:

This request is for \$5.565 million (\$2.357 million in FY20 and \$3.208 million in FY21) for anticipated legal support costs in the next biennium above and beyond the current appropriations. This recommendation is based on the agencies' recent cost experience. Of this amount, \$720,000 in FY20 and \$918,000 in FY21 would transfer from DNR to MPCA for their legal support needs.

The majority of the funding would go toward the attorney general's office, contracted legal support, and other litigation related costs over the next two years. It also funds one position at DNR in FY20-21 to provide in-house legal counsel and related legal services to support the agency on the anticipated legal proceedings.

In addition to the requested amount, DNR and MPCA seek a two-year extension (through FY21) of a 2016 appropriation for legal costs related to the NorthMet mining project. This appropriation is in Laws of Minnesota 2016, Chapter 189, Article 3, Section 3, Subdivision 8 and currently expires at the end of FY19. This proposal anticipates up to \$500,000 to carryforward from FY19 to FY20.

Equity and Inclusion:

This proposal is not submitted in order to reduce or eliminate social disparities or inequities.

IT Related Proposals:

Not applicable

Results:

Strong legal team to support the agencies on legal challenges relating to Polymet, White Bear Lake, Fargo-Moorhead Diversion, and other work.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Funding Integrity – other General Fund resources are not directed away from DNR or MPCA program priorities for this work	\$300,000 General Fund appropriation – FY16 \$1,599,000 General Fund appropriation – FY16	\$450,000 General Fund appropriation – FY17 \$2,801,000 General Fund appropriation FY17 \$1,965,000 General Fund	June 30, 2017 June 30, 2019 June 30, 2021
Results	Agency Decision – agency decisions are robustly defended			

Statutory Change(s):

NA

Minnesota Pollution Control Agency

FY 2020-21 Biennial Budget Change Item

Change Item Title: Railroad and Pipeline Safety Assessment Reinstatement

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures (DPS)	2,250	2,250	2,250	2,250
Revenues (DPS)	2,500	2,500	2,500	2,500
Transfer Out (DPS)	250	250	250	250
Expenditures (MPCA)	250	250	250	250
Transfer In (MPCA)	250	250	250	250
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs (DPS)	1.5	1.5	1.5	1.5
FTEs (MPCA)	2	2	2	2

Recommendation:

The Governor recommends reinstating the railroad and pipeline safety assessment in the amount of \$2,500,000 per year to continue to ensure local preparedness and state support of hazardous materials incidents in communities along Minnesota's railroads and pipelines.

Rationale/Background:

Minnesota maintains a state-sponsored capability to support local first responders during hazardous material (hazmat) incidents along railways and pipelines, as well as highways and fixed facilities. Most local fire departments throughout Minnesota do not have the equipment, training, or expertise to handle a hazmat event without assistance. The primary methods for providing that support are state-contracted hazmat response teams and on-call staff to provide advice and support for preparedness and response activities.

Currently, Minnesota has 11 hazmat response teams composed of chemical assessment teams (CAT) and emergency response teams (ERT), depending on the size of the team. Minnesota's hazmat response teams are used regularly, deploying about once a week over the past several years. The teams responded to 62 calls in 2018.

These teams are hosted by local fire departments under contract with the Department of Public Safety (DPS) to respond to hazmat incidents outside their jurisdiction. A key part of this arrangement is that the state provides specialized equipment, training and funding to enhance and maintain the capabilities of each team. One of the primary sources of funding for that capability, the railroad/pipeline safety assessment authority, expired on July 1, 2017 and those accumulated funds will be depleted by the end of FY19.

DPS purchased much of the required equipment with federal homeland security grants after September 11, 2001. Many items have reached the end of their service life and federal monies are no longer available for equipment replacement. In addition, training and conducting exercises are critical components of hazmat incident readiness. Those activities are necessary to maintain team proficiency, ensure local departments and state teams can work together at a scene, and to stay abreast of changing threats. The 2017 Minnesota's Preparedness for Ethanol and Oil Transportation Incidents Report, conducted by the Management Analysis and Development Division of Minnesota Management and Budget, documented the funding needs for exercises and drills, local planning efforts, community-focused communications and warnings, local department training, response equipment replacement/modernization, and maintaining technical advisory support to incident commanders.

Proposal:

The Governor recommends reinstating the annual \$2,500,000 assessment of railroad and pipeline companies. The program to spend the funds each year is:

- \$250,000 for current DPS-HSEM hazardous materials response staff
- \$250,000 transfer to the MPCA for environmental protection activities relating to railroad discharge preparedness under chapter 115E, (2 FTEs)
- \$100,000 for DPS-HSEM railroad and pipeline incident training/exercise staff (1 FTE)
- \$50,000 for GIS mapping support of community risk areas and facilities (.5 FTE)
- \$250,000 to local jurisdictions for exercise/training support and/or facilitation
- \$200,000 to local jurisdictions for planning support
- \$550,000 for operational support of state contracted hazardous materials response teams
- \$100,000 for emergency response team
- \$750,000 to replace equipment and support state regional hazardous materials program

Equity and Inclusion:

The state hazardous materials incident response support is provided equally to all communities and groups, including tribal nations.

IT-Related Proposals:

Not applicable.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	State hazmat response team runs in support of local incidents.	46	62	2017/2018
Activity	Local trainings delivered.	NA	275	2014-2018
Activity	Local exercises supported.	NA	45	2014-2018

Statutory Change(s):

Minnesota Statutes 299A.55 Subd. 2b

Minnesota Statutes 299A.55 Subd. 4

Program: Environmental Analysis and Outcomes Division<https://www.pca.state.mn.us/>**AT A GLANCE**

- Develop water quality standards and evaluate 80 major watersheds for whether water quality meets those standards
- Monitor and track air quality, surface water quality, and ambient groundwater conditions
- Provide resources to local water management organizations for lake and streams monitoring
- Provide air quality forecasts for the state and five tribes, to inform public of unhealthy air quality days
- Estimate and track pollutant emissions to air and discharges to water

PURPOSE & CONTEXT

The Minnesota Pollution Control Agency's (MPCA) Environmental Analysis and Outcomes (EAO) Division monitors and evaluates the physical, chemical, and biological conditions of Minnesota's environment; identifies environmental threats and impacts to human and ecosystem health; establishes environmental goals and measure progress in achieving them; supports regulatory programs (such as permitting); and makes environmental data broadly accessible. EAO's efforts support human health, aquatic life, and a strong economy.

EAO provides leadership to implement the federal Clean Air Act, monitor and evaluate air quality conditions, support air quality permitting and environmental review, and assist sister agencies with energy and transportation projects.

EAO helps to implement the Clean Water Act and portions of Minnesota's Clean Water Legacy Act by monitoring surface water and groundwater resources; evaluating water quality data; communicating lake, stream, wetland, and groundwater conditions; and, developing water quality standards that protect the health of water resources. Water data and assessment results support the development of permit limits to protect water quality and inform local planning, restoration, and protection activities.

SERVICES PROVIDED**Air Assessment**

- Monitors the air and collect information about pollution releases from large and small sources
- Monitors for the air quality index and compliance with air quality standards and health benchmarks using 162 monitors located at 53 sites statewide
- Provides technical assistance and quality assurance for 30 monitors at seven industrial locations, and six monitors at five locations operated by tribal governments
- Collects and analyzes annual emission inventories for more than 2200 companies
- Develops greenhouse gas emission estimates for comparison to Next Generation Energy Act goals
- Analyzes for public health risks from air pollution, with a focus on the most vulnerable Minnesotans

Water Assessment

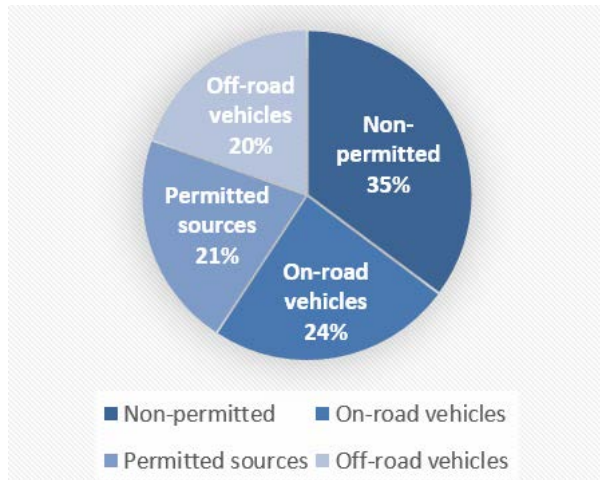
- Develops water quality standards and uses other tools to protect human health and aquatic life
- Monitors lakes, streams and rivers, and groundwater to identify water quality trends
- Gathers and reviews data to understand water condition and identify causes of stress on a water body
- Tracks the effectiveness of protection and restoration activities
- Provides information and assistance to regulated facilities, communities, local governments, and citizens
- Conducts monitoring and studies of contaminants in Minnesota's water and fish—including well-known accumulative contaminants like mercury and newer issues like pharmaceuticals and consumer products

RESULTS PERFORMANCE MEASURE

AIR EMISSIONS FROM DIFFERENT TYPES OF SOURCES

Air emissions are the quantity of air pollutants that are released from an air pollution source.

- On-road vehicles (cars, trucks) 24 percent
- Non-permitted sources (small businesses, heating, wood smoke) 35 percent
- Off-road vehicles (construction and agriculture) 20 percent
- Permitted sources (power plants, factories) 21 percent



Aggregate emissions: Nitrogen oxides (NOx), sulfur dioxide (SO₂), Volatile organic compounds (VOC), Particulate matter (PM_{2.5})

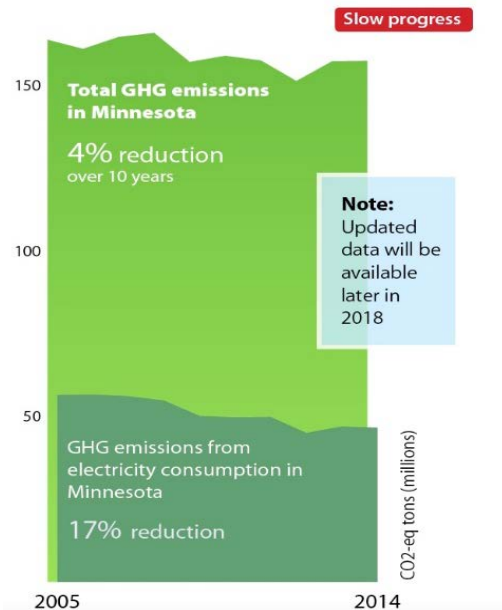
SURFACE WATER PROTECTION AND RESTORATION

During the last 10 years, MPCA has increased water monitoring efforts. To date, 86 percent of Minnesota's major watersheds have been assessed. The information is used to determine if watersheds are meeting water quality standards to protect public health, recreational use, and aquatic life.

In general, 60 percent of state lakes and streams meet statewide standards. By 2019, MPCA expects to meet the statutory requirement to monitor all watersheds within 10 years. In 2019, the monitoring cycle begins again to determine improvements in water quality.

GREENHOUSE EMISSIONS IN MINNESOTA

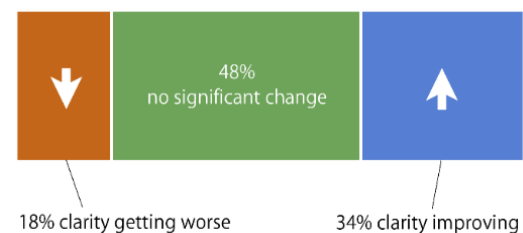
The EAO Division estimates the greenhouse gas emissions from all sources in Minnesota to track progress against the Next Generation Energy Act reduction targets. The analysis allows the EAO Division to work effectively with sister agencies and external stakeholders to identify effective and cost efficient emission reduction strategies.



PERCENT OF LAKES GETTING CLEARER

Clarity is improving or holding steady in over 80 percent of lakes. Hundreds of volunteers help the MPCA measure water clarity to detect signs of degradation to a lake.

Clarity changes in Minnesota lakes through 2016



Minnesota Statutes, Chapters, 115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>), and 116 (<https://www.revisor.mn.gov/statutes/?id=116>) provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

Env Analysis Outcomes

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
<u>Expenditures by Fund</u>								
1000 - General			142	205	204	204	204	204
2000 - Restrict Misc Special Revenue			302	283	177	177	177	177
2001 - Other Misc Special Revenue			20	20	20	20	20	20
2050 - Environment & Natural Resources			558	142				
2302 - Clean Water			8,937	9,957			9,182	9,182
2800 - Environmental			11,663	11,842	11,835	11,835	11,846	11,857
2801 - Remediation			181	212	201	201	201	201
3000 - Federal			3,288	3,261	3,737	3,737	3,737	3,737
Total			25,089	25,922	16,174	16,174	25,367	25,378
Biennial Change				51,011		(18,663)		(266)
Biennial % Change						(37)		(1)
Governor's Change from Base								18,397
Governor's % Change from Base								57

Expenditures by Activity

Env Analysis Outcomes			25,089	25,922	16,174	16,174	25,367	25,378
Total			25,089	25,922	16,174	16,174	25,367	25,378

Expenditures by Category

Compensation			14,481	14,595	10,938	10,941	15,043	15,054
Operating Expenses			9,631	11,270	5,194	5,191	10,282	10,282
Grants, Aids and Subsidies			136					
Capital Outlay-Real Property			27	22	7	7	7	7
Other Financial Transaction			813	35	35	35	35	35
Total			25,089	25,922	16,174	16,174	25,367	25,378

Total Agency Expenditures			25,089	25,922	16,174	16,174	25,367	25,378
Internal Billing Expenditures			5,958	5,904	3,742	3,738	3,742	3,738
Expenditures Less Internal Billing			19,131	20,018	12,432	12,436	21,625	21,640

Full-Time Equivalents

			155.66	158.87	110.45	110.45	159.05	159.05
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Env Analysis Outcomes

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				2				
Direct Appropriation			88	88	204	204	204	204
Transfers In			56	115				
Balance Forward Out			2					
Expenditures			142	205	204	204	204	204
Biennial Change in Expenditures				347		61		61
Biennial % Change in Expenditures						18		18
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			1.89	1.85	1.85	1.85	1.85	1.85

2000 - Restrict Misc Special Revenue

Balance Forward In				106				
Receipts			124	177	177	177	177	177
Transfers In			284					
Balance Forward Out			106					
Expenditures			302	283	177	177	177	177
Biennial Change in Expenditures				585		(231)		(231)
Biennial % Change in Expenditures						(39)		(39)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			1.36	1.10	1.10	1.10	1.10	1.10

2001 - Other Misc Special Revenue

Receipts			20	20	20	20	20	20
Expenditures			20	20	20	20	20	20
Biennial Change in Expenditures				40		1		1
Biennial % Change in Expenditures						1		1
Governor's Change from Base								0
Governor's % Change from Base								0

2050 - Environment & Natural Resources

Balance Forward In				142				
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Env Analysis Outcomes

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Direct Appropriation			700					
Balance Forward Out			142					
Expenditures			558	142				
Biennial Change in Expenditures				700		(700)		(700)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In			510					
Direct Appropriation			9,446	9,447	0	0	9,182	9,182
Balance Forward Out			509					
Expenditures			8,937	9,957			9,182	9,182
Biennial Change in Expenditures				18,894		(18,894)		(530)
Biennial % Change in Expenditures						(100)		(3)
Governor's Change from Base								18,364
Governor's % Change from Base								
Full-Time Equivalents			46.73	48.42			48.60	48.60

2800 - Environmental

Balance Forward In			0	42				
Direct Appropriation			12,308	12,321	12,581	12,581	12,592	12,603
Transfers In			139	225				
Transfers Out			741	746	746	746	746	746
Balance Forward Out			43					
Expenditures			11,663	11,842	11,835	11,835	11,846	11,857
Biennial Change in Expenditures				23,505		165		198
Biennial % Change in Expenditures						1		1
Governor's Change from Base								33
Governor's % Change from Base								0
Full-Time Equivalents			83.10	83.98	83.98	83.98	83.98	83.98

2801 - Remediation

Env Analysis Outcomes

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In				12				
Direct Appropriation			181	181	201	201	201	201
Transfers In			12	19				
Balance Forward Out			12					
Expenditures			181	212	201	201	201	201
Biennial Change in Expenditures				393		9		9
Biennial % Change in Expenditures						2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			1.28	1.20	1.20	1.20	1.20	1.20

3000 - Federal

Receipts			3,244	3,261	3,737	3,737	3,737	3,737
Transfers In			44					
Expenditures			3,288	3,261	3,737	3,737	3,737	3,737
Biennial Change in Expenditures				6,549		925		925
Biennial % Change in Expenditures						14		14
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			21.30	22.32	22.32	22.32	22.32	22.32

Program: Industrial<https://www.pca.state.mn.us/>**AT A GLANCE**

Provide regulatory services (permitting, technical assistance, training, compliance determination, enforcement, licensing and certification) for:

- 2,000 industrial wastewater and stormwater sources
- 2,000 air emission sources
- 4,500 underground fuel storage tank facilities
- 21,960 hazardous waste generators

PURPOSE & CONTEXT

The primary goal of the Industrial Division at the Minnesota Pollution Control Agency (MPCA) is to ensure industrial emissions, discharges, and wastes are managed to minimize impacts to human health and the environment. This goal is accomplished through implementation of core regulatory programs that ensure Minnesota's outdoor air is healthy for all to breathe, and waters are swimmable, fishable and safe to drink. The Industrial Division enforces state and federal environmental regulations so that Minnesota reduces its contribution to regional, national, and global pollution. Compliance assistance is provided to pollution sources and citizen complaints are followed up and responded to. Our efforts support human health and contribute to strong economies in Minnesota communities.

The Division's work to regulate air pollution from facilities that need an air quality permit has resulted in a significant reduction in emissions from these sources. Its activities to regulate and reduce pollution ensure that the state's lakes, rivers, streams, and groundwater are clean, healthy and sustainable.

MPCA is authorized by the Environmental Protection Agency to administer the wastewater regulatory program under the federal Clean Water Act. Over 800 industrial wastewater dischargers are managed in the program in addition to approximately 1,500 businesses that are addressed by the industrial stormwater program. These programs use best management practices, technology, and site-based standards to protect water resources.

The Division works with a large and diverse group of private businesses, industry consultants, local, state and federal partners, environmental groups, and citizens.

SERVICES PROVIDED

The services the Division provides fall into three categories:

Permitting

- Issue air and water permits to operate or expand existing facilities and to build new industrial facilities
- Better connect the public, industry, and local governments by providing input opportunities on permits through public notices and local meetings
- Reduce the regulatory burden on industry by providing assistance, flexibility, and permitting options

Compliance determination, assistance and enforcement

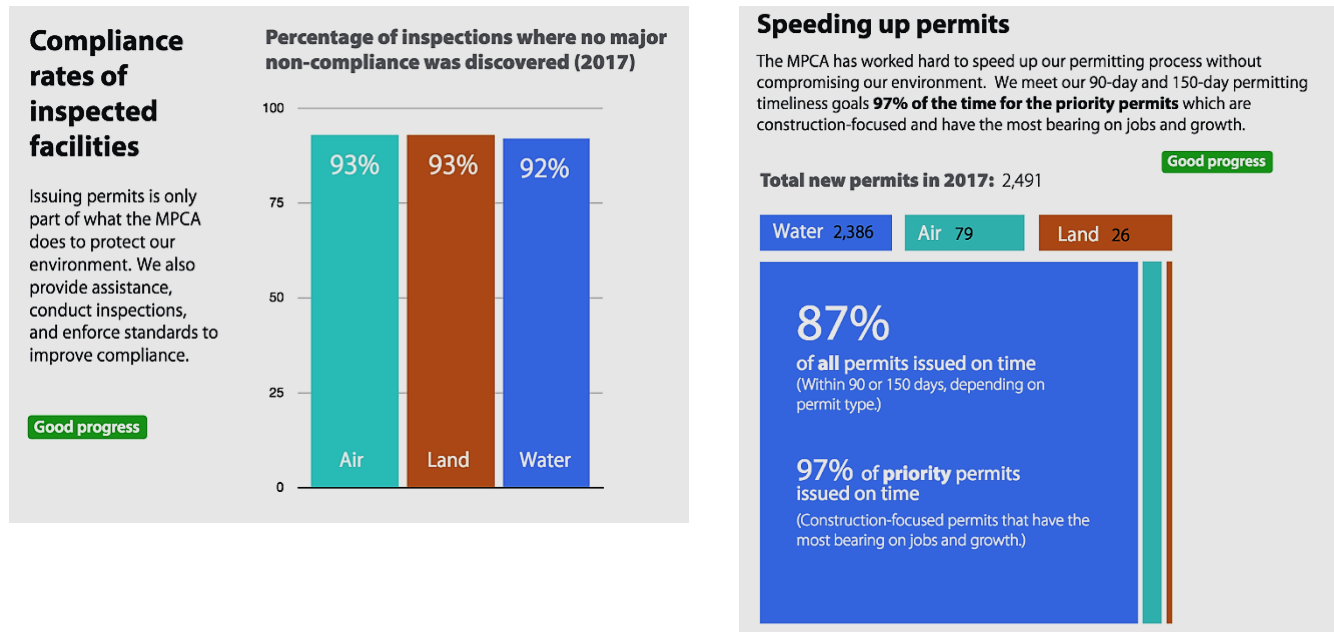
- Conduct inspections and determine compliance with air quality, water quality, hazardous waste, stormwater, and underground fuel storage tank rules, regulations, and permits
- Provide technical assistance and training to regulated facilities

- Take enforcement action when warranted

Licensing and certification

- Issue licenses for hazardous waste treatment, storage, and disposal facilities
- License hazardous waste haulers and monitor the movement of hazardous waste
- Certify over 15,000 underground fuel tanks

RESULTS



Minnesota Statutes, Chapters, 115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>), and 116 (<https://www.revisor.mn.gov/statutes/?id=116>) provide the agency with its main authorities to provide regulatory, monitoring, and assistance services.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General			51	449			720	918
2000 - Restrict Misc Special Revenue			551	739	130	30	130	30
2001 - Other Misc Special Revenue			257	371	335	315	335	315
2800 - Environmental			13,229	14,439	13,946	13,946	14,351	14,484
2801 - Remediation			860	1,126	1,001	1,001	1,001	1,001
3000 - Federal			2,284	2,435	2,770	2,770	2,770	2,770
Total			17,234	19,559	18,182	18,062	19,307	19,518
Biennial Change				36,793		(549)		2,032
Biennial % Change						(1)		6
Governor's Change from Base								2,581
Governor's % Change from Base								7

Expenditures by Activity

Industrial			17,234	19,559	18,182	18,062	19,307	19,518
Total			17,234	19,559	18,182	18,062	19,307	19,518

Expenditures by Category

Compensation			12,511	13,142	13,188	13,088	13,531	13,532
Operating Expenses			4,722	6,417	4,994	4,974	5,776	5,986
Total			17,234	19,559	18,182	18,062	19,307	19,518

Total Agency Expenditures			17,234	19,559	18,182	18,062	19,307	19,518
Internal Billing Expenditures			4,342	4,373	4,458	4,438	4,458	4,438
Expenditures Less Internal Billing			12,892	15,186	13,724	13,624	14,849	15,080

<u>Full-Time Equivalents</u>			138.53	141.98	140.28	139.28	142.28	141.28
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Industrial

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				449				
Transfers In			500				720	918
Balance Forward Out			449					
Expenditures			51	449			720	918
Biennial Change in Expenditures				500		(500)		1,138
Biennial % Change in Expenditures						(100)		228
Governor's Change from Base								1,638
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In				699	100		100	
Receipts			289	140	30	30	30	30
Transfers In			961					
Balance Forward Out			699	100				
Expenditures			551	739	130	30	130	30
Biennial Change in Expenditures				1,290		(1,130)		(1,130)
Biennial % Change in Expenditures						(88)		(88)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			3.71	1.08	0.88	0.08	0.88	0.08

2001 - Other Misc Special Revenue

Balance Forward In				86	50	15	50	15
Receipts				35				
Transfers In			343	300	300	300	300	300
Balance Forward Out			86	50	15		15	
Expenditures			257	371	335	315	335	315
Biennial Change in Expenditures				628		22		22
Biennial % Change in Expenditures						4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			2.31	3.00	3.00	3.00	3.00	3.00

Industrial

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2800 - Environmental

Balance Forward In				334				
Direct Appropriation			13,099	13,259	13,946	13,946	14,351	14,484
Transfers In			522	846				
Transfers Out			58					
Balance Forward Out			334					
Expenditures			13,229	14,439	13,946	13,946	14,351	14,484
Biennial Change in Expenditures				27,668		224		1,167
Biennial % Change in Expenditures						1		4
Governor's Change from Base								943
Governor's % Change from Base								3
Full-Time Equivalents			105.14	107.78	106.28	106.08	108.28	108.08

2801 - Remediation

Balance Forward In				127				
Direct Appropriation			980	983	1,001	1,001	1,001	1,001
Transfers In			7	16				
Balance Forward Out			127					
Expenditures			860	1,126	1,001	1,001	1,001	1,001
Biennial Change in Expenditures				1,986		16		16
Biennial % Change in Expenditures						1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			6.72	8.92	8.92	8.92	8.92	8.92

3000 - Federal

Receipts			2,284	2,435	2,770	2,770	2,770	2,770
Expenditures			2,284	2,435	2,770	2,770	2,770	2,770
Biennial Change in Expenditures				4,719		821		821
Biennial % Change in Expenditures						17		17
Governor's Change from Base								0
Governor's % Change from Base								0

Industrial

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Full-Time Equivalents			20.65	21.20	21.20	21.20	21.20	21.20

Program: Municipal Division<https://www.pca.state.mn.us/>**AT A GLANCE**

- 132 wastewater permits issued in FY18
- 2,014 construction stormwater permits issued during FY18
- 252 municipalities operated under municipal stormwater permit coverage in FY18
- 143 sub-surface sewage treatment systems compliance and enforcement actions taken in FY18
- 185 construction stormwater compliance and enforcement actions taken in FY18
- 25 municipal stormwater compliance and enforcement actions taken in FY18
- 151 municipal wastewater compliance and enforcement actions taken in 2017 and 2018
- 23 grants and contracts totaling \$6.9 million awarded to local partners in FY17-18

PURPOSE & CONTEXT

The Minnesota Pollution Control Agency's Municipal Division works to ensure that Minnesota has clean water to support aquatic life, clean drinking water, healthy communities, and a strong economy. Components of the program include:

- Reducing and preventing water pollution from wastewater, stormwater, and sub-surface sewage treatment systems (SSTS).
- Working cooperatively with stakeholders to implement activities that protect Minnesota waters.
- Providing financial assistance to local government and other partners to achieve and accelerate water quality improvements.

SERVICES PROVIDED

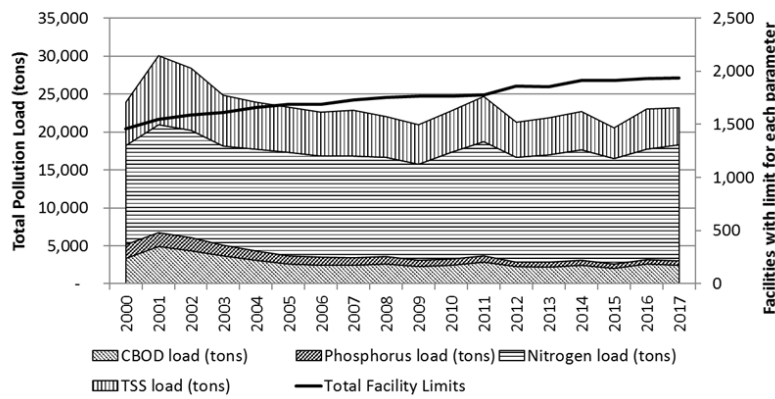
The Municipal Division conducts activities to ensure that the state's lakes, rivers, streams, and groundwater are clean, healthy, and sustainable.

- Issue construction and operation permits to Minnesota businesses and municipalities
- Implement the biosolids land application program
- Assist in flood and spill response
- Inspect, assist, and enforce wastewater, stormwater, and SSTS
- Educate, license, and certify wastewater and SSTS professionals
- Address imminent health threats from septic systems, particularly for low-income households
- Provide grants and contracts for water quality improvement projects
- Conduct technical reviews for the Public Facilities Authority funding program

RESULTS**Municipal Wastewater**

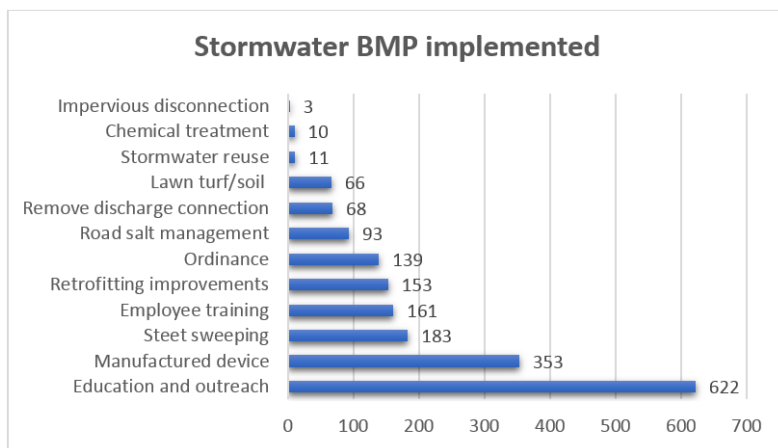
Since 2000, pollutant load discharges from municipal wastewater plants have decreased. This decrease is due to MPCA developing permit limits that achieve water quality goals.

Summary for CBOD, dissolved oxygen, phosphorus, and TSS



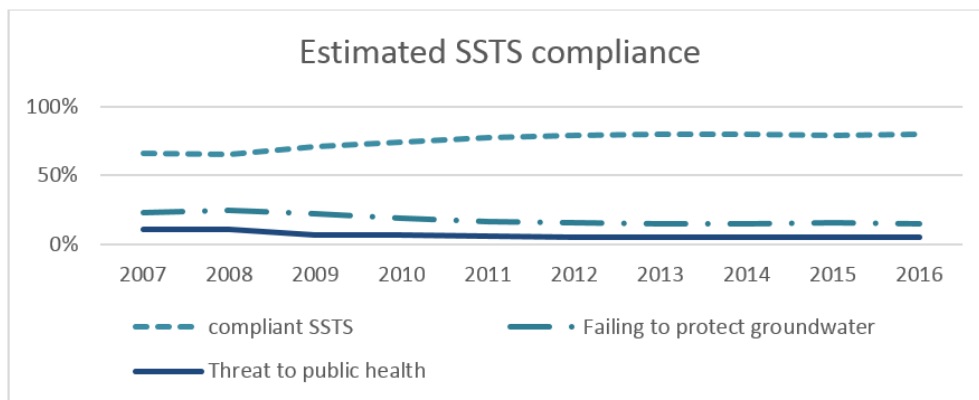
Municipal Stormwater

Since 2015, cities have used best management practices (BMP) to help to achieve reductions in pollutants.



Sub-surface Sewage Treatment System (SSTS)

Compliance rates have gone up over the last 10 years and have remained steady for the past four years.



Minnesota Statutes, Chapters, [115](https://www.revisor.mn.gov/statutes/?id=115) (<https://www.revisor.mn.gov/statutes/?id=115>), [115A](https://www.revisor.mn.gov/statutes/?id=115A) (<https://www.revisor.mn.gov/statutes/?id=115A>), and [116](https://www.revisor.mn.gov/statutes/?id=116) (<https://www.revisor.mn.gov/statutes/?id=116>) provide the agency with its main authorities to provide regulatory, monitoring and assistance services.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
<u>Expenditures by Fund</u>								
1000 - General			330	432	164	164	164	164
2050 - Environment & Natural Resources				700				
2302 - Clean Water			4,336	6,454			6,613	5,063
2800 - Environmental			7,069	8,189	7,645	7,645	7,645	7,645
3000 - Federal			1,052	980	980	980	980	980
8200 - Clean Water Revolving			1,610	1,610	1,610	1,610	1,610	1,610
Total			14,396	18,365	10,399	10,399	17,012	15,462
Biennial Change				32,761		(11,963)		(287)
Biennial % Change						(37)		(1)
Governor's Change from Base								11,676
Governor's % Change from Base								56

Expenditures by Activity

Municipal			14,396	18,365	10,399	10,399	17,012	15,462
Total			14,396	18,365	10,399	10,399	17,012	15,462

Expenditures by Category

Compensation			7,898	8,540	7,476	7,478	8,454	8,456
Operating Expenses			6,446	7,875	2,923	2,921	7,008	7,006
Grants, Aids and Subsidies			53	1,950			1,550	
Other Financial Transaction			0					
Total			14,396	18,365	10,399	10,399	17,012	15,462

Total Agency Expenditures			14,396	18,365	10,399	10,399	17,012	15,462
Internal Billing Expenditures			3,342	3,420	2,559	2,557	2,559	2,557
Expenditures Less Internal Billing			11,054	14,945	7,840	7,842	14,453	12,905

Full-Time Equivalent

			81.78	88.50	77.61	77.61	87.91	87.91
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				269				
Direct Appropriation			162	163	164	164	164	164
Transfers In			437					
Balance Forward Out			269					
Expenditures			330	432	164	164	164	164
Biennial Change in Expenditures				762		(434)		(434)
Biennial % Change in Expenditures						(57)		(57)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			1.74	2.50	1.00	1.00	1.00	1.00

2050 - Environment & Natural Resources

Balance Forward In				89				
Direct Appropriation			89	611	0	0	0	0
Balance Forward Out			89					
Expenditures				700				
Biennial Change in Expenditures				700		(700)		(700)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In				924				
Direct Appropriation			5,260	5,530	0	0	6,613	5,063
Balance Forward Out			924					
Expenditures			4,336	6,454			6,613	5,063
Biennial Change in Expenditures				10,790		(10,790)		886
Biennial % Change in Expenditures						(100)		8
Governor's Change from Base								11,676
Governor's % Change from Base								
Full-Time Equivalents			6.89	7.80			10.30	10.30

2800 - Environmental

Municipal

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In				565				
Direct Appropriation			6,463	6,481	7,695	7,695	7,695	7,695
Transfers In			1,220	1,193				
Transfers Out			50	50	50	50	50	50
Balance Forward Out			564					
Expenditures			7,069	8,189	7,645	7,645	7,645	7,645
Biennial Change in Expenditures				15,258		32		32
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			52.41	58.13	56.09	56.09	56.09	56.09

3000 - Federal

Receipts			1,052	980	980	980	980	980
Expenditures			1,052	980	980	980	980	980
Biennial Change in Expenditures				2,032		(72)		(72)
Biennial % Change in Expenditures						(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			7.99	8.45	8.45	8.45	8.45	8.45

8200 - Clean Water Revolving

Transfers In			1,610	1,610	1,610	1,610	1,610	1,610
Expenditures			1,610	1,610	1,610	1,610	1,610	1,610
Biennial Change in Expenditures				3,220		0		0
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			12.75	11.62	12.07	12.07	12.07	12.07

Program: Operations Division<https://www.pca.state.mn.us/>**AT A GLANCE**

- Provide access to environmental data through “What’s in My Neighborhood” web application
- 1.1 million visits to Minnesota Pollution Control Agency (MPCA) website with 3.4 million page views in 2017
- 6,309 information or data practices requests processed in FY18
- 20 online e-services currently and projected to have 70 by end of FY19
- Nearly 11,000 online users have submitted over 69,000 permit applications
- Achieved performance excellence through the Baldrige Performance Excellence framework
- 2017 Governor’s Better Government Award for the “Minnesota’s Watershed Approach to Clean Water” project
- MPCA offices in Brainerd, Detroit Lakes, Duluth, Mankato, Marshall, Rochester, and Saint Paul

PURPOSE & CONTEXT

The Operations Division manages the agency’s business services that align with the MPCA’s mission and values. The Operations Division:

- Supports performance excellence by seeking new ways to provide data, information, and transactional assistance.
- Manages of fiscal services, internal controls and risk assessment, human resources, communications, organizational improvement, facilities, fleet, safety, data systems and online services, data analysis, document and records management, continuity planning, and legal services.
- Follows cost effective, diverse, inclusive, and sustainable business practices by leasing electric or hybrid vehicles, purchasing recycled and environmentally preferred products, supporting agency-wide recycling efforts, and using web conferencing technology to reduce travel.
- Is inclusive and diverse in its staffing needs, vendor solicitation, and methods.

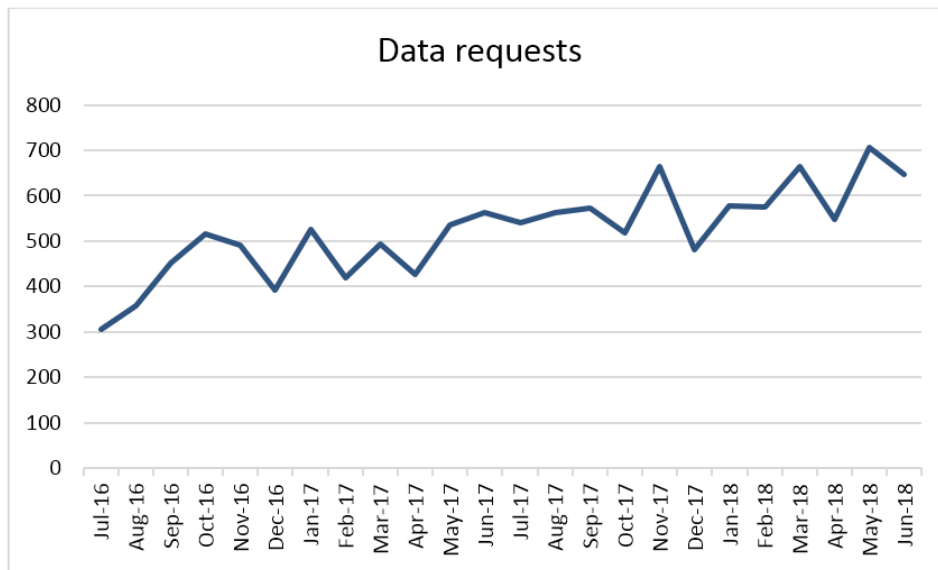
SERVICES PROVIDED

- Provides leadership and guidance on financial matters and performs accounting, budgeting, contracting, internal controls, and procurement business functions
- Manages agency data and records (paper and electronic), and ensures effective, secure, and efficient data and document management systems and tools
- Ensures public access to environmental information and decision-making processes through its website, social media channels, public meetings, outreach, rule hearings, video conferencing, and training events
- Provides location-specific environmental information and data is available via the “What’s in My Neighborhood” feature at <https://www.pca.state.mn.us/data/whats-my-neighborhood>
- Manages human resources through workforce planning, job design and analysis, recruitment and selection, employee relations, compliance with employment law and collective bargaining agreements, employee benefits, training and development
- Supports performance excellence with the use of the Malcolm Baldrige National Performance Excellence System framework and by providing learning and development, continuous improvement, and organization development activities

- Manages agency-wide services including safety, continuity of operations planning, lease administration, space planning, copy and print services, facilities management, security access system, non-litigation legal support, and fleet management
- Improves management of user-friendly electronic web-based services to create process efficiencies, data accessibility, and usability across agency programs, better response times, reduced paper transactions, improved data quality, and easier public and regulated party access

RESULTS

Data practices and information requests allow for timely redevelopment or construction. From July 2016 to June 2018, the Operations Division processed 12,536 requests.



E-services: MPCA's number of online services have doubled since FY14-15 and are expected to grow by the end of FY19. MPCA's e-Services feature allows users to apply for permits, submit regulatory data and information for compliance requirements, and pay fees and invoices.

	FY14/15	FY16/17	FY18/19
Number of online services	10	20	70

Communication: On average, the MPCA website receives about 95,000 visits each month; about two-thirds are visitors who have not been to the site in the previous 30 days.

The MPCA has eight main newsletters: Watershed Connections, SSTS Bulletin, Waterfront Bulletin, Air Mail, Feedlot Update, Industrial Stormwater News, OnPoint Bulletin, and LivingGreen 365.

The number of MPCA's Twitter and Facebook followers is increasing, with marked peaks during times of public concern such as air quality alerts or emergency response management issues. In July 2018, MPCA had 6909 Twitter followers and 3995 Facebook followers.

M.S. Chapters 114D (<https://www.revisor.mn.gov/statutes/?id=114D>), 115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>) and 116 (<https://www.revisor.mn.gov/statutes/?id=116>).

Operations

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			2,290	2,490	2,490	2,490	2,490	2,490
1200 - State Government Special Rev			2	3	3	3	3	3
2001 - Other Misc Special Revenue			27,691	31,905	29,039	28,895	29,039	28,895
2302 - Clean Water			117	197			500	
2800 - Environmental			4,315	5,588	4,481	4,481	5,371	5,461
2801 - Remediation			877	939	926	926	926	926
3000 - Federal			885	905	905	905	905	905
Total			36,177	42,027	37,844	37,700	39,234	38,680
Biennial Change				78,204		(2,660)		(290)
Biennial % Change						(3)		(0)
Governor's Change from Base								2,370
Governor's % Change from Base								3

Expenditures by Activity

Operations			36,177	42,027	37,844	37,700	39,234	38,680
Total			36,177	42,027	37,844	37,700	39,234	38,680

Expenditures by Category

Compensation			14,172	14,904	15,116	15,117	15,624	15,693
Operating Expenses			21,900	27,123	22,728	22,583	23,610	22,987
Capital Outlay-Real Property			39					
Other Financial Transaction			65					
Total			36,177	42,027	37,844	37,700	39,234	38,680

Total Agency Expenditures			36,177	42,027	37,844	37,700	39,234	38,680
Internal Billing Expenditures			1,524	1,559	1,446	1,445	1,446	1,445
Expenditures Less Internal Billing			34,653	40,468	36,398	36,255	37,788	37,235

Full-Time Equivalents

			139.89	160.47	155.55	155.55	159.55	159.55
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Operations

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation			2,346	2,605	2,490	2,490	2,490	2,490
Transfers Out			56	115				
Expenditures			2,290	2,490	2,490	2,490	2,490	2,490
Biennial Change in Expenditures				4,780		200		200
Biennial % Change in Expenditures						4		4
Governor's Change from Base								0
Governor's % Change from Base								0

1200 - State Government Special Rev

Open Appropriation			2	3	3	3	3	3
Expenditures			2	3	3	3	3	3
Biennial Change in Expenditures				5		1		1
Biennial % Change in Expenditures						33		33
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In				2,542				
Receipts			28,806	29,445	29,121	28,977	29,121	28,977
Internal Billing Receipts			28,759	28,945	28,607	28,457	28,607	28,457
Transfers In			1,524					
Transfers Out			98	82	82	82	82	82
Balance Forward Out			2,541					
Expenditures			27,691	31,905	29,039	28,895	29,039	28,895
Biennial Change in Expenditures				59,596		(1,662)		(1,662)
Biennial % Change in Expenditures						(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			95.85	110.50	110.50	110.50	110.50	110.50

2302 - Clean Water

Balance Forward In				32				
Direct Appropriation			110	110	0	0	500	0

Operations

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Open Appropriation			40	55	0	0	0	0
Balance Forward Out			33					
Expenditures			117	197			500	
Biennial Change in Expenditures				314		(314)		186
Biennial % Change in Expenditures						(100)		59
Governor's Change from Base								500
Governor's % Change from Base								
Full-Time Equivalents			1.02	1.50				

2800 - Environmental

Balance Forward In				715				
Direct Appropriation			6,349	7,166	4,197	4,197	5,087	5,177
Open Appropriation			261	276	276	276	276	276
Transfers In			194	310	8	8	8	8
Transfers Out			1,774	2,879				
Balance Forward Out			715					
Expenditures			4,315	5,588	4,481	4,481	5,371	5,461
Biennial Change in Expenditures				9,903		(941)		929
Biennial % Change in Expenditures						(10)		9
Governor's Change from Base								1,870
Governor's % Change from Base								21
Full-Time Equivalents			28.70	33.77	30.40	30.40	34.40	34.40

2801 - Remediation

Balance Forward In				15				
Direct Appropriation			1,074	1,295	828	828	828	828
Open Appropriation			95	98	98	98	98	98
Transfers In			33	59				
Transfers Out			310	528				
Balance Forward Out			15					
Expenditures			877	939	926	926	926	926
Biennial Change in Expenditures				1,816		36		36
Biennial % Change in Expenditures						2		2

Operations

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			6.57	6.70	6.65	6.65	6.65	6.65

3000 - Federal

Receipts			885	905	905	905	905	905
Expenditures			885	905	905	905	905	905
Biennial Change in Expenditures				1,790		20		20
Biennial % Change in Expenditures						1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			7.75	8.00	8.00	8.00	8.00	8.00

Program: Remediation Division<https://www.pca.state.mn.us/>**AT A GLANCE**

- Assesses 2,800 potentially contaminated sites for risk to public health and the environment annually
- Cleaned up and returned to productive use approximately 86,154 acres of contaminated land since 2003
- Responds to an average of 3,000 environmental emergencies every year
- Maintains safe operations at 110 closed landfills and 240 superfund sites

PURPOSE & CONTEXT

The Remediation Division protects the environment and public health by managing risks at contaminated sites through site assessment, site cleanup, ongoing operation and maintenance of protection systems, responding to environmental emergencies and restoring contaminated land to productive use.

The Division works with a large and diverse group of public and private entities, including developers, counties and cities, industry consultants, state and federal partners, and citizens.

SERVICES PROVIDED

The Remediation Division works with public and private partners to protect Minnesota's environment, public health, and quality of life through the proper management of contaminated sites, which includes underground and above ground petroleum storage tanks, superfund sites and closed landfills. Cleaning up contaminated land and groundwater, while costly and time consuming, is the core activity of this division.

The services the Division provides fall into three categories: assessment of risk, cleanup of contaminated land and/or groundwater and long-term maintenance of implemented remedies and/or installed protection systems.

Assessment of risk

- Identify and investigate environmental releases of hazardous substances to determine extent, magnitude and risk to public health and the environment
- Provide technical support to hazardous waste enforcement, permitting and corrective action efforts
- Work with railroads, industry, and local fire and police to develop plans to prevent and respond to spills
- Assist other agencies with assessment of natural resource damages

Cleanup

- Oversee land cleanup at contaminated sites and recover costs from responsible parties
- Conduct cleanups, design and install protection systems at state funded Superfund sites
- Help developers return contaminated sites to productive use
- In the event of a spill, assist local responders and oversee cleanup

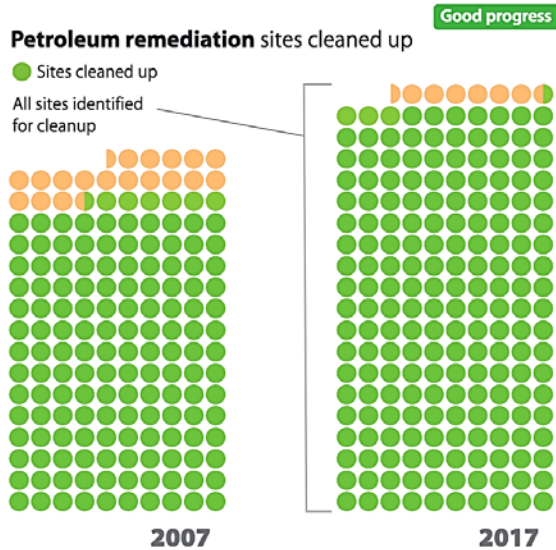
Long-term maintenance

- Monitor and manage operation and maintenance activities at 110 closed landfills and 240 federally designated Superfund toxic waste sites
- Work with local units of government on land use restrictions near Superfund sites

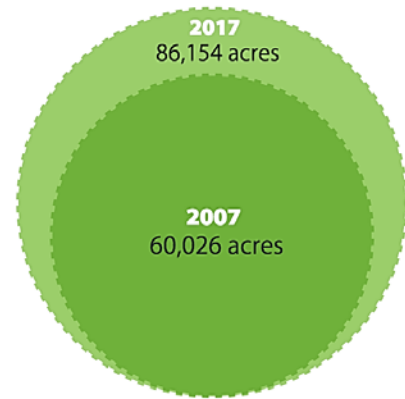
RESULTS

How much polluted land is being returned to productive use?

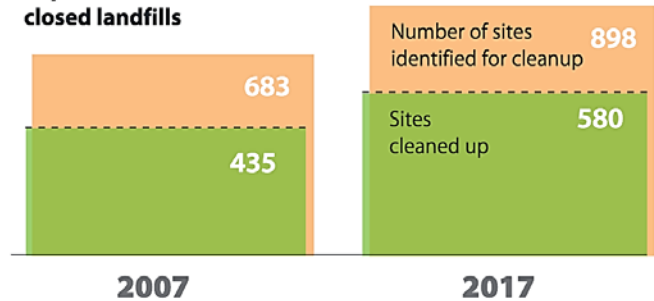
Putting abandoned, idled, or underused industrial and commercial properties back into productive use can be complicated by actual or suspected environmental contamination. The MPCA helps make this land available for redevelopment by investigating and cleaning up these sites.



Land cleaned up through **Petroleum Brownfields and Voluntary Investigation & Cleanup** programs



Superfund sites and closed landfills



Minnesota Statutes, Chapters, 114D (<https://www.revisor.mn.gov/statutes/?id=114D>), 115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>), and 116 (<https://www.revisor.mn.gov/statutes/?id=116>) provide the agency with its main authorities to provide regulatory, monitoring, and assistance services

Remediation

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			215	217	216		216	
2000 - Restrict Misc Special Revenue			562	672	521	521	521	521
2001 - Other Misc Special Revenue			200	181	174	174	424	424
2050 - Environment & Natural Resources			83	317				
2800 - Environmental			752	853	832	615	832	1,099
2801 - Remediation			155,616	38,219	145,223	191,822	145,828	192,427
2802 - Closed Landfill Investment			620	2,380				
3000 - Federal			3,396	4,166	4,023	4,023	4,023	4,023
Total			161,445	47,005	150,989	197,155	151,844	198,494
Biennial Change				208,450		139,694		141,888
Biennial % Change						67		68
Governor's Change from Base								2,194
Governor's % Change from Base								1

Expenditures by Activity

Remediation			161,445	47,005	150,989	197,155	151,844	198,494
Total			161,445	47,005	150,989	197,155	151,844	198,494

Expenditures by Category

Compensation			10,545	12,007	11,310	11,005	12,021	12,082
Operating Expenses			150,727	34,748	139,679	186,150	139,823	186,412
Grants, Aids and Subsidies			0	250				
Capital Outlay-Real Property			150					
Other Financial Transaction			24					
Total			161,445	47,005	150,989	197,155	151,844	198,494

Total Agency Expenditures			161,445	47,005	150,989	197,155	151,844	198,494
Internal Billing Expenditures			3,719	3,842	3,791	3,683	3,791	3,683
Expenditures Less Internal Billing			157,726	43,163	147,198	193,472	148,053	194,811

Full-Time Equivalents

	102.52	111.00	107.65	104.70	114.65	115.70
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Remediation

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				1				
Direct Appropriation			216	216	216	0	216	0
Balance Forward Out			1					
Expenditures			215	217	216		216	
Biennial Change in Expenditures				432		(216)		(216)
Biennial % Change in Expenditures						(50)		(50)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			1.71	1.35	1.35		1.35	

2000 - Restrict Misc Special Revenue

Balance Forward In				151				
Receipts			667	521	521	521	521	521
Transfers In			45					
Balance Forward Out			151					
Expenditures			562	672	521	521	521	521
Biennial Change in Expenditures				1,234		(192)		(192)
Biennial % Change in Expenditures						(16)		(16)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			4.60	4.00	4.00	4.00	4.00	4.00

2001 - Other Misc Special Revenue

Balance Forward In				7				
Receipts			36	70	70	70	70	70
Transfers In			170	104	104	104	354	354
Balance Forward Out			7					
Expenditures			200	181	174	174	424	424
Biennial Change in Expenditures				381		(33)		467
Biennial % Change in Expenditures						(9)		122
Governor's Change from Base								500
Governor's % Change from Base								144
Full-Time Equivalents			1.13	0.95	0.95	0.95	2.95	2.95

Remediation

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2050 - Environment & Natural Resources

Balance Forward In				317				
Direct Appropriation			400					
Balance Forward Out			317					
Expenditures			83	317				
Biennial Change in Expenditures				400		(400)		(400)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			1.38	3.00				

2800 - Environmental

Balance Forward In				22				
Direct Appropriation			688	691	832	615	832	1,099
Transfers In			86	140				
Balance Forward Out			22					
Expenditures			752	853	832	615	832	1,099
Biennial Change in Expenditures				1,605		(158)		326
Biennial % Change in Expenditures						(10)		20
Governor's Change from Base								484
Governor's % Change from Base								33
Full-Time Equivalents			5.25	5.45	5.45	3.85	5.45	7.85

2801 - Remediation

Balance Forward In				727,095	734,701	632,070	734,701	632,070
Direct Appropriation			10,766	10,794	11,241	11,241	11,846	11,846
Open Appropriation			14,656	10,900	13,400	13,900	13,400	13,900
Receipts			855,869	17,569	16,808	15,538	16,808	15,538
Transfers In			7,198	8,069	111,400	163,900	111,400	163,900
Transfers Out			5,777	1,507	110,257	165,257	110,257	165,257
Balance Forward Out			727,095	734,701	632,070	479,570	632,070	479,570
Expenditures			155,616	38,219	145,223	191,822	145,828	192,427

Remediation

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				193,835		143,210		144,420
Biennial % Change in Expenditures						74		75
Governor's Change from Base								1,210
Governor's % Change from Base								0
Full-Time Equivalents			68.65	74.95	74.70	74.70	79.70	79.70

2802 - Closed Landfill Investment

Balance Forward In		2,380		
Direct Appropriation	3,000			
Balance Forward Out	2,380			
Expenditures	620	2,380		
Biennial Change in Expenditures		3,000	(3,000)	(3,000)
Biennial % Change in Expenditures			(100)	(100)
Governor's Change from Base				0
Governor's % Change from Base				

3000 - Federal

Receipts	3,396	4,166	4,023	4,023	4,023	4,023
Expenditures	3,396	4,166	4,023	4,023	4,023	4,023
Biennial Change in Expenditures		7,562		484		484
Biennial % Change in Expenditures				6		6
Governor's Change from Base						0
Governor's % Change from Base						0
Full-Time Equivalents	19.80	21.30	21.20	21.20	21.20	21.20

Program: Resource Management and Assistance Division

<https://www.pca.state.mn.us/>

AT A GLANCE

- Provides over \$2 million in grants and loans each biennium to promote environmentally innovative projects that reduce, reuse, and recycle waste and prevent pollution
- Enables Minnesota companies to save money, prevent pollution, prevent waste, recover resources, and conserve water through its small business assistance program, funding the Minnesota Technical Assistance Program (MnTAP), and providing other business technical assistance
- Every \$1 granted to MnTAP results in \$3 of annual savings to businesses
- More than 250,000 people annually visit MPCA's EcoExperience exhibit at the Minnesota State Fair

PURPOSE & CONTEXT

The Division provides support for agency land, water and air regulatory and assistance programs. The land program protects the environment and public health by permitting solid and hazardous waste facilities and large tank sites. The water activities include work with a diverse group of public and private entities and citizens to reduce the impacts from wastewater and stormwater, and the impacts products or production activities have on water. Because nearly 75 percent of air pollution is released from sources not traditionally regulated by the MPCA, such as cars, trucks, construction equipment, and some commercial operations. The MPCA works with many partners to reduce pollution to improve air quality.

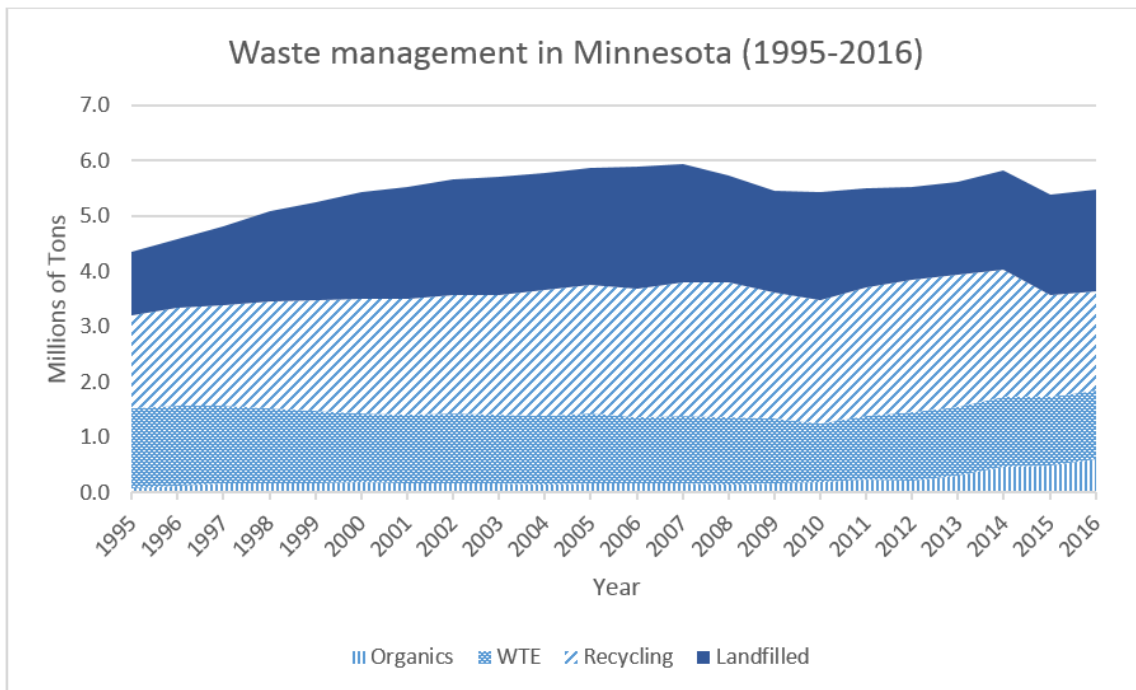
SERVICES PROVIDED

In order to accomplish its purpose, the Resource Management and Assistance Division:

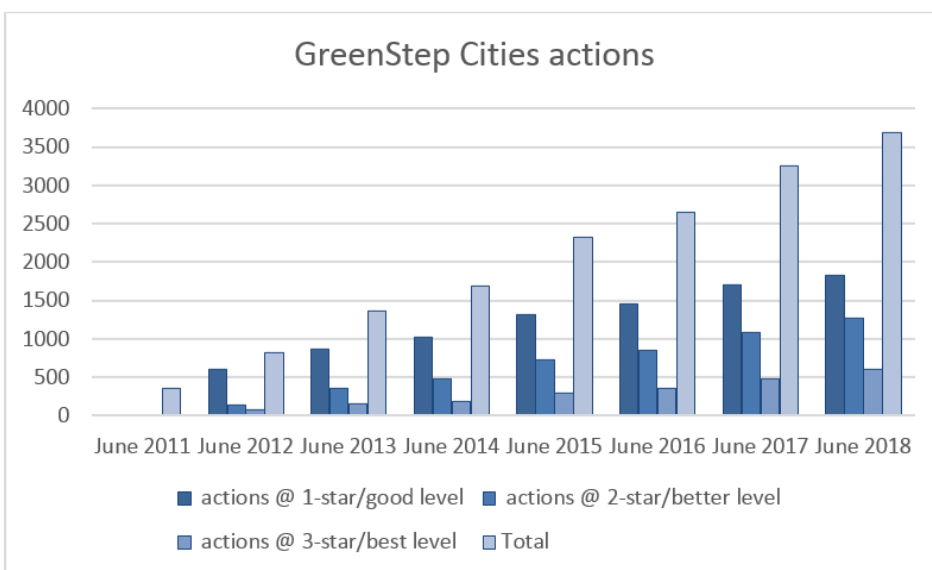
- Conducts environmental review to reduce potentially negative impacts from proposed projects.
- Writes administrative and technical rules with engagement from stakeholders.
- Works collaboratively with communities in Environmental Justice areas to reduce environmental impacts.
- Trains and certifies businesses and individuals engaged in wastewater, solid waste, and septic systems.
- Works with local government to develop effective solid waste management plans and provides financial assistance to counties for waste management efforts.
- Conducts solid and hazardous waste and large tanks permitting, inspections, and enforcement.
- Oversees disposal of debris from natural disasters and other incidents.
- Provides communities and businesses with technical and financial assistance with regulatory compliance, pollution and waste prevention, air quality improvements, and sustainability efforts.
- Provides grants and loans to reduce diesel emissions from trucks and boats and other engines.
- Partners with other organizations to host the EcoExperience at the Minnesota State Fair.
- Provides assistance to communities through GreenStep Cities and Minnesota GreenCorps programs.
- Works with businesses to develop alternative products that are free of toxic chemicals, particularly children's products.
- Collaborates with other state agencies to increase procurement of environmentally preferable products and services.

RESULTS

MPCA annually collects data on waste management that includes organics management, recycling, waste-to-energy, and landfilling. What appears to be a substantial drop in recycling from 2014 to 2015 is actually a change in the reporting for recycling; estimates for commercial recycling were eliminated and only measured or documented values were accepted. Estimates resulted in inflated recycling rates prior to 2014.



Minnesota GreenStep Cities is a voluntary challenge, assistance, and recognition program to help cities achieve their sustainability and quality-of-life goals. To date, 123 Minnesota cities (encompassing 45 percent of the state's population) are implementing best practice actions at a good, better, or best level.



M.S. Chapters 114D (<https://www.revisor.mn.gov/statutes/?id=114D>), 115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>) and 116 (<https://www.revisor.mn.gov/statutes/?id=116>).

Resource Mgmt Assistance

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General				1,400	700	700	3,843	1,450
1200 - State Government Special Rev			75	75	75	75	75	75
2000 - Restrict Misc Special Revenue			4,151	4,226	4,111	4,111	4,111	4,111
2001 - Other Misc Special Revenue			16				50	50
2302 - Clean Water			125	125			300	300
2403 - Gift				10,000	7,800	7,800	7,800	7,800
2800 - Environmental			34,253	37,079	35,929	35,929	36,353	36,377
3000 - Federal			1,894	1,899	2,219	2,219	2,219	2,219
Total			40,515	54,804	50,834	50,834	54,751	52,382
Biennial Change				95,319		6,349		11,814
Biennial % Change						7		12
Governor's Change from Base								5,465
Governor's % Change from Base								5

Expenditures by Activity

Resource Mgmt Assistance			40,515	54,804	50,834	50,834	54,751	52,382
Total			40,515	54,804	50,834	50,834	54,751	52,382

Expenditures by Category

Compensation			10,433	12,181	11,729	11,729	12,412	11,947
Operating Expenses			6,323	6,233	6,394	6,394	7,178	6,774
Grants, Aids and Subsidies			23,755	36,382	32,711	32,711	35,161	33,661
Capital Outlay-Real Property			2	5				
Other Financial Transaction			2	3				
Total			40,515	54,804	50,834	50,834	54,751	52,382

Total Agency Expenditures			40,515	54,804	50,834	50,834	54,751	52,382
Internal Billing Expenditures			4,369	4,402	4,414	4,414	4,414	4,414
Expenditures Less Internal Billing			36,146	50,402	46,420	46,420	50,337	47,968

Full-Time Equivalents

			97.98	115.36	114.87	114.87	118.12	116.87
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Resource Mgmt Assistance

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
1000 - General								
Balance Forward In				700				
Direct Appropriation			700	700	700	700	3,843	1,450
Balance Forward Out			700					
Expenditures				1,400	700	700	3,843	1,450
Biennial Change in Expenditures				1,400		0		3,893
Biennial % Change in Expenditures								
Governor's Change from Base								3,893
Governor's % Change from Base								278
Full-Time Equivalents							2.25	1.00

1200 - State Government Special Rev

Direct Appropriation			75	75	75	75	75	75
Balance Forward Out			0					
Expenditures			75	75	75	75	75	75
Biennial Change in Expenditures				150		0		0
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.67	0.77	0.77	0.77	0.77	0.77

2000 - Restrict Misc Special Revenue

Balance Forward In				82				
Receipts			4,163	4,144	4,111	4,111	4,111	4,111
Transfers In			70					
Balance Forward Out			82					
Expenditures			4,151	4,226	4,111	4,111	4,111	4,111
Biennial Change in Expenditures				8,377		(155)		(155)
Biennial % Change in Expenditures						(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			2.49	2.10	2.10	2.10	2.10	2.10

2001 - Other Misc Special Revenue

Resource Mgmt Assistance

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Receipts			16					
Transfers In							50	50
Expenditures			16				50	50
Biennial Change in Expenditures				16		(16)		84
Biennial % Change in Expenditures								
Governor's Change from Base								100
Governor's % Change from Base								
Full-Time Equivalents			0.20					

2302 - Clean Water

Direct Appropriation			125	125	0	0	300	300
Expenditures			125	125			300	300
Biennial Change in Expenditures				250		(250)		350
Biennial % Change in Expenditures						(100)		140
Governor's Change from Base								600
Governor's % Change from Base								
Full-Time Equivalents			0.76	0.80			1.00	1.00

2403 - Gift

Receipts				10,000	7,800	7,800	7,800	7,800
Expenditures				10,000	7,800	7,800	7,800	7,800
Biennial Change in Expenditures				10,000		5,600		5,600
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents				5.05	5.05	5.05	5.05	5.05

2800 - Environmental

Balance Forward In				5,341	3,646	3,638	3,646	3,638
Direct Appropriation			32,842	32,877	33,226	33,226	33,650	33,674
Receipts			3,020	2,773	2,742	2,743	2,742	2,743
Transfers In			3,745	115				
Transfers Out			27	24	24	24	24	24

Resource Mgmt Assistance

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Net Loan Activity			16	(357)	(23)	30	(23)	30
Balance Forward Out			5,342	3,646	3,638	3,684	3,638	3,684
Expenditures			34,253	37,079	35,929	35,929	36,353	36,377
Biennial Change in Expenditures				71,332		526		1,398
Biennial % Change in Expenditures						1		2
Governor's Change from Base								872
Governor's % Change from Base								1
Full-Time Equivalents			82.03	93.67	93.98	93.98	93.98	93.98

3000 - Federal

Receipts			1,894	1,899	2,219	2,219	2,219	2,219
Expenditures			1,894	1,899	2,219	2,219	2,219	2,219
Biennial Change in Expenditures				3,793		645		645
Biennial % Change in Expenditures						17		17
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			11.83	12.97	12.97	12.97	12.97	12.97

Program: Watershed Division<https://www.pca.state.mn.us/>**AT A GLANCE**

- Develops watershed restoration and protection strategies for 80 Minnesota major watersheds with local water resource managers to ensure most efficient implementation action
- In partnership with counties, registers or permits, assists, and inspects the state's 18,500 feedlot operations
- The Clean Water Partnership Loan Program provided \$7.9 million in loans to 13 counties and watershed districts for local improvement projects in FY17/FY18
- Clean Water Act Section 319 federal funding provides \$2.5 million per year to local partners to implement waterbody restoration and protection actions

PURPOSE & CONTEXT

The Watershed Division at the Minnesota Pollution Control Agency (MPCA) works with local partners to ensure that Minnesota has clean water to support aquatic life, healthy communities, and a strong economy.

- Watershed Restoration and Protection Strategy (WRAPS) reports use watershed science to identify water pollution problems and sources, and strategies. WRAPS help local water planning and state permitting activity and ensure the most efficient use of funding to reduce and prevent water pollution.
- Minnesota's vibrant animal agriculture industry provides significant economic benefits to the state, and properly managed manure contributes to soil health. The Division permits 1,300 larger operations to ensure their feedlots and manure application do not harm the state's waters. The 50 delegated county feedlot programs register and work with 17,000 smaller livestock operations to meet the same goals.
- The Clean Water Partnership Loan Program provides about \$4 million per year for projects focused on restoring and protecting waters, with most funding used for addressing septic systems. Federal Clean Water Act Section 319 grants provide \$2.5 million per year for this purpose.

SERVICES PROVIDED

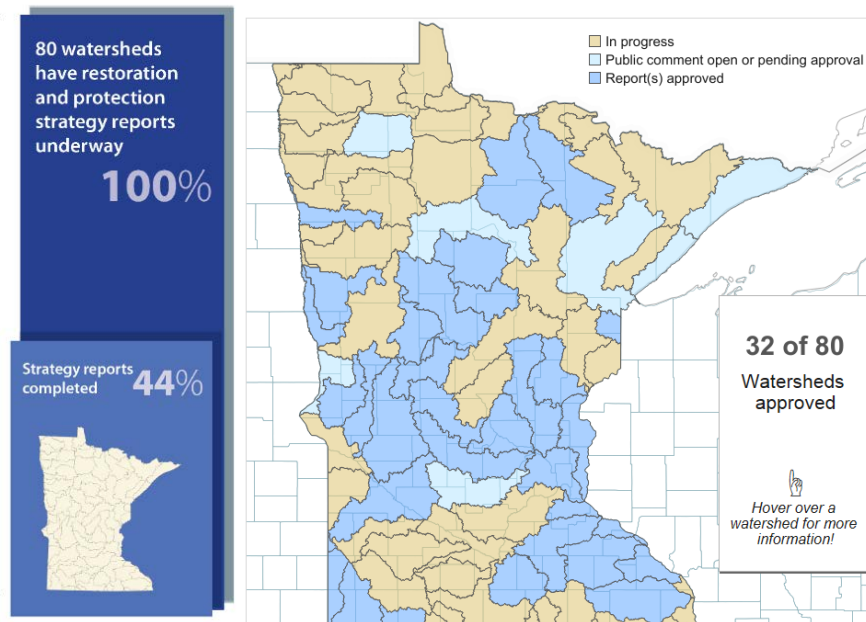
The Watershed Division conducts activities to ensure that the state's lakes, rivers, streams, and groundwater are clean, healthy, and sustainable. These activities include:

- Investigating the causes and sources of water pollution problems, including stream sampling and providing training on monitoring for local partners.
- Developing and using comprehensive watershed computer models to fill in data gaps and to run scenarios of options for addressing pollution issues. Providing a user-friendly interface to allow local partners to run modeling scenarios.
- Working with local partners, and providing them funding, to develop Watershed Restoration and Protection Strategies reports for all 80 major watersheds. These reports are a blueprint for local water resource managers to use in their local water plans, half of which are complete across the state
- Tracking progress of watershed activities in achieving water quality goals.
- Coordinating the use of and updating the statewide Nutrient Reduction Strategy to address the effects of excess nutrients in our waters and as far away as the "dead zone" in the Gulf of Mexico.
- Facilitating and overseeing grant, contract, and loan awards of state and federal funds to local partners for water quality projects, including clean water fund WRAPS development, Clean Water Partnership Loans, and federal Clean Water Act Section 319 implementation projects.

- Issuing feedlot permits, overseeing delegated county programs, providing compliance assistance, conducting inspections, and when necessary taking enforcement action. The program has moved to a more risk-based inspection approach in coordination with the U.S. Environmental Protection Agency over the last few years.

RESULTS

WATER RESTORATION AND PROTECTION STRATEGY REPORTS COMPLETED OR PUBLICLY NOTICED



MPCA AND COUNTY FEEDLOT PROGRAMS' ACTIVITIES

Approximately 18,500 feedlots are required to be registered statewide.

Activity	MPCA	County
National Pollutant Discharge Elimination System (NPDES) and State Disposal System (SDS) Permitted Facilities	1300 NPDES & SDS <ul style="list-style-type: none"> • 82 Individual Permits • 1,218 General Permits 	Counties are not authorized to issue NPDES and SDS permits
Inspections: <ul style="list-style-type: none"> • Compliance • Construction • Land application • Complaint 	256 63 84 27	2053 406 280 63
Owner Assistance Activities	12 outreach events plus monthly newsletters.	40 training workshops 50 news articles published.

*Inspection stats are from 10/1/2016 – 9/30/2017; Permits issued is current status; Registration numbers are from 2014 (most current); Owner assistance activities are from 2017 (most recent).

Minnesota Statutes, Chapters, 115 (<https://www.revisor.mn.gov/statutes/?id=115>), 115A (<https://www.revisor.mn.gov/statutes/?id=115A>) and 116 (<https://www.revisor.mn.gov/statutes/?id=116>) provide the agency with its main authorities to provide regulatory, monitoring and assistance services.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General			2,071	1,959	1,959	1,959	1,959	1,959
2302 - Clean Water			8,966	12,961			8,910	8,910
2800 - Environmental			6,987	7,212	7,142	7,142	7,142	7,142
2801 - Remediation			226	234	234	234	234	234
3000 - Federal			6,168	8,139	8,216	7,244	8,216	7,244
Total			24,417	30,505	17,551	16,579	26,461	25,489
Biennial Change				54,922		(20,792)		(2,972)
Biennial % Change						(38)		(5)
Governor's Change from Base								17,820
Governor's % Change from Base								52

Expenditures by Activity

Watershed			24,417	30,505	17,551	16,579	26,461	25,489
Total			24,417	30,505	17,551	16,579	26,461	25,489

Expenditures by Category

Compensation			10,799	10,975	7,716	7,720	11,265	11,269
Operating Expenses			10,791	16,131	6,023	6,019	11,384	11,380
Grants, Aids and Subsidies			2,825	3,399	3,812	2,840	3,812	2,840
Capital Outlay-Real Property			1					
Other Financial Transaction			1					
Total			24,417	30,505	17,551	16,579	26,461	25,489

Total Agency Expenditures			24,417	30,505	17,551	16,579	26,461	25,489
Internal Billing Expenditures			5,210	5,130	2,495	2,491	2,495	2,491
Expenditures Less Internal Billing			19,208	25,375	15,056	14,088	23,966	22,998

<u>Full-Time Equivalents</u>			117.44	123.35	84.15	84.15	123.35	123.35
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Watershed

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In			0					
Direct Appropriation			1,959	1,959	1,959	1,959	1,959	1,959
Transfers In			112					
Expenditures			2,071	1,959	1,959	1,959	1,959	1,959
Biennial Change in Expenditures				4,030		(112)		(112)
Biennial % Change in Expenditures						(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.70					

2302 - Clean Water

Balance Forward In				1,883				
Direct Appropriation			10,849	11,078	0	0	8,910	8,910
Balance Forward Out			1,883					
Expenditures			8,966	12,961			8,910	8,910
Biennial Change in Expenditures				21,927		(21,927)		(4,107)
Biennial % Change in Expenditures						(100)		(19)
Governor's Change from Base								17,820
Governor's % Change from Base								
Full-Time Equivalents			36.10	39.28			39.20	39.20

2800 - Environmental

Balance Forward In				91				
Direct Appropriation			7,043	7,063	7,142	7,142	7,142	7,142
Transfers In			36	58				
Balance Forward Out			92					
Expenditures			6,987	7,212	7,142	7,142	7,142	7,142
Biennial Change in Expenditures				14,199		85		85
Biennial % Change in Expenditures						1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			55.10	59.80	60.80	60.80	60.80	60.80

Watershed

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2801 - Remediation

Balance Forward In				1				
Direct Appropriation			218	218	234	234	234	234
Transfers In			9	15				
Balance Forward Out			1					
Expenditures			226	234	234	234	234	234
Biennial Change in Expenditures				460		8		8
Biennial % Change in Expenditures						2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			2.85	2.95	2.95	2.95	2.95	2.95

3000 - Federal

Receipts			6,168	8,139	8,216	7,244	8,216	7,244
Expenditures			6,168	8,139	8,216	7,244	8,216	7,244
Biennial Change in Expenditures				14,307		1,153		1,153
Biennial % Change in Expenditures						8		8
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			22.69	21.32	20.40	20.40	20.40	20.40

8200 - Clean Water Revolving

Balance Forward In				17,953	17,953	17,953	17,953	17,953
Receipts			286	200	200	200	200	200
Transfers In			22,072					
Net Loan Activity			(4,405)	(200)	(200)	(200)	(200)	(200)
Balance Forward Out			17,953	17,953	17,953	17,953	17,953	17,953

Program: Environmental Quality Boardeqb.state.mn.us/**AT A GLANCE**

- Board made up of citizens appointed by the Governor from each of Minnesota's eight Congressional Districts and the heads of nine state agencies
- Oversight of the Environmental Review Program as outlined in the Minnesota Environmental Policy Act (1973)
- Convenes monthly public meetings on the third Wednesday of every month to provide a forum for citizens and state leaders to collaborate on environmental policy
- Leads interagency coordination on emerging environmental issues
- Convenes Environmental Congresses, advisory panels, and other public events to provide avenues for meaningful citizen engagement
- Provides support to Local Governments on environmental review and the implementation of other environmental policies and programs
- Staff and monthly Board meetings located in the Minnesota Pollution Control Agency Building

PURPOSE & CONTEXT

Problems related to the environment often encompass the responsibilities of several state agencies. Developing innovative solutions that meet the diverse needs of Minnesota citizens requires the close interaction of these agencies as well as opportunities for public participation. The Environmental Quality Board facilitates strategic interaction of multiple state agencies, stewards environmental review processes that cross domains and jurisdictions, and provides forums for the public to engage in policy making processes.

The Environmental Quality Board is made up of eight citizens from each Congressional District in the state and the heads of nine state agencies organized under a broad mandate to strategically:

- Ensure adequate review and public understanding of proposed projects that would significantly influence Minnesota's environment and development.
- Provide a public forum for discussion of state environmental policies and programs.
- Develop and lead an integrated response to environmental issues that are complex and have broad cross-sector impacts.
- Support local partners with guidance and technical resources.
- Foster connections between the environment, economy, health, transportation, and agriculture.
- Enrich the understanding of the ecological systems and natural resources important to the state and nation.

SERVICES PROVIDED**Environmental Review**

- Customer Service: Provide technical assistance to project proposers, governmental units and citizens through guidance documents, online resources, technical presentations, and one-on-one assistance as requested.
- Measurement and accountability: Monitor statewide environmental review activities, measure the effectiveness of the program, report on results and trends, and identify areas for future improvement, assistance, and educational opportunities.

- Continuous Improvement: Improve effectiveness and create efficiencies for citizens, governmental units, and project proposers through administrative rule revisions, training, and updated program guidance and tools.

Interagency Coordination and Strategic Planning

- Educate and Advise: Provide written reports to the governor, legislature, and state and local agencies on priority environmental issues, including policy considerations and economic analyses.
- Coordinate: Lead and facilitate interagency working groups to establish an integrated response to environmental issues that are complex and have broad cross-sector impacts.
- Outreach: Convene advisory panels to ensure citizen and stakeholder input informs state policies.
- Intergovernmental Partnerships: Provide technical assistance to local governments and facilitate state-local partnerships to advance environmental goals.

Public Engagement

- Engage: Convene public meetings, stakeholder discussions, and congresses to provide a forum for public dialogue with agency leaders to build mutual understanding, foster cross-sector connections, and collaborate on solutions. Plan monthly board meetings to foster citizen participation in decision making processes.
- Inform: Produce public reports on key environmental issues of interest to Minnesota citizens. Distribute via board meeting packets relevant scientific, economic, and policy documents that help citizens be informed on policy making processes.

RESULTS

- Processed 13 citizen petitions, 157 Environmental Assessment Worksheets (EAWs), 19 Alternative Urban Areawide Reviews (AUARs), and five Environmental Impact Statements (EISs).
- Proposed administrative rule revisions to streamline Environmental Review.
- Developed an Enterprise Environmental Review and Technical Services Master Contract Program to improve document quality and achieve efficiency in contracting process.
- Led and facilitated vast interagency efforts on climate planning, pollinator health, water policy development, statewide environmental metric development, and silica sand regulation to better coordinate state efforts.
- As directed by Executive Order 16-07, facilitated the development and publication of a citizen advisory board's Pollinator Policy Recommendations and the interagency technical team's Framework for Pollinator Action.
- As directed by Executive Order 18-09, convened a Wild Rice Task Force to develop recommendations to protect the health of wild rice.
- In support of the Governor's 25 by 2025 initiative, hosted 10 Town Hall meetings across the state, generating over 3,500 suggestions for improving water quality from over 2,000 meeting attendees.
- Assisted 121 cities and through Tribal Nations through the GreenStep Cities program.

M.S. [116C](#) & [116D](#) provide the legal authority for Environmental Quality Board operations and initiatives.

Environmental Quality Board

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			1,071	1,168	1,081	1,081	1,081	1,081
2800 - Environmental			184	201	193	193	193	193
Total			1,256	1,369	1,274	1,274	1,274	1,274
Biennial Change				2,625		(77)		(77)
Biennial % Change						(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Environmental Quality Board			1,256	1,369	1,274	1,274	1,274	1,274
Total			1,256	1,369	1,274	1,274	1,274	1,274

Expenditures by Category

Compensation			697	720	710	710	710	710
Operating Expenses			559	649	564	564	564	564
Total			1,256	1,369	1,274	1,274	1,274	1,274

Total Agency Expenditures			1,256	1,369	1,274	1,274	1,274	1,274
Internal Billing Expenditures			308	272	274	274	274	274
Expenditures Less Internal Billing			947	1,097	1,000	1,000	1,000	1,000

Full-Time Equivalents

			7.55	7.00	7.00	7.00	7.00	7.00
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Environmental Quality Board

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				92				
Direct Appropriation			1,072	1,076	1,081	1,081	1,081	1,081
Transfers In			91					
Balance Forward Out			92					
Expenditures			1,071	1,168	1,081	1,081	1,081	1,081
Biennial Change in Expenditures				2,239		(77)		(77)
Biennial % Change in Expenditures						(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			6.27	5.90	5.90	5.90	5.90	5.90

2800 - Environmental

Balance Forward In				8				
Direct Appropriation			192	193	193	193	193	193
Balance Forward Out			8					
Expenditures			184	201	193	193	193	193
Biennial Change in Expenditures				385		1		1
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			1.28	1.10	1.10	1.10	1.10	1.10

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Environmental Protection Agency CFDA 66.454	Water Quality Management Planning: Measures for the prevention and control of surface and ground water pollution, includes monitoring coordination, water assessments and data management.		281	298	321	321	No	2.65
Environmental Protection Agency CFDA 66.419	Nonpoint Source Implementation Grants - 319: Multi-year grants fund local watershed studies and implementation projects to reduce or eliminate sources of water quality pollution from diffuse sources.		275	348	456	456	Match	0.78
US Geological Services CFDA 15.980	National Ground Water Monitoring Network: Agency's Statewide Water Quality Data in monitoring network database.		16	0	0	0	No	0
Environmental Protection Agency CFDA 66.034	Particulate Monitoring (PM) 2.5 Monitoring: Supports air quality fine particle monitoring.		447	400	400	400	No	3.1
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.		2,268	2,215	2,560	2,560	MOE	15.79
	Environmental Analysis and Outcomes Total		3,287	3,261	3,737	3,737		22.32
Environmental Protection Agency CFDA 66.804	Underground Storage Tanks Program: Permitting and compliance activities for regulated underground storage tanks, including detection and identification of releases.		518	535	535	535	Match	4.85
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.		1,767	1,900	2,235	2,235	MOE	16.35
	Industrial Total		2,285	2,435	2,770	2,770		21.2
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.		1,052	980	980	980	MOE	8.45
	Municipal Total		1,052	980	980	980		8.45
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.		885	905	905	905	MOE	8
	Operations Total		885	905	905	905		8

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Department of Defense CFDA 12.113	Dept. of Defense Memorandum of Agreement (DSMOA): Environmental cleanup and site restoration on various federal Department of Defense installations.		247	424	424	424	No	2.05
Environmental Protection Agency CFDA 66.802	Superfund State Programs: Multiple grants for the administration of the Superfund hazardous waste cleanup program and investigation and remediation activities at specific Superfund hazardous waste sites.		891	1,258	1,258	1,258	Match	3.15
Environmental Protection Agency CFDA 66.805	Leaking Underground Storage Tank Trust Fund: Administrative activities to clean up properties contaminated with petroleum from underground storage tanks.		1,340	1,408	1,408	1,408	Match	10.45
Environmental Protection Agency CFDA 66.809	CORE Program: Administration and implementation of the State's Superfund Program.		112	112	112	112	Match	0.6
Environmental Protection Agency CFDA 66.817	Brownfields Response Program: Development and enhancement of the Voluntary Investigation and Cleanup and Petroleum Brownfields Programs.		607	636	636	636	No	3.2
Environmental Protection Agency CFDA 66.818	Brownfields Assessment and Cleanup Cooperative Agreements: Brownfield Assessment activities at multiple target area locations in the seven county Twin Cities.		79	193	50	50	Match	0.05
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.		121	135	135	135	MOE	1.8
	Remediation Total		3,397	4,166	4,023	4,023		21.3
Environmental Protection Agency CFDA 66.040	MN Clean Diesel Program: Decreases diesel fuel emissions through grants and loans for emission reduction technologies.		121	138	489	489	Match	
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.		1,772	1,761	1,730	1,730	MOE	12.52
	Resource Management and Assistance Total		1,893	1,899	2,219	2,219		12.52
Environmental Protection Agency CFDA 66.460	Nonpoint Source Implementation Grants - 319: Multi-year grants fund local watershed studies and implementation projects to reduce or eliminate sources of water quality pollution from diffuse sources.		2,734	4,348	3,947	2,975	Match	0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Environmental Protection Agency CFDA 66.469	Great Lakes Program: Lake Area Management and Remedial Action Plan Capacity Grant - To restore capacity and protect water quality in the Lake Superior Basin through coordinative efforts to reduce impairments and toxic chemicals.		670	372	850	850	No	1.67
Environmental Protection Agency CFDA 66.469	Great Lakes Program: St. Louis Area of Concern Remediation to Restoration Support Projects - Supports Remedial Action Plan implementation activities in the St. Louis Area of Concern.		22	649	649	649	Match	0.25
Environmental Protection Agency CFDA 66.605	Performance Partnership Grants: Multi-year funding for multiple ongoing environmental program areas, including air quality, water quality and hazardous waste.		2,742	2,770	2,770	2,770	MOE	19.4
	Watershed Total		6,168	8,139	8,216	7,244		21.32
	Federal Fund - Agency Total		18,967	21,785	22,850	21,878		115.11

Narrative

Federal funding enables the Minnesota Pollution Control Agency (MPCA) to carry out activities that are essential to our mission to protect and improve the environment and human health. The majority of federal funding received by the MPCA is directly from the U.S. Environmental Protection Agency (EPA). In the FY 2018-2019 biennium, the MPCA received \$41 million in the form of grants or cooperative agreements. Federal revenues accounted for approximately 7.3% of the MPCA's budget in the FY 2018-2019 biennium and are projected at 6.8% in the FY 2020-2021 biennium.

Most federal funds are noncompetitive and received for program activities where the MPCA is delegated by EPA to perform work at the state level. Individual awards are received under divisions including Environmental Analysis and Outcomes, Industrial, Remediation, Resource Management and Assistance, and Watershed. Additional federal funding resources that are in alignment with goals and objectives in the Strategic Plan will continue to be pursued.

The MPCA's largest federal award is the Performance Partnership Grant (PPG). The PPG functionally combines under one "umbrella" award continuing environmental program grants determined by federal formula and some competitive awards. The funds support activities in seven agency divisions, but the monies are still considered one grant by the EPA. By receiving the PPG as one award, the agency is able to reduce federal administrative and reporting burdens and gain flexibility in managing resources to meet goals and objectives across the entire agency.

Water

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,767	3,601						
1200 - State Government Special Rev	74	76						
2001 - Other Misc Special Revenue	28	55						
2050 - Environment & Natural Resources	102	212						
2302 - Clean Water	25,474	29,835						
2800 - Environmental	21,227	21,792						
3000 - Federal	5,134	4,026						
8200 - Clean Water Revolving	1,564	1,567						
Total	57,369	61,163						
Biennial Change				(118,532)		0		0
Biennial % Change				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Activity

Water	57,369	61,163				
Total	57,369	61,163				

Expenditures by Category

Compensation	25,792	26,262				
Operating Expenses	27,542	31,961				
Grants, Aids and Subsidies	3,970	2,766				
Capital Outlay-Real Property	6	35				
Other Financial Transaction	59	138				
Total	57,369	61,163				

Total Agency Expenditures	57,369	61,163				
Internal Billing Expenditures	11,993	12,863				
Expenditures Less Internal Billing	45,377	48,299				

Full-Time Equivalents

304.71 293.75

Water

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		540	549					
Direct Appropriation	4,307	4,179						
Transfers Out		500	549					
Cancellations		69						
Balance Forward Out	540	549						
Expenditures	3,767	3,601						
Biennial Change in Expenditures				(7,367)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	11.94	12.35						

1200 - State Government Special Rev

Balance Forward In		1						
Direct Appropriation	75	75						
Cancellations		0						
Balance Forward Out	1							
Expenditures	74	76						
Biennial Change in Expenditures				(150)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.60	0.60						

2001 - Other Misc Special Revenue

Balance Forward In		14						
Receipts	42	41						
Balance Forward Out	14							
Expenditures	28	55						
Biennial Change in Expenditures				(82)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Water

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Full-Time Equivalents		0.09						

2050 - Environment & Natural Resources

Balance Forward In	169	67	0			
Direct Appropriation		180				
Cancellations		35	0			
Balance Forward Out	67	0				
Expenditures	102	212				
Biennial Change in Expenditures				(313)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0
Governor's % Change from Base						

2302 - Clean Water

Balance Forward In		4,778				
Direct Appropriation	30,150	25,298				
Cancellations	145	241				
Balance Forward Out	4,531					
Expenditures	25,474	29,835				
Biennial Change in Expenditures				(55,309)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	93.75	90.48				

2800 - Environmental

Balance Forward In		102	486			
Direct Appropriation	22,006	22,865				
Transfers Out	677	677	486			
Cancellations		12				
Balance Forward Out	102	486				
Expenditures	21,227	21,792				
Biennial Change in Expenditures				(43,019)	0	0

Water

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	175.17	167.87						

3000 - Federal

Balance Forward In			44					
Receipts	5,134	4,070						
Transfers Out			44					
Balance Forward Out		44						
Expenditures	5,134	4,026						
Biennial Change in Expenditures				(9,160)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	10.83	9.48						

8200 - Clean Water Revolving

Balance Forward In	11,343	14,138	22,072					
Receipts	292	284						
Transfers In	1,564	1,567						
Transfers Out			22,072					
Net Loan Activity	891	(1,703)						
Balance Forward Out	12,526	12,720						
Expenditures	1,564	1,567						
Biennial Change in Expenditures				(3,131)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	12.42	12.88						

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

2000 - Restrict Misc Special Revenue	155	50						
2800 - Environmental	15,553	16,206						
3000 - Federal	718	408						
Total	16,426	16,664						
Biennial Change				(33,091)		0		0
Biennial % Change				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Activity

Air	16,426	16,664						
Total	16,426	16,664						

Expenditures by Category

Compensation	11,071	11,265						
Operating Expenses	5,151	5,079						
Grants, Aids and Subsidies	182	257						
Capital Outlay-Real Property	6	6						
Other Financial Transaction	16	57						
Total	16,426	16,664						

Total Agency Expenditures	16,426	16,664						
Internal Billing Expenditures	3,977	4,213						
Expenditures Less Internal Billing	12,449	12,451						

Full-Time Equivalents

121.04	117.93							
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	140	160	284					
Receipts	176	174						
Transfers Out			284					
Balance Forward Out	160	284						
Expenditures	155	50						
Biennial Change in Expenditures				(205)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	1.24	1.33						
2800 - Environmental								
Balance Forward In	361	589	438					
Direct Appropriation	15,640	16,087						
Receipts	16	21						
Transfers Out			438					
Net Loan Activity	86	(50)						
Cancellations		7						
Balance Forward Out	550	434						
Expenditures	15,553	16,206						
Biennial Change in Expenditures				(31,759)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	116.51	113.68						
3000 - Federal								
Receipts	718	408						
Expenditures	718	408						
Biennial Change in Expenditures				(1,126)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Air

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Full-Time Equivalents	3.29	2.92						

Land

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,368	585						
2000 - Restrict Misc Special Revenue	592	615						
2001 - Other Misc Special Revenue	128	278						
2800 - Environmental	7,013	7,235						
2801 - Remediation	30,787	28,552						
3000 - Federal	4,023	3,667						
Total	45,911	40,932						
Biennial Change				(86,843)		0		0
Biennial % Change				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
<u>Expenditures by Activity</u>								
Land	45,911	40,932						
Total	45,911	40,932						
<u>Expenditures by Category</u>								
Compensation	16,035	16,544						
Operating Expenses	26,008	24,192						
Grants, Aids and Subsidies	3,368							
Capital Outlay-Real Property	468	167						
Other Financial Transaction	32	29						
Total	45,911	40,932						
Total Agency Expenditures	45,911	40,932						
Internal Billing Expenditures	5,449	5,419						
Expenditures Less Internal Billing	40,462	35,513						
<u>Full-Time Equivalents</u>								
	171.44	173.18						

Land

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
1000 - General								
Direct Appropriation	3,368	866						
Cancellations		281						
Expenditures	3,368	585						
Biennial Change in Expenditures				(3,953)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.93						

2000 - Restrict Misc Special Revenue

Balance Forward In	76	2	45					
Receipts	516	649						
Transfers Out			45					
Balance Forward Out	0	36						
Expenditures	592	615						
Biennial Change in Expenditures				(1,207)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.44	4.88						

2001 - Other Misc Special Revenue

Balance Forward In	6	2	66					
Receipts	21	237						
Transfers In	104	104						
Transfers Out			66					
Balance Forward Out	2	65						
Expenditures	128	278						
Biennial Change in Expenditures				(407)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.97	0.94						

Land

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2800 - Environmental

Balance Forward In		18						
Direct Appropriation	7,031	7,366						
Transfers Out		5						
Cancellations		144						
Balance Forward Out	18							
Expenditures	7,013	7,235						
Biennial Change in Expenditures				(14,248)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	55.94	57.12						

2801 - Remediation

Balance Forward In	9,975	10,748	3,452					
Direct Appropriation	11,264	11,434						
Open Appropriation	12,369	11,015						
Receipts	1,429	1,515						
Transfers In	7,029	5,957						
Transfers Out	1,144	9,299	3,452					
Cancellations		16						
Balance Forward Out	10,135	2,802						
Expenditures	30,787	28,552						
Biennial Change in Expenditures				(59,339)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	84.41	85.73						

3000 - Federal

Receipts	4,023	3,667						
Expenditures	4,023	3,667						

Land

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				(7,689)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	25.68	23.58						

6000 - Miscellaneous Agency

Balance Forward In	2	2				
Cancellations		2				
Balance Forward Out	2					

Environmental Asst & Cross Media

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,154	3,934						
2000 - Restrict Misc Special Revenue	4,195	4,312						
2001 - Other Misc Special Revenue	381	586						
2800 - Environmental	31,053	31,896						
3000 - Federal	11,466	12,322						
Total	49,249	53,049						
Biennial Change				(102,298)		0		0
Biennial % Change				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
<u>Expenditures by Activity</u>								
Environmental Asst & Cross Media	49,249	53,049						
Total	49,249	53,049						
<u>Expenditures by Category</u>								
Compensation	16,383	17,300						
Operating Expenses	7,872	9,711						
Grants, Aids and Subsidies	24,989	25,988						
Other Financial Transaction	5	51						
Total	49,249	53,049						
<u>Expenditures by Agency</u>								
Total Agency Expenditures	49,249	53,049						
Internal Billing Expenditures	5,581	5,654						
Expenditures Less Internal Billing	43,669	47,395						
<u>Full-Time Equivalents</u>								
Full-Time Equivalents	172.60	174.19						

Environmental Asst & Cross Media

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	170	536	91					
Direct Appropriation	2,588	2,600						
Transfers In		1,167						
Transfers Out	75	75	91					
Cancellations		203						
Balance Forward Out	529	91						
Expenditures	2,154	3,934						
Biennial Change in Expenditures				(6,088)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	6.95	7.23						

2000 - Restrict Misc Special Revenue

Balance Forward In	206	173	1,031					
Receipts	4,131	5,159						
Transfers Out			1,031					
Net Loan Activity	22	8						
Balance Forward Out	165	1,028						
Expenditures	4,195	4,312						
Biennial Change in Expenditures				(8,507)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	2.62	5.14						

2001 - Other Misc Special Revenue

Balance Forward In	164	136	43					
Receipts	53	192						
Transfers In	300	300						
Transfers Out			43					
Balance Forward Out	136	43						
Expenditures	381	586						

Environmental Asst & Cross Media

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	Forecast Base FY21	Governor's Recommendation FY20	Governor's Recommendation FY21
Biennial Change in Expenditures				(967)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	3.60	4.37						

2800 - Environmental

Balance Forward In	2,943	3,366	3,236					
Direct Appropriation	28,803	28,932						
Receipts	2,704	2,876						
Transfers In	415							
Transfers Out	531	118	3,236					
Net Loan Activity	65	105						
Cancellations		29						
Balance Forward Out	3,346	3,236						
Expenditures	31,053	31,896						
Biennial Change in Expenditures				(62,949)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	67.13	67.71						

3000 - Federal

Receipts	11,466	12,322						
Expenditures	11,466	12,322						
Biennial Change in Expenditures				(23,788)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	92.30	89.74						

Admin Support

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1200 - State Government Special Rev	2	4						
2001 - Other Misc Special Revenue	30,180	28,821						
2302 - Clean Water	57	75						
2800 - Environmental	299	384						
2801 - Remediation	103	146						
Total	30,642	29,431						
Biennial Change				(60,073)		0		0
Biennial % Change				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Activity

Admin Support	30,642	29,431				
Total	30,642	29,431				

Expenditures by Category

Compensation	9,000	9,370				
Operating Expenses	21,502	19,901				
Grants, Aids and Subsidies	2					
Capital Outlay-Real Property	1					
Other Financial Transaction	137	159				
Total	30,642	29,431				

Full-Time Equivalents

90.68	89.37				
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Admin Support

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
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1000 - General

Direct Appropriation		743						
Transfers Out		743						

1200 - State Government Special Rev

Open Appropriation	2	4						
Expenditures	2	4						
Biennial Change in Expenditures				(7)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	5,109	2,169	1,524					
Receipts	27,047	28,193						
Internal Billing Receipts	27,000	28,149						
Transfers Out	48	77	1,524					
Balance Forward Out	1,927	1,463						
Expenditures	30,180	28,821						
Biennial Change in Expenditures				(59,002)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	90.68	89.37						

2302 - Clean Water

Open Appropriation	57	75						
Expenditures	57	75						
Biennial Change in Expenditures				(133)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Admin Support

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2800 - Environmental								
Open Appropriation	290	373						
Transfers In	9	11						
Transfers Out	0							
Expenditures	299	384						
Biennial Change in Expenditures				(683)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
2801 - Remediation								
Open Appropriation	103	146						
Expenditures	103	146						
Biennial Change in Expenditures				(249)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Table of Contents

Board of Private Detectives and Protective Agents

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dps.mn.gov/entity/pdb/Pages/default.aspx

AT A GLANCE

- The Minnesota Board of Private Detective and Protective Agents (MNPDB) currently regulates 359 Private Detective and Protective Agent License individual and corporate license holders
- There are approximately 11,600 security personnel in the State of Minnesota
- The agency's current budget is \$192,000 annually. This allows for 2 FTE's – The Executive Director and an Administrative Assistant.
- MNPDB certifies more than 1,373 training courses and 201 instructors.
- MNPDB's stakeholders include legislators, law enforcement, other state agencies, associations, media, license holders, and the general public.

PURPOSE

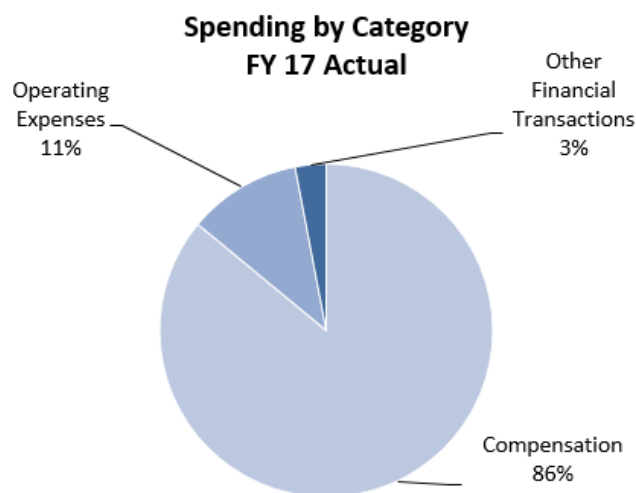
The mission of the Private Detective and Protective Agent Board (MNPDB) is to ensure investigative and security service license holders meet and maintain statutory qualifications and standards. This includes, but is not limited to, **meeting criteria in criminal background checks, educational requirements, proof of financial responsibility, and ensuring license holders are acting responsibly** and in the best interest of their clients.

With **public safety and consumer protection** as our main goals the agency: investigates complaints against license holders and violations of statutes, provides support to law enforcement and the courts in regard to unlicensed activity and police impersonation, and works towards increasing the quality of the industry.

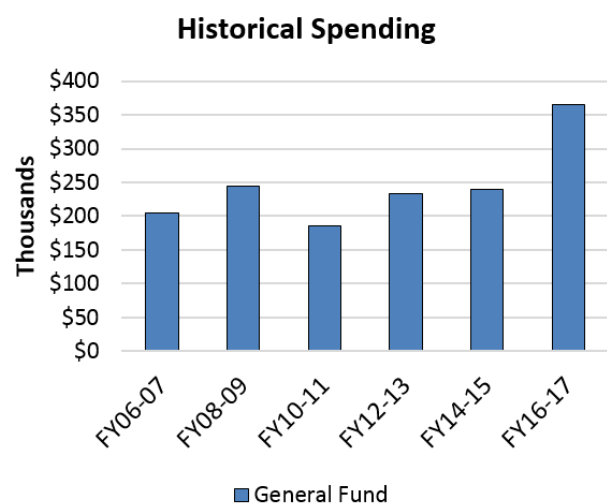
MNPDB supports the following statewide outcomes.

- Minnesotans have the education and skills needed to achieve their goals
- People in Minnesota are safe
- Efficient and accountable government services

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

STRATEGIES

Our strategies include:

Streamlining Procedures: In order to process applications, renewals, officer changes, and training certifications more quickly our agency has implemented a number of initiatives. These include the use of a consent agenda for timely approval by the Board, revising forms, revising the license renewal process, using email verses U.S. mail, and working with license holders to resolve issues before going to the board. Our agency will continue to review and revise processes in order to increase efficiency.

Website Revision: A large percentage of the agency's time is spent dealing with inquiries and providing various forms. The current website is unable to provide this information. Our agency will be revising the website to add downloadable forms and other information of interest to applicants, license holders, law enforcement, and the general public.

Auditing and Inspections: License holders and Certified Training Courses are currently audited at their renewal time which is every two years. Recently the agency began conducting audits between these renewal dates and have found concerning results related to public safety and consumer protection. As we deal with security and investigative personnel it is imperative that these individuals are properly background checked and trained. Our agency will conduct onsite visits and more random audits in order to be more proactive in regulating the industry.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Applications Processed	30	24	FY 2017 & FY 2018
Quantity	Renewal Applications Processed	157	119	FY 2017 & FY 2018
Quality	Training Courses Reviewed and Approved.	101	100	FY 2017 & FY 2018
Quality	Disciplinary Actions	37	27	FY 2017 & FY 2018

MN Statutes 326.32-326.339 (<http://www.revisor.mn.gov/statutes/cite/326>) provides the legal authority for MNPDB.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	150	215	167	216	192	192	277	277
Total	150	215	167	216	192	192	277	277
Biennial Change				18		1		171
Biennial % Change				5		0		44
Governor's Change from Base								170
Governor's % Change from Base								44

Expenditures by Program

Priv Detect/Protect Agents Bd	150	215	167	216	192	192	277	277
Total	150	215	167	216	192	192	277	277

Expenditures by Category

Compensation	143	184	154	206	182	182	267	267
Operating Expenses	7	24	13	10	10	10	10	10
Other Financial Transaction		7						
Total	150	215	167	216	192	192	277	277

Full-Time Equivalents

	1.65	2.60	1.80	2.30	2.00	2.00	3.00	3.00
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Private Detectives Board

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In		37		24				
Direct Appropriation	187	189	191	192	192	192	277	277
Transfers In	101							
Transfers Out	101							
Cancellations		11						
Balance Forward Out	37		24					
Expenditures	150	215	167	216	192	192	277	277
Biennial Change in Expenditures				18		1		171
Biennial % Change in Expenditures				5		0		44
Governor's Change from Base								170
Governor's % Change from Base								44
Full-Time Equivalents	1.65	2.60	1.80	2.30	2.00	2.00	3.00	3.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	192	192	192	384
Forecast Base	192	192	192	384
Change Items				
Critical Oversight Initiative		85	85	170
Total Governor's Recommendations	192	277	277	554
Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	170	170	170	340
Total Governor's Recommendations	170	170	170	340

Board of Private Detectives and Protective Agents

FY 2020-21 Biennial Budget Change Item

Change Item Title: Critical Oversight Initiative

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	85	85	85	85
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	85	85	85	85
FTEs	1	1	1	1

Recommendation:

The Governor recommends a general fund base increase of \$85,000 per year for the Private Detectives and Protective Agents Board (MNPDB) to hire one additional full time employee (FTE) to provide critical oversight activity for private detective licensing. This is a 44% increase in the board's base budget.

Rationale/Background:

- The agency employs two FTEs – the Executive Director and the Administrative Assistant.
- The agency is responsible for regulating 351 license holders that include both security and protective agent services as well as private detective services. The board licenses both private security companies and their employees who provide security services to private businesses around the state. These include over 11,000 security and investigative personnel statewide.
- Over the past 6 years, the number of license holders has increased 27%.
- Recent audits of license holders found serious violations requiring additional oversight by the board and its staff.
- The agency identified 159 monthly administrative procedures and 91 continuous internal control items that are required by state policy and laws.
- The private investigative and security industry provides services that include armed personnel as well as entities that obtain information that can have a significant effect not only on businesses, but personal lives as well. These services have a substantial impact on public safety and consumer protection. As such, this industry needs increased critical oversight and heightened regulation.

License Renewals

To achieve critical oversight, the Board audits more than 150 license renewals per year. Some license holders are individuals, some are security companies with more than 1,500 employees. The Board does not have an online system for license applications and renewals. All documentation is reviewed for violations and completeness and stored hard copy, which is time intensive.

The Board requests a full audit of the license holder when serious violations are discovered. This includes gathering data from employees that worked for the license holder within a two-year period.

When the Board votes to revoke or not renew a license, it is crucial that our agency does its due diligence. This involves verifying facts, conducting background investigations, preparing legal documents and discovery, and testifying at the Office of Administrative Hearings and the Legislature.

The Board recently conducted an analysis of all renewal issues during a 25-month period. These ranged from security agents lacking insurance to non-compliance of background check compliance and training. Of the licenses analyzed, the Board found that 87% (295 out of 338) were submitted with significant concerns that our agency had to audit and work with the license holder to correct.

Audits

Within the past 2 years the Board began directing staff to conduct audits of license holders in which serious violations were discovered. The process involves gathering data on each employee, whether current or terminated within the two-year renewal period, employed by the license holder.

The key components of the audit are to ensure that each employee has a qualifying background check, has received the required training, and has been issued a proper identification card. Results from six recent audits displayed below show some concerning data as it relates to public safety and consumer protection.

Total Employees Reported	No Background Checks	Background Check After Active Starting Date	Did not Take Pre-assignment in Timely Manner	Total Background Violations	All Training Violations
3,730	262	544	947	806	1,180
	7%	15%	24%	22%	32%

Data Requests

The Board has seen an increase in data requests and takes all requests seriously. Some requests are very labor intensive and take hundreds of hours. The Board is one of the only licensing agencies that does not have an online licensing system. Subsequently, all documentation dates back to 1974 and is stored in hard copy. This results in excessive labor hours.

Unlicensed Activity/Police Impersonators

The Board has found more than 300 potential instances of unlicensed activity. In some instances, this involved police impersonators. These entities/individuals are often not qualified, do not have insurance, are not trained, and some are found to have criminal records. In some situations, they provide armed protective services. This is a serious issue in regard to public safety and consumer protection.

License Applications and Officer Changes

The Board processes license applications and officer change applications to ensure candidates meet statutory qualifications. This includes an extensive background check process to ensure all required information and documentation has been provided.

Projects

With the additional staff person, the projects listed below will be addressed.

Website

The Board's current website lacks basic information, resources, and tools. Revision of the website is a labor-intensive project. All data must be accessible, understandable, and accurate. A revised website that contains the information and forms needed by applicants, license holders, law enforcement personnel, and the general public will drastically reduce the time necessary to respond to inquiries and requests.

Certified Training Auditing

Currently the Board manages more than 1,400 certified training courses and 800 instructors. These courses are reviewed, but extensive analysis and class inspections/audits are needed to ensure security and investigative attendees are receiving adequate training that meets statutory compliance.

Proposal:

An additional position is needed to increase efficiency with regulating the private security and investigative industry. This includes processing applications, renewals, officer changes, data requests, reviewing certified training and instructors, complying with internal controls, and completing stalled projects. Labor resources are stretched thin when our agency is involved with conducting audits, investigating violations, and dealing with the legal aspects of those activities. Lacking labor resources creates delays in investigations and audits, increased probability of error, and lack of due diligence. This adversely effects public safety and consumer protection.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Applications Processed	30	24	FY 2017 & FY 2018
Quantity	Renewal Applications Processed	157	119	FY 2017 & FY 2018
Quantity	Training Courses Approved	101	100	FY 2017 & FY 2018
Quantity	Disciplinary Actions	37	27	FY 2017 & FY 2018

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Statutory Change(s):

None

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AT A GLANCE

Oversight of teacher standards, licensure renewals, and ethics for more than 143,000 licensed educators in the State, over 62,000 of whom are actively teaching in Minnesota classrooms.

- Oversight and daily support for 31 teacher preparation program providers
- 6-8 Onsite reviews of Minnesota institutions of higher education conducted annually
- Ongoing Program Review of over 400 programs annually
- Over 200 teacher conduct investigations reviewed annually
- Issuance and renewal of over 30,000 educator licenses annually

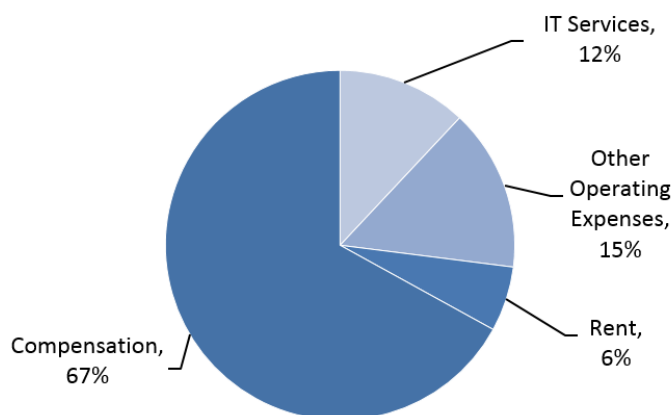
PURPOSE

The Professional Educator Licensing and Standards Board's (PELSB) primary mission is to assure that Minnesota students are served by licensed teachers who are equipped to deliver effective instruction and meet the instructional needs of all learners. PELSB is a new independent board, created to replace the Board of Teaching and absorb the Educator Licensing Division from the MN Department of Education. The new agency will carry on the work of the Board of Teaching and Educator Licensing by providing leadership in teacher education, establishing and maintaining licensure standards and requirements, approving institutions and licensure programs to prepare Minnesota teachers, and by establishing and enforcing the Code of Ethics for Minnesota teachers.

PELSB supports statewide outcomes, assuring that **Minnesotans have the education and skills needed to achieve their goals** contributing to **a thriving economy that encourages business growth and employment opportunities.**

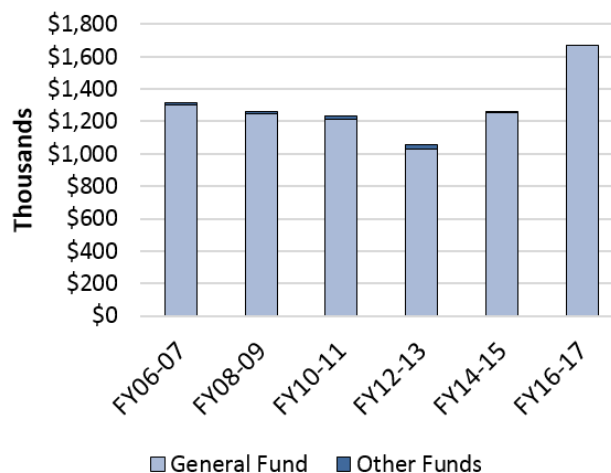
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The majority of the board's funding is spent to retain 21 FTE positions to conduct the oversight of teacher preparation, teacher assessments, teacher conduct investigation and action, and to issue and renew educator licenses and permissions, including a licensure via portfolio process. PELSB receives an annual appropriation from the legislature, and a special appropriation for licensure via portfolio expenses. All licensing fees for teachers other than those pursuing licensure by portfolio are paid to the general fund. Operating expenses include

reimbursement of mileage and per diem for Board members as well as support for staff administrative and travel fees.

STRATEGIES

PELSB has provided leadership in teacher education by establishing and maintaining licensure rules, policies and standards for the profession, as well as oversight for the approval of institutions and their licensure programs to prepare Minnesota teachers. The Board conducts investigations into teacher conduct, enforcing the established Code of Ethics for Minnesota teachers.

RESULTS

PELSB inherited multiple tasks by the combination of the Board of Teaching and Educator Licensing. PELSB became a new independent board on January 1, 2018. This new board will need to review all rules under the Board of Teaching and continue to work with the legislature to align rule with statute. A summary of work accomplished in the previous fiscal year includes:

<i>School Year</i>	<i>2018</i>	<i>Total</i>
Preparation Providers Reviewed	8	31 providers
Preparation Programs Reviewed	400	826 licensure programs, 113 nonconventional
Permissions Granted**	5,582	Steadily increasing each year
Licenses Issued	10,710	Traditionally around 11,000 initial and additional licenses each year
Licenses Renewed	6584*	Traditionally around 21,000 renewals each year
Ethics Cases Reviewed	566	Traditionally between 200-300 cases open each year

*Due to changes in teacher licensure, the majority of licenses were automatically extended and not able to be renewed.

**Permissions include any path for an individual who does not have a MN teaching license, or is not licensed in the area of the assignment, to be teacher of record.

The current authority and responsibilities of the Professional Educator Licensing and Standards Board are delineated primarily in Minnesota Statutes §122A.05 – §122A.09, §122A.18, §214, and Minnesota Rules, Chapters 8700, 8705 and 8710.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	739	931	3,333	3,630	818	873	2,744	2,719
2000 - Restrict Misc Special Revenue			113	180	2,080	2,000	154	154
Total	739	931	3,446	3,810	2,898	2,873	2,898	2,873
Biennial Change				5,586		(1,485)		(1,485)
Biennial % Change				335		(20)		(20)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Board of Teaching	739	931	3,446	3,810	2,898	2,873	2,898	2,873
Total	739	931	3,446	3,810	2,898	2,873	2,898	2,873

Expenditures by Category

Compensation	601	626	964	1,842	1,972	2,005	1,972	2,005
Operating Expenses	138	304	2,477	1,968	926	868	926	868
Capital Outlay-Real Property			1					
Other Financial Transaction	0	1	4					
Total	739	931	3,446	3,810	2,898	2,873	2,898	2,873

Full-Time Equivalents

5.80	5.93	10.07	19.95	22.00	22.00	22.00	22.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		11		133				
Direct Appropriation	748	1,018	3,467	3,497	0	0	2,744	2,719
Open Appropriation					818	873	0	0
Transfers In		11						
Transfers Out		11						
Cancellations		98						
Balance Forward Out	9		133					
Expenditures	739	931	3,333	3,630	818	873	2,744	2,719
Biennial Change in Expenditures				5,294		(5,272)		(1,500)
Biennial % Change in Expenditures				317		(76)		(22)
Governor's Change from Base								3,772
Governor's % Change from Base								223
Full-Time Equivalents	5.80	5.93	10.07	19.62	1.00	1.00	21.67	21.67

2000 - Restrict Misc Special Revenue

Balance Forward In			38		9	47	9	47
Receipts			138	154	2,232	2,232	154	154
Transfers In			29	34	2,158	1,880	152	34
Transfers Out			17	34	2,272	2,112	114	34
Cancellations				3				
Balance Forward Out			38	9	47	47	47	47
Expenditures			113	180	2,080	2,000	154	154
Biennial Change in Expenditures				293		3,787		15
Biennial % Change in Expenditures						1,294		5
Governor's Change from Base								(3,772)
Governor's % Change from Base								(92)
Full-Time Equivalents				0.33	21.00	21.00	0.33	0.33

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	3,497	3,497	3,497	6,994
Base Adjustments				
Current Law Base Change		(3,497)	(3,497)	(6,994)
Forecast Base	3,497	0	0	0
Change Items				
Maintain Funding Structure in FY20		2,744	2,719	5,463
Total Governor's Recommendations	3,497	2,744	2,719	5,463
Open				
Fund: 1000 - General				
Base Adjustments				
Pension Allocation		6	6	12
Forecast Open Appropriation Adjustment		812	867	1,679
Forecast Base		818	873	1,691
Change Items				
Maintain Funding Structure in FY20		(818)	(873)	(1,691)
Total Governor's Recommendations		0	0	0
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	180	2,080	2,000	4,080
Forecast Base	180	2,080	2,000	4,080
Change Items				
Maintain Funding Structure in FY20		(1,926)	(1,846)	(3,772)
Total Governor's Recommendations	180	154	154	308
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	154	2,232	2,232	4,464
Change Items				
Maintain Funding Structure in FY20		(2,078)	(2,078)	(4,156)
Total Governor's Recommendations	154	154	154	308
Non-Dedicated				
Fund: 1000 - General				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	1,850			
Change Items				
Maintain Funding Structure in FY20		1,818	1,818	3,636
Total Governor's Recommendations	1,850	1,818	1,818	3,636

Professional Educator Licensing and Standards Board

FY 2020-21 Biennial Budget Change Item

Change Item Title: Maintain Funding Structure in FY 2020

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,926	1,846	1,846	1,846
Revenues	1,898	1,818	1,818	1,818
Other Funds				
Expenditures	(4,084)	(4,084)	(4,084)	(4,084)
Revenues	(4,084)	(4,084)	(4,084)	(4,084)
Net Fiscal Impact = (Expenditures – Revenues)	28	28	28	28
FTEs	0	0	0	0

Recommendation:

The Governor recommends maintaining the current funding structure for the Professional Educator Licensing and Standards Board (PELSB) by appropriating their operating budget from the general fund and depositing all educator licensure fees to the general fund. This recommendation brings both the receipts and appropriation to support PELSB back to the general fund to simplify and ensure consistent funding for the agency.

Rationale/Background:

The 2017 legislature made a number of changes to Minnesota's teacher licensure system. These changes included the creation of multiple tiers of teacher licenses and the consolidation of the Board of Teaching and the Minnesota Department of Education's Educator Licensing division into a single state entity, PELSB. Historically, these agencies have been general fund appropriated and all licensing fees for teachers other than those pursuing licensure by portfolio were paid to the general fund.

Beginning in FY 2020, PELSB's funding structure will change so that licensure fee revenue is deposited into and operating dollars are appropriated out of the Educator Licensure account in the special revenue fund. However under the current fee structure, PELSB does not collect enough receipts in a fiscal year to fully fund their operating budget, so an additional open general fund appropriation was included in law to ensure the agency is fully funded. PELSB does not have enough data to produce reliable revenue estimates under the new fee structure. This combination of funding streams poses many administrative challenges and will be time consuming and difficult for the agency to implement. This recommendation brings both the receipts and appropriation to support PELSB back to the general fund to simplify and ensure consistent funding for the agency.

Proposal:

The Governor recommends striking statutory language, which appropriates part of the PELSB's operating funds from the Educator Licensure account in the special revenue fund starting in FY 2020. PELSB would instead remain appropriated entirely out of the general fund, and would continue to deposit licensure fees into the general fund.

Results:

This proposal is intended to simplify and ensure consistent funding for the agency so they are able to provide current levels of service more effectively.

Statutory Change(s):

M.S. 122A.14; M.S. 122A.175; M.S. 122A.18; M.S. 122A.21

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AT A GLANCE

In FY 2017, the Board of Psychology:

- Maintained an active registry of 3,775 psychologists
- Received 186 number of applications for licensure.
- Licensed 141 psychologists.
- Screened education, administered the Professional Responsibility Examination, and admitted 130 applicants to the national licensure examination.
- Received 133 complaints alleging violations of the Psychology Practice Act, or laws and statutes the Board is authorized to enforce.

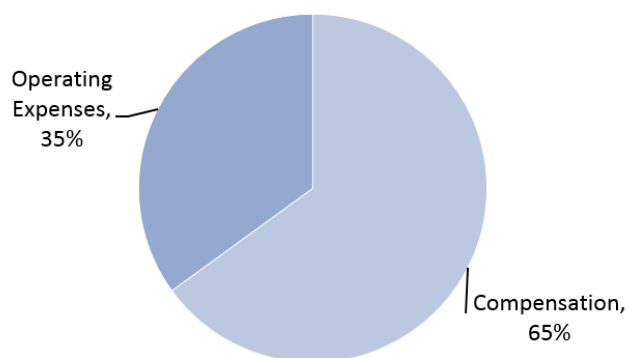
PURPOSE

The mission of the Minnesota Board of Psychology is to protect the public through licensure, regulation and education to promote access to safe, competent, and ethical psychological services. The Board ensures psychologists have the minimum training, education, and experience to practice psychology. The Board receives, investigates, and resolves complaints on psychologists. The Board offers educational conferences, seminars, and trainings to educate psychologists on the rules and laws governing their practice.

The Board contributes to the statewide outcomes of: **All Minnesotans have optimal health and people in Minnesota are safe.**

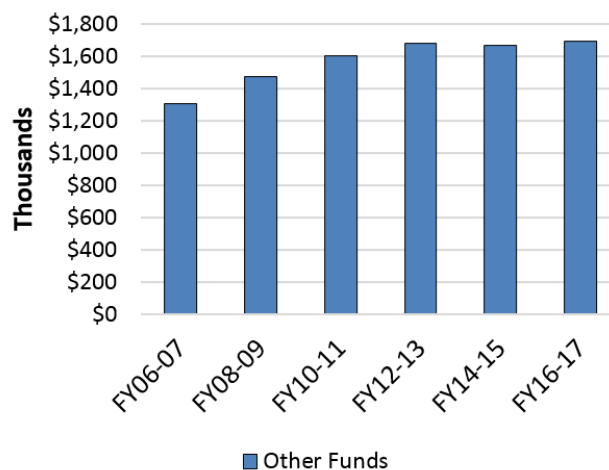
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies, including the Administrative Services Unit, Health Professionals Services Program, Office of the Attorney General for legal services, and the Criminal Background Check Program.

STRATEGIES

To accomplish its mission, the Board of Psychology uses the following strategies:

Administrative Strategies

- Research best practices for regulatory bodies to support agency decision-making.
- Analyze the organization and allocate resources according to mission and vision on an ongoing basis.
- Use communication tools to improve and maintain communication internally and externally.
- Ensure continuous professional development for staff and Board members.
- Use technology effectively to support licensure, complaint resolution, and educational responsibilities.
- Build connections with stakeholders through educational offerings, direct stakeholder meetings, and a social media communication plan.
- Educate stakeholders by sponsoring continuing education seminars, workshops, and developing and distributing educational materials on the minimum standard of acceptable and prevailing practice in psychology.

Licensure Strategies

- Review applications for licensure to ensure proper educational, training, and experience requirements are met prior to issuing a license.
- Review applicants' background information and histories to determine moral fitness for the practice of psychology.

Regulatory Strategies

- Investigate and resolve complaints regarding the conduct of applicants or licensees in the field of psychology.
- Issue discipline or corrective action to deter future misconduct, to rehabilitate and educate, to recoup costs, or to put the public on notice of a licensee's problematic conduct.
- Educate applicants and licensees on the most frequently occurring ethical pitfalls within the practice of psychology and the Board's complaint resolution process.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of complaints received	287	133	FY2016 FY2017
Quantity	Number of investigations opened	245	132	FY2016 FY2017
Quantity	Number of investigations closed without disciplinary action.	147	110	FY2016 FY2017
Quantity	Number of investigations closed with corrective or disciplinary action.	3	16	FY2016 FY2017
Quantity	Number of applications for licensure approved	107	141	FY2016 FY2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of applications for professional responsibility examination received and approved	165	130	FY2016 FY2017
Quantity	Number of applications for national examination received and approved	168	130	FY2016 FY2017
Quantity	Number of educational programming events conducted	21	9	FY2016 FY2017

Minnesota Statutes Section 148.88 to 148.98 (<https://www.revisor.mn.gov/statutes/?id=148.88>) and Minnesota Rules Chapter 7200.0100 through 7200.6105 (<https://www.revisor.mn.gov/rules/?id=7200>) serve as the legal authority for the Minnesota Board of Psychology

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	835	856	805	1,706	1,285	1,285	1,374	1,412
2000 - Restrict Misc Special Revenue	4	5	5	21	17	17	17	17
Total	838	861	811	1,727	1,302	1,302	1,391	1,429
Biennial Change				839		66		282
Biennial % Change				49		3		11
Governor's Change from Base								216
Governor's % Change from Base								8

Expenditures by Program

Psychology Board	838	861	811	1,727	1,302	1,302	1,391	1,429
Total	838	861	811	1,727	1,302	1,302	1,391	1,429

Expenditures by Category

Compensation	636	559	543	857	854	853	942	963
Operating Expenses	202	300	268	857	445	446	446	463
Other Financial Transaction	1	1	0	13	3	3	3	3
Total	838	861	811	1,727	1,302	1,302	1,391	1,429

Full-Time Equivalents

8.71	8.05	7.37	10.80	10.80	10.80	10.80	10.80
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		110		438				
Direct Appropriation	874	884	1,229	1,258	1,268	1,268	1,357	1,395
Open Appropriation	17	17	15	10	17	17	17	17
Transfers In	53							
Cancellations		155						
Balance Forward Out	110		438					
Expenditures	835	856	805	1,706	1,285	1,285	1,374	1,412
Biennial Change in Expenditures				821		59		275
Biennial % Change in Expenditures				49		2		11
Governor's Change from Base								216
Governor's % Change from Base								8
Full-Time Equivalents	8.71	8.05	7.37	10.80	10.80	10.80	10.80	10.80

2000 - Restrict Misc Special Revenue

Balance Forward In		3	3	4				
Receipts	6	6	6	17	17	17	17	17
Balance Forward Out	3	3	4					
Expenditures	4	5	5	21	17	17	17	17
Biennial Change in Expenditures				18		8		8
Biennial % Change in Expenditures				209		29		29
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	1,258	1,258	1,258	2,516
Base Adjustments				
Current Law Base Change		7	7	14
Pension Allocation		3	3	6
Forecast Base	1,258	1,268	1,268	2,536
Change Items				
Operating Adjustment		89	127	216
Total Governor's Recommendations	1,258	1,357	1,395	2,752
Open				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	10	10	10	20
Base Adjustments				
Forecast Open Appropriation Adjustment		7	7	14
Forecast Base	10	17	17	34
Total Governor's Recommendations	10	17	17	34
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	21	17	17	34
Forecast Base	21	17	17	34
Total Governor's Recommendations	21	17	17	34
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	17	17	17	34
Total Governor's Recommendations	17	17	17	34
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	1,255	1,322	1,376	2,698
Change Items				
New Fee and Move all Fees from Rule to Statute		13	13	26
Total Governor's Recommendations	1,255	1,335	1,389	2,724

Psychology, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	89	127	87	87
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	89	127	87	87
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$216,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Minnesota Board of Psychology.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

The Board is entirely fee supported and receives no General Fund dollars to provide all services. Fees must be collected to cover all direct and indirect expenditures and are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Minnesota Legislature makes appropriations from the fund to pay for expenses incurred by the Board. The Board collects sufficient revenue to cover all expenses.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board of Psychology, this funding will cover known employee compensation growth, rent increases, an IT database update, and rule making costs.

- Salary increases: The Board anticipates salary increases for current staff per year.
- Annual rent increases: The Board's needs to meet the costs of the rent increase based on additional space and lease amount.
- Rule Making: The Board is currently undertaking a comprehensive update of its rules in addition to meeting statutory changes passed in FY2017 and FY2018 with the expectation of conducting a hearing on the rules.
- Database update: This update would support the changes in the Board's database system that are required under the updated rules.

The Board currently collects sufficient revenue to support this increase, therefore no fee increases will be needed during this biennium to support this proposal.

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Salary Increases (current staff increases)	\$68,000	\$85,000	\$85,000	\$85,000
Rent	\$1,000	\$2,000	\$2,000	\$2,000
Rule Making	\$20,000	\$25,000	\$0	\$0
Centralized MN.IT Costs – Database changes based on rule changes		\$15,000	\$0	\$0
Total	\$89,000	\$127,000	\$87,000	\$87,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

IT Related Proposals:

A portion of this request includes an increase for database maintenance. This request is include in the proposal section.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts		\$15,000				
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$0	\$15,000	\$0	\$0	\$0	\$0
MNIT FTEs						
Agency FTEs						

Results:

This proposal is intended to allow the Board to continue to provide current levels of service and information to the public. These funds will also support continuous improvement and provide foundational training for Board members to meet their statutory obligations.

Statutory Change(s):

No statutory change is required.

Psychology, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: New Pre-approval Fee and Move Fees from Rule to Statute

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	13	13	13	13
Net Fiscal Impact = (Expenditures – Revenues)	(13)	(13)	(13)	(13)
FTEs				

Recommendation:

The Governor recommends moving current fees from Rule to Statute and establishing a new post-doctoral supervised experience pre-approval fee for the Board of Psychology. Current fees are in Minn. Rules, Section 7200.6100.

Rationale/Background:

All fees collected by the Board are under MN Rule 7200.6100 and would be moved to Minnesota Statute 148.79-148.99 under the psychology practice act where fees are implemented and codified.

Currently, Board staff review an applicant's supervised experience after the applicant submits for licensure. The new fee would support a pre-review and approval of proposed supervision by Board staff, increasing public protection through greater compliance with Board statutes and rules, faster application processing for applicants seeking licensure via this method, and more certainty of the outcome of the supervised experience for both the applicant and the supervisor.

Proposal:

The Board would implement a new fee for pre-approval of post-doctoral supervised experience contract prior to an applicant starting an experience counting toward licensure. This change reflects the need to establish all current fees in statute. This change is an optional increase to applicants who choose to have their post-doctoral supervised psychological experience pre-approved. This change will not increase fees for any licensee who chooses not to use the pre-approval service offered by the Board.

Current Fees – Move from MN Rule 7200.6100 to MN Statute.

Fee Name	Rule # / Statute	Current Fee Amount	Proposed Fee Amount	FY 2020 # Paying	FY 2020 Current Revenue	FY 2020 Increased Revenue
Current Fees:						
Lic Psych Late Renewal Fee	MN Rule 7200.6100 E	\$250.00	\$250.00	40	\$10,000	
Psych Pract Appl Licensure	MN Rule 7200.6100 C	\$500.00	\$500.00	0	\$0	
Psych Pract Appl Renewal	MN Rule 7200.6100 D	\$500.00	\$500.00	0	\$0	
Bd Psych Degree Upgrade	MN Rule 7200.6100 F	\$150.00	\$150.00	1	\$150	
Bd Psych Lic Cert Rplcmnt Fee	M.S. 148.905	\$25.00	\$25.00	2	\$50	
Bd Psych Mailing/Duplication	M.S. 214.06	\$5.00	\$5.00	various	\$385	
Psych Statute and Rule Books	M.S. 214.06	\$10.00	\$10.00	0	\$0	

Fee Name	Rule # / Statute	Current Fee Amount	Proposed Fee Amount	FY 2020 # Paying	FY 2020 Current Revenue	FY 2020 Increased Revenue
Bd Psych Verification Receipts	M.S. 214.06	\$20.00	\$20.00	5902	\$118,040	
Bd Psych Misc Receipts	M.S. 214.06	various	various	0	\$0	
Psychologist Guest Licensure	MN Rule 7200.6100 G	\$150.00	\$150.00	27	\$4,050	
Continuing Ed Sponsrshp Fee	MN Rule 7200.6105	\$80.00	\$80.00	273	\$21,840	
Appl Approval for National Exam	MN Rule 7200.6100 A	\$150.00	\$150.00	0	\$0	
Appl Approval for Prof. Responsibility Exam	MN Rule 7200.6100 B	\$150.00	\$150.00			
Credit Card Clearing		various	various		\$0	
New Fee:						
Post-Doctoral Supervised Experience Pre-approval		\$0	\$50	250	\$0	\$12,500
Total Current Revenue					\$1,321,565	
Total New Revenue						\$12,500

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to provide services for all people of the State of Minnesota without discrimination

Results:

The ability to capture all current fees for professions regulated by the Board in appropriate sections of statute.

Statutory Change(s):

7200.6100 FEES to 148.XX

The nonrefundable fees for licensure payable to the board are as follows:

- A. application for admission to national standardized examination, \$150;
- B. application for professional responsibility examination, \$150;
- C. application for licensure as a licensed psychologist, \$500;
- D. renewal of license for a licensed psychologist, \$500;
- E. late renewal of license for a licensed psychologist, \$250;
- F. application for converting from master's to doctoral level licensure, \$150; and
- G. application for guest licensure, \$150.
- H. Certificate Replacement Fee, \$25
- I. Mailing and Duplication Fee, \$5
- J. Statute and Rule Book Fee, \$10
- K. Verification Fee, \$20
- L. Miscellaneous Fee, various

7200.6105 CONTINUING EDUCATION SPONSOR FEE to 148.XX.

A sponsor applying for approval of a continuing education activity pursuant to part [7200.3830](#), subpart 2, shall submit with the application a fee of \$80 for each activity.

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Board of Public Defense

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pubdef.state.mn.us/

AT A GLANCE

- Largest user of Minnesota Courts- provides mandated criminal defense services at the trial and appellate court level.
- 155,000 trial court cases and 4,000 appellate cases opened annually.
- 4,000 appellate cases opened annually.

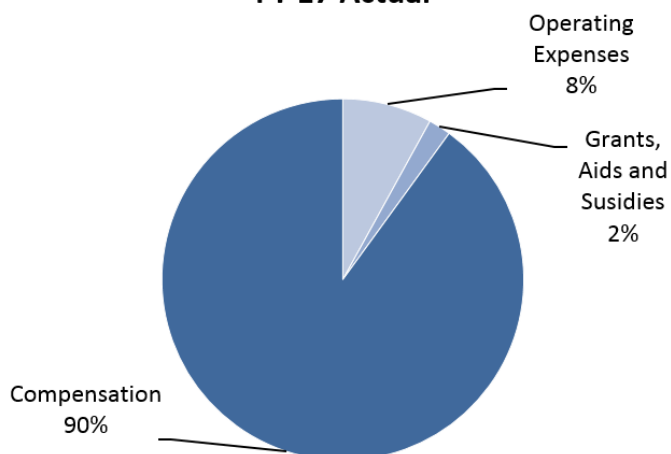
PURPOSE

The Board of Public Defense (BOPD) is a judicial branch agency whose purpose is to provide legal services mandated by the Constitution and statute. The Board's mission is to provide excellent criminal and juvenile legal defense services to indigent clients through an independent, responsible and efficient public defender system.

We are committed to five major goals: client centered representation, creative advocacy, continual training for all staff, recruitment and retention of excellent staff, and being a full partner in the justice system. A well-funded and functioning public defender system insures that the constitutional rights of the indigent are protected. This helps to protect the rights of all of our citizens. It also helps to make sure that the work of the court system continues uninterrupted which helps ensure that people in Minnesota are safe. Public defender services are almost exclusively financed by the general fund. In Hennepin County (the 4th Judicial District) there is a cost sharing between the State of Minnesota and Hennepin County.

BUDGET

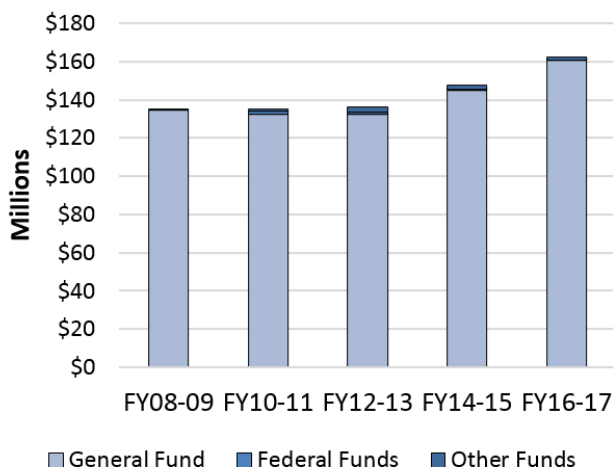
**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Compensation includes funding of county employees in the 2nd and 4th Judicial Districts; however, this is included in the grants, aids, and subsidies funding category on the fiscal pages.

Historical Spending



Source: Consolidated Fund Statement

STRATEGIES

We have developed various tools to further our mission and goals and to provide effective and efficient service delivery. These include:

- Implementation of quality representation guidelines on the trial and appellate levels
- Development of an electronic content management system
- Commitment to vertical representation
- Commitment to team defense
- Commitment to continual training of all staff
- Using a cost-effective model of representation that combines full and part time defenders
- Development of an internal resource allocation policy to better target attorney resources

M.S. 611 (<https://www.revisor.mn.gov/statutes/cite/611>) provides the legal authority for the Board of Public Defense

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<i>Expenditures by Fund</i>								
1000 - General	72,224	88,540	79,779	95,603	89,026	89,026	99,060	110,040
2000 - Restrict Misc Special Revenue	1,131	204	135	207				
2403 - Gift	85	40	110	132	35	35	35	35
3000 - Federal	49							
Total	73,489	88,783	80,024	95,942	89,061	89,061	99,095	110,075
Biennial Change				13,694		2,156		33,204
Biennial % Change				8		1		19
Governor's Change from Base								31,048
Governor's % Change from Base								17
<i>Expenditures by Program</i>								
Appellate Office	5,404	5,830	6,024	5,988	5,959	5,959	6,118	6,336
Administrative Services Office	1,907	2,188	2,292	2,298	7,149	7,149	7,944	9,034
District Public Defense	66,177	80,765	71,709	87,656	75,953	75,953	85,033	94,705
Total	73,489	88,783	80,024	95,942	89,061	89,061	99,095	110,075
<i>Expenditures by Category</i>								
Compensation	57,538	62,551	65,006	76,577	70,762	70,762	78,714	89,610
Operating Expenses	7,981	8,408	7,873	8,992	8,658	8,658	8,658	8,658
Grants, Aids and Subsidies	7,689	17,622	5,913	9,355	9,283	9,283	11,365	11,449
Capital Outlay-Real Property	0		0					
Other Financial Transaction	281	202	1,232	1,018	358	358	358	358
Total	73,489	88,783	80,024	95,942	89,061	89,061	99,095	110,075
<i>Full-Time Equivalents</i>								
	651.13	699.84	705.92	705.92	705.92	705.92	780.92	813.92

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	167	5,752	183	6,742				
Direct Appropriation	77,429	82,662	85,949	88,471	88,636	88,636	98,670	109,650
Transfers In	1,174	979	3,640	6,154	1,390	1,390	1,390	1,390
Transfers Out	795	605	3,250	5,764	1,000	1,000	1,000	1,000
Cancellations		66						
Balance Forward Out	5,752	183	6,743					
Expenditures	72,224	88,540	79,779	95,603	89,026	89,026	99,060	110,040
Biennial Change in Expenditures				14,619		2,670		33,718
Biennial % Change in Expenditures				9		2		19
Governor's Change from Base								31,048
Governor's % Change from Base								17
Full-Time Equivalents	650.93	699.56	705.79	705.79	705.79	705.79	780.79	813.79

2000 - Restrict Misc Special Revenue

Balance Forward In	1,318	186	142	207				
Receipts			200					
Transfers In		160						
Balance Forward Out	186	142	208					
Expenditures	1,131	204	135	207				
Biennial Change in Expenditures				(993)		(342)		(342)
Biennial % Change in Expenditures				(74)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2403 - Gift

Balance Forward In	103	88	129	97				
Receipts	70	216	78	35	35	35	35	35
Transfers Out		135						
Balance Forward Out	88	129	97					
Expenditures	85	40	110	132	35	35	35	35
Biennial Change in Expenditures				117		(172)		(172)
Biennial % Change in Expenditures				94		(71)		(71)
Governor's Change from Base								0

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents	0.20	0.28	0.13	0.13	0.13	0.13	0.13	0.13

3000 - Federal

Balance Forward In	1	1				
Receipts	49					
Transfers Out		1				
Balance Forward Out	1					
Expenditures	49					
Biennial Change in Expenditures				(49)	0	0
Biennial % Change in Expenditures						
Governor's Change from Base						0
Governor's % Change from Base						

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	88,471	88,471	88,471	176,942
Base Adjustments				
Pension Allocation		165	165	330
Forecast Base	88,471	88,636	88,636	177,272
Change Items				
Maintain and Stabilize Public Defense		10,034	21,014	31,048
Total Governor's Recommendations	88,471	98,670	109,650	208,320
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	207			
Forecast Base	207			
Total Governor's Recommendations	207			
Fund: 2403 - Gift				
Planned Spending	132	35	35	70
Forecast Base	132	35	35	70
Total Governor's Recommendations	132	35	35	70
Revenue Change Summary				
Dedicated				
Fund: 2403 - Gift				
Forecast Revenues	35	35	35	70
Total Governor's Recommendations	35	35	35	70

Board of Public Defense

FY 2020-21 Biennial Budget Change Item

Change Item Title: Maintain and Stabilize Public Defense

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	10,034	21,014	21,014	21,014
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,034	21,014	21,014	21,014
FTEs	75	108	108	108

Recommendation:

The Governor recommends funding this request from the Board of Public Defense.

The budget request can be summed up in two words: maintenance, and stability. The budget request provides the staffing necessary to keep up with the caseload growth in the area of child protection cases; provides for a stable workforce by being able to offer salaries that are comparable to other public agencies and maintains the board's commitment to its public defender partners.

Rationale/Background:

Between 2015 and 2018 child protection case have increased nearly 50%. This is a direct result of statutory changes and changes in enforcement. Based on fiscal year 2018 caseloads and current staffing the board is now at 68.5% of the attorney staffing recommended by state and national standards. If the growth in child protection cases continues and there is no additional staffing provided it is estimated that this percentage will drop to approximately 63% by fiscal year 2021. This will seriously impair the board's ability to provide services. The board is also operating with approximately 57% of the support staff recommended by state and national standards.

The starting salary for Assistant Public Defenders is 11% below that of comparable public agencies. The top of the salary range is 12% below comparable public agencies. It also takes longer for public defenders to progress through the salary range. Budget constraints are hampering the board's ability to recruit and retain staff and is losing experienced defenders often to other public agencies. Excluding retirements, the turnover rate among Assistant Public Defenders in 2015 was approximately 4%. The 2018 rate will be to be closer to 7%. The average level of experience for the defenders who leave is approximately 6 years. The board spends a significant amount of time and money in training staff only to have them leave after they gain experience. In addition, the employer share of employee insurance costs is expected to increase over the next two years.

Over twenty years ago, the legislature enacted state assumption of public defender costs from the counties. This included a cost sharing arrangement with Hennepin County and grandfathering employees in the Hennepin County office as county employees. As county employees in Hennepin County have separated from service, the board has replaced these employees with state employees, and has continued the cost sharing arrangement with Hennepin County. At the time this law was enacted, there was an understanding among legislators, that at some point the legislation would result in a financial situation that would not be sustainable. That time has come.

Proposal:

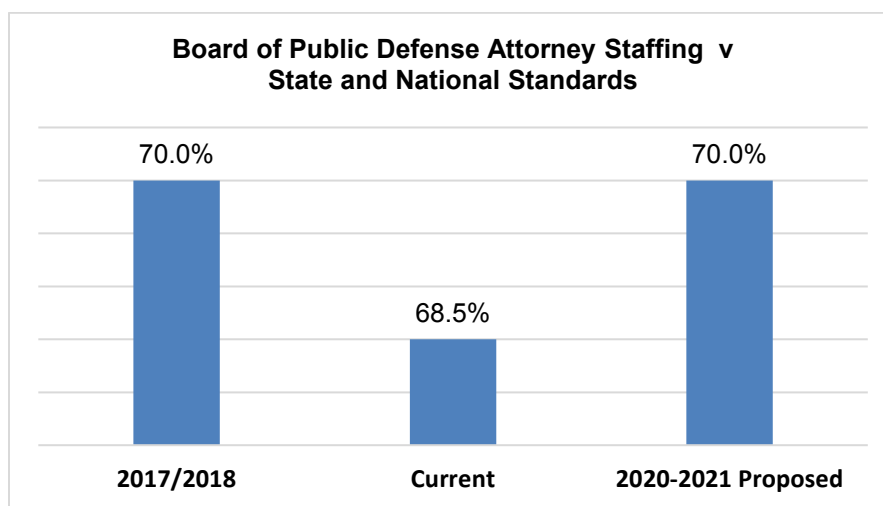
The proposal seeks to maintain and stabilize the public defender system by providing the staffing necessary to keep up with increased caseloads and to maintain and stabilize its work force in the face of competition from other public agencies.

By law public defenders represent children 10 years of age and older in child protection cases. With the increased emphasis on child protection cases at the state and local level, these cases are now the fastest growing area of cases on the trial court level, and is responsible for much of the overall growth in caseloads. If the current trend continues we could see a doubling of the cases between 2015 and 2021. A consequence of uncontrollable public defender caseloads for the entire criminal justice system is that frequently courtrooms--each with a presiding judge, court staff, prosecutors, probation officers, victim/witness assistants, victims, witnesses, family members and the public--are unable to conduct business in a timely manner because the public defenders needed for the resolution of cases are tied up elsewhere.

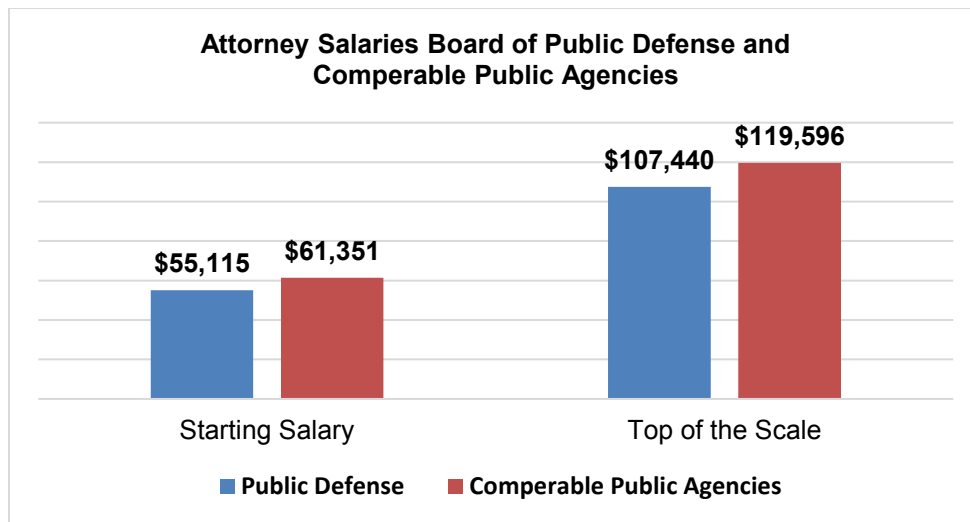
Public defenders cannot refuse cases (*Dzubiak v Mott*), and the only funding source the Board has is legislative appropriation. Since 90% of the board's budget is personnel and another five percent (5%) is contractually obligated, failure to fund salary and benefit increases for existing staff would require a reduction in staffing and would result in a reduction in services. This will lead to; the inability to handle certain case types in anything like a timely manner; aggravation of jail overcrowding; postponement of trial settings, which are already far enough out to impinge on the right to a speedy trial; deterioration in the quality of fact-finding, as witnesses become unavailable; increased strain on all the other participants in the justice system.

On the appellate level, between 2015 and 2017 the number of cases appealed increased by 15%, and parole revocation filings increased by 18%. A lack of funding on the appellate level has meant significant delays in the state's appellate courts. Delays have also occurred at the trial and appellate court levels in post-conviction matters. These matters include all appeals in cases that were not litigated (guilty plea withdrawal, sentencing, conditional release, parole revocation, and cases where new evidence may be found). Staff shortages have caused delays in sentencing appeal cases and appeals of plea withdrawal and conditional release.

The request would address the increase in child protection and appellate cases over the last few years by adding thirty-one (31) FTE attorneys in fiscal year 2020 and an additional nineteen (19) FTE attorney positions in fiscal year 2021, as well as the professional staff to support these positions. It also includes professional staff to bring these ratios in line with attorney staffing. The requested increase in attorney staffing only addresses the growth in caseloads since the start of the last biennium.



In order to continue to recruit and retain staff, the request includes funding to provide for salaries that are in line with other public agencies including the Attorney General's Office, and to fund the estimated insurance cost increases during the biennium.



Average of: Attorney General's Office, State Court Administration, Anoka, Scott, Dakota, Stearns, St. Louis, Washington, Hennepin, and Ramsey Counties.

Hennepin County continues to provide a significant contribution (\$6-7 million annually) to the operation of the public defender office in the county including rent, IT services and other services. Funding would be provided to maintain the state's contribution to the cost sharing arrangement.

The request also includes a modest increase in grant funding to the four public defense corporations that provide legal defense services primarily to the state's minority communities. The cases handled (3,300 annually) by the corporations would otherwise be public defender cases.

Equity and Inclusion:

In child protection cases public defenders represent the most vulnerable of our community its children. The public defenders represent children who have been abused or neglected, and where chemical and mental health issues are pervasive.

Public defender's represent the poorest segment of society. Clients by definition are living in poverty, many are homeless, and a high percentage suffer from mental health issues, and chemical dependency issues, as well as traumatic brain injuries. Estimates of the number of individuals in county jails who suffer from mental illness range anywhere from 30-50%. It is estimated that 90% of Minnesota's criminal cases in involve alcohol or other chemical dependency issues.

People of People of color make up a significant portion of public defender clients. African Americans make up nearly 28% of the felony offenders in the state, and 35% of the state's prisoners. Native Americans make up about 10% of the state's prison population and about 7% of the felony offenders.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Public defenders as a percent of national and state standards	70%	68.5%	2016-2018
Quality	Counties w public defender at first appearance for in custody clients	37	77	2015-2018

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mnpera.org/

AT A GLANCE

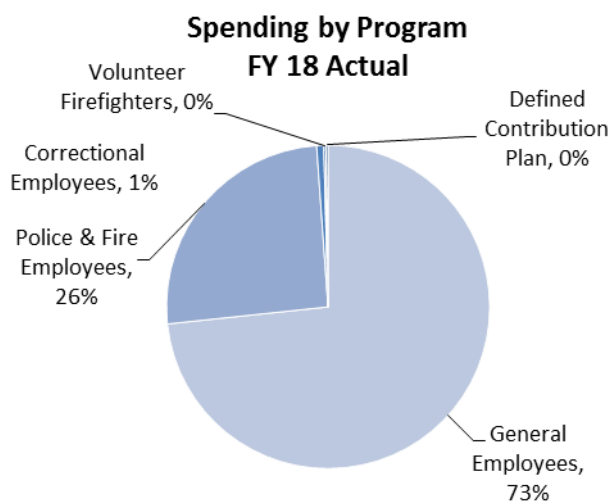
- The Public Employees Retirement Association (PERA) was established in 1931.
- PERA administers four defined benefit retirement plans, one defined contribution retirement plan, and one agency fund in accordance with Minnesota Statutes Chapters 353, 353A, 353D, 353E, 353G and 356.
- PERA issued over \$2.0 billion in annuity payments during fiscal year 2018.
- PERA issued over \$50 million in lump-sum refund payments to terminated members in fiscal year 2018.
- PERA had 172,000 defined benefit fund members, 209,000 inactive members, and 114,000 annuitants receiving benefits at the end of fiscal year 2018.
- PERA has over 2,000 total participating employers including townships, cities, counties, schools and other miscellaneous local governments as defined in M.S. 353.01, subdivision 6.
- PERA manages a fiscal year 2019 administrative budget of \$19.4 million

Source: PERA 2018 Comprehensive Annual Financial Report

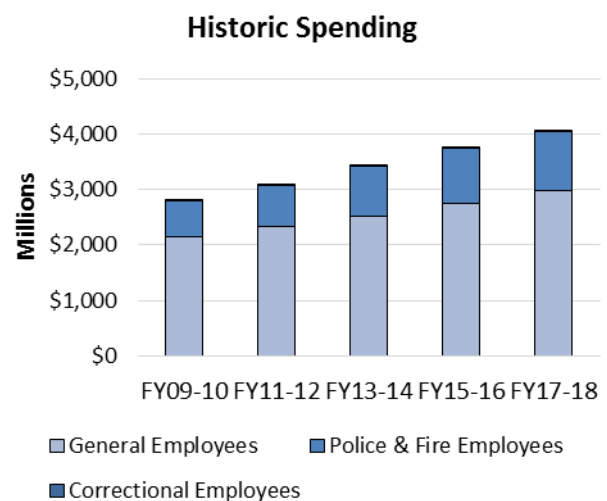
PURPOSE

PERA's overarching goal is to ensure that contributions collected from members and employers and the investment earnings on those contributions will be sufficient to provide promised benefits to benefit recipients, allowing public employees the opportunity to achieve a successful and secure retirement without relying on the State for financial support. Investment income accounts for about 64 percent of PERA's revenues. Member contributions account for another 16 percent and employer contributions from local governments make up the difference of 20 percent.

BUDGET



Source: PERA 2018 Comprehensive Annual Financial Report



Source: PERA 2018 Comprehensive Annual Financial Report

The State of Minnesota contributed \$16 million annually in fiscal years 2018 and 2019. Annually thereafter, the State will contribute \$6 million per year until the year 2031 to help pay off the unfunded liability that existed when MERF was consolidated into PERA in 2010. PERA also receives \$9 million each year for the Minneapolis

Police and Minneapolis Fire funds that consolidated with the PERA Police & Fire plan in 2012. The Police & Fire plan receives an additional \$4.5 million annually in FY 2018 and FY 2019 and \$9 million annually thereafter, continuing through the earlier of FY 2048 or when the fund reaches a 100% funded ratio on an actuarial value of assets basis.

STRATEGIES

PERA's core functions include collecting, recording and maintaining the accounting of retirement contributions; collecting and managing member information; issuing benefit and refund payments; and delivering education and training through counseling, workshops and publications. Benefit payments have a financial impact on the state's economy and provide benefit recipients and their families the opportunity to lead healthy, productive lives during their retirement years. Over the past 30 years, the State Board of Investment has reported an annualized rate of return of 9.1 percent, allowing contribution rates to remain relatively stable. PERA's administrative costs are also less than five hundredths of one percent of assets.

RESULTS

PERA pays over \$170 million each month in annuity benefits to 110,000 benefit recipients, of which more than 90 percent live in the State of Minnesota. This results in an annual economic benefit of nearly \$3 billion to the State of Minnesota in the biennium.

The most important measures of the health of a defined benefit retirement system are: (1) the level of funding and (2) is the legislatively established contribution rate sufficient (or deficient) to amortize the unfunded liability by the full-funding date. While all three plans are on track to be fully funded at some point in the future, Minnesota Statutes require that the unfunded liability be amortized over a closed period. The full funding amortization date for the General Plan, the Police & Fire Plan, and the Correctional Plan is 2048.

Three measures of a defined benefit plan's financial health are:

- **Funded Ratio** – This ratio is the percent of a retirement fund's net assets, calculated for actuarial purposes, that is available to pay the present value of benefits that employees already earned. The higher the ratio, the better positioned the retirement plan is to pay future benefits when they become due.
- **Contribution Sufficiency/(Deficiency) Rate** – This rate is the difference between the actuary's computation of required employer and employee contributions rates and the statutory contribution rates, expressed as a percent of payroll. A sufficiency indicates that the plan is on target to reach a 100% funded ratio before its full funding date; conversely, a deficiency means the retirement system is not collecting enough contributions to meet its full funding target date.
- **Unfunded Actuarial Accrued Liability** – This is the difference between the actuary's valuation of assets and the present value of member's future benefits.

<i>Type of Measure</i>	<i>Performance Measure - Market Value of Assets</i>	<i>06/30/17</i>	<i>06/30/18</i>
Quality	PERA General Plan Funding Ratio	78.5%	79.5%
Quality	PERA General Plan Contribution Sufficiency/(Deficiency)	(1.3)%	1.5%
Quality	PERA General Plan Unfunded Actuarial Accrued Liability	\$5.5 Billion	\$5.5 Billion
Quality	PERA Police & Fire Plan Funding Ratio	86.1%	88.8%
Quality	PERA Police & Fire Plan Contribution Sufficiency/(Deficiency)	(0.7)%	3.3%
Quality	PERA Police & Fire Plan Unfunded Actuarial Accrued Liability	\$1.3 Billion	\$1.1 Billion

Type of Measure	Performance Measure - Market Value of Assets	06/30/17	06/30/18
Quality	PERA Correctional Plan Funding Ratio	95.7%	97.6%
Quality	PERA Correctional Plan Contribution Sufficiency/(Deficiency)	(0.3)%	0.1%
Quality	PERA Correctional Plan Unfunded Actuarial Accrued Liability	\$27 Million	\$16 Million

New retirees who apply for benefits and employees that terminate employment expect to receive payments promptly. PERA's goal is to pay initial benefit applications within two weeks of the applicant's first benefit eligible date and to pay terminated employees within 60 days of the receipt of the application.

Type of Measure	Performance Measure	06/30/17	06/30/18
Quality	Receipt of First Annuity Check within two weeks	96%	96%
Quality	Receipt of Lump-Sum Payment within 60 days	99%	99%

PERA is governed by Minnesota Statutes Chapters 353 (<https://www.revisor.mn.gov/statutes/?id=353>), 353D (<https://www.revisor.mn.gov/statutes/?id=353D>), and 353E (<https://www.revisor.mn.gov/statutes/?id=353E>).

Public Employees Retirement Association

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
7100 - Public Employees Retirement	1,287,391	1,347,438	1,413,332	1,568,121	1,631,000	1,695,369	1,631,000	1,695,369
7110 - Police and Fire	501,718	515,712	531,571	555,635	577,835	600,923	577,835	600,923
7120 - PERA Correctional Plan	10,417	12,564	14,613	14,049	14,609	15,191	14,609	15,191
7130 - Minneapolis Employee Ret Plan	127,621	123,454	119,202	115,097	111,133	107,306	111,133	107,306
7140 - Volunteer Firefighter Ret Plan	1,716	2,881	4,367	4,550	4,730	4,950	4,730	4,950
7190 - PERA Defined Contribution Plan	3,769	5,290	4,464	6,005	6,245	6,494	6,245	6,494
7401 - Retirement System Building	1,455	849	1					
Total	1,934,087	2,008,189	2,087,549	2,263,457	2,345,552	2,430,233	2,345,552	2,430,233
Biennial Change				408,730		424,779		424,779
Biennial % Change				10		10		10
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Public Employee Retirement Asn	1,934,087	2,008,189	2,087,549	2,263,457	2,345,552	2,430,233	2,345,552	2,430,233
Total	1,934,087	2,008,189	2,087,549	2,263,457	2,345,552	2,430,233	2,345,552	2,430,233

Expenditures by Category

Compensation	8,435	8,935	9,504	10,158	11,023	11,392	11,023	11,392
Operating Expenses	6,132	6,224	5,390	8,763	8,777	8,777	8,777	8,777
Capital Outlay-Real Property		7						
Other Financial Transaction	1,919,520	1,993,023	2,072,655	2,244,536	2,325,752	2,410,064	2,325,752	2,410,064
Total	1,934,087	2,008,189	2,087,549	2,263,457	2,345,552	2,430,233	2,345,552	2,430,233

Full-Time Equivalents

	92.70	93.62	98.37	100.00	105.00	105.00	105.00	105.00
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Public Employees Retirement Association

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
7100 - Public Employees Retirement								
Open Appropriation	1,288,151	1,348,197	1,414,091	1,568,886	1,631,761	1,696,135	1,631,761	1,696,135
Transfers Out	760	759	759	765	761	766	761	766
Expenditures	1,287,391	1,347,438	1,413,332	1,568,121	1,631,000	1,695,369	1,631,000	1,695,369
Biennial Change in Expenditures				346,623		344,916		344,916
Biennial % Change in Expenditures				13		12		12
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	92.70	93.62	98.37	100.00	105.00	105.00	105.00	105.00

7110 - Police and Fire

Open Appropriation	501,718	515,712	531,571	555,635	577,835	600,923	577,835	600,923
Expenditures	501,718	515,712	531,571	555,635	577,835	600,923	577,835	600,923
Biennial Change in Expenditures				69,776		91,552		91,552
Biennial % Change in Expenditures				7		8		8
Governor's Change from Base								0
Governor's % Change from Base								0

7120 - PERA Correctional Plan

Open Appropriation	10,417	12,564	14,613	14,049	14,609	15,191	14,609	15,191
Expenditures	10,417	12,564	14,613	14,049	14,609	15,191	14,609	15,191
Biennial Change in Expenditures				5,680		1,138		1,138
Biennial % Change in Expenditures				25		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

7130 - Minneapolis Employee Ret Plan

Open Appropriation	127,621	123,454	119,202	115,097	111,133	107,306	111,133	107,306
Expenditures	127,621	123,454	119,202	115,097	111,133	107,306	111,133	107,306
Biennial Change in Expenditures				(16,776)		(15,860)		(15,860)
Biennial % Change in Expenditures				(7)		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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7140 - Volunteer Firefighter Ret Plan

Open Appropriation	1,716	2,881	4,367	4,550	4,730	4,950	4,730	4,950
Expenditures	1,716	2,881	4,367	4,550	4,730	4,950	4,730	4,950
Biennial Change in Expenditures				4,320		763		763
Biennial % Change in Expenditures				94		9		9
Governor's Change from Base								0
Governor's % Change from Base								0

7190 - PERA Defined Contribution Plan

Open Appropriation	3,769	5,290	4,464	6,005	6,245	6,494	6,245	6,494
Expenditures	3,769	5,290	4,464	6,005	6,245	6,494	6,245	6,494
Biennial Change in Expenditures				1,410		2,270		2,270
Biennial % Change in Expenditures				16		22		22
Governor's Change from Base								0
Governor's % Change from Base								0

7401 - Retirement System Building

Balance Forward In	5,443	5,581	5,409					
Receipts	1,581	675						
Balance Forward Out	5,569	5,407						
Expenditures	1,455	849	1					
Biennial Change in Expenditures				(2,303)		(1)		(1)
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Public Employees Retirement Association

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Open				
Fund: 7100 - Public Employees Retirement				
FY2019 Appropriations	1,500,000	1,500,000	1,500,000	3,000,000
Base Adjustments				
Forecast Open Appropriation Adjustment	68,886	131,761	196,135	327,896
Forecast Base	1,568,886	1,631,761	1,696,135	3,327,896
Total Governor's Recommendations	1,568,886	1,631,761	1,696,135	3,327,896
Fund: 7110 - Police and Fire				
FY2019 Appropriations	600,000	600,000	600,000	1,200,000
Base Adjustments				
Forecast Open Appropriation Adjustment	(44,365)	(22,165)	923	(21,242)
Forecast Base	555,635	577,835	600,923	1,178,758
Total Governor's Recommendations	555,635	577,835	600,923	1,178,758
Fund: 7120 - PERA Correctional Plan				
FY2019 Appropriations	14,000	14,000	14,000	28,000
Base Adjustments				
Forecast Open Appropriation Adjustment	49	609	1,191	1,800
Forecast Base	14,049	14,609	15,191	29,800
Total Governor's Recommendations	14,049	14,609	15,191	29,800
Fund: 7130 - Minneapolis Employee Ret Plan				
FY2019 Appropriations	130,000	130,000	130,000	260,000
Base Adjustments				
Forecast Open Appropriation Adjustment	(14,903)	(18,867)	(22,694)	(41,561)
Forecast Base	115,097	111,133	107,306	218,439
Total Governor's Recommendations	115,097	111,133	107,306	218,439
Fund: 7140 - Volunteer Firefighter Ret Plan				
FY2019 Appropriations	4,000	4,000	4,000	8,000
Base Adjustments				
Forecast Open Appropriation Adjustment	550	730	950	1,680
Forecast Base	4,550	4,730	4,950	9,680
Total Governor's Recommendations	4,550	4,730	4,950	9,680
Fund: 7190 - PERA Defined Contribution Plan				
FY2019 Appropriations	5,500	5,500	5,500	11,000
Base Adjustments				
Forecast Open Appropriation Adjustment	505	745	994	1,739

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Base	6,005	6,245	6,494	12,739
Total Governor's Recommendations	6,005	6,245	6,494	12,739
Revenue Change Summary				
Non-Dedicated				
Fund: 7100 - Public Employees Retirement				
Forecast Revenues	2,310,064	2,425,567	2,546,846	4,972,413
Total Governor's Recommendations	2,310,064	2,425,567	2,546,846	4,972,413
Fund: 7110 - Police and Fire				
Forecast Revenues	842,773	884,911	929,156	1,814,067
Total Governor's Recommendations	842,773	884,911	929,156	1,814,067
Fund: 7120 - PERA Correctional Plan				
Forecast Revenues	44,335	46,552	48,879	95,431
Total Governor's Recommendations	44,335	46,552	48,879	95,431
Fund: 7130 - Minneapolis Employee Ret Plan				
Forecast Revenues	148,423	142,872	137,598	280,470
Total Governor's Recommendations	148,423	142,872	137,598	280,470
Fund: 7140 - Volunteer Firefighter Ret Plan				
Forecast Revenues	15,000	15,000	15,000	30,000
Total Governor's Recommendations	15,000	15,000	15,000	30,000
Fund: 7190 - PERA Defined Contribution Plan				
Forecast Revenues	11,000	11,000	11,000	22,000
Total Governor's Recommendations	11,000	11,000	11,000	22,000

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Public Facilities Authority

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AT A GLANCE

- PFA manages revolving loan funds and grant programs to help local governments statewide build wastewater, storm water, drinking water and transportation infrastructure.
- Since 1990, PFA has made 1,030 loans to local governments totaling \$4.1 billion. These below-market-rate loans have provided an estimated \$911 million in interest savings to local governments and their residents.
- Over the past ten years PFA has awarded \$464 million in grants to local governments based on affordability criteria and to address specific water quality goals and objectives.
- PFA has allocated \$90.8 million within its clean water revolving fund to nonpoint source loan programs administered by other agencies. The Minnesota Department of Agriculture's Best Management Practices program and the Pollution Control Agency's Clean Water Partnership program have used these funds and revolving loan repayments to provide \$268 million in low and no-interest loans to help landowners reduce nonpoint source pollution.

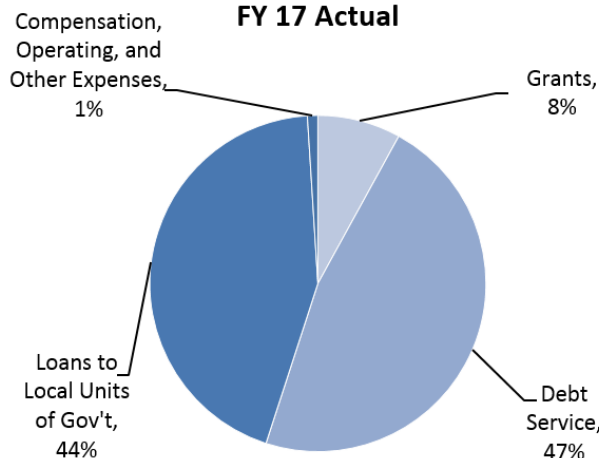
PURPOSE

The Minnesota Public Facilities Authority (PFA) is a multi-agency authority that provides financing and technical assistance to local governments for infrastructure projects that support a thriving economy and a clean, healthy environment.

PFA priorities are to 1) manage capital assets (currently \$2.3 billion) to ensure a stable source of infrastructure financing in perpetuity; 2) provide financing programs to support water quality, public health, and other priorities identified by PFA member agencies; and 3) help local governments maintain and improve the condition of their water infrastructure assets while keeping costs affordable for their residents.

BUDGET

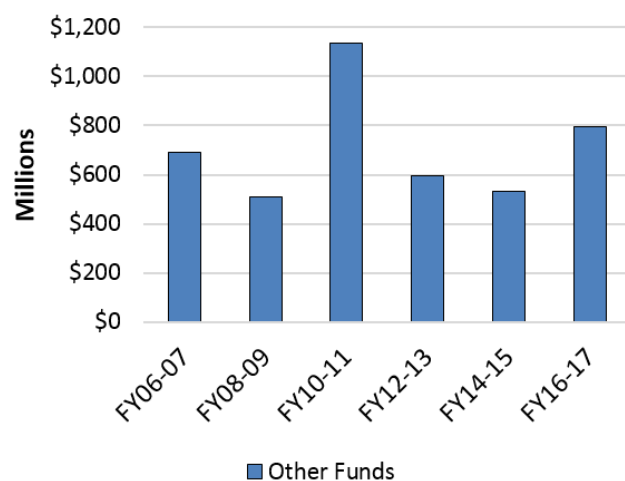
**Spending by Category
FY 17 Actual**



Note: Debt Service on PFA revenue bonds comes solely from PFA bond fund revenues (loan repayments and investment earnings).

Source: SWIFT

Historical Spending

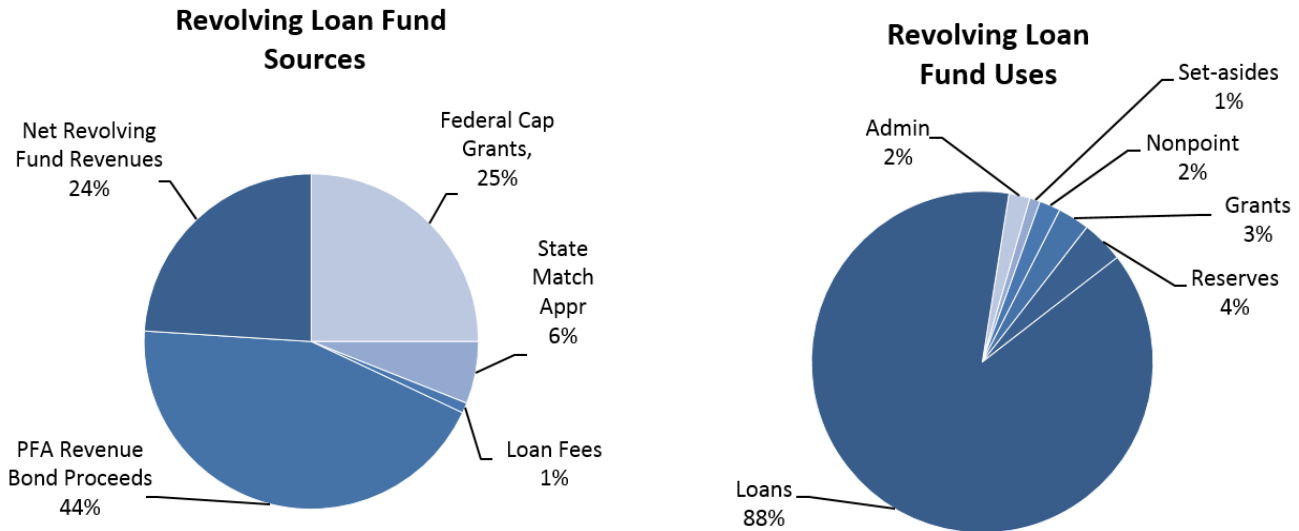


Note: FY 2010-2011 expended high due to two factors: 1) Federal ARRA stimulus funding, and 2) early bond redemptions due to low market rates.

Source: Consolidated Fund Statement

PFA receives no general fund appropriations for its programs or for administrative costs. Revolving loan fund resources include federal grants and state matching appropriations from bond proceeds. These resources are leveraged by selling PFA AAA-rated revenue bonds. Other programs are funded with state appropriations from bond proceeds and from the Clean Water Legacy Fund. Administrative costs are paid from loan servicing and grant application fees.

Sources and Uses to-date for PFA’s Clean Water, Drinking Water, and Transportation revolving loan funds



Notes: Revenues (loan repayments and investment earnings) are net of debt service on bonds.

Source: PFA Internal records

STRATEGIES

The PFA Board is composed of commissioners of the Departments of Employment and Economic Development, Minnesota Management and Budget, Health, Agriculture, Transportation, and the Pollution Control Agency. PFA manages its infrastructure financing programs to maximize economic, environmental, and public health outcomes. PFA partner agencies are responsible for determining project priorities, conducting technical and environmental reviews, and certifying approved projects to the PFA for funding.

PFA staff is responsible for determining that full project financing is in place and that the applicant has established dedicated revenues to pay debt service and operation and maintenance costs. When an application is approved and construction bids are accepted by the applicant, PFA executes a project financing agreement, disburses funds as eligible project costs are incurred, and collects loan repayments. During project planning and design stages, PFA coordinates funding activities with other state and federal partners to leverage resources and minimize duplication, administrative costs, and confusion for the applicants.

RESULTS

The PFA’s revolving loan funds are an efficient tool to provide low cost financing to help local governments replace and improve water infrastructure systems to meet permit requirements, improve water quality, and protect public health. To date, each \$1 of state funds has generated \$16 in construction funding and \$3 in interest savings to the communities and their residents. In addition, PFA’s upfront credit review and analysis of

loan applications and systematic post loan award surveillance monitoring has helped borrowers achieve a record of no defaults on PFA loans.

Annual project funding is a function of fund availability and demand from local governments. Local government demand for funding varies significantly from year to year, driven by economic factors, the need to replace aging infrastructure, growth and development pressures, and more stringent treatment requirements. The PFA's authority to issue revenue bonds allows it to leverage additional loan funds based on demand. PFA tax-exempt revenue bonds are rated AAA by all three major national rating agencies and are well received in the bond market.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Loan Awards (count / \$ millions)	272/\$1,018	188/\$662	2009-2013; 2014-2018
Quantity	Interest Savings on Loans (\$ millions)	\$204	\$99	2009-2013; 2014-2018
Quantity	Grant Awards (count / \$ millions)	222/\$210	169/\$254	2009-2013; 2014-2018

Note 1: Measures compare the five year periods of state fiscal years 2009-2013 to 2014-2018.

Note 2: Sustained historically low market rates in the current 5 year period have resulted in lower interest savings on loans.

M.S. 446A (<https://www.revisor.mn.gov/statutes/?id=446A>) provides the legal authority for PFA.

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General			900					
2000 - Restrict Misc Special Revenue	83	78	62	644	309	308	309	308
2302 - Clean Water	14,142	26,225	14,602	20,953			9,125	9,125
8200 - Clean Water Revolving	204,498	108,670	106,997	113,565	155,751	101,188	155,751	101,188
8201 - Drinking Water Revolving	131,883	25,728	20,280	23,383	24,424	24,256	24,424	24,256
8202 - Transportation Revolving	4,915	1,710	1,484	753	778	406	778	406
Total	355,521	162,410	144,325	159,298	181,262	126,158	190,387	135,283
Biennial Change				(214,309)		3,797		22,047
Biennial % Change				(41)		1		7
Governor's Change from Base								18,250
Governor's % Change from Base								6

Expenditures by Program

Public Facilities Authority	355,521	162,410	144,325	159,298	181,262	126,158	190,387	135,283
Total	355,521	162,410	144,325	159,298	181,262	126,158	190,387	135,283

Expenditures by Category

Compensation	919	1,041	1,018	1,196	1,113	1,125	1,113	1,125
Operating Expenses	1,035	325	348	445	926	724	926	724
Grants, Aids and Subsidies	26,429	29,999	19,511	32,860	9,146	9,145	18,271	18,270
Other Financial Transaction	327,138	131,046	123,447	124,797	170,077	115,164	170,077	115,164
Total	355,521	162,410	144,325	159,298	181,262	126,158	190,387	135,283

Total Agency Expenditures	355,521	162,410	144,325	159,298	181,262	126,158	190,387	135,283
Internal Billing Expenditures	132	114	128	146	157	158	157	158
Expenditures Less Internal Billing	355,389	162,297	144,196	159,152	181,105	126,000	190,230	135,125

Full-Time Equivalents

9.03	10.09	9.80	10.01	10.02	10.02	10.02	10.02
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Public Facilities Authority

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation			1,800					
Transfers Out			600					
Cancellations			300					
Expenditures			900					
Biennial Change in Expenditures				900		(900)		(900)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	272	335	432	667	84	63	84	63
Receipts	47	82	105	99	95	94	95	94
Net Loan Activity	99	92	192	(38)	193	193	193	193
Balance Forward Out	335	432	667	84	63	42	63	42
Expenditures	83	78	62	644	309	308	309	308
Biennial Change in Expenditures				545		(89)		(89)
Biennial % Change in Expenditures				338		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.17	0.42	0.55	0.63	0.63	0.63	0.63	0.63

2302 - Clean Water

Balance Forward In	36,561	30,368	19,767	10,435				
Direct Appropriation	9,250	9,250	5,307	10,693	0	0	9,125	9,125
Transfers In			1,048					
Transfers Out			1,048					
Net Loan Activity	(269)	(942)	(38)	(175)				
Cancellations	1,034							
Balance Forward Out	30,365	12,452	10,435					
Expenditures	14,142	26,225	14,602	20,953			9,125	9,125
Biennial Change in Expenditures				(4,812)		(35,555)		(17,305)
Biennial % Change in Expenditures				(12)		(100)		(49)
Governor's Change from Base								18,250

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								

8200 - Clean Water Revolving

Balance Forward In	258,530	301,997	268,036	253,202	22,961	14,398	22,961	14,398
Receipts	326,477	58,433	41,805	78,050	153,539	90,571	153,539	90,571
Transfers In	133,263	136,353	143,555	179,610	206,236	162,722	206,236	162,722
Transfers Out	211,978	135,720	133,970	169,970	196,116	154,557	196,116	154,557
Net Loan Activity	202	15,643	40,772	(204,366)	(16,471)	(7,402)	(16,471)	(7,402)
Balance Forward Out	301,997	268,036	253,201	22,961	14,398	4,544	14,398	4,544
Expenditures	204,498	108,670	106,997	113,565	155,751	101,188	155,751	101,188
Biennial Change in Expenditures				(92,606)		36,377		36,377
Biennial % Change in Expenditures				(30)		16		16
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.39	5.78	5.47	4.87	4.88	4.88	4.88	4.88

8201 - Drinking Water Revolving

Balance Forward In	55,432	147,705	129,435	114,034	2,531	3,190	2,531	3,190
Receipts	180,206	12,852	23,140	33,820	69,378	65,981	69,378	65,981
Transfers In	126,072	44,412	49,133	52,924	52,123	52,497	52,123	52,497
Transfers Out	48,922	47,207	60,923	65,852	64,531	62,950	64,531	62,950
Net Loan Activity	(33,200)	(2,599)	(6,472)	(109,012)	(31,887)	(31,618)	(31,887)	(31,618)
Balance Forward Out	147,705	129,435	114,033	2,531	3,190	2,844	3,190	2,844
Expenditures	131,883	25,728	20,280	23,383	24,424	24,256	24,424	24,256
Biennial Change in Expenditures				(113,948)		5,017		5,017
Biennial % Change in Expenditures				(72)		11		11
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.19	3.62	3.54	4.13	4.13	4.13	4.13	4.13

8202 - Transportation Revolving

Balance Forward In	39,027	28,836	32,951	37,219	615	554	615	554
Receipts	1,130	1,166	1,266	1,283	1,185	1,147	1,185	1,147

Public Facilities Authority

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Transfers In	8,100	2,023	1,739	849	831	934	831	934
Transfers Out	8,100	2,023	1,739	849	831	934	831	934
Net Loan Activity	(6,407)	4,594	4,486	(37,134)	(468)	(1,285)	(468)	(1,285)
Balance Forward Out	28,836	32,885	37,219	615	554	10	554	10
Expenditures	4,915	1,710	1,484	753	778	406	778	406
Biennial Change in Expenditures				(4,388)		(1,053)		(1,053)
Biennial % Change in Expenditures				(66)		(47)		(47)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.28	0.27	0.24	0.38	0.38	0.38	0.38	0.38

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 2302 - Clean Water				
FY2019 Appropriations	10,693	10,693	10,693	21,386
Base Adjustments				
One-Time Legacy Fund Appropriations		(10,693)	(10,693)	(21,386)
Forecast Base	10,693	0	0	0
Change Items				
Municipal Clean Water Infrastructure		9,125	9,125	18,250
Total Governor's Recommendations	10,693	9,125	9,125	18,250
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	644	309	308	617
Forecast Base	644	309	308	617
Total Governor's Recommendations	644	309	308	617
Fund: 8200 - Clean Water Revolving				
Planned Spending	113,565	155,751	101,188	256,939
Forecast Base	113,565	155,751	101,188	256,939
Total Governor's Recommendations	113,565	155,751	101,188	256,939
Fund: 8201 - Drinking Water Revolving				
Planned Spending	23,383	24,424	24,256	48,680
Forecast Base	23,383	24,424	24,256	48,680
Total Governor's Recommendations	23,383	24,424	24,256	48,680
Fund: 8202 - Transportation Revolving				
Planned Spending	753	778	406	1,184
Forecast Base	753	778	406	1,184
Total Governor's Recommendations	753	778	406	1,184
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	99	95	94	189
Total Governor's Recommendations	99	95	94	189
Fund: 8200 - Clean Water Revolving				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	78,050	153,539	90,571	244,110
Total Governor's Recommendations	78,050	153,539	90,571	244,110
Fund: 8201 - Drinking Water Revolving				
Forecast Revenues	33,820	69,378	65,981	135,359
Total Governor's Recommendations	33,820	69,378	65,981	135,359
Fund: 8202 - Transportation Revolving				
Forecast Revenues	1,283	1,185	1,147	2,332
Total Governor's Recommendations	1,283	1,185	1,147	2,332

Public Facilities Authority

FY 2020-21 Biennial Budget Change Item

Change Item Title: Municipal Clean Water Infrastructure

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	9,125	9,125	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	9,125	9,125	0	0
FTEs	0	0	0	0

Request:

The Governor recommends \$9,125,000 in FY 2020 and \$9,125,000 in FY 2021 from the Clean Water Fund to the Public Facilities Authority for municipal clean water infrastructure. The recommendation includes \$9.0 million per year for the Point Source Implementation Grants (PSIG) program and \$125,000 per year for the Small Community Wastewater Treatment program. This recommendation reflects the collaborative recommendation of the executive branch water agencies, which includes the Pollution Control Agency (PCA), Department of Natural Resources, Department of Agriculture, Department of Health, Board of Water and Soil Resources, Metropolitan Council, and the Public Facilities Authority (PFA).

Rationale/Background:

The PSIG program provides grants to help cities upgrade water infrastructure treatment facilities to reduce the discharge of specific pollutants to comply with wasteload requirements and more stringent water-quality based effluent limits for phosphorus, chlorides, and other pollutants. The PFA administers the program in partnership with the PCA which determines eligible projects and priorities. Through Minnesota's interagency water management framework, specific water bodies are identified by the PCA where pollutant reductions are needed to meet water quality standards. Watershed restoration and protection strategies are then developed to guide implementation activities, including permit requirements for more stringent effluent limits.

The PSIG program has received Clean Water Fund appropriations each year since 2010. In 2017, in response to growing project needs and requests from cities for more state assistance, the Legislature appropriated \$33.7 million from state general obligation bonds to supplement Clean Water Funds. In 2018, the Legislature appropriated an additional \$33.3 million for the program from Environmental Trust Fund appropriation bonds. The constitutionality of that appropriation has been challenged and the funds are not available at this time.

The Small Community Wastewater Treatment program provides grants and loans to assist small unsewered communities with technical assistance and construction funding to replace non-complying septic systems with community subsurface sewage treatment systems (SSTS). The PFA administers the program in partnership with the PCA which determines eligible projects and priorities. Minnesota has many very small unsewered communities with serious environmental and public health problems from failing septic systems. In many of these communities, individual private systems are not feasible or affordable due to small lots, poor soils, and limited financial capacity.

The Small Community Wastewater Treatment program has received Clean Water Fund appropriations each year since 2010.

Proposal:

The Point Source Implementation Grants (PSIG) program provides grants of up to \$7 million to municipalities for 80% of eligible project costs for infrastructure construction necessary to meet more stringent permit requirements to achieve specific water quality goals. Proposed projects must be ranked on the PCA's project priority list and the PCA reviews and approves projects prior to grant award. PFA does not award a grant until full project funding is in place and the project is ready to start construction. In many cases PSIG grants are awarded in conjunction with loans from PFA's low interest revolving loan funds. Through its monitoring and enforcement activities, the PCA verifies that completed projects meet the required permit limits and conditions, and monitors progress toward overall water quality goals through its watershed monitoring program.

In FY 2018 the PFA awarded PSIG grants totaling \$39.3 million for nine projects, an average of \$4.375 million per project. The PFA currently has 31 unfunded PSIG applications with estimated grant needs totaling \$110 million. Of these, seven projects for \$22 million have already been approved and are ready for construction. The requested \$18 million will fund the first five of these projects in priority order.

The Small Community Wastewater Treatment program provides technical assistance grants of up to \$60,000 for site evaluations and feasibility studies, and construction financing of up to \$2 million through low interest loans and grants based on affordability criteria. All proposed projects must be ranked on the PCA's project priority list. The outcome of a technical assistance grant is a community assessment report that evaluates potential wastewater treatment alternatives with a focus on decentralized soil-based treatment alternatives. The PCA reviews the community assessment reports and construction plans and specifications to ensure that new community systems are designed in accordance with state statutes and rules. The PFA reviews construction applications to ensure the borrower has the necessary technical, managerial, and financial capacity to build, operate, and maintain their system. PFA does not award construction loans and grants until full project funding is in place and the project is ready to start construction.

The PCA's project priority list includes 13 unsewered areas that are potential Small Community construction projects and additional projects may be identified. Six projects have received technical assistance grants and are currently evaluating possible treatment alternatives. The requested \$250,000 will provide funding for an additional 5-6 technical assistance grants.

Equity and Inclusion:

All residents in eligible cities and other local government jurisdictions will benefit from the requested funds which will reduce the financial cost of providing appropriate wastewater treatment.

Results:

The results and trends of these two programs in terms of projects funded and dollars awarded are shown below. In addition, the PCA measures permit compliance, pollutant load reductions, and progress toward meeting water quality protection and restoration goals through its monitoring and enforcement activities.

Point Source Implementation Grant Program:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Grant awards to help municipalities comply with permit requirements (count)	18	17	FY15-16 FY17-18
Quantity	Grant awards to help municipalities comply with permit requirements (\$ millions)	\$15.7	\$65.9	FY15-16 FY17-18

Small Community Wastewater Treatment program:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Technical assistance grants to help small communities evaluate wastewater treatment alternatives (count / \$ thousands)	3 / \$122	8 / \$354	FY15-16 FY17-18
Quantity	Construction loans and grants to build community soil-based treatment systems (count / \$ millions)	5 / \$4.3	2 / \$1.9	FY15-16 FY17-18

The executive branch water agencies prepare a Clean Water Fund Performance Report every two years that describe their joint clean water programs, activities and outcomes. The reports are available here:

<http://www.legacy.leg.mn/funds/clean-water-fund/clean-water-fund-performance-reports>

Statutory Change(s):

Not applicable.

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Environmental Protection Agency, CFDA #66.458	Capitalization Grants for Clean Water State Revolving Funds. These funds will pass-through to local units of government for wastewater infrastructure projects. Approximately 90% will be used for low-interest loans and 10% for Principal Forgiveness grants.		\$9,310	\$45,350	\$29,501	\$29,501	20% match	4.9
Environmental Protection Agency, CFDA #66.468	Capitalization Grants for Drinking Water State Revolving Funds. Approximately 22% will be used for MN Department of Health Drinking Water Set-Aside programs. The remainder will pass thru to local units of government for loans and Principal Forgiveness grants, for funding local drinking water infrastructure projects.		\$11,416	\$22,424	\$15,809	\$15,809	20% match	4.1
	Federal Fund – Agency Total		\$20,726	\$67,774	\$45,310	\$45,310		9.0

Narrative

The federal capitalization grants are deposited into the revolving loan funds and are used, together with state match, fund revenues, and net proceeds of Authority revenue bond issuances, to provide financial assistance to local units of government to fund wastewater and drinking water infrastructure. The primary form of assistance is low interest rate loans. Loan repayments and all fund assets and revenues are pledged to Authority bondholders for payment of the revenue bond debt service. Annually, the excess revenues over the debt service requirements are used for making additional loans or debt service reserves.

The state must provide a minimum 20% match to the capitalization grants. Historically this has been appropriated thru the capital budget process.

Estimated awards for 2020-2021 are based on historical trends and information available at the time biennial budgets are prepared; actual awards may be more or less than estimated. Amounts shown for 2018-2019 reflect actual and budgeted federal draws. Timing of federal grant awards can significantly impact state fiscal year to year receipts totals because awards in any year may be before or after June 30th, and receipts will generally begin immediately.

FTEs related to these programs are paid from the fee portion of loan repayments. Approximately 9 of PFA's 10 FTE support these programs.

(Dollars in Thousands)

Program Name Federal or State or Both (citation)	Purpose	Recipient Type(s) Eligibility Criteria	FY 2018	FY 2019
Clean Water SRF low-interest Loans 446A.07 federal + state + SRF revolving	Provides low interest loans for wastewater and storm water infrastructure.	MN local units of government. Must be on the PCA's Project Priority List (PPL)	\$46,707	\$100,000
Clean Water SRF Principal Forgiveness Grants 446A.07 federal funded	Provides principal forgiveness grants, in conjunction with low interest loans, for wastewater infrastructure.	MN local units of government. Must be on the PCA's PPL.	\$2,237	\$3,763
Drinking Water low-interest Loans 446A.081 federal + state + SRF revolving	Provides low interest loans for drinking water infrastructure.	MN local units of government. Must be on the MDH's PPL.	\$54,403	\$65,000
Drinking Water SRF Principal Forgiveness Grants 446A.081 federal funded	Provides principal forgiveness grants, in conjunction with low interest loans, for drinking water infrastructure.	MN local units of government. Must be on the MDH's PPL.	\$5,373	\$1,427
Water Infrastructure Financing 446A.072 state funded	Provides supplemental grants for high cost wastewater and drinking water projects based on affordability criteria established by statute.	MN local units of government. Must be on the PCA's PPL.	\$23,603	\$36,397
Clean Water Legacy: Point Source Implementation Grants 446A.073 state funded	Provides grants to assist with the cost of wastewater or storm water projects to reduce the discharge of phosphorus, nitrogen and other pollutants.	MN local units of government. Must be on the PCA's PPL.	\$39,383	\$16,617
Clean Water Legacy: Small Community Wastewater Treatment Program 446A.075 state funded	Provides technical assistance grants and construction grants+loans to assist small unsewered communities replace noncomplying sewage treatment systems.	MN local units of government. Must be on the PCA's PPL.	\$168	\$82
Transportation Revolving Loan Fund 446A.085 federal + state + RLF revolving	Provides low interest loans for transportation infrastructure.	MN local units of government. MN DOT prioritizes, recommends.	\$0	\$0

Note: amounts represent net awards made during fiscal year 2018 and projected for 2019.

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AT A GLANCE

- Workforce: Department of Public Safety (DPS) has 2,042 employees
- DPS has nine operational divisions that include:
 - Alcohol and Gambling Enforcement Division (AGED)
 - Bureau of Criminal Apprehension (BCA)
 - Driver and Vehicle Servicers (DVS)
 - Emergency Communications Networks (ECN)
 - Homeland Security and Emergency Management (HSEM)
 - Minnesota State Patrol (MSP)
 - Office of Justice Programs (OJP)
 - Office of Traffic Safety (OTS)
 - State Fire Marshal Division (SFM), which also includes the Office of Pipeline Safety (OPS) and the Minnesota Board of Firefighter Training and Education (MBFTE)
- DPS serves the majority of the state's population as well as numerous public safety, governmental, and non-profit organizations in the state.

PURPOSE

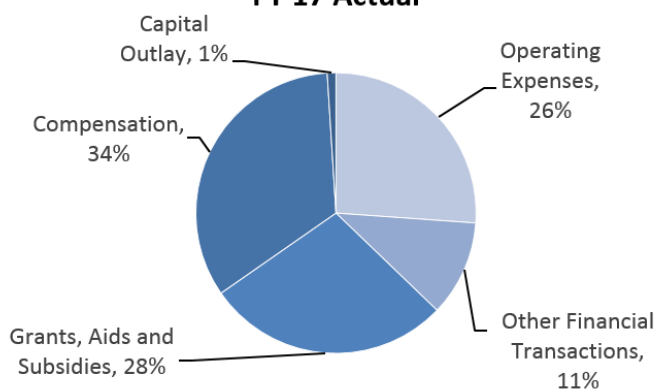
DPS is committed to protecting citizens and communities through activities that promote and support prevention, preparedness, response, recovery, education, and enforcement in order to ensure that **people in Minnesota are safe**. These objectives are achieved through:

- A focus on saving lives
- Providing efficient and effective services
- Maintaining public trust
- Developing strong partnerships

DPS provides the administrative structure for nine diverse divisions focused on improving safety for all people in Minnesota. The agency also has four divisions that provide human resource, fiscal, internal affairs, and communication support. Through its divisions, DPS works in partnership with city, county, state, federal, and not-for-profit agencies to improve safety. We are funded through federal, state general fund, special revenue, trunk highway, and highway user tax distribution funds.

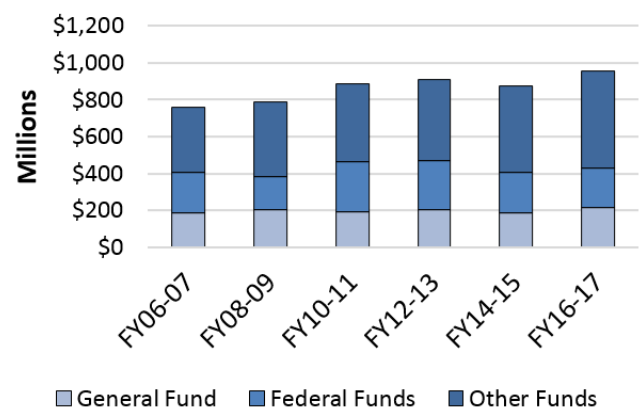
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

For the FY 16-17 biennium, the Department of Public Safety was primarily financed through legislative appropriations from the general fund (\$217 million), funding from the federal government (\$210 million), and other funds, which includes user fees (\$531 million in the special revenue fund).

STRATEGIES

We ensure that all people in Minnesota are safe by:

- Providing full-service laboratory support to all law enforcement agencies; and providing training and criminal justice integration services to prevent and solve crimes.
- Providing services to prevent, prepare for, respond to, and recover from natural and other types of disasters.
- Providing training, funding, and technical assistance to improve community safety and to assist crime victims.
- Provide training, investigation, inspection, regulation, data collection, and emergency response services to protect lives and property from fire and pipeline incidents.
- Enforcing the state's liquor and gambling laws to protect the public from illegal alcohol sales, illegal consumption, and illegal gambling.
- Providing funding, technical assistance, and research to prevent traffic deaths and serious injuries.
- Providing law enforcement services, education, and assistance to ensure the safe and efficient movement of traffic on Minnesota roads, the protection of the driving public, and the security of the Capitol Complex.
- Regulating motor vehicles, vehicle dealers, and licensed drivers to ensure that state and federal law are implemented and followed.
- Providing funding and technical assistance to operate a state-of-the-art 911 system and the implementation of a state-wide interoperable communication system for emergency responders.
- Providing overall leadership, policy, and direction to ensure the agency successfully meets its goals.

The Department of Public Safety's legal authority comes from Minn. Stat. 299A (<https://www.revisor.mn.gov/statutes/?id=299A>).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	86,734	104,563	97,631	108,785	100,344	100,486	105,459	105,203
1200 - State Government Special Rev	103	103	103	103	103	103	103	103
2000 - Restrict Misc Special Revenue	31,881	44,457	40,015	62,098	33,028	32,586	45,468	45,026
2001 - Other Misc Special Revenue	394	371	794	1,121	851	851	851	851
2365 - Opioid Stewardship							1,648	1,242
2403 - Gift	152	184	186	387	195	195	195	195
2700 - Trunk Highway	2,155	2,469	1,934	2,864	2,429	2,429	2,429	2,429
2800 - Environmental	69	70	72	74	73	73	73	73
3000 - Federal	63,958	73,621	72,206	67,584	20,952	19,489	20,952	19,489
4900 - 911 Emergency	31,730	32,696	29,505	35,354	39,150	39,250	39,545	39,645
Total	217,175	258,534	242,446	278,370	197,125	195,462	216,723	214,256
Biennial Change				45,107		(128,229)		(89,837)
Biennial % Change				9		(25)		(17)
Governor's Change from Base								38,392
Governor's % Change from Base								10

Expenditures by Program

Homeland Security & Emergency Mgmt	44,949	54,597	45,724	75,203	9,872	9,673	22,375	22,176
Bureau of Criminal Apprehension	56,976	72,041	71,323	84,130	74,687	74,644	81,070	80,283
State Fire Marshal	6,768	8,119	6,912	10,097	8,253	8,059	8,443	8,249
Alcohol & Gambling Enforcement	2,144	2,286	2,248	3,462	2,901	2,911	2,901	2,911
Office of Justice Programs	65,858	77,556	80,364	59,330	56,202	54,865	56,329	54,932
Emergency Communication Networks	33,296	34,108	30,591	36,109	39,905	40,005	40,300	40,400
MN Firefighters Training & Education	7,185	9,828	5,283	10,039	5,305	5,305	5,305	5,305
Total	217,175	258,534	242,446	278,370	197,125	195,462	216,723	214,256

Expenditures by Category

Compensation	53,803	48,364	50,977	60,652	57,861	58,295	61,220	61,746
Operating Expenses	42,096	61,102	59,388	72,859	62,926	62,587	68,265	67,030
Grants, Aids and Subsidies	114,646	135,369	123,710	132,467	69,372	68,099	79,522	78,249
Capital Outlay-Real Property	1,836	3,898	1,450	3,675	1,389	1,372	1,389	1,372
Other Financial Transaction	4,795	9,802	6,921	8,717	5,577	5,109	6,327	5,859

Public Safety - Public Safety

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total	217,175	258,534	242,446	278,370	197,125	195,462	216,723	214,256

Total Agency Expenditures	217,175	258,534	242,446	278,370	197,125	195,462	216,723	214,256
Internal Billing Expenditures	686	565	525	497	360	369	360	369
Expenditures Less Internal Billing	216,489	257,969	241,921	277,873	196,765	195,093	216,363	213,887

<u>Full-Time Equivalents</u>	547.33	507.09	519.96	546.06	524.26	523.11	547.76	548.61
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Public Safety - Public Safety

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
1000 - General								
Balance Forward In	2,205	13,951	3,499	6,684				
Direct Appropriation	98,888	95,862	103,144	112,101	100,344	100,486	115,459	115,203
Transfers In	95,090	94,859	92,667	95,265	92,810	92,943	92,810	92,943
Transfers Out	96,090	95,696	94,350	105,265	92,810	92,943	102,810	102,943
Cancellations	22	1,042	644					
Balance Forward Out	13,338	3,371	6,685					
Expenditures	86,734	104,563	97,631	108,785	100,344	100,486	105,459	105,203
Biennial Change in Expenditures				15,120		(5,586)		4,246
Biennial % Change in Expenditures				8		(3)		2
Governor's Change from Base								9,832
Governor's % Change from Base								5
Full-Time Equivalents	321.42	293.65	306.13	333.24	333.45	333.45	345.45	347.45

1200 - State Government Special Rev

Balance Forward In		0						
Direct Appropriation	103	103	103	103	103	103	103	103
Cancellations		0						
Balance Forward Out	0							
Expenditures	103	103	103	103	103	103	103	103
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	20,572	43,444	36,492	37,581	21,845	19,563	21,845	19,563
Direct Appropriation	13,232	10,941	13,572	13,724	13,061	13,061	13,251	13,251
Receipts	16,675	17,482	14,865	16,307	16,379	16,341	18,879	18,841
Transfers In	30,003	23,452	21,560	19,635	1,910	1,910	11,910	11,910
Transfers Out	5,996	15,510	8,892	3,304	604	604	854	854
Cancellations		1,084						
Balance Forward Out	42,606	34,268	37,581	21,845	19,563	17,685	19,563	17,685
Expenditures	31,881	44,457	40,015	62,098	33,028	32,586	45,468	45,026

Public Safety - Public Safety

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial Change in Expenditures				25,775		(36,499)		(11,619)
Biennial % Change in Expenditures				34		(36)		(11)
Governor's Change from Base								24,880
Governor's % Change from Base								38
Full-Time Equivalents	129.44	116.75	120.71	130.52	131.63	130.60	133.13	132.10

2001 - Other Misc Special Revenue

Balance Forward In			300	270				
Receipts	244	671	764	851	851	851	851	851
Transfers In	150							
Balance Forward Out		300	270					
Expenditures	394	371	794	1,121	851	851	851	851
Biennial Change in Expenditures				1,150		(213)		(213)
Biennial % Change in Expenditures				150		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.83	3.19	3.13	3.03	3.03	3.03	3.03	3.03

2365 - Opioid Stewardship

Direct Appropriation							1,648	1,242
Expenditures							1,648	1,242
Biennial Change in Expenditures				0		0		2,890
Biennial % Change in Expenditures								
Governor's Change from Base								2,890
Governor's % Change from Base								
Full-Time Equivalents							10.00	10.00

2403 - Gift

Balance Forward In	51	64	215	222	25	20	25	20
Receipts	165	335	191	190	190	190	190	190
Balance Forward Out	64	215	221	25	20	15	20	15
Expenditures	152	184	186	387	195	195	195	195
Biennial Change in Expenditures				237		(183)		(183)
Biennial % Change in Expenditures				70		(32)		(32)
Governor's Change from Base								0

Public Safety - Public Safety

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0
Full-Time Equivalents	0.06	0.09	0.07	0.07	0.07	0.07	0.07	0.07

2700 - Trunk Highway

Balance Forward In		144		440				
Direct Appropriation	2,295	2,325	2,374	2,424	2,429	2,429	2,429	2,429
Cancellations		0						
Balance Forward Out	140		440					
Expenditures	2,155	2,469	1,934	2,864	2,429	2,429	2,429	2,429
Biennial Change in Expenditures				174		60		60
Biennial % Change in Expenditures				4		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.41	17.72	15.81	18.00	18.00	18.00	18.00	18.00

2800 - Environmental

Balance Forward In		1		1				
Direct Appropriation	70	72	73	73	73	73	73	73
Cancellations		3						
Balance Forward Out	1		1					
Expenditures	69	70	72	74	73	73	73	73
Biennial Change in Expenditures				7		0		0
Biennial % Change in Expenditures				5		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.74	0.74	0.75	0.75	0.75	0.75	0.75	0.75

3000 - Federal

Balance Forward In	7,146	7,160	8,058	5,800	3,892	2,099	3,892	2,099
Receipts	63,923	74,505	69,949	65,676	19,159	18,902	19,159	18,902
Transfers In		0						
Transfers Out	0	2						
Balance Forward Out	7,109	8,043	5,800	3,892	2,099	1,512	2,099	1,512

Public Safety - Public Safety

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	63,958	73,621	72,206	67,584	20,952	19,489	20,952	19,489
Biennial Change in Expenditures				2,211		(99,349)		(99,349)
Biennial % Change in Expenditures				2		(71)		(71)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	62.86	65.14	63.19	50.28	26.16	26.04	26.16	26.04

4900 - 911 Emergency

Balance Forward In	109	11,744		14,088		4,486		4,486
Direct Appropriation	77,068	77,085	77,187	77,238	77,255	77,255	77,650	77,650
Transfers In	1,259	420						
Transfers Out	34,962	34,775	33,594	55,972	33,619	42,491	33,619	42,491
Cancellations		21,778	0					
Balance Forward Out	11,744		14,088		4,486		4,486	
Expenditures	31,730	32,696	29,505	35,354	39,150	39,250	39,545	39,645
Biennial Change in Expenditures				433		13,541		14,331
Biennial % Change in Expenditures				1		21		22
Governor's Change from Base								790
Governor's % Change from Base								1
Full-Time Equivalents	13.57	9.81	10.17	10.17	11.17	11.17	11.17	11.17

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	102,101	102,101	102,101	204,202
Base Adjustments				
Current Law Base Change		(1,972)	(1,972)	(3,944)
Pension Allocation		215	357	572
Forecast Base	102,101	100,344	100,486	200,830
Change Items				
Automated Fingerprint Identification System (AFIS) Replacement		1,500	1,500	3,000
Reducing Violent Crime: Tracking, Training, Investigating		651	591	1,242
Technology Cost Increases		767	767	1,534
FBI Cybersecurity Compliance		1,501	1,325	2,826
School Safety Center		250	250	500
Disaster Assistance Contingency Account		10,000	10,000	20,000
Vulnerable Adult Investigation Staffing		258	246	504
Disaster Assistance Contingency Account Deficiency	10,000			
Gun Violence Prevention		188	38	226
Total Governor's Recommendations	112,101	115,459	115,203	230,662
Fund: 1200 - State Government Special Rev				
FY2019 Appropriations	103	103	103	206
Forecast Base	103	103	103	206
Total Governor's Recommendations	103	103	103	206
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	13,724	13,724	13,724	27,448
Base Adjustments				
All Other One-Time Appropriations		(675)	(675)	(1,350)
Pension Allocation		12	12	24
Forecast Base	13,724	13,061	13,061	26,122
Change Items				
Technology Cost Increases		190	190	380
Total Governor's Recommendations	13,724	13,251	13,251	26,502
Fund: 2365 - Opioid Stewardship				
Change Items				
Drug Support Capacity Enhancement		1,648	1,242	2,890
Total Governor's Recommendations		1,648	1,242	2,890
Fund: 2700 - Trunk Highway				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
FY2019 Appropriations	2,424	2,424	2,424	4,848
Base Adjustments				
Pension Allocation		5	5	10
Forecast Base	2,424	2,429	2,429	4,858
Total Governor's Recommendations	2,424	2,429	2,429	4,858
Fund: 2800 - Environmental				
FY2019 Appropriations	73	73	73	146
Forecast Base	73	73	73	146
Total Governor's Recommendations	73	73	73	146
Fund: 4900 - 911 Emergency				
FY2019 Appropriations	77,238	77,238	77,238	154,476
Base Adjustments				
Pension Allocation		17	17	34
Forecast Base	77,238	77,255	77,255	154,510
Change Items				
Technology Cost Increases		395	395	790
Total Governor's Recommendations	77,238	77,650	77,650	155,300
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	33,202	20,539	20,097	40,636
Forecast Base	33,202	20,539	20,097	40,636
Change Items				
Railroad and Pipeline Safety Assessment Reinstatement		2,250	2,250	4,500
Disaster Assistance Contingency Account		10,000	10,000	20,000
Disaster Assistance Contingency Account Deficiency	10,000			
Total Governor's Recommendations	43,202	32,789	32,347	65,136
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	1,121	851	851	1,702
Forecast Base	1,121	851	851	1,702
Total Governor's Recommendations	1,121	851	851	1,702
Fund: 2403 - Gift				
Planned Spending	387	195	195	390
Forecast Base	387	195	195	390
Total Governor's Recommendations	387	195	195	390

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 3000 - Federal				
Planned Spending	67,584	20,952	19,489	40,441
Forecast Base	67,584	20,952	19,489	40,441
Total Governor's Recommendations	67,584	20,952	19,489	40,441
 Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	16,307	16,379	16,341	32,720
Change Items				
Railroad and Pipeline Safety Assessment Reinstatement		2,500	2,500	5,000
Total Governor's Recommendations	16,307	18,879	18,841	37,720
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	851	851	851	1,702
Total Governor's Recommendations	851	851	851	1,702
Fund: 2403 - Gift				
Forecast Revenues	190	190	190	380
Total Governor's Recommendations	190	190	190	380
Fund: 3000 - Federal				
Forecast Revenues	65,676	19,159	18,902	38,061
Total Governor's Recommendations	65,676	19,159	18,902	38,061
 Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	4,463	4,463	4,463	8,926
Total Governor's Recommendations	4,463	4,463	4,463	8,926
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	13,737	13,737	13,737	27,474
Total Governor's Recommendations	13,737	13,737	13,737	27,474
Fund: 4900 - 911 Emergency				
Forecast Revenues	77,238	77,238	77,238	154,476
Total Governor's Recommendations	77,238	77,238	77,238	154,476

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Automated Fingerprint Identification System (AFIS) Replacement

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,500	1,500	1,500	1,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,500	1,500	1,500	1,500
FTEs	0	0	0	0

Recommendation:

The Governor recommends a general fund base increase of \$1.5 million per year to replace the current Automated Fingerprint Identification System (AFIS). The current AFIS is 12 years old, outdated, and no longer supported. To help promote efficiency and keeping the system current in the future, the Department of Public Safety Bureau of Criminal Apprehension (BCA) would lease the technology for AFIS and pay an annual lease and maintenance fee instead of purchasing a new system for \$10 million.

Rationale/Background:

Minnesota statute requires the BCA to provide systems for recording and indexing fingerprints and photographs and capturing palm prints for submission to the FBI. The BCA's AFIS system is also used by South Dakota and North Dakota.

The AFIS is used to compare prints collected at a crime scene (latent prints) to those on file. A new system would provide a more sophisticated algorithm that would yield more relevant results based on the prints submitted. The list of potential matches for BCA forensic scientists to review would contain those more likely to have a fingerprint match and prevent the implication of the wrong person. As a result, more cases would be solved in a shorter period of time.

The current AFIS was implemented in 2006. Over time, various components of the system have become outdated and the server hardware and operating systems are no longer supported by their vendors. The AFIS software is also nearing its end of support for compatibility with our file storage system. At the same time, the volume of fingerprints processed by the AFIS is significantly increasing as the result of legislative changes, including increased requirements for background checks. In 2017, the number of fingerprint-based background checks was 129 percent of the number processed in 2015.

Proposal:

The Governor recommends funding to lease an AFIS because it is a more sustainable cost model and would ensure that upgrades, bug fixes, and enhancement to the AFIS system would be done by the vendor as part of the lease agreement. This proposal also includes one full time employee to assist with ongoing maintenance.

Equity and Inclusion:

This change item has an impact on all Minnesotans as this system is used to verify identity and hold offenders accountable, improve public safety, and promote due process within our justice system. It also impacts all who need background checks for housing, employment and licensing purposes.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	1,375	1,375	1,375	1,375	1,375	1,375
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
MNIT Staff costs	125	125	125	125	125	125
Total	1,500	1,500	1,500	1,500	1,500	1,500
MNIT FTEs	1	1	1	1	1	1
Agency FTEs						

Results:

The proposal would help address the significant rise in the volume of background checks required to be processed by the BCA.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of fingerprint-based civil and criminal background checks	299,315	418,926	2016/2017

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Reducing Violent Crime: Tracking, Training and Investigating

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	651	591	546	546
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	651	591	546	546
FTEs	4	4	4	4

Recommendation:

The Governor recommends an ongoing general fund appropriation of \$546,000 per year for two Special Agents, one Training Coordinator, and one Criminal Intelligence Analyst (including training and equipment) to provide statewide leadership, case assistance, and training in the area of predatory crimes. The additional personnel will assist the Department of Public Safety (DPS) Bureau of Criminal Apprehension (BCA) in its efforts to investigate predatory offenders, online sexual exploitation, multi-jurisdictional criminal sexual conduct and human trafficking.

The Governor recommends an appropriation of \$105,000 in FY20 and \$45,000 in FY21 to convene a task force, in consultation with the Minnesota Indian Affairs Council, to advise the commissioner and report to the Legislature on the causes and extent of victimization of indigenous women and girls in Minnesota and the strategies to reduce and end violence against indigenous women and girls. A report to the Legislature on policies and recommendations to reduce and end violence against indigenous women and girls would be due by December 15, 2020 at which point the task force would expire. The Office of Justice Programs (OJP) will oversee the task force.

Rationale/Background:

The BCA provides assistance to local and federal partners in all 87 counties in complex proactive and reactive criminal investigations. Within the Investigative Division, the BCA operates the Predatory Crimes Section. These agents conduct investigations related to online sexual exploitation of children, child pornography, human trafficking and non-compliant predatory offenders.

There has been an increased level of scrutiny on criminal sexual conduct investigations across Minnesota. The BCA recently received part of a Sexual Assault Examination Kit grant to test untested rape kits across Minnesota. The bulk of the BCA's involvement will be to test these kits in our laboratory. However, we have learned through talking with law enforcement agencies in other states that a key component to making these projects successful is having agents work with our local partners to work through the submission process. In addition, we anticipate greater requests for assistance to review past cases of criminal sexual conduct across the state to determine if viable prosecutions of individuals are possible. Agencies may also ask for assistance in reviewing crimes that may have been covered up by organizations to protect criminal actors.

The BCA has been involved in several workgroups identifying needs for training and technical assistance in the investigation of sexual assaults across our state. These agents and the training coordinator would develop training and provide technical assistance to investigators across Minnesota. The criminal intelligence analyst would assist with these investigations and provide analytical assistance which can be key in these investigations as

investigators work investigate these cases. The training coordinators would be utilized to develop, maintain and implement the online training.

The pervasive issue of women and girls going missing or being murdered has devastated indigenous communities in Minnesota for decades. The National Institute of Justice has found that, while representing only 2% of the population, 84% of Alaskan Native and American Indian women will experience some form of violence in their lifetimes, ranging from sexual to physical violence.

Accurate data to determine the extent of the issue has been difficult to obtain. The National Crime Information Center reported more than 5,700 cases of Native missing women in 2017 while the National Missing and Unidentified Person System (NamUs) recorded 118. Grassroots efforts by the Missing and Murdered Women Database Project estimate between 250-300 cases in 2015.

Proposal:

The Governor Recommends two Special Agents, one Training Coordinator, and one Criminal Intelligence Analyst to provide statewide leadership, case assistance, and training in the area of predatory crimes and sexual assault investigation. The additional personnel will assist the BCA in providing critical investigative services to our law enforcement partners as we work to keep Minnesota safe.

The BCA Predatory Crimes Section provides critical support to our law enforcement partners conducting some of the most serious crimes committed in our communities. This proposal will ensure the BCA is meeting the needs of our law enforcement partners and the communities across Minnesota as we work to keep our state safe from those who choose to prey on our children.

The Department requests funding to support a task force to study the issue of missing and murdered indigenous women and girls in Minnesota, overseen by OJP. A report to the Legislature on policies and recommendations to reduce and end violence against indigenous women and girls would be due by December 15, 2020 at which point the task force would expire.

Equity and Inclusion:

This proposal affects the safety of all Minnesotans. Funding for the task force is specifically targeted at determining policies to increase the wellbeing of indigenous women and girls.

IT Related Proposals:

Not applicable.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Cybertips Vetted	743	1992	FY16/FY18
Quantity	Human Trafficking Investigations	5	77	FY16/FY18

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Technology Cost Increases

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	767	767	767	767
Revenues	0	0	0	0
Other Funds				
Expenditures	585	585	585	585
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,352	1,352	1,352	1,352
FTEs	0	0	0	0

Recommendation:

The Governor recommends ongoing base appropriation increases of \$1.352 million from the general fund, special revenue fund, and 911 emergency fund to support existing hardware, software, and MNIT staffing costs for the Department of Public Safety (DPS) public safety divisions. This request includes \$767,000 from the General Fund, \$395,000 from the ECN/911 Fund, and \$190,000 from the Fire Safety Account for the State Fire Marshal. This funding is to address identified hardware and software services and staffing costs that are not currently accounted for in the department's base technology budget, in addition to increased workstation replacement, support, and 24/7 help desk support costs attributable to the consolidation of core IT services into an enterprise services model.

Rationale/Background:

For the FY20-21 biennium, DPS' portion of MNIT administrative overhead expenses is projected to increase. MNIT's overhead expenses include human resources, finance, procurement, enterprise project management, and security activities. These expenses are allocated to agencies based on their total IT spend and total number of dedicated MNIT staff as of fiscal year 2017.

In 2020, MNIT forecasts an increase in enterprise charges of \$329,616 for the public safety budgeted divisions, including the Bureau of Criminal Apprehension (BCA), Homeland Security and Emergency Management (HSEM), Emergency Communications Network (ECN), State Fire Marshal (SFM), Office of Justice Programs (OJP), and Alcohol and Gambling Enforcement (AGE), in DPS that were not included in the existing budget. And the remaining \$1.022 million will cover DPS specific software, hardware, and professional services for these divisions to support existing applications. These actual charges include professional services, telecommunications, printing maintenance, software licensing and support for hosting necessary production environments.

Proposal:

The Governor recommends an ongoing appropriation of \$1.352 million to fund DPS core technology services for software, hardware and professional services for the public safety budgeted divisions. This proposal includes monthly software licensing costs, enterprise utilization costs and personnel costs to support the technology infrastructure. Without this funding, DPS and MNIT cannot host or maintain these core DPS applications. A stable funding source will enable the departments to continue to operate these applications.

Equity and Inclusion:

DPS services are provided equally to all Minnesotans.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Professional/Technical Support Contracts	487,004	487,004	487,004	487,004	487,004	487,004
Infrastructure						
Hardware						
Software	112,697	112,697	112,697	112,697	112,697	112,697
Training						
Enterprise Services	329,616	329,616	329,616	329,616	329,616	329,616
Staff costs (MNIT)	422,683	422,683	422,683	422,683	422,683	422,683
Total	1,352,000	1,352,000	1,352,000	1,352,000	1,352,000	1,352,000
MNIT FTEs*	3.25	3.25	3.25	3.25	3.25	3.25
Agency FTEs	0	0	0	0	0	0

* These are the equivalent FTEs charging to the public safety budgeted divisions from MNIT. There can be as many as 27 people charging portions of their time to these systems.

Statutory Change(s):

Not Applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: FBI Cybersecurity Compliance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,501	1,325	1,175	1,175
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,501	1,325	1,175	1,175
FTEs	4	6	6	6

Recommendation:

The Governor recommends additional general funds of \$1.5 million in FY20 and \$1.325 million in FY21 to address cyber security vulnerabilities and other Federal Bureau of Investigation (FBI) compliance issues to meet FBI security requirements. The ongoing general fund base increase totals \$1.175 million per year.

Rationale/Background:

The Department of Public Safety Bureau of Criminal Apprehension (BCA) is the state's FBI Criminal Justice Information Systems Agency (CJA) and is responsible for appropriate maintenance and dissemination of sensitive criminal justice information from the state, local and federal levels. The BCA is responsible for state and local agency compliance with FBI security requirements and has a management control agreement (MCA) to manage these security requirements independent of the MNIT Services.

With the exponential increase in hacking, use of malware to lock and encrypt servers and data, and overall network security vulnerabilities, by both domestic and foreign adversaries, the BCA needs to enhance its cyber security efforts through multiple ways. These include increased local agency physical security audits, audits of non-criminal justice agencies, network and infrastructure monitoring, identity and access management, and availability and redundancy in the event of an incident or disaster. These efforts will also ensure compliance with the FBI's security requirements.

Proposal:

The Governor recommends funding to meet FBI cybersecurity requirements and protect Minnesota's criminal justice data by implementing the following initiatives to effectively address security threats and vulnerabilities:

- **Information Security Officer (ISOs) FTEs/Local Security Audits** – The BCA is responsible for local agency compliance with FBI security requirements and needs to conduct more physical security audits. Per the FBI Criminal Justice Information Services Security Policy, more than 500 agencies need to be audited every three years. The BCA has completed 25 physical security audits in the past year. These are time-intensive and complex audits that have revealed significant security issues that must be resolved. Many local agencies do not have sufficient technical resources and have to rely on city or county technical support that does not understand the security protocols required. These security threats have the potential to negatively impact the state and other agencies that access data through the BCA's network by exposing agencies to hacking and other malware issues. This initiative would add two full-time employees (FTEs).
- **Network/Infrastructure Security** – In addition to the state's overall effort to ensure data security through the MNIT Services, the BCA needs to continually monitor and evaluate security threats to sensitive data through the BCA's criminal justice data network. The BCA's security effort is tailored to the BCA's unique

environment and specific requirements of the FBI. This proposal includes funding needed to implement security tools for identity and access management, scanning, auditing, intrusion prevention, and other infrastructure upgrades to decrease security threats and to better control access to BCA systems and data. This includes four network security/identity access management FTEs to implement and maintain these security tools and processes for better overall security oversight.

- **Business Continuity/Disaster Recovery** – Each state agency is primarily responsible for its own business continuity and disaster recovery plan. The BCA needs to conduct more analysis on business continuity/disaster recovery needs and implement more immediate solutions that target the BCA’s unique environment and FBI security requirements such as network availability and redundancy (as well as phone/internet) and further data center consolidation.
- **Criminal Justice Data Communications Network (CJDN) Encryption** – The BCA’s secure criminal justice data network sits on top of the overall state network (Mnet) managed by MNIT Services. The state network is considered a “public” network. Because of the sensitive criminal justice information accessed through the CJDN, the data must be encrypted using an FBI-certified encryption standard. MNIT Services does not meet these encryption standards for end-to-end CJDN connections, which poses a significant security risk and a vulnerability that must be addressed.
- **New FBI Audit Requirements** – The FBI has introduced new audit requirements the BCA must perform as the state criminal justice agency. They include an audit of all non-criminal justice agencies (approximately 500) to ensure appropriate use and dissemination of secure criminal justice information. This request includes four auditor FTEs to ensure we meet FBI requirements and proper use of these systems.

Equity and Inclusion:

This change item has an impact on all Minnesotans, because BCA systems are used to provide accurate, timely and complete critical criminal justice information for increased public safety.

IT-Related Proposals:

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Professional/Technical Contracts		150				
Infrastructure						
Hardware	500					
Software	277	105	105	105	105	105
Training						
Enterprise Services						
Staff Costs (MNIT or Agency)	724	1,070	1,070	1,070	1,070	1,070
Total	1,501	1,325	1,175	1,175	1,175	1,175
MNIT FTEs	4	4	4	4	4	4
Agency FTEs	4	6	6	6	6	6

Results:

None.

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Railroad and Pipeline Safety Assessment Reinstatement

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures (DPS)	2,250	2,250	2,250	2,250
Revenues (DPS)	2,500	2,500	2,500	2,500
Transfer Out (DPS)	250	250	250	250
Expenditures (MPCA)	250	250	250	250
Transfer In (MPCA)	250	250	250	250
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs (DPS)	1.5	1.5	1.5	1.5
FTEs (MPCA)	2	2	2	2

Recommendation:

The Governor recommends reinstating the railroad and pipeline safety assessment in the amount of \$2,500,000 per year to continue to ensure local preparedness and state support of hazardous materials incidents in communities along Minnesota's railroads and pipelines.

Rationale/Background:

Minnesota maintains a state-sponsored capability to support local first responders during hazardous material (hazmat) incidents along railways and pipelines, as well as highways and fixed facilities. Most local fire departments throughout Minnesota do not have the equipment, training, or expertise to handle a hazmat event without assistance. The primary methods for providing that support are state-contracted hazmat response teams and on-call staff to provide advice and support for preparedness and response activities.

Currently, Minnesota has 11 hazmat response teams composed of chemical assessment teams (CAT) and emergency response teams (ERT), depending on the size of the team. Minnesota's hazmat response teams are used regularly, deploying about once a week over the past several years. The teams responded to 62 calls in 2018.

These teams are hosted by local fire departments under contract with the Department of Public Safety (DPS) to respond to hazmat incidents outside their jurisdiction. A key part of this arrangement is that the state provides specialized equipment, training and funding to enhance and maintain the capabilities of each team. One of the primary sources of funding for that capability, the railroad/pipeline safety assessment authority, expired on July 1, 2017 and those accumulated funds will be depleted by the end of FY19.

DPS purchased much of the required equipment with federal homeland security grants after September 11, 2001. Many items have reached the end of their service life and federal monies are no longer available for equipment replacement. In addition, training and conducting exercises are critical components of hazmat incident readiness. Those activities are necessary to maintain team proficiency, ensure local departments and state teams can work together at a scene, and to stay abreast of changing threats. The 2017 Minnesota's Preparedness for Ethanol and Oil Transportation Incidents Report, conducted by the Management Analysis and Development Division of Minnesota Management and Budget, documented the funding needs for exercises and drills, local planning efforts, community-focused communications and warnings, local department training, response equipment replacement/modernization, and maintaining technical advisory support to incident commanders.

Proposal:

The Governor recommends reinstating the annual \$2,500,000 assessment of railroad and pipeline companies. The program to spend the funds each year is:

- \$250,000 for current DPS-HSEM hazardous materials response staff
- \$250,000 transfer to the MPCA for environmental protection activities relating to railroad discharge preparedness under chapter 115E, (2 FTEs)
- \$100,000 for DPS-HSEM railroad and pipeline incident training/exercise staff (1 FTE)
- \$50,000 for GIS mapping support of community risk areas and facilities (.5 FTE)
- \$250,000 to local jurisdictions for exercise/training support and/or facilitation
- \$200,000 to local jurisdictions for planning support
- \$550,000 for operational support of state contracted hazardous materials response teams
- \$100,000 for emergency response team
- \$750,000 to replace equipment and support state regional hazardous materials program

Equity and Inclusion:

The state hazardous materials incident response support is provided equally to all communities and groups, including tribal nations.

IT-Related Proposals:

Not applicable.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	State hazmat response team runs in support of local incidents.	46	62	2017/2018
Activity	Local trainings delivered.	NA	275	2014-2018
Activity	Local exercises supported.	NA	45	2014-2018

Statutory Change(s):

Minnesota Statutes 299A.55 Subd. 2b

Minnesota Statutes 299A.55 Subd. 4

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: School Safety Center

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	250	250	250	250
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	250	250	250
FTEs	2	2	2	2

Recommendation:

The Governor recommends a general fund base increase of \$250,000 per year to fund two additional school safety specialists to meet the increased demands of Minnesota schools for information, advice, and assistance.

Rationale/Background:

The Minnesota School Safety Center (SSC), originally a federal grant-funded program, was reestablished by the legislature in 2012. The initial proposal intended to provide staffing of four people; however, the current budget only supports three full-time employees.

The SSC provides facility security assessments, emergency plan reviews, active shooter/violent intruder response procedures, school resource officer (SRO) training, threat assessments, de-escalation, exercise support, and program information briefings to teachers, staff, principals, superintendents, school boards, and local law enforcement. The effectiveness of these offerings is enhanced by the fact that SSC staff are consultants and advisors, not regulators.

Early in the center's operation, staff made fewer than one presentation/contact per week with local schools. In 2012, they worked with approximately 35 K-12 public schools. As the program matured and demand grew in response to an increase in school shootings across the country, the SSC expanded and extended its offerings to private, charter, and tribal schools, including some pre-K facilities. Currently, staff make four to five presentations/contacts each week, approaching 200 annually.

The SSC cannot meet the demand of current stakeholders and does not have the capacity to make program improvements. In addition, the SSC does not have the resources to create new initiatives identified by stakeholders, create formal school safety certificate programs/learning paths, develop POST-certified SRO training and continuing education programs, expand exercise design and support services, update and improve the resource library on the SSC website, or create better products to help schools plan post-incident procedures such as family reunification.

School safety preparedness is important for violent intrusions, natural disasters, hazardous material incidences, fires, or technology failure. This investment will help meet the increased demand for the SSC services throughout the state to assist in making Minnesota schools safer.

Proposal:

The Governor recommends a general fund appropriation of \$250,000 per year to support two additional FTEs to meet increasing demand for technical assistance to keep Minnesota children safe at school.

Equity and Inclusion:

School Safety Center programs are available to all K-12 schools, including public, private, charter, and tribal.

IT-Related Proposals:

Not applicable.

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Results	School safety center presentations, trainings, and assistance visits.	106	184 (year to date)	Calendar years 2017/2018

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Disaster Assistance Contingency Account

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Transfer Out	10,000	10,000	0	0
Other Funds				
Expenditures	10,000	10,000	0	0
Transfer In	10,000	10,000	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	10,000	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$10 million from the general fund in FY20 and FY21 to replenish the Disaster Assistance Contingency Account (DACA) to meet projected needs for the non-federal share of federal-declared disasters and the state share of state-declared disasters.

Rationale/Background:

In 2014, the legislature created the Disaster Assistance Contingency Account in the special revenue fund. (Minnesota Statutes Chapter 12.221, Subd.6). Money in the disaster assistance contingency account is appropriated to the commissioner of public safety to provide the (1) cost-share for federal assistance following a presidential disaster declaration and (2) state public disaster assistance when the governor authorizes state disaster assistance under Chapter 12B.

The account provides financial relief to local governments and state agencies by reimbursing them for their eligible costs of responding to and recovering from disasters. Under Minnesota Statutes Chapter 12, the state is committed to provide the 25 percent non-federal share for FEMA disasters and the 75 percent state share for state disasters. Without adequate funds to reimburse communities, the applicants will bear the full costs until money is appropriated.

Since the DACA was established in 2014, the Governor has authorized state disaster assistance to local communities for 32 incidents, providing nearly \$25 million in state disaster relief to 72 counties and six tribal nations. Additionally, the DACA has provided more than \$26 million of the state's share (also referred to as the state match) of federal disaster assistance from FEMA, including the four most recent federally-declared disasters to help 76 counties and six tribal nations during the same time. Total transfers from the DACA for disaster assistance to Minnesota communities since its inception are approximately \$51.5 million.

Minnesota experienced 10 state-declared disasters during FY18. There are three more pending in FY19. Minnesota averages one major federal disaster declaration each year.

With adequate funding in the disaster contingency account, the Department of Public Safety is able to quickly reimburse communities for the eligible expenses without need for the legislature to appropriate the relief dollars for each specific disaster. It also avoids the need for, and costs of, special legislative sessions to appropriate money for disaster assistance.

Proposal:

The Governor recommends transferring \$10 million in FY20 and in FY21 to the disaster assistance contingency account in the special revenue fund. This appropriation is needed for the Department of Public Safety to meet its statutory requirement to provide disaster assistance in combination with or absent federal aid.

Equity and Inclusion:

The DACA is administered equally to all communities and groups, including tribal nations. This item can be sustained with consistent state general funding to meet the federal match requirement.

IT-Related Proposals:

Not applicable.

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Results	DACA funds transferred to disaster appropriations to reimburse local applicants.	\$13,558,831	\$6,188,957	2017/2018

Year to date FY19 transfers are \$12,039,751 with another \$2,887,390 pending for the most recent major federal disaster, FEMA-4414-DR, declared on February 1, 2019 for damages sustained in St. Louis County during the severe windstorm and storm surge flooding in October.

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Vulnerable Adult Investigation Staffing

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	258	246	246	246
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	258	246	246	246
FTEs	2	2	2	2

Recommendation:

The Governor recommends a general fund base increase of \$246,000 per year to support two additional special agents in the Department of Public Safety Bureau of Criminal Apprehension (BCA) to provide statewide leadership, case assistance and training in the area of vulnerable adult investigations. The additional special agents will assist the BCA in protecting adults who, because of physical or mental disability or dependency on institutional services, are particularly vulnerable to maltreatment and will therefore create safer environments for these individuals. The FY20 appropriation includes \$12,000 for onetime equipment and training costs.

Rationale/Background:

By 2040, 21% of the Minnesota population will be 65 or older, compared with 12% in 2000. The 85 and older population will be three times larger than it was in 2000, and the trend will continue to grow. As our population ages, more individuals become dependent on caregivers and other programs to sustain their standard of living, take care of their needs, and ensure their financial stability. However, with this dependence comes the risk of fraud and other crimes committed against this population for criminal gain. These cases can be complex and multi-jurisdictional, and often create investigative challenges unique to working with a vulnerable population. Expertise in assisting local jurisdictions with investigating these cases and educating partners is critical.

The BCA currently heads the Minnesota Financial Crimes Task Force (MNFCTF), which investigates identity theft and related financial crimes across the state in conjunction with local law enforcement agencies. The BCA has assigned a special agent as the task force commander, one assistant special agent, three special agents and two criminal intelligence analysts. The proposed agents would be assigned to this section within the BCA.

The MNFCTF also includes local participants from the St. Paul Police Department, Edina Police Department, Dakota County Sheriff's Office, Stearns County Sheriff's Office, Duluth Police Department, Beltrami County Sheriff's Office, Chisago County Sheriff's Office, Washington County Sheriff's Office, Bloomington Police Department and Forest Lake Police Department, as well as multiple federal participants.

The MNFCTF also holds and sponsors three annual financial crimes investigation trainings throughout Minnesota. BCA agents provide routine training and presentations to banking institutions and crime prevention associations throughout the state. On average, the MNFCTF provides training to approximately 250-350 law enforcement and civilian personnel in a fiscal year.

The MNFCTF Agents and Task Force Officers assist local, state, and federal agencies with some of the most complex financial crimes occurring in Minnesota. Throughout investigations the BCA has noticed an upward trend in crimes against vulnerable adults. This proposal would allow dedicated agents to work on these crimes with other state agencies and local jurisdictions to combat the exploitation of vulnerable adults in Minnesota.

Proposal:

The Governor recommends funding two additional special agents to provide statewide leadership, case assistance, and training focusing in the area of vulnerable adult investigations. The additional special agents will assist the BCA in protecting adults who, because of physical or mental disability or dependency on institutional services, are particularly vulnerable to maltreatment and will therefore create safer environments for these individuals.

This investment would ensure that the BCA and the MNFCTF are providing our law enforcement partners with the proper investigative support and training necessary to conduct successful prosecutable cases, therefore preventing crimes of fraud against our vulnerable adult population.

Equity and Inclusion:

This proposal affects the safety of all Minnesotans.

IT-Related Proposals:

Not applicable.

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Drug Support Capacity Enhancement

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,648	1,242	1,242	1,242
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,648	1,242	1,242	1,242
FTEs	10	10	10	10

Recommendation:

The Governor recommends appropriating from the opioid stewardship fund \$1.242 million per year and \$406,070 of onetime costs in FY20 to the Department of Public Safety. The funding will support three additional Special Agents and one Criminal Intelligence Analyst to investigate heroin and other drug crimes and six forensic scientists to reduce the current drug evidence turnaround time. The onetime costs in FY20 support training, equipment, and laboratory renovation expenses to accommodate additional scientists. This proposal is part of a package of proposals recommended by the Governor to address rising rates of opioid use. The package of proposals is funded by new fees on opioid manufacturers, wholesalers, and entities that handle controlled substances.

The agents and analyst will also be responsible for providing statewide training to local law enforcement on heroin and other opioid investigations including how to investigate fatal overdoses. The three agents would be strategically located across the state near reservations to provide the additional resources to tribal nations needed to combat the opioid crisis and other drug trends. The Criminal Intelligence Analyst would be responsible for supporting investigative efforts in these cases as well as proactively identifying drug trends within the state.

Rationale/Background:

The Department of Public Safety Bureau of Criminal Apprehension (BCA) Investigations Division provides investigative assistance to criminal justice agencies statewide. BCA agents and analysts are located in two regional offices located in St. Paul and Bemidji and ten field offices strategically located throughout the state. Services provided include the investigation of complex narcotics investigations. These investigations are both challenging and time-intensive. The BCA provides critical services that many agencies cannot support locally due to the time and expertise needed, in addition to jurisdictional considerations.

Over the past two years, the BCA has dramatically shifted resources in the narcotics division to investigate heroin and other opioid abuse. The threat posed by heroin and opioids in Minnesota has reached epidemic proportions with devastating impacts on public health and safety. Opioids not only impact those abusing drugs but also their children, family members, and friends.

In 2015, 330 deaths in Minnesota were linked to heroin and prescription opioids, rising to 395 in 2016. According to the Minnesota Department of Human Services (DHS), treatment admissions for heroin use disorders have risen 105% from 2011-2016. Admissions for other opioids, such as prescription pain medication decreased 29.3% during that same timeframe. While the decrease with other opioids such as prescription pain admissions is encouraging, it is clear that heroin, fentanyl, and fentanyl analogs are replacing prescription drugs.

The North Central High Intensity Drug Trafficking Area's (NC HIDTA) 2018 threat assessment indicates that prescription opioid abuse remains the second greatest threat for the fourth consecutive year in Minnesota after heroin. Opioid pharmaceuticals in the region include oxycodone, hydrocodone, methadone, morphine, tramadol, fentanyl, and various fentanyl analogues. This high-availability is corroborated by large increases in pharmaceutical seizures by NC HIDTA and Minnesota Violent Offender Enforcement teams (MN VCETs). Various enforcement initiatives within Minnesota report over a 500-600% increase between 2015 and 2016. The NC HIDTA 2019 threat assessment says that heroin and opioid substances such as fentanyl and various fentanyl analogues along with pharmaceuticals remain a significant threat in Minnesota.

The BCA's Forensic Science Service (FSS) records show the number of cases requiring analysis for opioids has grown by 87% in the last five years. Submission of evidence for this type of testing has increased 48% in the past two years. From 2015 to 2017 the FSS has seen an increase in heroin, fentanyl and carfentanyl submissions. In 2016, the FSS had its first submissions for carfentanyl with a total of 12 cases; in 2017, there were 77 submissions. Fentanyl submissions have risen from 12 in 2015 to 140 in 2017 and heroin has increased from 753 in 2015 to 1,083 in 2017.

This increase in the number of submissions for analysis, along with various other challenges including speedy trial demands and evolving drug trends, have resulted in an average turnaround time of 120 days at the end of 2017, four times the time deemed acceptable by prosecutors and judges. The increase in capacity requested in this change proposal will allow the FSS to reduce the turnaround time for controlled substance evidence submissions.

Proposal:

The Governor recommends funding for three new Special Agents to investigate heroin and other opioid cases and one Criminal Intelligence Analyst to support those efforts. These additional employees will also be responsible for providing statewide training to local law enforcement on heroin and other opioid investigations including how to investigate fatal overdoses. The proposal also supports six new forensic scientists to reduce the backlog of evidence to be tested as well as reduce the turnaround time for evidence submitted. The proposal includes onetime costs for supplies, equipment, and workspace preparation necessary to increase the program capacity.

Equity and Inclusion:

This proposal affects the safety of all Minnesotans. The investment in reducing turnaround times in drug cases increases public safety by moving these cases more quickly through the process, while ensuring civil liberties. In addressing the rising opioid epidemic, particular concern arises when considering that Minnesota ranks highest among all states in the ratio of mortality rates due to drug poisoning by heroin and other opioids among American Indians/Alaska Natives in comparison to Whites and African Americans/Blacks to Whites. This proposal recognizes this disparity and will locate investigative staff in strategic locations to work closely with tribes.

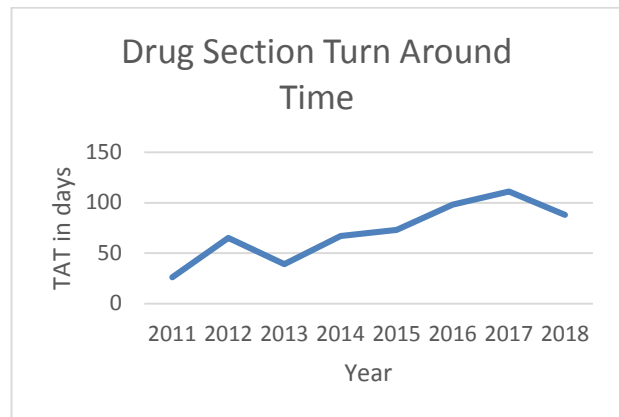
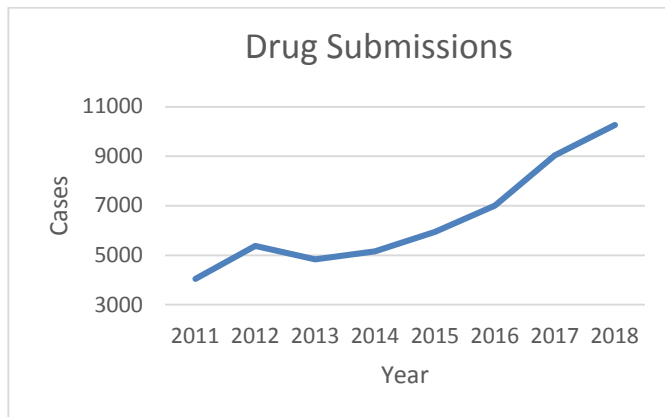
IT Related Proposals:

Not applicable.

Results:

The following metrics can be used to assess the quality and impact of services provided by the BCA FSS Drug Chemistry Section. Data for the past six years is included below. The Quantity metric demonstrates the increase in demand observed between 2013 and 2018 (113% overall increase – see table for annual trend). The Quality metric demonstrates the amount of time elapsed between submission of the evidence to the laboratory and reporting of results for these cases. Additional staffing and implementation of a new case processing approach have contributed to a general increase in quality of the services provided by decreasing the turnaround time in 2018. However, it is still 118% higher than it was in 2013 (see table for annual trend). The Results metric shows the backlog of cases (delayed more than 30 days).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Case submissions for controlled substances analysis	4830	10,266	2013/2018
Quality	Time lapse (days) between submission and reporting	39	85	2013/2018
Results	Cases waiting over 30 days for testing	208	987	2013/2018



Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Disaster Assistance Contingency Account Deficiency

Fiscal Impact (\$000s)	FY 2019	FY 2020	FY 2021	FY 2022
General Fund				
Transfer Out	10,000	0	0	0
Other Funds				
Expenditures	10,000	0	0	0
Transfer In	10,000	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends appropriating \$10 million from the general fund in FY19 to replenish the Disaster Assistance Contingency Account (DACA) to meet projected needs for the non-federal share of federal-declared disasters and the state share of state-declared disasters for the remainder of FY 2019.

Rationale/Background:

In 2014, the legislature created the DACA in the special revenue fund (Minnesota Statutes Chapter 12.221, Subd. 6). Money in the DACA is appropriated to the commissioner of public safety to provide (1) cost-share for federal assistance following a presidential disaster declaration and (2) state public disaster assistance when the governor authorizes state disaster assistance under Chapter 12B.

The account provides financial relief to local governments and state agencies by reimbursing them for their eligible costs of responding to and recovering from disasters. Under Minnesota Statutes Chapter 12, the state is committed to providing the 25 percent non-federal share for FEMA disasters and the 75 percent state share for state disasters. Without adequate funds to reimburse communities, the applicants will bear the full costs until money is appropriated.

Since the DACA was established in 2014, the Governor has authorized state disaster assistance to local communities for 32 incidents, providing nearly \$25 million in state disaster relief to 72 counties and six tribal nations. Additionally, the DACA has provided more than \$26 million of the state's share (also referred to as the state match) of federal disaster assistance from FEMA, including the four most recent federally-declared disasters to help 76 counties and six tribal nations during the same time. Total transfers from the DACA for disaster assistance to Minnesota communities since its inception are approximately \$51.5 million.

So far in FY19, the Governor has authorized state disaster assistance four more times to provide an estimated \$5.7 million in relief. Additionally, the DACA funded more than \$5.4 million for the non-federal share of the federal disaster, FEMA-4390-DR, to provide relief from severe storms and flooding in June and July 2018. Another \$2.887 million transfer is pending for the most recent major federal disaster, FEMA-4414-DR, declared on February 1, 2019 for damages sustained in St. Louis County during the severe windstorm and storm surge flooding in October.

Springtime weather is usually fraught with snowmelt flooding, ice storms, and early-season thunderstorms and tornadoes. Between the known storms and the upcoming storm season, additional resources in the amount of \$10 million are needed to meet our obligations. Without additional funding for the DACA, DPS will be unable to reimburse communities for the eligible expenses of their recovery from disaster damage for the remainder of FY19.

As of February 8, 2019 the balance in the DACA is approximately \$220,500. The pending obligation for FEMA-4414-DR of \$2.887 million creates a deficiency of \$2.7 million, which doesn't include costs of disasters that may occur in the remainder of FY19.

Proposal:

The Governor recommends transferring \$10 million in FY19 to the disaster assistance contingency account in the special revenue fund so DPS can meet its statutory requirement to provide disaster assistance in combination with or absent federal aid for the remainder of FY19. If funding is not available by March 1, 2019, DPS will have to delay assistance payments for the latest federally declared disaster in Duluth.

Equity and Inclusion:

The DACA is administered equally to all communities and groups, including tribal nations.

IT-Related Proposals:

Not applicable.

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Results	DACA funds transferred to disaster appropriations to reimburse local applicants.	13,558,831	6,188,957	2017/2018

Transfers out of the DACA year-to-date in FY19 are \$12,039,751, which does not include the \$2,887,390 pending for our newest federal declaration, FEMA-4414-DR.

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Gun Violence Prevention

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (Public Safety)	188	38	38	38
Expenditures (District Courts)	162	162	162	162
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	350	200	200	200
FTEs (District Courts)	2	2	2	2

Recommendation:

The Governor recommends general funds totaling \$350,000 in the FY20 and \$200,000 each year ongoing for measures to prevent gun violence. Of this amount, \$188,000 in FY20 and \$38,000 ongoing is for the Department of Public Safety to modify and maintain the Gun Permit Background Check system and \$162,000 each year is for two FTEs in the District Courts to process anticipated petitions for extreme risk protection orders.

Rationale/Background:

The increasing number of deaths and injuries to individuals from firearms can and must be reduced. Current law requires individuals to pass a background check before buying a firearm at licensed firearm dealer. However, criminal background checks are not required for private sales, including online and at gun shows. Expansion of the application of existing background checks for disqualifying offenses is one method to use to keep firearms away from individuals who are legally prohibited from having them.

As of January 2019, 13 states have passed laws that allow a court petition process as a tool to prevent firearm violence. This prevention method provides a means where concerned family members or law enforcement can petition a court to remove firearms from an individual's possession if there is evidence that the person presents a significant danger of bodily injury to themselves or others. These orders can prevent gun violence acts of suicide, domestic violence, and mass shootings by allowing informed and concerned individuals to present warning signs to a neutral arbitrator who then determines whether the risk is serious enough to warrant the individual's firearms be removed from their possession.

Proposal:

The funding included in the budget provides resources to implement two proposals currently introduced in the legislature. First, the governor recommends a proposal to create a new requirement for background checks when private parties transfer any firearm. With the exception of immediate family members, private parties must obtain a transferee permit and all transfers will be subject to a background check. Private parties who are unable to produce the record of the transfer may be subject to criminal charges.

Second, the funding is to support a proposal that creates an Extreme Risk Protection Order (ERPO) process in statute. The ERPO process allows a family member, household member, a guardian, a law enforcement agency, or city or county attorney to petition a court to have an individual's firearms withheld for a fixed period. To obtain the order, the court must agree that the individual poses a significant danger of bodily injury to themselves or other persons. A hearing is provided as well as an emergency petition process to be used when there is an

immediate and present danger of bodily injury. Under this proposal, new offenses are created for providing false information in a petition or with an intent to harass, abuse or threaten another or for violating an extreme risk protection order.

IT-Related Proposals:

Not applicable.

Results:

None.

Statutory Change(s):

Minnesota Statutes 624.7131, 624.713

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Background Check for Contractors at Noncriminal Justice Agencies

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a change to statutes that would require federal fingerprint-based background checks for contractors working with criminal justice information in noncriminal justice agencies. Background checks have an associated fee that covers both the amount charged by the Federal Bureau of Investigation (FBI) as well as the costs incurred by the Bureau of Criminal Apprehension (BCA) to conduct the checks. The money collected will be deposited in the existing special revenue fund currently operated by the BCA. Estimating the number of checks that will be conducted cannot be accurately done at this time.

Rationale/Background:

Criminal justice information includes state and federal criminal history maintained by the FBI and at the state level. Criminal justice information details an individual's interactions with various parts of the criminal justice system. As prescribed by statute, criminal justice information is also used to determine whether an individual should have a particular license, employment, housing, or other legal rights.

The FBI imposes a number of requirements on individuals who have access to its criminal justice information. A 2018 FBI audit in Minnesota discovered a gap in the authority to conduct background checks.

In addition, the National Crime Prevention and Privacy Compact and Minnesota Statutes sections 299C.58 and 299C.582, requires Minnesota to ensure compliance with compact provisions, rules, procedures and standards. The National Crime Prevention and Privacy Compact Council requires a background check when noncriminal justice agency functions associated with criminal justice information are outsourced.

This proposal amends Minnesota Statutes section 299C.46, subdivision 3(g) to authorize federal and state fingerprint-based background checks for contractors working with criminal justice information in certain noncriminal justice agencies. Currently, statute authorizes background checks for contractors in all criminal justice agencies with access to criminal justice information. This proposal would impose the requirement on the remaining group of contractors who work with noncriminal justice agencies who receive criminal justice information but do not have a secure connection.

Proposal:

The proposal would amend statutes to authorize additional federal, fingerprint-based background checks for contractors working with criminal justice information in noncriminal justice agencies. These checks are needed to meet FBI requirements and to secure criminal justice information used in noncriminal justice agencies to make decisions about licensing, housing, employment or other benefits.

The fee charged for the background check will add capacity to meet the increase in volume of background checks provided. Fees collected for background checks are deposited in a special revenue fund authorized by Minnesota Statutes section 299C.10, subdivision 4. Historically, fees deposited in this fund have been used to pay the salaries of the employees who perform the background checks and for hardware, software upgrades, software licenses, infrastructure, server space, and other expenses associated with maintaining the criminal history system and its component parts. The background check fee of \$15 was instituted in 2000. It does not, however, cover all of the costs of operating the criminal history system. In 2016, that amount was \$5.8 million and it will increase with the implementation of a new criminal history system that was deployed in March of this year.

Background check fees bring in a revenue of \$2.8 million per year, resulting in a shortfall that is covered by general fund dollars to keep the system operational. The BCA expects that the requested background check will not alter this outcome.

Implementation will occur when the U.S. Attorney General has approved the policy language as required by Public Law 92-544.

Equity and Inclusion:

The impacts on these groups is the same as for any other group required to be the subject of a background check prior to receiving a license, employment, housing or another benefit.

IT Related Proposals:

Not applicable.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Federal fingerprint-based background checks	64,772	72,435	FY17/FY18

Statutory Change(s):

Minnesota Statutes 299C.46, subd. 3(g).

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Reduced Cigarette Ignition Propensity Account

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0

Recommendation:

The Governor recommends funding from the Reduced Cigarette Ignition Propensity (RCIP) account be used for research, development, distribution and presentation of fire and life safety education programs throughout the state of Minnesota. There would be no impact to the current operating (base) budget of the State Fire Marshal Division (SFMD) of the Department of Public Safety (DPS).

Rationale/Background:

Every three years, all cigarette manufacturers who sell cigarettes in the state of Minnesota must certify their brand(s) of cigarettes to the standards of Minnesota Statute 299F.851. Along with documentation of testing and performance standards, cigarette manufacturers must pay a fee of \$250 per cigarette brand to the State Fire Marshal. Currently, statute allows the funds in this account be used by the State Fire Marshal to implement the statute. Each testing cycle generates revenues of approximately \$250,000. The State Fire Marshal would like to use up to \$75,000 annually of existing funds for fire and life safety education programs throughout Minnesota.

From 2005 through 2017, there have been 3,778 smoking-related fires (wildland and structural) throughout Minnesota causing more than \$5.3 million in damages to property. Of those, 2,113 were classified as “structure fires.” On an average, the state of Minnesota sees 421 fires per year caused by smoking and smoking materials. During that period, there were 227 deaths caused by smoking-related fires, which is approximately 16 fatalities a year. Smoking-related fires comprise 27% of all fire deaths and 21% of all property loss.

The State Fire Marshal provides training and educational material to fire departments across the state to provide fire safety programming in their communities. Studies have shown the number of fire deaths directly associated with cigarette smoking has remained relatively consistent over the past 40 years.

A growing concern is the number of youth-set fires. From 2005 to 2017 a total of 735 fires were linked to juveniles 17 years old and younger. In the mid-1990’s, the Youth Firesetter Prevention and Intervention program (YFPI) was created through legislation to address this problem. Plans to develop new, updated, and relevant material have been delayed until sufficient funding is available. DPS remains concerned over the number of fires and fire deaths and believes that increased education and training is critical. The SFMD is committed to developing materials that make a life-changing impact for Minnesotans to reduce the number of fires and fire deaths.

Proposal:

The Governor recommends using existing RCIP funds to continue current Fire and Life Safety Education (FLSE) initiatives and expand the delivery of those messages through previously unused mediums and develop material designed for young (post-high school) and older adults. This proposal is in the spirit of the original intent of the

RCIP fund by using funds to attain a measurable decrease in the number of fires and fire deaths caused by smoking, smoking materials, and smoking paraphernalia.

Equity and Inclusion:

This proposal applies equally throughout Minnesota. The SFMD will ensure that cultural aspects of tobacco use is respected in targeted materials.

Statutory Change(s):

Minn. Stat. 299F.857

Program: Homeland Security and Emergency Management (HSEM)dps.mn.gov/divisions/hsem/**AT A GLANCE**

- Workforce: 68 employees
- HSEM oversees the statutory requirement that every county and city has an emergency management program.
- During the last seven years:
 - Nine federally declared disasters.
 - Thirty-two state-declared disasters.
 - \$232 million of state and federal disaster aid distributed.
- Services strengthen emergency readiness and homeland security across the state, including school safety and railway accident response preparedness.
- Supported security operations for major public events like the 2014 All-Star Game, 2016 Ryder Cup, and 2018 Super Bowl.

PURPOSE & CONTEXT

HSEM helps Minnesota communities prevent, prepare for, respond to, and recover from natural and human-caused disasters.

We build communities that can effectively respond to emergencies and have the ability to recover quickly from the effects of disaster.

We also strengthen homeland security by sharing information, providing resources, and planning to deal with the after-effects of a terrorist attack.

Our primary customers are county emergency management directors.

SERVICES PROVIDED

The program consists of three primary activities:

- Emergency Management Performance Grant (EMPG)
- Radiological Emergency Preparedness (REP)
- Emergency Planning and Community Right-to-Know Act (EPCRA)

EMPG ensures that state and counties have active and effective emergency management programs. The federal government provides 50 percent of the funding and requires a 50 percent nonfederal cost-share match. Key focus areas include:

- Preparing for all types of emergencies, such as flooding or train derailments.
- Helping communities recover from disasters.
- Providing safe and secure schools.
- Responding to railway accidents involving oil and other hazardous materials.

REP assures the state is capable of protecting Minnesotans in the event of an incident or accident at our two nuclear power plants. Assessments from the utility company cover the costs for this work.

EPCRA regulates facilities that use, store or release hazardous materials. It informs communities of the hazardous materials in their jurisdiction so they can develop effective emergency response plans. EPCRA is funded with a combination of General Fund and Environmental Fund appropriations. It generates revenue from fees assessed on regulated facilities.

To make sure the people in Minnesota are safe, we:

- Educate individuals and families on how to be ready for an emergency.
- Support local emergency management programs.
- Keep the state emergency operations center ready for immediate use.
- Prepare state agencies to provide emergency support to local government.
- Conduct training, exercise, and professional certification programs.
- Work with Federal Emergency Management Agency (FEMA) to bring federal disaster assistance to the state.
- Support statewide emergency response teams.

We work closely with local emergency managers, first responder organizations (law enforcement, fire and emergency medical services, etc.), professional associations, voluntary service organizations, functional needs specialists, private industry, citizen groups, state agencies, U.S. Department of Homeland Security (DHS), FEMA, tribal governments, and elected officials.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of counties with certified emergency management directors	82%	70%	2016/2018
Results	Percentage of state agencies with certified emergency coordinators	100%	100%	2016/2018
Results	Percentage of counties with approved and adopted hazard mitigation plans	80%	80%	2016/2018
Quantity	Certification and professional development training hours provided	32,656	29,846	2016/2018
Results	Emergency preparedness exercises conducted	374	562	2016/2018
Quality	Percentage of federally evaluated REP exercise objectives met	100%	100%	2016/2018
Quantity	Facilities filing hazardous chemical inventories	6,906	7,203	2016/2018
Quantity	School safety center training hours provided	11,110	15,517	2016/2018
Results	Rail route fire departments trained	187	283	2016/2018
Quantity	Rail and pipeline oil transportation safety training hours provided	17,115	25,318	2016/2018

Minn. Stat. Chapter 12 (<http://www.revisor.mn.gov/statutes/cite/12>) creates the division and establishes its duties, including nuclear emergency response, disaster assistance, mutual aid agreements, and specialized response teams.

Minn. Stat. Chapter 299K (<https://www.revisor.mn.gov/statutes/cite/299K>) regulates planning for and responding to hazardous chemical emergencies, and authorizes enforcement of the federal Emergency Planning and Community Right to Know Act, United States Code, title 42, sections 11001 to 11046.

Minn. Stat. Chapter 115E.08 subd. 3b, (<https://www.revisor.mn.gov/statutes/cite/115E.08>) defines duties related to railroad and pipeline safety.

Homeland Security & Emergency Mgmt

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	2,327	2,444	6,112	3,044	2,642	2,642	2,895	2,895
2000 - Restrict Misc Special Revenue	10,163	20,729	11,462	27,738	7,157	6,958	19,407	19,208
2800 - Environmental	69	70	72	74	73	73	73	73
3000 - Federal	32,390	31,354	28,079	44,347				
Total	44,949	54,597	45,724	75,203	9,872	9,673	22,375	22,176
Biennial Change				21,382		(101,382)		(76,376)
Biennial % Change				21		(84)		(63)
Governor's Change from Base								25,006
Governor's % Change from Base								128

Expenditures by Activity

Emerg Mgmt Performance Grants	40,907	49,782	41,180	69,310	4,016	3,817	16,519	16,320
Nuclear Plant Preparedness	3,746	4,490	4,213	5,512	5,512	5,512	5,512	5,512
Community Right To Know Act	296	324	332	381	344	344	344	344
Total	44,949	54,597	45,724	75,203	9,872	9,673	22,375	22,176

Expenditures by Category

Compensation	6,618	6,559	6,749	7,937	3,823	3,823	4,473	4,473
Operating Expenses	2,987	5,042	4,599	5,284	2,406	2,406	3,359	3,359
Grants, Aids and Subsidies	34,915	41,026	34,193	57,889	3,433	3,433	13,583	13,583
Capital Outlay-Real Property	6	1,026		1,027				
Other Financial Transaction	422	943	184	3,066	210	11	960	761
Total	44,949	54,597	45,724	75,203	9,872	9,673	22,375	22,176

Total Agency Expenditures	44,949	54,597	45,724	75,203	9,872	9,673	22,375	22,176
Internal Billing Expenditures	337	272	247	153				
Expenditures Less Internal Billing	44,612	54,325	45,477	75,050	9,872	9,673	22,375	22,176

Full-Time Equivalent

72.07	68.49	68.44	55.11	31.39	31.39	34.89	34.89
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Homeland Security & Emergency Mgmt

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	2,205	3,368	3,499	405				
Direct Appropriation	4,050	4,032	5,346	12,639	2,642	2,642	12,895	12,895
Transfers In	1,070	867	2,261	796	796	796	796	796
Transfers Out	2,070	1,703	3,945	10,796	796	796	10,796	10,796
Cancellations		749	644					
Balance Forward Out	2,928	3,371	406					
Expenditures	2,327	2,444	6,112	3,044	2,642	2,642	2,895	2,895
Biennial Change in Expenditures				4,384		(3,872)		(3,366)
Biennial % Change in Expenditures				92		(42)		(37)
Governor's Change from Base								506
Governor's % Change from Base								10
Full-Time Equivalents	15.87	14.47	17.35	17.35	17.35	17.35	19.35	19.35

2000 - Restrict Misc Special Revenue

Balance Forward In	7,465	26,278	17,231	22,624	12,386	11,654	12,386	11,654
Direct Appropriation	950	850	1,525	1,525	850	850	850	850
Receipts	6,402	7,366	4,349	5,679	5,679	5,679	8,179	8,179
Transfers In	26,193	15,896	19,351	13,084			10,000	10,000
Transfers Out	5,338	14,364	8,372	2,788	104	104	354	354
Balance Forward Out	25,509	15,298	22,622	12,386	11,654	11,121	11,654	11,121
Expenditures	10,163	20,729	11,462	27,738	7,157	6,958	19,407	19,208
Biennial Change in Expenditures				8,308		(25,085)		(585)
Biennial % Change in Expenditures				27		(64)		(1)
Governor's Change from Base								24,500
Governor's % Change from Base								174
Full-Time Equivalents	13.44	15.00	14.06	13.65	13.29	13.29	14.79	14.79

2800 - Environmental

Balance Forward In		1		1				
Direct Appropriation	70	72	73	73	73	73	73	73
Cancellations		3						
Balance Forward Out	1		1					
Expenditures	69	70	72	74	73	73	73	73

Homeland Security & Emergency Mgmt

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				7		0		0
Biennial % Change in Expenditures				5		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.74	0.74	0.75	0.75	0.75	0.75	0.75	0.75

3000 - Federal

Balance Forward In	210	45	22	16	9	9	9	9
Receipts	32,261	31,318	28,073	44,340				
Transfers In		0						
Transfers Out	0	0						
Balance Forward Out	82	9	16	9	9	9	9	9
Expenditures	32,390	31,354	28,079	44,347				
Biennial Change in Expenditures				8,683		(72,426)		(72,426)
Biennial % Change in Expenditures				14		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	42.02	38.28	36.28	23.36				

Program: Bureau of Criminal Apprehension (BCA)dps.mn.gov/divisions/bca/**AT A GLANCE**

- Workforce: 436 employees
- Approximately 1,700 criminal justice agency partners
- More than 140,000 agent hours conducting criminal investigations annually
- More than 90 crime scenes processed annually
- More than 17,000 cases where evidence was examined annually
- More than 478,000 civil background checks annually
- More than 1 million criminal justice agency computer queries per day
- More than 8,000 criminal justice professionals received training annually
- More than 9,100 Minnesota Duty Officer calls resulting in more than 29,000 notifications to state agencies to respond annually

PURPOSE & CONTEXT

The BCA prevents, investigates, and solves crimes by working with our criminal justice partners. We contribute to our agency's mission by providing specialized services and expertise to assist Minnesota criminal justice agencies in finding, identifying and arresting criminals. The BCA provides this support through statewide deployment of special agents, two crime laboratories, more than 30 criminal justice information systems, and law enforcement training courses.

SERVICES PROVIDED

The BCA has three divisions that work with criminal justice agencies to make Minnesota safe:

- **Investigations:** Special agents provide specialized skills to assist local law enforcement agencies with death, narcotics and missing person cases. These agents help with cases across city or county boundaries or during long-term criminal investigations. The BCA manages predatory offender registrations, leads the Internet Crimes Against Children Task Force, leads the Minnesota Human Trafficking Investigators Task Force, and provides law enforcement information sharing through the Minnesota Fusion Center.
- **Forensic Science Laboratories:** The state's only full-service, accredited laboratories are operated by the BCA. The scientists perform analysis of physical evidence collected by law enforcement across the state. The Crime Scene Response Team is a joint effort between the laboratories and investigators that gathers evidence at serious crime scenes throughout Minnesota. The test results help solve crimes, convict the guilty and exonerate the innocent.
- **Minnesota Justice Information Services (MNJIS):** This division collects, manages and provides access to criminal justice information with a focus on sharing data electronically. This includes connectivity to the Federal Bureau of Investigation and other states to ensure that complete, timely and accurate information is available to make critical decisions during the criminal justice process.

To make sure people in Minnesota are safe, we:

- Assist local law enforcement with criminal cases that require skills and resources they do not have in their agency
- Help local law enforcement collect evidence at crime scenes by sending special agents and scientists with specialized tools

- Perform forensic analysis on crime-scene evidence for all law enforcement agencies in the state and provide expert testimony when needed
- Provide instrumentation and certification for breath alcohol testing throughout the state of Minnesota
- Provide access to multiple data sources that provide information to criminal justice professionals to use in evaluating cases
- Provide training for criminal justice professionals in advanced skills, leadership, business practices, and use of BCA technology
- Provide information sharing and analysis through the Minnesota Fusion Center

We work closely with law enforcement, prosecutors, courts, probation agencies, corrections, and professional associations to provide exceptional leadership while building and implementing cutting-edge programs and services for the protection and safety of all in Minnesota.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Agent hours conducting criminal investigations	145,295	140,145	FY17/FY18
Results	Percentage of predatory offenders in compliance with registration requirements	93.1%	93.1%	FY17/FY18
Quantity	Forensic Laboratory reports released to criminal justice agencies	21,232	22,661	FY16/FY17
Quality	Turnaround time for processing cases in the forensic science laboratories	66 days	76 days	FY16/FY17
Quantity	Daily number of computer transactions in support of criminal justice professionals	1,320,145	1,458,287	FY17/FY18
Quantity	Number of background checks conducted for licensing, employment, housing etc.	458,538	361,625	FY17/FY18
Quantity	Number of students in classes provided by Criminal Justice Training and Education	8,572	8,187 ¹	FY17/FY18

Bureau activities: Minn. Stat. Chapter 299C (<https://www.revisor.mn.gov/statutes/cite/299C>)

¹ Change represents a conference held every other year that was not held in FY18, attendance averages 600.

Bureau of Criminal Apprehension

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	44,245	60,847	50,662	63,269	56,008	56,141	60,743	60,538
1200 - State Government Special Rev	7	7	7	7	7	7	7	7
2000 - Restrict Misc Special Revenue	7,087	4,303	12,485	11,038	9,321	9,145	9,321	9,145
2001 - Other Misc Special Revenue	244	371	794	1,095	825	825	825	825
2365 - Opioid Stewardship							1,648	1,242
2403 - Gift	18	2	3	47	20	20	20	20
2700 - Trunk Highway	2,155	2,469	1,934	2,864	2,429	2,429	2,429	2,429
3000 - Federal	3,220	4,043	5,439	5,810	6,077	6,077	6,077	6,077
Total	56,976	72,041	71,323	84,130	74,687	74,644	81,070	80,283
Biennial Change				26,436		(6,122)		5,900
Biennial % Change				20		(4)		4
Governor's Change from Base								12,022
Governor's % Change from Base								8

Expenditures by Activity

Forensic Science Service	15,666	17,016	16,613	18,341	17,839	17,818	21,918	21,165
Mn Justice Information Service	23,049	27,996	29,985	32,659	26,111	26,110	27,611	27,610
Criminal Investigations	15,698	19,828	17,030	24,141	22,039	22,172	22,843	22,964
Police Training & Development	1,539	998	1,163	1,939	1,728	1,547	1,728	1,547
Criminal Apprehension Support	951	6,175	6,532	7,050	6,970	6,997	6,970	6,997
Crimnet	73	27						
Total	56,976	72,041	71,323	84,130	74,687	74,644	81,070	80,283

Expenditures by Category

Compensation	36,016	30,469	32,444	38,445	39,332	39,547	42,041	42,348
Operating Expenses	17,531	34,050	35,287	43,046	32,979	32,889	36,653	35,727
Grants, Aids and Subsidies	43	10	5					
Capital Outlay-Real Property	1,451	2,657	1,272	1,210	1,053	1,036	1,053	1,036
Other Financial Transaction	1,935	4,856	2,316	1,429	1,323	1,172	1,323	1,172
Total	56,976	72,041	71,323	84,130	74,687	74,644	81,070	80,283

Bureau of Criminal Apprehension

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total Agency Expenditures	56,976	72,041	71,323	84,130	74,687	74,644	81,070	80,283
Internal Billing Expenditures	160	122	120	160	162	162	162	162
Expenditures Less Internal Billing	56,816	71,919	71,203	83,970	74,525	74,482	80,908	80,121
<u>Full-Time Equivalents</u>	353.05	317.49	328.39	361.92	361.17	360.17	381.17	382.17

Bureau of Criminal Apprehension

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		10,341		5,735				
Direct Appropriation	54,477	50,542	56,397	57,534	56,008	56,141	60,743	60,538
Transfers In	58,194	58,381	53,897	57,534	56,008	56,141	56,008	56,141
Transfers Out	58,194	58,392	53,897	57,534	56,008	56,141	56,008	56,141
Cancellations		26						
Balance Forward Out	10,232		5,735					
Expenditures	44,245	60,847	50,662	63,269	56,008	56,141	60,743	60,538
Biennial Change in Expenditures				8,839		(1,782)		7,350
Biennial % Change in Expenditures				8		(2)		6
Governor's Change from Base								9,132
Governor's % Change from Base								8
Full-Time Equivalents	275.25	251.03	259.98	283.80	283.80	283.80	293.80	295.80

1200 - State Government Special Rev

Balance Forward In		0						
Direct Appropriation	7	7	7	7	7	7	7	7
Cancellations		0						
Balance Forward Out	0							
Expenditures	7	7	7	7	7	7	7	7
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	4,501	5,751	9,640	5,594	3,135	2,247	3,135	2,247
Receipts	7,338	7,043	7,557	7,673	7,516	7,551	7,516	7,551
Transfers In	932	919	881	922	917	917	917	917
Transfers Out		0		16				
Balance Forward Out	5,685	9,411	5,595	3,135	2,247	1,570	2,247	1,570
Expenditures	7,087	4,303	12,485	11,038	9,321	9,145	9,321	9,145
Biennial Change in Expenditures				12,133		(5,057)		(5,057)
Biennial % Change in Expenditures				107		(22)		(22)

Bureau of Criminal Apprehension

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	47.99	32.60	35.63	42.00	42.00	41.00	42.00	41.00

2001 - Other Misc Special Revenue

Balance Forward In			300	270				
Receipts	244	671	764	825	825	825	825	825
Balance Forward Out		300	270					
Expenditures	244	371	794	1,095	825	825	825	825
Biennial Change in Expenditures				1,274		(239)		(239)
Biennial % Change in Expenditures				207		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.83	3.19	3.13	3.03	3.03	3.03	3.03	3.03

2365 - Opioid Stewardship

Direct Appropriation							1,648	1,242
Expenditures							1,648	1,242
Biennial Change in Expenditures				0		0		2,890
Biennial % Change in Expenditures								
Governor's Change from Base								2,890
Governor's % Change from Base								
Full-Time Equivalents							10.00	10.00

2403 - Gift

Balance Forward In	47	44	43	57	25	20	25	20
Receipts	15	0	16	15	15	15	15	15
Balance Forward Out	44	43	56	25	20	15	20	15
Expenditures	18	2	3	47	20	20	20	20
Biennial Change in Expenditures				30		(10)		(10)
Biennial % Change in Expenditures				154		(20)		(20)
Governor's Change from Base								0
Governor's % Change from Base								0

2700 - Trunk Highway

Bureau of Criminal Apprehension

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In		144		440				
Direct Appropriation	2,295	2,325	2,374	2,424	2,429	2,429	2,429	2,429
Cancellations		0						
Balance Forward Out	140		440					
Expenditures	2,155	2,469	1,934	2,864	2,429	2,429	2,429	2,429
Biennial Change in Expenditures				174		60		60
Biennial % Change in Expenditures				4		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.41	17.72	15.81	18.00	18.00	18.00	18.00	18.00

3000 - Federal

Balance Forward In	113	31						
Receipts	3,140	4,010	5,439	5,810	6,077	6,077	6,077	6,077
Transfers Out		0						
Balance Forward Out	31							
Expenditures	3,220	4,043	5,439	5,810	6,077	6,077	6,077	6,077
Biennial Change in Expenditures				3,986		905		905
Biennial % Change in Expenditures				55		8		8
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	10.57	12.95	13.84	15.09	14.34	14.34	14.34	14.34

Program: State Fire Marshal (SFM)

dps.mn.gov/divisions/sfm/

AT A GLANCE

- Workforce: 58 employees
- Fire arson investigators investigated 510 fire scenes and provided 69 consultations in 2017. Of those, 90 were determined to be arson.
- Inspection teams conducted 3,112 initial and 1,353 follow-up inspections in 2017
- There were 68 fire deaths in 2017, 57 (84 percent) of which were in residential/multi-family structures
- Fire code specialists received 2,290 requests for code interpretations annually
- Allocated Shared Services Grants totaling \$119,000 to assist five fire departments in 2017

PURPOSE & CONTEXT

The SFM protects lives and property by fostering a fire-safe environment through fire prevention education, regulation, enforcement, investigation, data collection, and emergency response.

The program's primary customers include the fire service, law enforcement, general public, public schools, health care facilities, business and industry, construction contractors, hotels and motels, and day care and foster care facilities.

SERVICES PROVIDED

The SFM addresses key fire-safety issues with the goal of preventing incidents that result in fire deaths, injuries and loss of property, and have a negative impact on the general public and economy of the state. The SFM works closely with local fire service officials to increase fire prevention awareness by:

- Adopting and enforcing the State Fire Code.
- Conducting fire and life safety inspections in regulated facilities.
- Providing fire prevention training programs and materials.
- Providing Youth Firesetter Prevention and Intervention programs (YFPI).
- Conducting fire/arson investigations.
- Regulating the fire protection industry.
- Analyzing Minnesota fire incident data.
- Licensing explosive manufacturers.
- Certifying public fireworks display operators.
- Certifying cigarette manufacturers' compliance with fire safety standards.
- Responding to major fire emergencies and disasters.
- Providing grants to study local shared fire services.
- Providing technical assistance to local fire authorities.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Fire safety violations cited by inspectors	9,509	8,871	2015/2017
Quantity	Fire/arson investigations conducted / arson cases	465 / 38	506 / 90	2015/2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Fire fatalities / Number residential	57 / 42	68 / 57	2015/2017
Quantity	Fire protection plan reviews / inspections conducted	524 / 308	583 / 221	2015/2017
Quantity	Number of fire departments / number reporting data	780 / 772	775 / 772	2015/2017
Quantity	Training courses provided / Student contact hours	19 / 5,835	18 / 6,686	2015/2017
Quantity	YFPI referral activity: number completing intervention program	25	28	2015/2017

Minn. Stat. 299F.001 through Minn. Stat. 299F.859 provide the legal authority for SFMD programs and services (<https://www.revisor.mn.gov/statutes/cite/299F>).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	18							
2000 - Restrict Misc Special Revenue	6,508	7,818	6,735	10,001	8,007	8,013	8,197	8,203
2001 - Other Misc Special Revenue				26	26	26	26	26
3000 - Federal	242	300	177	70	220	20	220	20
Total	6,768	8,119	6,912	10,097	8,253	8,059	8,443	8,249
Biennial Change				2,122		(697)		(317)
Biennial % Change				14		(4)		(2)
Governor's Change from Base								380
Governor's % Change from Base								2

Expenditures by Activity

Fire Prevention & Inspection	6,768	8,119	6,912	10,097	8,253	8,059	8,443	8,249
Total	6,768	8,119	6,912	10,097	8,253	8,059	8,443	8,249

Expenditures by Category

Compensation	4,929	5,219	5,305	6,213	6,247	6,253	6,247	6,253
Operating Expenses	1,124	1,797	1,208	1,733	1,713	1,513	1,903	1,703
Grants, Aids and Subsidies	333	303	70	800				
Capital Outlay-Real Property	379	185	179	1,166	213	213	213	213
Other Financial Transaction	3	615	150	185	80	80	80	80
Total	6,768	8,119	6,912	10,097	8,253	8,059	8,443	8,249

Total Agency Expenditures	6,768	8,119	6,912	10,097	8,253	8,059	8,443	8,249
Internal Billing Expenditures	96	80	70	55	55	55	55	55
Expenditures Less Internal Billing	6,672	8,039	6,843	10,042	8,198	8,004	8,388	8,194

Full-Time Equivalents

	54.68	55.96	55.69	57.74	59.10	59.10	59.10	59.10
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State Fire Marshal

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	18							
Expenditures	18							
Biennial Change in Expenditures				(18)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.36							

2000 - Restrict Misc Special Revenue

Balance Forward In	1,844	3,101	1,974	3,475	2,173	2,134	2,173	2,134
Direct Appropriation	5,515	5,747	6,274	6,420	6,432	6,432	6,622	6,622
Receipts	1,641	1,707	1,683	1,536	1,536	1,676	1,536	1,676
Transfers In	600	559	283	743				
Transfers Out	2	317	4					
Cancellations		1,045						
Balance Forward Out	3,089	1,935	3,475	2,173	2,134	2,229	2,134	2,229
Expenditures	6,508	7,818	6,735	10,001	8,007	8,013	8,197	8,203
Biennial Change in Expenditures				2,409		(716)		(336)
Biennial % Change in Expenditures				17		(4)		(2)
Governor's Change from Base								380
Governor's % Change from Base								2
Full-Time Equivalents	54.32	55.96	55.69	57.74	59.10	59.10	59.10	59.10

2001 - Other Misc Special Revenue

Receipts			26		26	26	26	26
Expenditures			26		26	26	26	26
Biennial Change in Expenditures				26		26		26
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	19	14	0					
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State Fire Marshal

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	237	286	177	70	220	20	220	20
Balance Forward Out	14							
Expenditures	242	300	177	70	220	20	220	20
Biennial Change in Expenditures				(295)		(7)		(7)
Biennial % Change in Expenditures				(54)		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Alcohol and Gambling Enforcement (AGE)

dps.mn.gov/divisions/age/

AT A GLANCE

- Workforce: 19 employees
- 35,590 current alcohol licenses in Minnesota
- 22,000 slot machines and 300 blackjack tables in Minnesota
- AGE collects \$3 million in alcohol and gambling license fees annually

PURPOSE & CONTEXT

AGE protects and serves the public through regulation and enforcement of the state's liquor and gambling laws, providing stability and integrity in the alcoholic beverage and gaming industries.

SERVICES PROVIDED

AGE provides oversight of two industries: alcohol and gambling.

- Alcohol licensing staff and field agents:
 - Issue, approve and monitor 35,590 liquor licenses.
 - Register and maintain 52,000 alcohol beverage product labels.
 - Perform routine and pre-license inspections and investigations.
 - Provide industry training and educational outreach to new liquor licensees.
- Gambling agents:
 - Investigate criminal violations of the state's gambling laws.
 - Monitor compliance of the state-tribal compacts.
 - Inspect blackjack and slot machines at 20 tribal casinos.
 - License and regulate gambling manufacturers and distributors.
 - Provide support services and investigative services to other state gaming agencies.

AGE provides training, education, and assistance to both industries, law enforcement, and the public.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of casino compliance checks	93	96	2016/2017
Quantity	Number of slot machine and blackjack inspections	501	524	2016/2017
Quantity	Gambling Investigations	149	204	2016/2017
Quantity	Local government and industry alcohol inquiries	788	649	2016/2017
Quantity	Premise inspections of liquor licensees	740	1,404	2016/2017
Quantity	Liquor Investigations	1,023	1,114	2016/2017
Quantity	Alcohol Investigations resulting in civil penalties	32	61	2016/2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of gambling and alcohol background investigations	10	23	2016/2017

Liquor

The Department of Public Safety's liquor control authority comes from Minn. Stat. 340A

(<https://www.revisor.mn.gov/statutes/?id=340A>)

Administrative Rule Chapter 7517 (Liquor): (<https://www.revisor.mn.gov/rules/?id=7515>)

Gambling

Minn. Stat. 3.9221 (Indian Tribes): (<https://www.revisor.mn.gov/statutes/?id=3.9221>)

Minn. Stat. 349A (Lottery): (<https://www.revisor.mn.gov/statutes/?id=349A>)

Minn. Stat. 240 (Horse Racing): (<https://www.revisor.mn.gov/statutes/?id=240>)

Minn. Stat. 299L (Regulatory Enforcement): (<https://www.revisor.mn.gov/statutes/?id=299L>)

Minn. Stat. 609 (Criminal Enforcement): (<https://www.revisor.mn.gov/statutes/cite/609>)

Administrative Rule Chapter 7570 (Gambling Devices): (<https://www.revisor.mn.gov/rules/?id=7570>)

Alcohol & Gambling Enforcement

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,504	1,645	1,620	2,277	1,990	1,998	1,990	1,998
2000 - Restrict Misc Special Revenue	537	538	604	1,185	911	913	911	913
3000 - Federal	102	102	24					
Total	2,144	2,286	2,248	3,462	2,901	2,911	2,901	2,911
Biennial Change				1,281		102		102
Biennial % Change				29		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Gambling Enforcement	1,386	1,391	1,329	2,240	2,502	2,512	2,502	2,512
Alcohol Enforcement	757	895	920	1,222	399	399	399	399
Total	2,144	2,286	2,248	3,462	2,901	2,911	2,901	2,911

Expenditures by Category

Compensation	1,681	1,641	1,805	2,129	2,129	2,155	2,129	2,155
Operating Expenses	325	411	390	895	483	470	483	470
Capital Outlay-Real Property				272	123	123	123	123
Other Financial Transaction	138	234	53	166	166	163	166	163
Total	2,144	2,286	2,248	3,462	2,901	2,911	2,901	2,911

Total Agency Expenditures	2,144	2,286	2,248	3,462	2,901	2,911	2,901	2,911
Internal Billing Expenditures	11	7	3	5	5	5	5	5
Expenditures Less Internal Billing	2,132	2,279	2,246	3,457	2,896	2,906	2,896	2,906

Full-Time Equivalents

17.81	17.17	18.49	19.63	19.78	19.78	19.78	19.78
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Alcohol & Gambling Enforcement

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		102		297				
Direct Appropriation	1,606	1,632	1,917	1,980	1,990	1,998	1,990	1,998
Transfers In	613	646	833	859	180	180	180	180
Transfers Out	613	635	833	859	180	180	180	180
Cancellations		99						
Balance Forward Out	102		297					
Expenditures	1,504	1,645	1,620	2,277	1,990	1,998	1,990	1,998
Biennial Change in Expenditures				747		91		91
Biennial % Change in Expenditures				24		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.51	12.09	12.93	14.39	14.60	14.60	14.60	14.60

2000 - Restrict Misc Special Revenue

Balance Forward In	1,562	1,698	1,676	1,611	1,233	1,129	1,233	1,129
Direct Appropriation	732	741	758	764	764	764	764	764
Receipts	377	242	223	478	478	478	478	478
Transfers In	228	74	71	65	65	65	65	65
Transfers Out	656	500	514	500	500	500	500	500
Cancellations		40						
Balance Forward Out	1,705	1,677	1,611	1,233	1,129	1,023	1,129	1,023
Expenditures	537	538	604	1,185	911	913	911	913
Biennial Change in Expenditures				714		35		35
Biennial % Change in Expenditures				66		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.30	4.08	5.26	5.24	5.18	5.18	5.18	5.18

3000 - Federal

Receipts	102	102	24			
Expenditures	102	102	24			
Biennial Change in Expenditures			(180)		(24)	(24)
Biennial % Change in Expenditures			(88)			

Alcohol & Gambling Enforcement

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	1.00	1.00	0.30					

Program: Office of Justice Programs (OJP)dps.mn.gov/divisions/ojp/**AT A GLANCE**

- Workforce: 38 employees
- Grants provided to programs statewide: 422 annually
- More than 1,600 Crime Victim Justice Unit contacts annually
- More than 1,500 reparations claims processed annually
- Training provided to over 1,200 professionals annually

PURPOSE & CONTEXT

OJP improves community safety and assists crime victims. OJP provides leadership and resources to 1) reduce crime in Minnesota, 2) improve the functioning of the criminal justice system, and 3) assist crime victims by providing resources at the local level using simplified processes, user-friendly systems, and improved technology. OJP provides constituents quality training, technical assistance, and best practices information.

SERVICES PROVIDED

OJP provides assistance to crime victims, youth, and families in three distinct program areas: grants to local programs, crime victim reparations, and crime victim justice. In addition, as part of those programs, OJP collects and analyzes data, directs program evaluation, provides training, and develops reports on a variety of criminal justice topics.

- **Grants Management:** OJP provides grants and grant management services to programs to improve personal and community safety and improve the criminal justice system, including:
 - Assisting in funding youth and community crime prevention and intervention; juvenile delinquency prevention; violent crime enforcement teams; sex trafficking investigations; and safety and support services for victims of domestic violence, sexual assault, child abuse, and general crime.
 - Providing programmatic and administrative monitoring services and technical assistance to grantees to ensure appropriate expenditure of funds and optimal program outcomes.
 - Training crime victim service providers and juvenile and criminal justice practitioners to improve program services.
- **Crime Victim Reparations:** The Crime Victim Reparations Act, passed in 1974, created the victim compensation program to help victims of crime cope with their financial losses. These services are provided through the Reparations Unit within OJP by reimbursing costs incurred as a result of a violent crime to help victims recover their health and economic stability.
- **Crime Victim Justice Unit (CVJU):** CVJU is a victim rights compliance office that works to ensure that crime victims in Minnesota are treated appropriately and their statutory rights are upheld. The CVJU:
 - Investigates violations of crime victim rights to ensure the fair and respectful treatment of victims and improve victim satisfaction.
 - Trains criminal justice professionals on their statutory crime victim rights obligations.
 - Provides victims with information about their rights and navigating the criminal justice system to ensure victim participation in the process.
 - Oversees the Victim Information and Notification Everyday (VINE), the statewide automated victim notification service.

OJP also coordinates two major training events —the OJP Conference on Crime and Victimization and the Minnesota Victim Assistance Academy— to provide criminal justice and crime victim professionals with the opportunity for training in emerging and best practices.

OJP supports Minnesota’s policy-makers and leaders by providing thorough and accurate data analysis and research through the Minnesota Statistical Analysis Center (MNSAC) on all aspects of the criminal justice system. This information assists policy makers at all levels to identify emerging critical issues and to improve the effectiveness of Minnesota’s justice system. MNSAC provides criminal justice information to the public and practitioners and conducts and disseminates relevant juvenile and criminal justice research to improve safety outcomes. MNSAC also assists criminal justice stakeholders in program evaluation to ensure effective public safety outcomes.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Youth engaged in prevention/ intervention programming statewide	15,830	14,590	CY 2016/ 2017
Quantity	Youth-serving programs funded by OJP	85	79	CY 2016/ 2017
Quality	Percentage of trainees rating annual crime and victimization conference as meeting their expectations	94%	84%	CY 2016/ 2017
Quantity	Counties where crime victims received some level of service	87	87	FFY16/ FFY17
Results	Domestic violence victims provided emergency shelter & created a safety plan	7,813	7,463*	FFY16/ FFY17
Quantity	Reparations claims received	1,280	1,539	FY2016/17
Results	Percentage of reparations claimants who rated services good to very good	87%	94%	FY2016 FY2017
Quantity	Grants open and active, monitored monthly with technical assistance provided as needed	385	422	FY2016 FY2017

*The number of people in emergency shelter decreased due to longer lengths of shelter stay. Lengths of shelter stay have decreased due to a shortage in affordable supportive housing as well as a change in federal reporting requirements (omitting hotel/motel stays).

Grants to local programs to aid youth intervention operate under the authority provided to the Commissioner of the Minnesota Department of Public Safety under Minn. Stat. 299A.73 (<https://www.revisor.mn.gov/statutes/cite/299A.73>).

The Crime Victim Grants Unit operates under the authority provided to the Commissioner of the Minnesota Department of Public Safety under Minn. Stat. 611A.32 (<https://www.revisor.mn.gov/statutes/cite/611A.32>) governing grants to battered women’s programs.

The Crime Victims Reparations Board is governed by the Minnesota Crime Victims Reparations Act, Minn. Stat. §§611A.51-611A.67 (<https://www.revisor.mn.gov/statutes/cite/611A.51>).

The Crime Victim Justice Unit operates under the authority provided to the Commissioner of the Minnesota Department of Public Safety by the Crime Victim Oversight Act, Minn. Stat. §§611A.72-74 (<https://www.revisor.mn.gov/statutes/cite/611A.72>).

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<i>Expenditures by Fund</i>								
1000 - General	38,639	39,626	39,238	40,195	39,704	39,705	39,831	39,772
1200 - State Government Special Rev	96	96	96	96	96	96	96	96
2000 - Restrict Misc Special Revenue	658	1,552	3,728	2,473	2,457	2,382	2,457	2,382
2001 - Other Misc Special Revenue	150							
3000 - Federal	26,315	36,281	37,303	16,566	13,945	12,682	13,945	12,682
Total	65,858	77,556	80,364	59,330	56,202	54,865	56,329	54,932
Biennial Change				(3,719)		(28,627)		(28,433)
Biennial % Change				(3)		(20)		(20)
Governor's Change from Base								194
Governor's % Change from Base								0
<i>Expenditures by Activity</i>								
Crime Victims Services	5,428	6,205	6,601	6,176	5,956	5,903	6,061	5,948
Crime Victims Assistance Grant	22,554	32,047	34,125	9,555	7,283	7,233	7,283	7,233
Law Enforcement & Comm. Grts.	37,875	39,304	39,639	43,599	42,963	41,729	42,985	41,751
Total	65,858	77,556	80,364	59,330	56,202	54,865	56,329	54,932
<i>Expenditures by Category</i>								
Compensation	3,068	3,336	3,442	4,064	4,307	4,494	4,307	4,494
Operating Expenses	4,629	5,380	5,850	5,852	5,245	5,209	5,372	5,276
Grants, Aids and Subsidies	55,937	65,802	67,178	45,626	43,494	42,121	43,494	42,121
Other Financial Transaction	2,225	3,038	3,895	3,788	3,156	3,041	3,156	3,041
Total	65,858	77,556	80,364	59,330	56,202	54,865	56,329	54,932
Total Agency Expenditures	65,858	77,556	80,364	59,330	56,202	54,865	56,329	54,932
Internal Billing Expenditures	78	77	81	122	136	145	136	145
Expenditures Less Internal Billing	65,780	77,478	80,283	59,208	56,066	54,720	56,193	54,787
<i>Full-Time Equivalents</i>	32.77	35.34	36.06	38.43	38.39	38.24	38.39	38.24

Office of Justice Programs

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		139		247				
Direct Appropriation	38,737	39,656	39,484	39,948	39,704	39,705	39,831	39,772
Transfers In	35,214	34,966	35,676	36,076	35,826	35,826	35,826	35,826
Transfers Out	35,214	34,966	35,676	36,076	35,826	35,826	35,826	35,826
Cancellations	22	169						
Balance Forward Out	76		246					
Expenditures	38,639	39,626	39,238	40,195	39,704	39,705	39,831	39,772
Biennial Change in Expenditures				1,167		(24)		170
Biennial % Change in Expenditures				1		(0)		0
Governor's Change from Base								194
Governor's % Change from Base								0
Full-Time Equivalents	17.43	16.06	15.87	17.70	17.70	17.70	17.70	17.70

1200 - State Government Special Rev

Direct Appropriation	96	96	96	96	96	96	96	96
Expenditures	96	96	96	96	96	96	96	96
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	4,458	5,137	5,327	3,541	2,872	2,218	2,872	2,218
Receipts	862	826	972	876	875	875	875	875
Transfers In	476	992	973	928	928	928	928	928
Transfers Out		99	3					
Balance Forward Out	5,138	5,305	3,542	2,872	2,218	1,639	2,218	1,639
Expenditures	658	1,552	3,728	2,473	2,457	2,382	2,457	2,382
Biennial Change in Expenditures				3,990		(1,362)		(1,362)
Biennial % Change in Expenditures				181		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.56	7.19	8.15	9.63	9.60	9.57	9.60	9.57

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2001 - Other Misc Special Revenue

Transfers In	150							
Expenditures	150							
Biennial Change in Expenditures				(150)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

3000 - Federal

Balance Forward In	6,805	7,069	8,036	5,784	3,883	2,090	3,883	2,090
Receipts	26,493	37,248	35,052	14,665	12,152	12,095	12,152	12,095
Transfers Out		1						
Balance Forward Out	6,982	8,034	5,784	3,883	2,090	1,503	2,090	1,503
Expenditures	26,315	36,281	37,303	16,566	13,945	12,682	13,945	12,682
Biennial Change in Expenditures				(8,727)		(27,242)		(27,242)
Biennial % Change in Expenditures				(14)		(51)		(51)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	8.78	12.09	12.04	11.10	11.09	10.97	11.09	10.97

Program: Emergency Communication Networks (ECN)

dps.mn.gov/divisions/ecn/

AT A GLANCE

- Workforce: 12 employees
- 911 Public safety answering points (PSAPs): 102
- Nineteen federal partners
- \$13.6 million granted annually to help support 911 dispatch centers
- \$1.5 million in grant dollars provided to local units of government for equipment, training and exercises
- \$23.3 million annual bond payment for build-out of allied radio matrix for emergency response (ARMER)
- \$9.6 million annual maintenance on ARMER
- Almost 97,000 ARMER radios used by emergency personnel

PURPOSE & CONTEXT

ECN funds and supports interoperable public safety-grade, mission-critical communication solutions. This allows public safety 911 dispatchers, emergency services personnel, state, local, and federal agencies to easily communicate and provide immediate responses to all Minnesota citizens and visitors requesting emergency assistance.

SERVICES PROVIDED

- Provide a state-of-the-art voice and data communications system to 100 percent of Minnesota citizens and visitors requesting emergency assistance.
- Achieve 95 percent mobile radio coverage across all rural and metro counties, permitting emergency responders to communicate with every 911 Call Center PSAP and with one another seamlessly when responding to requests for emergency assistance.
- Provide grant dollars to local units of government to purchase necessary equipment to respond to requests for emergency assistance.
- Develop training applications to support regular comprehensive region-wide training and exercise drills for public safety 911 dispatchers and responders.
- Support the Statewide and Regional Emergency Communications Governance structure to ensure all users have a voice in how Minnesota's interoperable public safety systems function through collaboratively developed and implemented standards.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Implement statewide geographical information system (GIS) geospatial database to support location-based routing for all current technology devices to 911	0%	45% Complete	January 2015/July 2018
Quantity	ARMER backbone construction (335 towers planned)	326 towers	*332 towers	July 2016/ July 2018

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of Minnesota counties migrated to ARMER	95.4%	98.9%	July 2016/ July 2018
Quantity	Percentage of Counties approved as alerting authority to use the Federal Integrated Public Alert and Warning System (IPAWS)	58.6%	78.2%	July 2016/ July 2018

*3 sites need to be built and are in site acquisitions.

Emergency and Public Communications: Minn. Stat. 403 (<https://www.revisor.mn.gov/statutes/?id=403>)
Administrative Rules, Chapter 7580 (<https://www.revisor.mn.gov/rules/?id=7580>)

Emergency Communication Networks

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	56	50	37	45	45	45	45	45
3000 - Federal	1,510	1,362	1,048	710	710	710	710	710
4900 - 911 Emergency	31,730	32,696	29,505	35,354	39,150	39,250	39,545	39,645
Total	33,296	34,108	30,591	36,109	39,905	40,005	40,300	40,400
Biennial Change				(704)		13,210		14,000
Biennial % Change				(1)		20		21
Governor's Change from Base								790
Governor's % Change from Base								1

Expenditures by Activity

911 Emergency Services	33,296	34,108	30,591	36,109	39,905	40,005	40,300	40,400
Total	33,296	34,108	30,591	36,109	39,905	40,005	40,300	40,400

Expenditures by Category

Compensation	1,247	956	1,044	1,649	1,753	1,753	1,753	1,753
Operating Expenses	15,255	14,202	11,839	15,760	19,860	19,860	20,255	20,255
Grants, Aids and Subsidies	16,721	18,834	17,386	18,619	17,652	17,752	17,652	17,752
Other Financial Transaction	72	116	322	81	640	640	640	640
Total	33,296	34,108	30,591	36,109	39,905	40,005	40,300	40,400

Total Agency Expenditures	33,296	34,108	30,591	36,109	39,905	40,005	40,300	40,400
Internal Billing Expenditures	4	7	5	2	2	2	2	2
Expenditures Less Internal Billing	33,291	34,100	30,586	36,107	39,903	40,003	40,298	40,398

Full-Time Equivalents

14.06	10.63	10.90	10.90	11.90	11.90	11.90	11.90
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Emergency Communication Networks

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	30	13	3	8	8	8	8	8
Receipts	39	40	43	45	45	45	45	45
Balance Forward Out	13	3	8	8	8	8	8	8
Expenditures	56	50	37	45	45	45	45	45
Biennial Change in Expenditures				(24)		8		8
Biennial % Change in Expenditures				(22)		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
3000 - Federal								
Receipts	1,510	1,362	1,048	710	710	710	710	710
Expenditures	1,510	1,362	1,048	710	710	710	710	710
Biennial Change in Expenditures				(1,113)		(338)		(338)
Biennial % Change in Expenditures				(39)		(19)		(19)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.49	0.82	0.73	0.73	0.73	0.73	0.73	0.73
4900 - 911 Emergency								
Balance Forward In	109	11,744		14,088		4,486		4,486
Direct Appropriation	77,068	77,085	77,187	77,238	77,255	77,255	77,650	77,650
Transfers In	1,259	420						
Transfers Out	34,962	34,775	33,594	55,972	33,619	42,491	33,619	42,491
Cancellations		21,778	0					
Balance Forward Out	11,744		14,088		4,486		4,486	
Expenditures	31,730	32,696	29,505	35,354	39,150	39,250	39,545	39,645
Biennial Change in Expenditures				433		13,541		14,331
Biennial % Change in Expenditures				1		21		22
Governor's Change from Base								790
Governor's % Change from Base								1
Full-Time Equivalents	13.57	9.81	10.17	10.17	11.17	11.17	11.17	11.17

Program: Minnesota Board of Firefighter Training and Education (MBFTE)mbfte.org**AT A GLANCE**

- Currently 21,000 firefighters in Minnesota
- The MBFTE issues licensure to full-time firefighters (required) and volunteer/paid on-call firefighters (voluntary) in Minnesota. There are currently 3,822 licensed firefighters.
- A firefighter license is valid for three years from the date of issuance for a fee of \$75.
- \$2 million available for initial firefighter training reimbursement for FY 19
- \$4.4 million available for fire training reimbursement for FY 19

PURPOSE & CONTEXT

The mission of the MBFTE is to standardize fire training by providing funding and licensing to firefighters in Minnesota. Board members are appointed by the governor as specified by law. Funding for the activities of the MBFTE is allocated by the legislature through the Fire Safety Account. In addition, the firefighter license fee supports the licensing function of MBFTE.

The MBFTE contributes to the statewide outcome of keeping people in Minnesota safe by promoting a higher level of fire training for all firefighters through funding and oversight on the quality of instructors and training curriculum. The MBFTE issues licensure to full-time firefighters (required) and volunteer/paid on-call firefighters (voluntary) in Minnesota. The MBFTE has the authority to issue and revoke licenses in accordance with Minnesota Statute 299N.

The primary customers of the MBFTE are the fire chiefs and the more than 21,000 firefighters of Minnesota, as well as local government officials. Citizens and visitors to Minnesota are stakeholders in how well the firefighters perform their jobs based on their training.

SERVICES PROVIDED

The MBFTE was established by the Minnesota Legislature to:

- Review fire service training needs and make recommendations on training to Minnesota fire service organizations.
- Establish standards for educational programs and qualifications for instruction.
- Establish standards for which reimbursement will be provided for firefighter training and education.
- License firefighters.

MBFTE reimburses fire departments for firefighter training programs provided the training meets national or state standards and the instructor is approved. Funding is also provided for training programs to fire service associations/groups to hold seminars, workshops, and conferences, which allow firefighters to take advantage of specialized training.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of fire departments requesting reimbursement for training expenditures	644	683	FY 2016/ FY 2017

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of fire departments that have never requested reimbursement	37	20	FY 2016/ FY 2017
Results	Firefighters trained	14,952	16,278	FY 2016/ FY 2017
Quantity	Reimbursement rate per firefighter	\$160	\$200	FY 2016/ FY 2017

Minn. Stat. 299N.01 – 05 (<https://www.revisor.mn.gov/statutes/cite/299N.01>,
<https://www.revisor.mn.gov/statutes/cite/299N.02>, <https://www.revisor.mn.gov/statutes/cite/299N.03>,
<https://www.revisor.mn.gov/statutes/cite/299N.04>, <https://www.revisor.mn.gov/statutes/cite/299N.05>)
 establish the legal authority for the MBFTE to issue training reimbursements and licensure.

MN Firefighters Training & Education

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	6,871	9,467	4,965	9,618	5,130	5,130	5,130	5,130
2403 - Gift	134	183	183	340	175	175	175	175
3000 - Federal	180	179	136	81				
Total	7,185	9,828	5,283	10,039	5,305	5,305	5,305	5,305
Biennial Change				(1,691)		(4,712)		(4,712)
Biennial % Change				(10)		(31)		(31)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Mn Firefighters Trng. & Educ.	7,185	9,828	5,283	10,039	5,305	5,305	5,305	5,305
Total	7,185	9,828	5,283	10,039	5,305	5,305	5,305	5,305

Expenditures by Category

Compensation	243	182	189	215	270	270	270	270
Operating Expenses	245	221	215	289	240	240	240	240
Grants, Aids and Subsidies	6,697	9,395	4,879	9,533	4,793	4,793	4,793	4,793
Capital Outlay-Real Property		30						
Other Financial Transaction	0		2	2	2	2	2	2
Total	7,185	9,828	5,283	10,039	5,305	5,305	5,305	5,305

Full-Time Equivalents

	2.89	2.01	1.99	2.33	2.53	2.53	2.53	2.53
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MN Firefighters Training & Education

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	713	1,467	640	728	38	173	38	173
Direct Appropriation	6,035	3,603	5,015	5,015	5,015	5,015	5,015	5,015
Receipts	17	257	37	20	250	37	250	37
Transfers In	1,573	5,011		3,893				
Transfers Out		230						
Balance Forward Out	1,466	640	728	38	173	95	173	95
Expenditures	6,871	9,467	4,965	9,618	5,130	5,130	5,130	5,130
Biennial Change in Expenditures				(1,755)		(4,323)		(4,323)
Biennial % Change in Expenditures				(11)		(30)		(30)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.83	1.92	1.92	2.26	2.46	2.46	2.46	2.46

2403 - Gift

Balance Forward In	4	20	172	165				
Receipts	150	335	175	175	175	175	175	175
Balance Forward Out	20	172	165					
Expenditures	134	183	183	340	175	175	175	175
Biennial Change in Expenditures				206		(173)		(173)
Biennial % Change in Expenditures				65		(33)		(33)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.06	0.09	0.07	0.07	0.07	0.07	0.07	0.07

3000 - Federal

Balance Forward In		0						
Receipts	180	178	136	81				
Expenditures	180	179	136	81				
Biennial Change in Expenditures				(142)		(217)		(217)
Biennial % Change in Expenditures				(39)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
National Highway Traffic Safety Administration 20.600	NHTSA Highway Safety Basic Media Relations Provides grant monies to fund program costs for the Office of Communications division to support the Office of Traffic Safety in planning and implementing statewide communications efforts to influence driver behaviors and improve traffic safety. This includes coordinating campaigns that use media relations, social media, video and advertising to capture media attention and drive public engagement around traffic safety issues.	No	\$119	\$100	\$100	\$100	No	0.61
National Highway Traffic Safety Administration 20.616	NHTSA Highway Safety Impaired Driver Media Relations. Provides grant monies to fund program costs for the Office of Communications division to support the Office of Traffic Safety in planning and implementing statewide communications efforts to influence driver behaviors and improve traffic safety. This includes coordinating campaigns that use media relations, social media, video and advertising to capture media attention and drive public engagement around traffic safety issues.	No	\$105	\$82	\$82	\$82	No	0.61
Federal Transit Administration 20.528	FTA Light Rail Safety State Oversight. Assist states with safety oversight of rail fixed guideway public transportation not regulated by the Federal Railroad Administration.	No	\$188	\$129	\$129	\$129	Match	0.80
	Program 01 TOTAL		\$412	\$311	\$311	\$311		2.02
Homeland Security Federal Emergency Management Agency 97.036	Disaster Assistance Grants (Public Assistance). Funding provided to the state after a presidential declaration of a major disaster. Provides assistance to local governments, state agencies, Indian Tribes and eligible private-non-profit entities to cover 75% of emergency costs and infrastructure repair/replacement costs resulting from the disaster. The State/Locals are responsible for a 25% Match.	No	\$8,190	\$26,677	\$0	\$0	Match	3.40

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Homeland Security Federal Emergency Management Agency 97.067	Emergency Management Performance Grant (EMPG). This program supports state emergency planning, training, and exercise programs. It also supports hazard mitigation, operational readiness, and regional support, including grants to counties to support local emergency management programs.	No	\$6,041	\$7,200	\$0	\$0	Match	10.00
US Department of Transportation 20.703	Hazardous Materials Emergency Preparedness (HMEP). This program supports hazardous materials incident preparedness-related planning, training, and exercises, local public safety support group development, and special projects that involve hazardous materials accident/incident preparedness.	No	\$303	\$279	\$0	\$0	Match	0.80
Homeland Security Federal Emergency Management Agency 97.047	Pre-Disaster Hazard Mitigation Program. This program provides funding to States and communities for cost-effective hazard mitigation activities that reduce injuries, deaths, and property damage.	No	\$463	\$386	\$0	\$0	No	0.00
Homeland Security Federal Emergency Management Agency 97.067	Homeland Security. This program provides funding for a number of homeland security preparedness and prevention activities through planning and training, equipment acquisitions and exercises: ●UASI. This program provides funding for urban areas preparedness and prevention activities through planning and training and equipment acquisitions and exercises. ●Operation Stonegarden. Enhance law enforcement and border security operations with states bordering Canada. Safety spectrum for radio communications.	No	\$13,082	\$9,805	\$0	\$0	Match	9.00
	Program 02 TOTAL		\$28,079	\$44,347	\$0	\$0		23.20
US Department of Justice 16.741	Forensic Deoxyribonucleic Acid Backlog Reduction The goals and objectives of these programs are to improve infrastructure and analysis capacity so that DNA samples can be processed efficiently and cost-effectively and to provide needed support to allow the lab to process backlogged DNA cases that would otherwise not be analyzed in a timely manner.	No	\$687	\$421	\$721	\$721	No	1.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
National Highway Traffic Safety Administration 20.608	DWI Analytics staffing to support work related to DWI Analytics.	Yes	\$39	\$50	\$50	\$50	No	0.00
National Highway Traffic Safety Administration 20.616	2017 Lab Full Time Technicians staffing support to improve DWI case turnaround time and testing repertoire.	No	\$211	\$271	\$244	\$244	No	2.00
National Highway Traffic Safety Administration 20.616	eCharging Program fund additional development and deployment of DWI processing.	No	\$247	\$236	\$229	\$229	No	1.00
US Department of Justice 16.560	Missing Persons Grant to laboratories with capability to perform DNA analysis on samples from missing persons cases and funds identification, selection, and transportation of samples; sample analysis; and review and upload of DNA profiles into CODIS.	No	\$26	\$47	\$50	\$50	No	0.00
US Department of Justice 16.742	Paul Coverdell Forensic Improvement program provides funding to the forensic science laboratory for improved efficiency and productivity of operations. This funding is available for non-DNA related casework.	No	\$10	\$75	\$75	\$75	No	0.00
US Department of Justice 16.554	National Criminal History Improvement Program funding enables States to improve criminal history records through technology projects that improve public safety by facilitating accurate and timely identification of persons by enhancing the quality, completeness and accessibility of the nation's criminal history record systems.	No	\$2,492	\$1,500	\$1,500	\$1,500	State Match	0.00
US Department of Justice 16.543	Internet Crimes Against Children engage in proactive investigations, forensic examinations, and effective prosecutions of Internet crimes against children	No	\$287	\$301	\$301	\$301	No	1.00
Department of Homeland Security 97.067	Minnesota Joint Analysis Center Funding supports coordination of information sharing functions between federal, state, local and tribal law enforcement agencies as well as other public safety agencies and the private sector. The center collects, evaluates, analyzes and disseminates information regarding organized criminal, terrorist and all-hazards activity in the state while complying with state and federal law to ensure the rights and privacy of all.	No	\$737	\$600	\$600	\$600	No	7.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
US Department of Justice 16.750	Adam Walsh design, develop and implement a new web-based predatory offender database	No	\$0	\$200	\$200	\$200	No	0.00
Bureau of Justice Statistics 16.734	NCS-X implementation Assistance Program to fund assistance for local agencies to adapt NIBRS submissions.	NO	\$550	\$593	\$593	\$593	No	0.00
Edward Byrne Memorial Justice Assistance Grant Program 16.738	SORNA data and application development of Predatory Offender Registration System.	NO	\$12	\$137	\$137	\$137	No	0.00
Edward Byrne Memorial Justice Assistance Grant Program 16.738	Sex Trafficking to be used for software and on-line subscription services	Yes	\$16	\$2	\$0	\$0	No	0.00
Comprehensive Opioid Abuse 16.754	Drug Monitoring Initiative (DMI) project is to establish a coalition of stakeholders, develop a geographic information system (GIS) to understand local drug trends, support the creation of investigative, preventative and treatment systems.	Yes	\$0	\$0	\$0	\$0	No	0.00
US Department of Justice 16.710	Anti-Heroin Task Force Advances public safety funding to investigate illicit activities related to heroin and opioids.	Yes	\$104	\$1,298	\$1,298	\$1,298	No	3.00
Office of Justice Programs 16.738	Drug Monitoring to prioritize investigative programs and integrate the MN Fusion Center with BCA Operations.	Yes	\$21	\$79	\$79	\$79	No	1.00
Forensic DNA Lab Efficiency 16.741	DNA Efficiency project; hire two full time technicians and one purchase a high capacity liquid handling robot.	Yes	\$0	\$0	\$0	\$0	No	2.00
	Program 03 Total		\$5,439	\$5,810	\$6,077	\$6,077		18.00
Homeland Security 97.043	NFA Training Grant. Funding to offer 20 additional National Fire Academy Courses to MN fire departments utilizing local instructors. Also funds instructional material.	No	\$20	\$20	\$20	\$20	No	0.00
Homeland Security 97.044	State Fire Training Academy Grant. Training Trailer props....purchase of equipment to provide training on a large variety of basic firefighter operations. The operations include vertical, flat roof and gable end ventilation, forcible entry, confined space entry, through the floor rescue, ceiling pulling/breaching, ladder evolutions and fire fighter bailout drills. Cost match of 15% or \$64,655 max. Provided by State Fire Marshal Office.	No	\$157	\$0	\$0	\$0	Yes	0.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Homeland Security 97.044	SFM Fire Risk Assessment Grant Provide funds for a State-wide study of fire risk areas to identify areas in Minnesota that need additional fire prevention/community risk reduction efforts	Yes		\$50	\$200		Yes	0.00
	Program 04 Total		\$177	\$70	\$220	\$20		0.00
Dept. of Transportation Federal Motor Carrier Safety Administration Grants (FMCSA) 20.218	Motor Carrier Safety Assistance Program (MCSAP) Provides financial assistance to states to reduce the number and severity of accidents and hazardous materials incidents involving commercial motor vehicles (CMV) through consistent, uniform and effective CMV safety programs. Border Grant Ensure that commercial motor vehicles operating within the international border region perform in a safe manner and do not transport contraband materials. New Entrant Safety Assurance Program (NESAP) Establishes requirements to improve the safety performance of new US and Canadian motor carriers.	No	\$5,555	\$4,876	\$1,738	\$4,770	Match & MOE	24.00
Dept. of Transportation Federal Motor Carrier Safety Administration Grants (FMCSA) 20.237	High Priority Grant increases CMV and non-CMV traffic enforcement including programs such as Ticketing Aggressive Cars and Trucks (TACT)	No	\$218	\$0	\$0	\$0	Match	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.616	Grants issued through the DPS Office of Traffic Safety (OTS) provide funding for Travel, Impaired Driving, Seat Belt Enforcement, and Drug Recognition Experts. The State Patrol also administers grant to local agencies under Impaired Driving and Seat Belts to enforce DWI and Seat Belt Laws.	No	\$1,218	\$1,468	\$709	\$709	No	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.608	Funds from NHTSA and grants issued through the DPS Office of Traffic Safety to provide funding for Impaired Driving. The State Patrol also administers grants to local agencies under impaired driving to enforce DWI laws and is a key tool in the Towards Zero Deaths (TZD) effort.	No	\$212	\$625	\$625	\$625	No	0.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Dept. of Transportation Federal Highway Administration (FHWA) 20.240	Fuel enforcement project. Grant issued through MnDot from the Surface Transportation Act funding to facilitate the inspection of fuel used in motor vehicles for on-highway use to ensure proper fuel taxes have been applied.	No	\$222	\$377	\$222	\$377	No	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.600	Grants issued through the DPS Office of Traffic Safety (OTS) provide funding for Travel, Support, Speed, Distracted Driving and enforcement of Minnesota's Mover Over Law.	No	\$141	\$716	\$521	\$521	No	0.00
Dept. of Transportation Federal Motor Carrier Safety Administration Grants (FMCSA) 20.233	Border Grant Ensure that commercial motor vehicles operating within the international border region perform in a safe manner and do not transport contraband materials.	No	\$88	\$0	\$0	\$0	Match & MOE	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.602	Grants issued the DPS Office of Traffic Safety (OTS) to provide funding for seat belt enforcement.	No	\$16	\$0	\$0	\$0	No	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.609	Grants issued Through the DPS Office of Traffic Safety (OTS) to provide funding for support and distracted driving.	No	\$16	\$0	\$0	\$0	No	0.00
Homeland Security Federal Emergency Management (FEMA) 97.036	Grants received to assist with traffic control and search and rescues associated with severe flooding around the state	NO	\$25	\$0	\$0	\$0	No	0.00
Homeland Security Federal Emergency Management (FEMA) 97.042	Grants issued through the DPS Office of Homeland Security & Emergency Management (HSEM) to provide funding for emergency management performance.	No	\$18	\$0	\$0	\$0	No	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.601	Grants issued through the DPS Office of Traffic Safety (OTS) to assist in alcohol related duties in the 2 AM bar.	No	\$494	\$0	\$0	\$0	No	0.00
	Program 05 TOTAL		\$8,223	\$8,062	\$3,815	\$7,002		24.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Department of Transportation Federal Motor Carrier Safety Administration 20.232	Commercial Driver's License Information System (CDLIS) Program Improvement. Used to target technical modifications to State's database in order to meet CDLIS specifications and pass structured testing, to achieve compliance with requirements of unresolved elements of the Motor Carrier Safety Improvement Act of 1999 (MCSIA), and to address findings of the CDL audits.	No	\$383	\$267	\$44	\$0	No	0.00
National Highway Traffic Safety Administration 20.608	Ignition Interlock. Used to administer and oversee the Ignition Interlock Program to enhance public safety by giving eligible DWI offenders the opportunity to have ignition interlock devices installed in their vehicles to ensure they are driving safely and legally.	No	\$244	\$116	\$116	\$116	No	2.57
National Highway Traffic Safety Administration 20.616	Ignition Interlock Vendor Oversight. To provide vendor oversight by conducting regular inspections of all identified service centers. Inspection will include, but not be limited to, quality of vendor equipment, technician training, customer education area, calibration methods, accuracy of calibration equipment, etc. And recommend changes that are needed for successful vendor oversight of the ignition interlock program.	No	\$86	\$114	\$0	\$0	No	0.85
	Program 07 TOTAL		\$713	\$497	\$160	\$116		3.42
National Highway Traffic Safety Admin 20.616	Servers & Serving Alcohol & Gambling Enforcement Division conducts statewide training for local law enforcement agencies to conduct alcohol awareness training in their communities to licensed alcohol retailers, tribal councils, community event officials, county health departments, community coalitions and licensing officials. The agency also provides training to local law enforcement to educate and enforce regulations prohibiting the selling and serving of alcoholic beverages to obviously intoxicated customers with the goal of taking drunk drivers off the road before they get to their vehicle.	No	\$24	\$0	\$0	\$0	No	1.00
	Program 10 Total		\$24	\$0	\$0	\$0		1.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
National Highway Traffic Safety Administration 20.600	National Highway Traffic Safety Administration (NHTSA) 402 Traditional Funds are used to plan, coordinate, implement, encourage, monitor and evaluate traffic safety programs designed to change driver behavior; provide grant funds to governmental agencies so they can conduct related programs. Also includes 164HE funding for Hazard Elimination projects at MNDOT	No	\$9,684	\$12,529	\$12,529	\$12,529	Match 100% (50% of total for project)	9.39
National Highway Traffic Safety Administration 20.608	NHTSA 164AL and 164PM Repeat DWI Offender Support state and local activities to improve operations related to DWI including paid media.	No	\$6,914	\$9,922	\$9,922	\$9,922	No	2.36
National Highway Traffic Safety Administration 20.614	Fatal Accident Reporting System (FARS) Collect, analyze, code and contribute information on Minnesota's fatal traffic crashes to the national FARS database maintained by NHTSA.	No	\$79	\$11	\$11	\$11	No	1.50
National Highway Traffic Safety Administration 20.616	NHTSA MAP21 405b,c,d,e,f Various Uses:	No	\$4,719	\$10,290	\$10,290	\$10,290		1.22
	405b Occupant Protection						Match 20% & MOE	
	405c Data Systems						Match 20% & MOE	
	405d Impaired Driving						Match 20% & MOE	
	405e Distracted Driving						Match 20%	
	405f Motorcycle Awareness						Match 20%	
	Program 11 Total		\$21,396	\$32,752	\$32,752	\$32,752		14.47
Transportation 20.700	Pipeline Safety Operations. Inspection and investigation of inter and intra-state pipelines. *MOE- by law OPS is allowed to invoice Pipeline Operators up to \$1,441,000.	No	\$1,819	\$2,355	\$2,124	\$2,124	Yes	12.80
Transportation 20.721	Damage Prevention One Call. Investigation and enforcement pertaining to Minnesota's Damage Prevention (Gopher State One Call) laws in follow up to complaints and utility damages.	No	\$60	\$45	\$45	\$45	No	0.39
Transportation 20.720	State Damage Prevention Grant. Education, investigation and enforcement pertaining to Minnesota's Damage Prevention (Gopher State One Call) laws.	No	\$81	\$85	\$100	\$100	No	0.70
	Program 20 Total		\$1,960	\$2,485	\$2,269	\$2,269		13.89

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Department of Justice (USDOJ) 16.576	Victims of Crime Act (VOCA) - Victim's Compensation Grant is received annually from the U.S. Department of Justice (USDOJ), Office for Victims of Crime (OVC). Funds are used to reimburse crime victims and their family members for financial losses incurred due to a crime involving personal injury or death. The VOCA compensation grant is a match of state spending.	No	\$50	\$911	\$800	\$800	No	1.00
U.S. Department of Justice (USDOJ) 16.575	Victims of Crime Act (VOCA) - Grant is received annually from USDOJ, OVC. This funding is awarded to programs that provide direct support services and advocacy for victims of child abuse, domestic violence, general crime and/or sexual assault.	No	\$29,450	\$5,754	\$3,700	\$3,700	Match Local 25%	6.00
U.S. Department of Justice (USDOJ) 16.582	Crime Victim Assistance Discretionary Grants – Grant is received from USDOJ, OVC. These discretionary funds are awarded to improve the overall quality of services delivered to crime victims through the provision of training and technical assistance to providers. Minnesota has been awarded these funds for training and for the Victim Legal Services Project.	No	\$387	\$260	\$50	\$0	No	0.00
U.S. Department of Justice (USDOJ) 16.588	Violence Against Women Act (VAWA) - Grant is received annually from USDOJ, Office on Violence Against Women (OVW). These funds support projects that develop and strengthen effective law enforcement and prosecution strategies and strengthen victim services in cases involving violence against women.	No	\$2,553	\$2,010	\$2,000	\$2,000	Match Admin 33% Local 33%	0.50
U.S. Department of Health and Human Services (HHS) 93.671	Family Violence Prevention Services Act (FVPSA) - Grant is received annually from the U.S. Department of Health and Human Services (HHS). Grant funds are for emergency shelter and related assistance for battered women and their children.	No	\$1,404	\$1,700	\$1,700	\$1,700	Match Local 20%	0.20
U.S. Department of Justice (USDOJ) 16.017	Sexual Assault Services Program (SASP) - Grant is received annually from USDOJ, OVW. These funds are awarded to programs that provide direct intervention and related assistance for victims of sexual assault.	No	\$451	\$254	\$254	\$254	No	0.17

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Department of Justice (USDOJ) 16.740	Statewide Automated Victim Information and Notification (SAVIN) - Grant is one time award from USDOJ, Bureau of Justice Assistance (BJA) to enhance the state victim notification system (VINE) by upgrading the MN Department of Corrections notification system.	No	\$120	\$0	\$0	\$0	Match – 100% DOC & OJP	0.00
U.S. Department of Justice (USDOJ) 16.738	Edward Byrne Memorial Justice Assistance Grant (JAG) - Grant is received annually from USDOJ, BJA. These funds are granted to state, tribal and local entities to support activities that will prevent and control crime and improve the functioning of the criminal and/or juvenile justice systems. This program requires that 58% of the total award be passed through to tribal or local agencies.	No	\$2,208	\$4,687	\$4,579	\$3,366	No	3.10
U.S. Department of Justice (USDOJ) 16.751	Edward Byrne Memorial (JAG) Competitive Grant Program - Grant is received from US DOJ, BJA. These funds are awarded competitively to improve the capacity of local criminal justice system and provides for national support efforts such as training and technical assistance projects to strategically address needs. Minnesota has been awarded these funds for efforts under the Prison Rape Elimination Act (PREA) and the Sex Offender Registration and Notification Act (SORNA).	No	\$15	\$0	\$0	\$0	No	0.00
U.S. Department of Justice (USDOJ) 16.593	Residential Substance Abuse Treatment for State Prisoners (RSAT) - Grant is received annually from USDOJ, BJA. Funds support the development and implementation of residential substance abuse treatment programs in state and local correctional facilities.	No	\$71	\$127	\$125	\$125	Match Admin 33% Local 33%	0.13
U.S. Department of Justice (USDOJ) 16.550	Statistical Analysis Center (SAC) - Grant is awarded from USDOJ, Bureau of Justice Statistics (BJS) to maintain and enhance the state's capacity to address criminal justice issues through collection and analysis of data.	No	\$15	\$34	\$36	\$36	No	0.08
U.S. Department of Justice (USDOJ) 16.742	Paul Coverdell Forensic Science Improvement - Grant is received annually from USDOJ, National Institute of Justice (NIJ) and awarded to certified forensic labs to help improve the quality and timeliness of forensic science services.	No	\$44	\$120	\$130	\$130	No	0.05

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Department of Justice (USDOJ) 16.540	Juvenile Justice Title II - Grant is received from USDOJ, Office of Juvenile Justice and Delinquency Prevention (OJJDP) to assist in ensuring compliance with the four core requirements of the federal Juvenile Justice and Delinquency Prevention Act and to support activities and goals established by the state advisory group, the Juvenile Justice Advisory Committee (JJAC). A dollar for dollar match is required for the administrative portion of this award.	No	\$468	\$709	\$571	\$571	Match Admin 100%	0.80
U.S. Department of Justice (USDOJ) 16.523	Juvenile Accountability Block Grant (JABG) - Annual formula grant received from USDOJ, OJJDP to help states establish programs that promote greater juvenile justice system accountability. Seventy-five percent of this funding must be distributed to local units of government in a formula that weighs crime data and juvenile justice expenditures.	No	\$67	\$0	\$0	\$0	Match Admin 10% Local 10% of total project cost divided by 9	0.00
	Program 21 Total		\$37,303	\$16,566	\$13,945	\$12,682		12.03
National Telecomm-unications & Information Administration 11.549	State and Local Implementation Grant Program (SLIGP) : This is a formula-based, matching grant program to assist States, in collaboration with regional tribal and local jurisdictions, to perform activities related to planning for the establishment of a nationwide public safety broadband network.	No	\$405	\$208	\$208	\$208	Match	0.50
Homeland Security Federal Emergency Management Agency 97.067	State Homeland Security Program (SHSP) . Funding supports the implementation of State Homeland Security Strategies for training, and exercise needs for acts of terrorism and other catastrophic events. This funding also supports the implementation of the National Preparedness Guidelines, the National Incident Management System and the National Response Framework.	No	\$643	\$502	\$502	\$502	No	0.00
	Program 28 Total		\$1,048	\$710	\$710	\$710		0.50
Homeland Security Federal Emergency Management Agency 20.703	Hazardous Materials Emergency Preparedness Grant program (HMEP) . Funds used to provide hazardous response training and planning exercises for firefighters and first response agencies.	No	\$136	\$81	\$0	\$0	Match	0.00
	Program 29 Total		\$136	\$81	\$0	\$0		0.00
	Federal Fund – Agency Total		\$104,909	\$111,691	\$60,259	\$61,939		112.53

Narrative

The Department of Public Safety receives federal funds for a wide variety of operations and projects impacting the Safety of Minnesota citizens. These grants come from a variety of federal agencies, each with their own application, award, expenditure, reporting and reimbursement processes and procedures. Most of the federal funds are ongoing grants that serve specific operations and projects implemented by the Department of Public Safety. The Department relies on these funds in managing their budget.

Larger grants include funds for Highway Traffic Safety (NHTSA), Disaster Assistance, Homeland Security, Motor Carrier Safety (MCSAP), Impaired Driving, and Victims of Crime (VOCA). Other grants the Department receives include funds for Law Enforcement, Internet Crimes Against Children, Distracted Driver, and Violence Against Women (VAWA).

Several of the federal grants require matching funds, or maintenance of effort commitments. These vary by federal agency and specific grant. The Department agrees to these commitments when accepting the federal grant award. Matches are covered with existing Department budgets and in some cases by local governments. Maintenance of effort commitments are managed within the budget and require tracking of certain expenditures and a related reporting process. Department federal awards that require a match or maintenance of effort commitment are identified in the table above.

Award estimates are based on past experience and current communication with the Department division staff and federal contacts. We do not estimate federal disaster funds for future years since it is impossible to accurately predict future disasters and their financial impact. We do not anticipate any major trends that impact funding at this time.

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AT A GLANCE

- Workforce: Department of Public Safety (DPS) has 2,042 employees
- DPS has nine operational divisions that include:
 - Alcohol and Gambling Enforcement Division (AGED)
 - Bureau of Criminal Apprehension (BCA)
 - Driver and Vehicle Servicers (DVS)
 - Emergency Communications Networks (ECN)
 - Homeland Security and Emergency Management (HSEM)
 - Minnesota State Patrol (MSP)
 - Office of Justice Programs (OJP)
 - Office of Traffic Safety (OTS)
 - State Fire Marshal Division (SFM), which also includes the Office of Pipeline Safety (OPS) and the Minnesota Board of Firefighter Training and Education (MBFTE)
- DPS serves the majority of the state's population as well as numerous public safety, governmental, and non-profit organizations in the state.

PURPOSE

DPS is committed to protecting citizens and communities through activities that promote and support prevention, preparedness, response, recovery, education, and enforcement in order to ensure that **people in Minnesota are safe**. These objectives are achieved through:

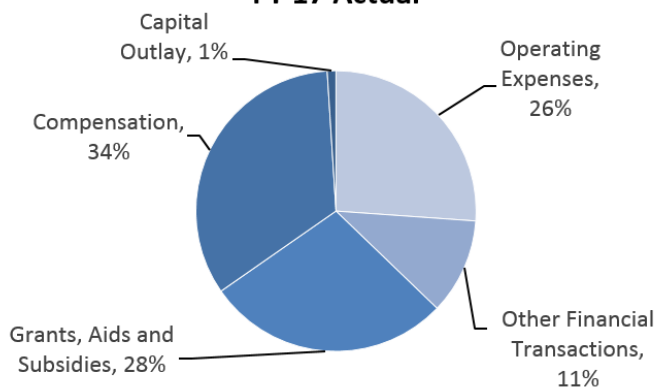
- A focus on saving lives
- Providing efficient and effective services
- Maintaining public trust
- Developing strong partnerships

DPS provides the administrative structure for nine diverse divisions focused on improving safety for all people in Minnesota. The agency also has four divisions that provide human resource, fiscal, internal affairs, and communication support. Through its divisions, DPS works in partnership with city, county, state, federal, and not-for-profit agencies to improve safety. We are funded through federal, state general fund, special revenue, trunk highway, and highway user tax distribution funds.

BUDGET

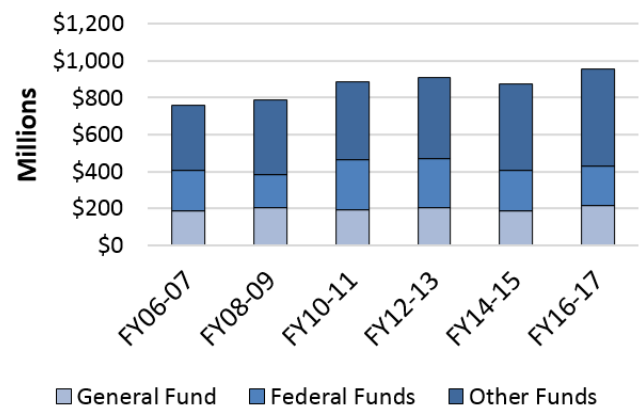
Spending by Category

FY 17 Actual



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

For the FY 16-17 biennium, the Department of Public Safety was primarily financed through legislative appropriations from the general fund (\$217 million), funding from the federal government (\$210 million), and other funds, which includes user fees (\$531 million in the special revenue fund).

STRATEGIES

We ensure that all people in Minnesota are safe by:

- Providing full-service laboratory support to all law enforcement agencies; and providing training and criminal justice integration services to prevent and solve crimes.
- Providing services to prevent, prepare for, respond to, and recover from natural and other types of disasters.
- Providing training, funding, and technical assistance to improve community safety and to assist crime victims.
- Provide training, investigation, inspection, regulation, data collection, and emergency response services to protect lives and property from fire and pipeline incidents.
- Enforcing the state's liquor and gambling laws to protect the public from illegal alcohol sales, illegal consumption, and illegal gambling.
- Providing funding, technical assistance, and research to prevent traffic deaths and serious injuries.
- Providing law enforcement services, education, and assistance to ensure the safe and efficient movement of traffic on Minnesota roads, the protection of the driving public, and the security of the Capitol Complex.
- Regulating motor vehicles, vehicle dealers, and licensed drivers to ensure that state and federal law are implemented and followed.
- Providing funding and technical assistance to operate a state-of-the-art 911 system and the implementation of a state-wide interoperable communication system for emergency responders.
- Providing overall leadership, policy, and direction to ensure the agency successfully meets its goals.

The Department of Public Safety's legal authority comes from Minn. Stat. 299A (<https://www.revisor.mn.gov/statutes/?id=299A>).

Public Safety - Transportation

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	11,674	13,986	19,079	38,918	14,127	14,938	36,333	33,123
2000 - Restrict Misc Special Revenue	83,541	92,445	94,317	102,790	69,270	69,145	88,814	92,653
2001 - Other Misc Special Revenue	1,689	1,439	3,202	3,124	3,015	2,958	3,015	2,958
2117 - Natural Resource Misc Statutory			0	4	4	4	4	4
2401 - Reinvest In Minnesota-Gifts	5	7	4	4	4	4	4	4
2403 - Gift	88	90	92	93	93	93	93	93
2700 - Trunk Highway	91,227	108,426	102,813	113,232	110,476	113,452	113,601	116,774
2710 - Highway Users Tax Distribution	798	937	9,426	11,545	9,869	11,152	15,700	16,924
3000 - Federal	45,873	27,001	32,703	44,107	39,307	42,450	39,307	42,450
4900 - 911 Emergency	1,184	2,329	1,389	1,510	1,510	1,510	1,510	1,510
6000 - Miscellaneous Agency	36,120	37,889	43,451	37,294	37,294	37,294	37,294	37,294
Total	272,200	284,548	306,477	352,621	284,969	293,000	335,675	343,787
Biennial Change				102,350		(81,129)		20,364
Biennial % Change				18		(12)		3
Governor's Change from Base								101,493
Governor's % Change from Base								18

Expenditures by Program

Admin & Related Services	13,440	15,709	15,979	20,624	17,137	18,402	20,699	22,164
State Patrol	109,917	125,934	130,422	133,797	125,574	132,484	126,074	132,984
Driver & Vehicle Services	109,104	121,047	133,827	158,725	103,882	103,838	150,526	150,363
Traffic Safety	37,088	19,159	23,342	34,878	34,582	34,482	34,582	34,482
Pipeline Safety	2,651	2,700	2,908	4,597	3,794	3,794	3,794	3,794
Total	272,200	284,548	306,477	352,621	284,969	293,000	335,675	343,787

Expenditures by Category

Compensation	132,537	133,729	138,527	153,631	150,197	152,045	159,767	162,159
Operating Expenses	65,243	81,986	88,490	111,631	63,815	66,028	104,906	106,656
Grants, Aids and Subsidies	30,601	14,299	19,202	38,389	26,570	27,655	26,615	27,700
Capital Outlay-Real Property	1,495	1,258	5,328	763	210	263	210	263
Other Financial Transaction	42,324	53,276	54,930	48,207	44,177	47,009	44,177	47,009
Total	272,200	284,548	306,477	352,621	284,969	293,000	335,675	343,787

Public Safety - Transportation

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Total Agency Expenditures	272,200	284,548	306,477	352,621	284,969	293,000	335,675	343,787
Internal Billing Expenditures	675	570	557	714	630	663	630	663
Expenditures Less Internal Billing	271,525	283,978	305,921	351,907	284,339	292,337	335,045	343,124

<u>Full-Time Equivalents</u>	1,491.42	1,495.63	1,523.02	1,513.82	1,510.49	1,510.49	1,634.12	1,642.12
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Public Safety - Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20FY21		Governor's Recommendation FY20FY21	
1000 - General								
Balance Forward In		2,087		891		384		384
Direct Appropriation	13,700	13,774	19,971	38,027	14,511	14,554	36,717	32,739
Transfers In	12,425	4,180	5,810	60	60	60	60	60
Transfers Out	12,425	4,180	5,810	60	60	60	60	60
Cancellations		1,875						
Balance Forward Out	2,026		892		384		384	
Expenditures	11,674	13,986	19,079	38,918	14,127	14,938	36,333	33,123
Biennial Change in Expenditures				32,338		(28,932)		11,459
Biennial % Change in Expenditures				126		(50)		20
Governor's Change from Base								40,391
Governor's % Change from Base								139
Full-Time Equivalents	92.48	95.22	111.92	110.64	110.64	110.64	131.64	131.64

2000 - Restrict Misc Special Revenue

Balance Forward In	56,726	57,450	39,051	30,896	8,417	8,466	8,417	10,551
Direct Appropriation	61,475	62,210	73,595	68,452	57,275	57,275	64,237	64,723
Receipts	33,467	24,536	24,530	24,717	24,727	24,672	39,394	40,672
Internal Billing Receipts	1,473	1,233	1,167	1,453	1,453	1,453	1,453	1,453
Transfers In	952	1,030	847	894	891	891	891	891
Transfers Out	13,556	13,733	12,806	13,752	13,574	13,574	13,574	13,574
Cancellations		4,236						
Balance Forward Out	55,524	34,811	30,899	8,417	8,466	8,585	10,551	10,610
Expenditures	83,541	92,445	94,317	102,790	69,270	69,145	88,814	92,653
Biennial Change in Expenditures				21,121		(58,692)		(15,640)
Biennial % Change in Expenditures				12		(30)		(8)
Governor's Change from Base								43,052
Governor's % Change from Base								31
Full-Time Equivalents	515.06	523.12	529.33	515.23	513.23	513.23	609.86	617.86

2001 - Other Misc Special Revenue

Balance Forward In	2,599	3,275	3,554	3,659	3,627	3,704	3,627	3,704
Receipts	2,084	1,730	3,306	3,110	3,110	3,110	3,110	3,110
Internal Billing Receipts	65	44	16	120	120	120	120	120

Public Safety - Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Transfers Out				18	18	18	18	18
Balance Forward Out	2,995	3,566	3,658	3,627	3,704	3,838	3,704	3,838
Expenditures	1,689	1,439	3,202	3,124	3,015	2,958	3,015	2,958
Biennial Change in Expenditures				3,198		(353)		(353)
Biennial % Change in Expenditures				102		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.35	10.33	11.83	8.83	8.83	8.21	8.83	8.21

2117 - Natural Resource Misc Statutory

Balance Forward In			0					
Receipts	215	495	434	434	434	434	434	434
Transfers Out	215	495	430	430	430	430	430	430
Balance Forward Out	0	0						
Expenditures	0	4	4	4	4	4	4	4
Biennial Change in Expenditures			4			4		4
Biennial % Change in Expenditures						97		97
Governor's Change from Base								0
Governor's % Change from Base								0

2401 - Reinvest In Minnesota-Gifts

Balance Forward In	19	80						
Receipts	4,986	5,234	5,229	5,200	5,200	5,200	5,200	5,200
Transfers Out	4,963	5,165	5,305	5,196	5,196	5,196	5,196	5,196
Balance Forward Out	19	80	0					
Expenditures	5	7	4	4	4	4	4	4
Biennial Change in Expenditures			(4)			0		0
Biennial % Change in Expenditures			(33)			(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Balance Forward In	24	20	20	20	20	20	20	20
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Public Safety - Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	110	113	114	114	114	114	114	114
Transfers Out	25	23	22	21	21	21	21	21
Balance Forward Out	20	20	20	20	20	20	20	20
Expenditures	88	90	92	93	93	93	93	93
Biennial Change in Expenditures				7		1		1
Biennial % Change in Expenditures				4		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

2700 - Trunk Highway

Balance Forward In	174	5,875	16	2,652	23	1,078	23	1,078
Direct Appropriation	96,174	102,736	105,448	110,598	111,526	112,402	114,651	115,724
Receipts	7	1	2	5	5	5	5	5
Transfers In	958	4,600						
Transfers Out	958	4,600						
Cancellations		170						
Balance Forward Out	5,127	16	2,653	23	1,078	33	1,078	33
Expenditures	91,227	108,426	102,813	113,232	110,476	113,452	113,601	116,774
Biennial Change in Expenditures				16,392		7,883		14,330
Biennial % Change in Expenditures				8		4		7
Governor's Change from Base								6,447
Governor's % Change from Base								3
Full-Time Equivalents	792.73	783.82	784.07	793.97	793.97	794.59	793.97	794.59

2710 - Highway Users Tax Distribution

Balance Forward In		1,394	0	1,048		637		637
Direct Appropriation	2,192	2,213	10,474	10,497	10,506	10,515	16,387	16,337
Transfers Out							50	50
Cancellations		2,671						
Balance Forward Out	1,394		1,048		637		637	
Expenditures	798	937	9,426	11,545	9,869	11,152	15,700	16,924
Biennial Change in Expenditures				19,236		50		11,653
Biennial % Change in Expenditures				1,109		0		56

Public Safety - Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								11,603
Governor's % Change from Base								55
Full-Time Equivalents	6.13	5.22	8.09	15.98	15.98	15.98	21.98	21.98

3000 - Federal

Balance Forward In	2,277	2,321	2,101	924	763	763	763	763
Receipts	45,900	26,283	31,527	43,946	39,307	42,450	39,307	42,450
Transfers In	701	1,218	619					
Transfers Out	701	1,218	619					
Balance Forward Out	2,304	1,605	924	763	763	763	763	763
Expenditures	45,873	27,001	32,703	44,107	39,307	42,450	39,307	42,450
Biennial Change in Expenditures				3,936		4,947		4,947
Biennial % Change in Expenditures				5		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	65.36	69.63	67.43	58.81	57.48	57.48	57.48	57.48

4900 - 911 Emergency

Balance Forward In	1,090	1,645	1,006	1,034	934	834	934	834
Receipts	1,413	1,239	1,417	1,410	1,410	1,410	1,410	1,410
Balance Forward Out	1,319	555	1,034	934	834	734	834	734
Expenditures	1,184	2,329	1,389	1,510	1,510	1,510	1,510	1,510
Biennial Change in Expenditures				(614)		121		121
Biennial % Change in Expenditures				(17)		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.88	6.37	7.99	8.00	8.00	8.00	8.00	8.00

6000 - Miscellaneous Agency

Balance Forward In	176	0	2					
Receipts	35,702	37,641	43,063	37,294	37,294	37,294	37,294	37,294
Balance Forward Out			0					
Expenditures	36,120	37,889	43,451	37,294	37,294	37,294	37,294	37,294

Public Safety - Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				6,736		(6,157)		(6,157)
Biennial % Change in Expenditures				9		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.43	1.92	2.36	2.36	2.36	2.36	2.36	2.36

Public Safety - Transportation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	14,453	14,453	14,453	28,906
Base Adjustments				
Pension Allocation		58	101	159
Forecast Base	14,453	14,511	14,554	29,065
Change Items				
Chapter 1 - DVS	2,000			
Public Safety Operational Support			131	131
Soft Body Armor (Vest) Reimbursement Increase		45	45	90
Application Server Migration		258	174	432
Chapter 1 - MNLARS Vehicle and Driver	11,200			
MNLARS Vehicle and Driver Systems Development		21,403	17,335	38,738
Deputy Registrar Reimbursement	10,000			
Soft Body Armor (Vest) Reimbursement Deficiency	374			
Capitol Security Increase		500	500	1,000
Total Governor's Recommendations	38,027	36,717	32,739	69,456
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	68,452	65,182	65,182	130,364
Base Adjustments				
One-Time IT Appropriations		(8,000)	(8,000)	(16,000)
Pension Allocation		93	93	186
Forecast Base	68,452	57,275	57,275	114,550
Change Items				
DVS Staffing Initiative		6,962	7,448	14,410
Total Governor's Recommendations	68,452	64,237	64,723	128,960
Fund: 2700 - Trunk Highway				
FY2019 Appropriations	110,598	110,598	110,598	221,196
Base Adjustments				
Pension Allocation		928	1,804	2,732
Forecast Base	110,598	111,526	112,402	223,928
Change Items				
Public Safety Operational Support			405	405
Technology Cost Increases		2,485	2,485	4,970
Application Server Migration		640	432	1,072
Total Governor's Recommendations	110,598	114,651	115,724	230,375
Fund: 2710 - Highway Users Tax Distribution				

Public Safety - Transportation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
FY2019 Appropriations	10,497	10,497	10,497	20,994
Base Adjustments				
Pension Allocation		9	18	27
Forecast Base	10,497	10,506	10,515	21,021
Change Items				
DVS Staffing Initiative		471	456	927
Highway User Tax Distribution (HUTD) Allocation Increase		5,226	5,226	10,452
Application Server Migration		134	90	224
Electric Vehicle Infrastructure		50	50	100
Total Governor's Recommendations	10,497	16,387	16,337	32,724
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	24,514	11,995	11,870	23,865
Forecast Base	24,514	11,995	11,870	23,865
Change Items				
MNLARS Vehicle and Driver Systems Maintenance and Operation		12,582	16,060	28,642
Total Governor's Recommendations	24,514	24,577	27,930	52,507
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	3,124	3,015	2,958	5,973
Forecast Base	3,124	3,015	2,958	5,973
Total Governor's Recommendations	3,124	3,015	2,958	5,973
Fund: 2117 - Natural Resource Misc Statutory				
Planned Spending	4	4	4	8
Forecast Base	4	4	4	8
Total Governor's Recommendations	4	4	4	8
Fund: 2401 - Reinvest In Minnesota-Gifts				
Planned Spending	4	4	4	8
Forecast Base	4	4	4	8
Total Governor's Recommendations	4	4	4	8
Fund: 2403 - Gift				
Planned Spending	93	93	93	186
Forecast Base	93	93	93	186
Total Governor's Recommendations	93	93	93	186
Fund: 3000 - Federal				

Public Safety - Transportation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Planned Spending	44,107	39,307	42,450	81,757
Forecast Base	44,107	39,307	42,450	81,757
Total Governor's Recommendations	44,107	39,307	42,450	81,757
Fund: 4900 - 911 Emergency				
Planned Spending	1,510	1,510	1,510	3,020
Forecast Base	1,510	1,510	1,510	3,020
Total Governor's Recommendations	1,510	1,510	1,510	3,020
Fund: 6000 - Miscellaneous Agency				
Planned Spending	37,294	37,294	37,294	74,588
Forecast Base	37,294	37,294	37,294	74,588
Total Governor's Recommendations	37,294	37,294	37,294	74,588
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	24,717	24,727	24,672	49,399
Change Items				
MNLARS Vehicle and Driver Systems Maintenance and Operation		14,667	16,000	30,667
Total Governor's Recommendations	24,717	39,394	40,672	80,066
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	3,110	3,110	3,110	6,220
Total Governor's Recommendations	3,110	3,110	3,110	6,220
Fund: 2117 - Natural Resource Misc Statutory				
Forecast Revenues	434	434	434	868
Total Governor's Recommendations	434	434	434	868
Fund: 2401 - Reinvest In Minnesota-Gifts				
Forecast Revenues	5,200	5,200	5,200	10,400
Total Governor's Recommendations	5,200	5,200	5,200	10,400
Fund: 2403 - Gift				
Forecast Revenues	114	114	114	228
Total Governor's Recommendations	114	114	114	228
Fund: 2700 - Trunk Highway				

Public Safety - Transportation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	5	5	5	10
Total Governor's Recommendations	5	5	5	10
Fund: 3000 - Federal				
Forecast Revenues	43,946	39,307	42,450	81,757
Total Governor's Recommendations	43,946	39,307	42,450	81,757
Fund: 4900 - 911 Emergency				
Forecast Revenues	1,410	1,410	1,410	2,820
Total Governor's Recommendations	1,410	1,410	1,410	2,820
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	37,294	37,294	37,294	74,588
Total Governor's Recommendations	37,294	37,294	37,294	74,588
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	14,772	14,772	14,772	29,544
Total Governor's Recommendations	14,772	14,772	14,772	29,544
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	55,854	55,854	55,854	111,708
Change Items				
DVS Staffing Initiative		7,008	7,645	14,653
Total Governor's Recommendations	55,854	62,862	63,499	126,361
Fund: 2700 - Trunk Highway				
Forecast Revenues	7,837	7,837	7,837	15,674
Change Items				
Rail Grade Crossing Safety		(750)	(1,500)	(2,250)
Total Governor's Recommendations	7,837	7,087	6,337	13,424
Fund: 2710 - Highway Users Tax Distribution				
Forecast Revenues	1,307,803	1,350,055	1,392,995	2,743,050
Change Items				
Transportation Funding Package		225,700	456,200	681,900
Electric Vehicle Infrastructure		50	50	100
Total Governor's Recommendations	1,307,803	1,575,805	1,849,245	3,425,050
Fund: 2800 - Environmental				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	10,000	10,000	10,000	20,000
Total Governor's Recommendations	10,000	10,000	10,000	20,000

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: DVS Staffing Initiative

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures (HUTD)	471	456	456	456
Expenditures (Special Rev.)	6,962	7,448	6,358	6,358
Revenues (Special Rev.)	7,008	7,645	7,645	7,645
Net Fiscal Impact = (Expenditures – Revenues)	425	259	(831)	(831)
FTEs	103	111	91	91

Recommendation:

The Governor recommends a special revenue fund base increase of \$6.358 million per year for positions to increase the capability and capacity of the Department of Public Safety (DPS) Driver and Vehicle Services division (DVS) to respond to the demand from stakeholders, business partners and the public to provide services more efficiently and effectively. The proposal includes onetime funds in FY20 and FY21 for short term staff to respond to immediate needs in turnaround times and for equipment costs. The Governor recommends increasing vehicle services and driver's license fees to support this investment in customer service responsiveness. The proposal also includes a base increase from the Highway User Tax Distribution fund (HUTD) for new fuel tax audit staff.

Rationale/Background:

DVS serves 11 million customers each year with motor vehicle titling, registration, and plates; driver education, testing, and licensing; identification cards; disability license plates and parking certificates; commercial truck registration and fuel tax collection; vehicle dealer licensing; salvage and reconstructed vehicle inspections; collection and dissemination of data, and auditing data usage by all users. DVS maintains the integrity of these processes to ensure the accuracy and security of data, prevent fraud, and protect public safety.

DVS collects fees and taxes that support the state's transportation system and other state programs designed to protect public safety. In addition, the DVS Contact Center includes 24 phone lines and multiple email channels which allow the public, deputy registrars, driver's license agents, and law enforcement to contact DVS with questions and concerns regarding vehicle and driver license records.

DPS has heard from Minnesotans, partners, stakeholders, and the Legislature that more investment is needed to increase responsiveness, reduce the turnaround time for licenses and titles, improve scheduling for testing and inspection, and ensure that fiscal and data audit processes are robust.

Resources to Meet Office of Legislative Auditor Recommendations:

The Office of the Legislative Auditor (OLA) released the MNLARS Transaction Accuracy Special Review on September 25, 2018. This review provided recommendations to DVS related to improving the accuracy of MNLARS transactions. The following proposals will support the recommendations to evaluate and improve policies, procedures, communications, and training for all system users.

- **Financial Oversight and Auditing**

DVS has an annual budget of approximately \$50 million and collects more than \$1 billion in state revenues annually. DVS currently does not have sufficient staffing to complete necessary financial audits to ensure accurate collection and distribution of funds. The MNLARS Transaction Accuracy Special Review

recommended DVS develop procedures to monitor the accuracy of various taxes collected, implement fee and tax changes on a timely basis, and initiate corrections and system enhancements as necessary for MNLARS. This proposal aligns with the recommendations in the Special Review and will result in better revenue tracking and reporting, auditing, and funding source reconciliation by adding three positions to assist with billing reconciliation, purchasing, contract and grant administration, assisting business partners, and making required finance related adjustments in the MNLARS Vehicle and Driver systems.

The proposal includes an appropriation of \$141,000 in FY20 and \$147,000 in FY21 to support three additional positions to increase oversight and auditing functions.

- **Data Practices Compliance**

DVS must adhere to a complex array of federal and state laws, rules, and regulations. Due to the large volume of legislative activity at both state and federal levels, the need to ensure compliance with these requirements is paramount. In addition, ensuring the security and appropriate use of the data collected by DVS is critical to protecting Minnesotans and individuals whose data is available in our systems. Minnesota law requires DVS to track and address any inappropriate data access by users.

The proposal includes an appropriation of \$107,000 in FY20 and \$102,000 in FY21 to support two additional positions to mitigate risks, enhance oversight of user access, ensure compliance with state and federal requirements, and provide ongoing reporting and auditing for data use compliance.

- **Refund Issuing**

DVS collects more than \$1.4 billion annually on behalf of the state of Minnesota. The majority of funds are deposited into the HUTD account, however, DVS collects funds for counties, other state agencies, special interest groups, veteran groups, and other legislative mandated funds. The DVS Cashiers Unit reconciles accounts and processes refunds. DVS was unable to process customer refunds after the MNLARS roll out in July 2017. This resulted in a significant backlog of work when the functionality became available.

The proposal includes an appropriation of \$76,000 in FY20 and \$82,000 in FY21 to support two staff to fully meet and maintain account reconciliation and refund processing turnaround times. With this investment, DVS will be able to meet and maintain a 30 day turnaround time.

IRP IFTA Fuel Tax Audit Staff Increase and Appropriation from HUTD

Minnesota has authorized reciprocity of registration and fuel taxes for vehicles engaged in interstate commerce under the International Registration Plan (IRP) and the International Fuel Tax Agreement (IFTA) which is administered through DVS.

Under both agreements, member jurisdictions are obligated to audit 3 percent of the fleets based in the jurisdiction for both IRP and IFTA. Additionally, member jurisdictions may be required to conduct special audits and appeals in addition to scheduled audits. There are approximately 6,000 Minnesota based carriers with approximately 40,000 vehicles licensed and registered in the state which equate to 400 scheduled audits and special audits per year. The audits for both agreements require jurisdictions to conduct detailed audits of carrier mileage and fuel tax reporting as well as a carrier's overall compliance with both agreements. Each audit can take 24 staff hours depending on its complexity, requiring an annual capacity of 9,600 staff hours. There are currently four full-time equivalent (FTE) auditors providing 8,300 staff hours annually. The staff shortage resulted in DVS paying about \$54,000 in overtime in FY18.

Under both agreements, member jurisdictions are obligated to equitably administer the agreements within each state which can be achieved through providing Minnesota based carriers with a dedicated staff member who can provide carriers with training and guidance in complying with both agreements, and assistance in interpreting and applying requirements of the agreements into the carrier's operation. The addition of a Fuel Tax Audit Liaison would provide this assistance to motor carriers operating in Minnesota.

The proposal includes an appropriation of \$471,000 in FY20 and \$456,000 ongoing from the HUTD to fund the existing four positions and two new positions. These positions are currently funded through a special revenue account. The purpose of this unit is solely to audit the fuel tax returns of vehicles engaged in interstate commerce. Funding these positions appropriately from the HUTD would allow DVS to hire three dealer and vehicle inspector positions using current special revenue appropriations.

Realignment of Vehicle Services Resources

- **Dealer and Vehicle Inspections**

Minnesota law requires an inspection for each temporary dealer license before a permanent dealer license is granted. Subsequent, unannounced inspections are also required. The purpose of the inspections is to ensure compliance with state laws regarding the collection and submission of motor vehicle taxes and the timely transfer of ownership documents. There are approximately 3,900 licensed dealers in Minnesota and DVS conducts 2,300 dealer inspections annually.

Minnesota law requires an inspection of vehicles that are branded as “SALVAGE” before being registered. Approximately 16,700 vehicle inspections are conducted throughout Minnesota annually at two dedicated inspection sites, and 15 part-time leased inspection sites located at local dealer or auto repair shops. An inspection fee of \$35 is collected which is split between the general fund (\$20) and the vehicle services special revenue account (\$15).

Currently, the responsibility of conducting these inspections is divided between the Vehicle Services and Driver Services program areas. Vehicle Services has four full-time equivalent (FTE) inspectors located in St. Paul and St. Cloud who perform about 783 dealer inspections and 13,400 vehicle inspections annually. Approximately 1,500 dealer inspections and 3,200 vehicle inspections are conducted by driver licensing examiners located in the ten regions throughout the state who assume this role as an extra duty.

Because the roles of dealer and vehicle inspector are extra duties for the regionally based driver licensing examiners, these tasks take them from their primary duties of administering written and road tests. These dual responsibilities hinder the ability of DVS to provide road tests and re-tests in a timely manner.

The proposal includes an appropriation of \$46,000 in FY20 and \$47,000 in FY21 to support one additional staff to administer dealer and vehicle inspections. DVS seeks to add a total of four dealer and vehicle inspectors. The other three will be supported by existing special revenue appropriations if the costs for the current IRP IFTA fuel tax auditors are supported with HUTD funds. The additional staff will be located in northern and southern Minnesota. These additional staff will allow the driver licensing examiners to focus exclusively on conducting driver examinations which will increase the ability to provide road tests and re-tests more quickly.

- **Regionally Based Deputy Liaisons**

There are 174 deputy registrar offices located throughout Minnesota who provide front-line customer service to Minnesotans in the titling and registration of motor vehicles, ranging from passenger vehicles to motorcycles, trailers to farm trucks, and all motor vehicle title transfers. Annually there are 6 million vehicle registrations and 1.7 million title transfers of which 75 percent occur at a deputy registrar office.

DVS deputy liaisons work closely with deputy registrars on procedural questions, training, interpretation, and implementation of changes in Minnesota law or administrative procedures, and auditing for internal controls and compliance with motor vehicle laws. The deputy liaison team also functions as a contact center for deputy registrars, taking 200 telephone calls and 100 email contacts per day. The volume of work for liaisons has increased since the launch of MNLARS in July 2017 and has significantly hindered the ability of liaisons to travel to deputy registrar offices to provide business process information, conduct training, and complete legally required compliance audits.

Due to the large volume of work for the deputy liaisons, driver examination regional supervisors also respond to deputy registrar questions within their region and conduct liaison tasks such as office visits

and interpretation of laws and rules. This hinders the driver examination regional supervisors from providing driver license examinations and road tests, as well as liaising with licensing agents on driver license issues. This reduces the number of driving examinations and tests administered annually and assistance available to address driver license issues.

The proposal includes an appropriation of \$448,000 in FY20 and \$487,000 in FY21 to support 12 deputy liaison staff to provide procedural information and training close to the deputy registrar offices by locating staff at additional locations across the state. This regional presence will provide a more adequate response to local offices and allow staff to meet with these offices routinely and better align staffing with our business partner and customer needs. Continuing to support these positions will allow the driver examination regional supervisors to focus on driver examination and services to provide road tests, retests and address driver services issues more quickly.

Reducing Vehicle Services Backlogs

- **Title and Registration Issuing Staff**

DVS staff process an average of 1.7 million vehicle title applications annually. Since the roll out of MNLARS in July 2017, DVS has not been able to maintain the 30-day title turnaround time expectation. Since the end of 2017, to augment staff, DVS has relied on a contract vendor to assist as well as contracting with the Minnesota Department of Revenue who have staff available during their off-season. However, these staff must return to their regular duties at the same time when title production increases.

The proposal includes an appropriation of \$1.392 million in FY20 and \$1.511 million in FY21 for 39 title processing positions. With this investment, DVS will review and process title applications within 30 days.

- **Disability Parking Certificate Processing**

DVS reviews and processes disability parking certificates. DVS staffing has not kept pace with the demand for these parking certificates. In 2004, DVS processed 65,000 certificates annually with five staff. Today, DVS has four staff and processes approximately 140,000 certificates annually. This insufficient staffing level has resulted in a 60-day processing time. The need for disability parking certificates will continue to increase as our population of aging Minnesotans continues to increase.

The proposal includes an appropriation of \$143,000 in FY20 and \$154,000 in FY21 to support four processing staff. With this investment, disability parking certificate applications can be reviewed and processed within 30 days.

Driver Services Staffing

- **Data Verification Unit**

With the implementation of Real ID, the number of Minnesota residents required to have verification of identity data increased. These verifications include Social Security Online Verifications (SSOLV) for the social security number of an applicant, Problem Driver Pointer System (PDPS) which verifies if an applicant has valid driving privileges in all states, Commercial Driver Licensing Information System (CDLIS) which verifies the driving privileges of commercial drivers and maintains the state the driver holds a commercial license, Systematic Alien Verification for Entitlements (SAVE) which verifies immigration status or naturalized/derived citizenship for Real ID and Enhanced credentials, and State-to-State (S2S) Verification Service which verifies electronically with other participating states if an applicant holds a non-commercial driver license or identification card in another state, ensuring a person only holds one credential in one state at a time.

Previously the legacy system used “Triple Check” to determine whether the application could proceed. The FAST driver system has more robust verification interfaces and programming to ensure the verification systems are applied uniformly across all license and identification card classes. The increase in credentials requiring verification and the improved programming has resulted in an increased number of transactions that must be reviewed before the credential can be issued. The volume is expected to

increase once S2S is implemented in 2019. The REAL ID statute requires a photo of the applicant be taken before taking any other actions with the application. Photos are compared to the previous photo on record and other photos in the DVS photo database. These verifications reduce duplicate records, fraudulent applications, and identity theft.

FAST Enterprises advised DVS that additional dedicated staff are required to complete this work. Minnesota also contacted other states that have implemented REAL ID and the required verification systems to determine best practices. All jurisdictions Minnesota communicated with to date added three to 10 staff to complete this work. These reviews and any resulting work must be accomplished before a credential can be issued. DVS currently has one dedicated staff to perform this work.

The proposal includes an appropriation of \$125,000 in FY20 and \$121,000 in FY21 to support three new staff to complete the review of photo and other verification system results. Failure to hire new staff for these reviews will result in a delay to the issuance of driver's licenses and identification cards.

- **Driver's License Issuing Staff**

DVS anticipates a higher volume of driver's license and identification card applications due to the availability of REAL ID compliant credentials, the statewide expansion of enhanced driver licenses and identification cards, and the federal enforcement deadline for REAL ID compliant credentials for domestic air travel and access to federal facilities in 2020. As the October 2020 date draws near, DVS estimates applications for REAL ID compliant credentials will increase and standard applications will decline.

DVS must review applications for REAL ID compliant credentials, enhanced driver licenses and identification cards, commercial driver licenses, new licenses and applications involving name changes. The number of documents required to review for a REAL ID compliant driver license or identification card, or an enhanced driver license or identification card, increases the time to review the application. The processing time for Real ID applications has doubled due to the additional documentation required, and the data capture of the relevant information. As of February 1, 2019, the following applications are waiting for processing:

- Standard applications: 23,522
- Real ID applications: 27,138
- Enhanced applications: 19,946

DVS currently has eight temporary positions funded to assist with processing this work. The funding for these positions will expire on June 30, 2019, and DVS anticipates a delay to the driver's license and identification card issuing process by about 2,800 credentials each day once this staffing ends.

The proposal includes an appropriation of \$1.111 million in FY20 and \$1.199 million in FY21 to support 29 driver services issuing positions and allow DVS to dedicate more resources to the issuance of applications for driver's license and identification cards to ensure faster and more efficient services to Minnesotans. With this investment, DVS will review and process driver license applications within 21 days.

- **Driver Compliance Support**

The driver evaluation unit provides guidance on reinstating driving privileges. Staff work with customers to address offenses such as habitual violations (moving violations), driving after withdrawal conviction, implied consent and DWI convictions, criminal vehicle operations, no proof of insurance or failure to provide insurance, no fault convictions, CDL disqualifications, child support, unpaid fines, and civil judgments.

Evaluators conduct administrative reviews, assess at risk drivers and their ability to safely operate a motor vehicle, enroll customers in the Ignition Interlock Device Program (IIDP), write limited licenses, handle all license withdrawals (suspensions, revocations, and inimical to public safety), disqualifications, and cancellations based on medical conditions, and process all medical correspondence to determine the

eligibility to maintain driving privileges. These services are provided to residents and out-of-state drivers who have records from Minnesota or violations in Minnesota.

Due to the complexity of customer issues, evaluators are required to understand Minnesota statutes, rules and regulations, and procedural and technical related processes. It takes six months to one year to develop a foundation of knowledge to provide proper information to customers.

Currently, driver evaluation staff based in the metro area travel over a four day period every week to a different region of Minnesota to conduct 30-40 hearings with customers. Removal of these staff from the Saint Paul office negatively impacts the availability of metro area hearings, slows down the processing of documents submitted for medical reviews and reinstatement requirements, and reduces the level of services that can be provided in the higher demand metro area. A minimum of 25-50 people are able to meet with an evaluator each day at metro locations.

The proposal includes an appropriation of \$291,000 in FY20 and \$314,000 in FY21 for seven positions to supplement both the metro staff and be regionally based in Duluth, Mankato, and St. Cloud to provide greater service to residents throughout Minnesota and process Ignition Interlock applications within two weeks.

- **New Exam Station**

The demand for knowledge tests and road tests continues to increase. On average, one examiner can administer 20 class D road tests per day or four CDL tests at a metro exam station. The exam stations are unable to keep up with the current demand for these services. As a result, continued lack of sufficient staff to complete these driver examinations results in delays to scheduling and completing exams for customers.

To address this demand, DVS would lease one additional exam station and staff it with seven examiners, three customer service staff and one supervisor. Depending on demand for the type of road tests, this location could administer Class D road tests and CDL skill tests, the same as other metro stations. By adding seven new examiners to administer Class D tests, it would increase road test appointment availability by 140 appointments per day. For each examiner assigned to administer CDL skill testing, an additional 20 CDL road tests would be available per week. This would increase CDL road test availability in the metro by 38 percent and Class D by 33 percent.

The proposal includes an appropriation of \$505,000 in FY20 and \$503,000 in FY21 for 11 additional staff and facility and equipment costs. The new site will increase the location, date, and time options available for Minnesotans seeking to take written tests, road tests, and complete applications for instruction permits, driver licenses, and identification cards.

Contact Center Staffing Increase

The DVS Contact Center includes the Public Information Center (PIC) which involves all public-facing contact channels (phone and email), and the Deputy Support Center which provides assistance to DVS business partners including deputy registrars, driver license agents, and law enforcement. The PIC receives more than 4 million incoming phone/email contacts annually with a staff of 43 agents. Due to chronic understaffing, the PIC is not able to process all the calls coming into DVS or respond to emails in a timely manner. Prior to the launch of MNLARS the agents could respond to only 32 percent of daily contacts, while 68 percent received a busy signal. Similarly, the deputy support agents often had wait times averaging 5 minutes with daily peaks reaching 40 minutes.

In 2018, DVS used HUTD funds to hire temporary agents to supplement existing staff, increasing PIC to a size of 83 agents. In October 2018, PIC received an average of 10,010 contacts per day. Capacity of public information agents to answer daily calls averages 50 percent, but many callers continue to receive a busy message and email response times exceeds 8 days.

The volume of calls to the Deputy Support Center has also increased. These business partners experience wait times averaging 20 minutes with daily peaks reaching 75 minutes. The deputy registrars and driver license agents continue to raise concerns about how long they wait on hold, often while assisting a customer.

The proposal includes an appropriation of \$2.577 million in FY20 and \$2.781 million in FY21 to support 63 PIC staff and 2 IT staff necessary to support and enhance the call center. With this investment, DVS will be able to reduce the average customer wait time to five minutes or less.

Proposal:

The proposal increases fees to support DVS staffing to respond to the demand from stakeholders, business partners, and the public to provide services more efficiently and effectively. It also appropriates HUTD funds for fuel tax audit staff, totaling \$471,000 in FY20 and \$456,000 ongoing. The proposal amends the following fees:

- Single plate: from \$4.50 to \$6.50
- Double plate: from \$6.00 to \$8.40
- Duplicate stickers: from \$1.00 to \$1.50
- Special plates: from \$10.00 to \$14.00
- Driver license/Identification: adds \$4.50 to every driver license/ID fee

Equity and Inclusion:

Driver and vehicle services are provided equally to all Minnesotans.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity and Quality	Number of vehicle inspections performed	15,455	11,672	FY17/FY18
Quantity and Quality	Number of Dealer Inspections performed	2,383	1,372	FY17/FY18
Quantity	Number of deputy registrar audits performed	132	25	FY17/FY18
Quantity	Number of IRP and IFTA audits performed	227	275	FY17/FY18
Quantity	Number of driver's license cards issued	1,658,777	1,486,268	FY17/FY18
Quantity	Number of identification cards issued	127,569	111,870	FY17/FY18
Quantity	Number of driving tests applied for and administered	625,881	585,019	FY17/FY18
Quality	Number of Driver's License Exam Supervisor visits	760	0	FY17/FY18
Quantity	Number of driving privilege compliance transactions			
	• Suspended driver privileges	150,799	145,694	FY17/FY18
	• Cancelled driver privileges	16,380	17,781	
	• Revoked for non-alcohol-related citations	44,378	66,908	
	• Revoked for alcohol-related citations	22,445	23,343	

Statutory Change(s):

Minnesota Statutes 168.12 through 168.1299.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Public Safety Operational Support

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	131	131	131
Revenues	0	0	0	0
Other Funds				
Expenditures	0	405	405	405
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	536	536	536
FTEs	0	0	0	0

Recommendation:

The Governor recommends base increases in the general fund and trunk highway fund totaling \$536,000 per year starting in FY21 to maintain the services of the Public Safety Support division through payroll and lease costs. These services support the Department of Public Safety through the Commissioner's Office, Human Resources, Internal Affairs/Affirmative Action, and Fiscal and Administrative Services. Costs associated with the management of the department have continually increased due to inflation, payroll costs, and the increasing size and complexity of the department.

Rationale/Background:

This funding is needed for the Public Safety Support division because of a decrease in availability of federal funds, which have been used to cover costs normally associated with the general fund and trunk highway fund. Indirect costs approved annually by the federal government for the Department of Public Safety is based on complex calculations from the previous year expenditures and is formulated into a percentage that is applied against current year agency payroll expenditures that are paid with federal funds. Each year, this percentage changes and has fluctuated between 7 percent and 9 percent for the past several years. The funds collected are used primarily for the Fiscal and Administrative Services Division. It is now anticipated that this balance will be reduced by the end of FY20. The receipts in this account have been reduced in the past several years due to the percentage changes and the federal funds being used for agency payroll.

Proposal:

The Governor recommends additional operating funds to maintain the agency's current level of service. The costs include payroll for 2.5 FTEs in the Human Resources and Internal Affairs divisions and space rental. The positions are essential for the support and services these divisions provide for the entire agency and total \$298,000 annually. Space rental costs total \$238,000 per year. Moving these expenditures back to the division budgets will bring the indirect cost account in line with the anticipated annual receipts.

Equity and Inclusion:

This proposal impacts all aspects of the agency.

IT Related Proposals:

Not applicable.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Workers' Compensation Annual Premium	\$1,114,931	\$1,239,710	FY17/FY18
Quantity	Data Practice requests filled	1,206	467	FY17/FY18
Quality	Number of job audits conducted	105	152	FY17/FY18
Quantity	Number of vacancies filled	423	473	FY17/FY18
Quality	# of misconduct case investigations challenged to arbitration	0	0	FY17/FY18
Quality	# of discrimination charges filed with Human Rights or EEOC/# of charges sustained	7/1	7/1	2016/2017
Quality	# of charges of discrimination alleging failure to accommodate	1	3	FY17/FY18

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Technology Cost Increases

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	2,485	2,485	2,485	2,485
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,485	2,485	2,485	2,485
FTEs	0	0	0	0

Recommendation:

The Governor recommends a trunk highway fund base increase of \$2.485 million per year to support existing hardware, software, and MNIT staffing costs for the Department of Public Safety (DPS) Driver and Vehicle Services (DVS) division and public safety support division. This funding is to address identified hardware and software services and staffing costs that are not currently accounted for in the department's base technology budget, in addition to increased workstation replacement, support, and 24/7 help desk support costs attributable to the consolidation of core IT services into an enterprise services model.

Rationale/Background:

For the FY20-21 biennium, DPS' portion of MNIT administrative overhead expenses is projected to increase. MNIT overhead expenses include human resources, finance, procurement, enterprise project management, and security activities. These expenses are allocated to agencies based on their total IT spend and total number of dedicated MNIT staff as of fiscal year 2017.

In 2020, MNIT forecasts an increase in enterprise charges of \$462,022 for the transportation budgeted divisions in DPS that were not included in the existing budget. Existing enterprise usage fees will exceed the current technology budget by \$775,624 for infrastructure system hosting. DPS specific software and hardware for these divisions to support existing applications totals \$1,247,354 which is not covered by the existing technology budget. These actual charges include hardware for exam stations, telecommunications, printing maintenance, software licensing and support for hosting production environments.

Proposal:

The Governor recommends an ongoing trunk highway fund appropriation of \$2.485 million to fully fund DPS core technology services for software, hardware, and professional services for the transportation budgeted divisions. This proposal includes monthly software licensing costs, enterprise utilization costs, and personnel costs to support the technology infrastructure. Without this funding, DPS and MNIT cannot host or maintain these core DPS applications. A stable funding source will enable the departments to continue to operate these applications.

Equity and Inclusion:

DPS services are provided equally to all Minnesotans.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts						
Infrastructure Usage	775,624	775,624	775,624	775,624	775,624	775,624
Hardware	367,673	367,673	367,673	367,673	367,673	367,673
Software	399,773	399,773	399,773	399,773	399,773	399,773
Training						
Enterprise Services	462,022	462,022	462,022	462,022	462,022	462,022
MNIT Staff costs	479,908	479,908	479,908	479,908	479,908	479,908
Total	2,485,000	2,485,000	2,485,000	2,485,000	2,485,000	2,485,000
MNIT FTEs*	3.69	3.69	3.69	3.69	3.69	3.69
Agency FTEs	0	0	0	0	0	0

* These are the equivalent FTEs charging to the transportation budgeted divisions of DPS from MNIT. There can be as many as 27 people charging portions of their time to these systems.

Statutory Change(s):

Not Applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Soft Body Armor (Vest) Reimbursement Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	45	45	45	45
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	45	45	45	45
FTEs	0	0	0	0

Recommendation:

The Governor recommends a general fund base increase of \$45,000 to cover the annual costs of peace officer vest reimbursements to local governments. This is a 7.5% increase to the general fund base for vest reimbursements.

Rationale/Background:

Minnesota Statute 299A.38 requires the Department of Public Safety (DPS) to reimburse peace officers and local governments for up to one-half, not to exceed an annually adjusted maximum, for soft-body armor purchases. The current general fund appropriation of \$600,000 per year does not cover the cost of the requests and DPS continues to receive reimbursement requests that cannot be filled. This base increase will help to fulfill all projected annual reimbursement requests.

The current average cost of a vest reimbursement is \$509, which has increased 12 percent since 2014. DPS projects the average reimbursement cost of a vest in FY20 will increase to \$524 and the agency will receive 1,231 reimbursement requests.

Proposal:

The proposal would increase the general fund base that DPS uses to reimburse local governments for the costs of soft body armor for peace officers.

Equity and Inclusion:

This request would affect all Minnesotans equally.

IT-Related Proposals:

Not applicable.

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of soft body armor reimbursement requests	1,258	1,204	FY 2017 / FY 2018

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Highway User Tax Distribution (HUTD) Allocation Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	5,226	5,226	5,226	5,226
Revenues				
Net Fiscal Impact = (Expenditures – Revenues)	5,226	5,226	5,226	5,226
FTEs	0	0	0	0

Recommendation:

The Governor recommends a base increase of \$5.226 million from the Highway User Tax Distribution (HUTD) fund to cover the full costs associated with license plate administration.

Rationale/Background:

Approximately \$1.3 billion is deposited annually into the HUTD from registration taxes on license plates, stickers, and registration notices. Minnesota Statute 168.381, subd. 4, appropriates funds from the HUTD to DPS for costs associated with the statute on manufacturing vehicle plates. The statute also appropriates funds from the vehicle services operating account in the special revenue fund for purchasing, delivering, and mailing plates, registration stickers, and registration notices. Increasing the HUTD funds for the full costs of license plate administration would allow DPS to use existing Vehicle Services operating funds for additional staffing for improved customer service responsiveness.

In FY18, the costs associated with manufacturing and distributing license plates, registration renewal notices, and registration stickers totaled \$13.462 million and DPS received \$8.236 million from the HUTD. Vehicle Services operating funds covered the difference of \$5.226 million. As a result, Driver and Vehicle Services (DVS) was unable to fill much needed positions and make critical investments in customer service technologies such as customer email management, additional web services, and self-service kiosks. The use of operating funds to cover the shortage negatively impacted customer service and is unsustainable in the long term.

If license plate and registration administration is fully funded by the HUTD, DVS would utilize existing operating funds to hire critical staff to improve customer service including telephone call agents and deputy registrar and driver license agent liaisons. Additionally, DVS could make critical investments in customer service technologies.

Proposal:

The Governor recommends a base increase of HUTD funds to fully fund the costs associated with the manufacture and distribution of license plates, registration stickers, and registration notices. This would allow DVS to use existing special revenue funding to hire critical staff and invest in customer service technology enhancements.

Equity and Inclusion:

Motor vehicle services are provided equally to all Minnesotans.

IT Related Proposals:

Not applicable.

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Application Server Migration

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	258	174	174	174
Revenues	0	0	0	0
Other Funds				
Expenditures	774	522	522	522
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,032	696	696	696
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$1.032 million in FY20 to migrate the Department of Public Safety (DPS) application servers from the Town Square Data Center to a new location. The general fund appropriation is \$258,000 in FY20 and \$174,000 ongoing, and the proposal includes ongoing appropriations from the trunk highway and highway user tax distribution funds (HUTD).

Rationale/Background:

There are currently 185 servers located in the Town Square location. Knowing that IT consolidation would be occurring, the decision was made to maintain the current Town Square Data Center for an additional eight to ten years after the passage of IT consolidation legislation in 2011. The current hardware is aging and reaching end-of-life. In addition, the current location is prone to flooding and continues to experience climate control issues. Because of these significant concerns, DPS and MNIT request funding to migrate these servers to a MNIT-approved hosting solution.

Proposal:

The Governor recommends ongoing funding from the general fund, trunk highway fund, and HUTD to migrate DPS applications from the Town Square location for ongoing hosting in a new location. This proposal includes monthly hardware expenses and software licensing costs and the costs for the existing staff to perform the migration. Without this funding, DPS and MNIT cannot continue to host these DPS applications, including the DPS public website. A stable funding source will enable the departments to obtain an effective hosting solution that is in line with MNIT security recommendations, running on supported operating system versions and without the risks and issues currently experienced in the Town Square location. The applications hosted in this environment are used by every DPS division and are critical in fulfilling the DPS mission.

Equity and Inclusion:

DPS services are provided equally to all Minnesotans.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware	1,032	696	696	696	696	696
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	1,032	696	696	696	696	696
MNIT FTEs						
Agency FTEs						

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>
Quantity	Number of servers running in the Town Square Data Center.	185	185

Statutory Change(s):

Not Applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: MNLARS Vehicle and Driver Systems Development

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	21,403	17,335	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	21,403	17,335	0	0
FTEs	18	18	0	0

Recommendation:

The Governor recommends onetime general fund appropriations of \$21.403 million in FY20 and \$17.335 million in FY21. Of this amount, \$3 million in FY20 is to optimize development on the driver system developed by FAST Enterprises (FAST), \$1.637 million per year is for DPS Driver and Vehicle Services (DVS) business staff to support the development and testing of the MNLARS vehicle system, and the remaining funds support contractor costs to complete the MNLARS vehicle system.

Rationale/Background:

The project to replace and modernize DVS 1980-era information systems was initially funded in 2008 by the addition of a \$1.75 technology surcharge on transactions. This fee was modified in 2012 and reduced to \$1.00, and expired on June 30, 2016. In the 2018 legislative session, DPS and MNIT requested \$10 million in emergency funding to support continued development and stabilization efforts on MNLARS for the remainder of FY18 and an additional \$33 million dollars to complete the project. DPS received \$9.65 million in emergency funding.

The Governor's recommended funding will allow MNIT to finish the optimization of the MNLARS vehicle system, build in the functionality DVS and their business partners (e.g. deputy registrars, auto dealers) need, and finally migrate the remaining systems from the costly mainframe legacy environment. DPS is the last user of the SUPRA mainframe system at the State of Minnesota and costs for that platform continue to rise by a minimum of \$375,000 every two years. Not only are the remaining 1980's era mainframe applications costly, but they run technology that is obsolete. Support for the SUPRA mainframe is limited and only available at a premium cost to the agency. This request also funds \$3 million for the optimization of Rollout 2 of the FAST driver system.

Improvements made on MNLARS over the last year have provided more stability and increased functionality and resolved over 350 defects and gaps since the system was launched in July 2017. With the \$9.65 million appropriation in the 2018 legislative session, MNIT successfully launched seven stable, reliable releases for MNLARS. These releases continue to deliver on the priorities developed by DVS and their business partners. DPS and MNIT have engaged their business partners in a myriad of ways including membership on the executive steering committee, increased training demonstrations, hands-on user acceptance testing, and participation in release launch testing. Fully funding MNLARS would allow MNIT to complete the system by June of 2021 and provide an application that meets stakeholder's needs as well as technology maintenance requirements for modern systems.

Proposal:

The Governor recommends onetime general funds of \$21.403 million in FY20 and \$17.335 million in FY21 to complete the software development and system optimization efforts to finalize both the MNLARS vehicle system and FAST driver system.

Equity and Inclusion:

Driver and motor vehicle services are provided equally to all Minnesotans.

IT Related Proposals:

Replace end of life mainframe systems and complete the final phases of the MNLARS system development for stakeholders and deliver the final phases of the FAST driver system.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Professional/Technical Contracts	19,766	15,698				
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
DPS Staff costs	1,637	1,637				
Total	21,403	17,335				
MNIT FTEs	0	0				
DPS FTEs	18	18				

Statutory Change(s):

Not applicable

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: MNLARS Vehicle and Driver Systems Ongoing Maintenance and Operation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	12,582	16,060	16,060	16,060
Revenues	14,667	16,000	16,000	16,000
Net Fiscal Impact = (Expenditures – Revenues)	(2,085)	60	60	60
FTEs	0	0	0	0

Recommendation:

The Governor recommends a \$2.00 transaction fee on vehicle and driver transactions to support the ongoing operation and maintenance costs of the new driver system and the vehicle system. This ongoing maintenance budget is needed to support secure, reliable, and stable information systems that are responsible for collecting more than \$1 billion in fees annually and provide Minnesotans with necessary driver and vehicle services. The fee would be effective starting August 1, 2019 to allow sufficient time for programming and notifying customers of the fee in their renewal notices. Because the fee will be collected for only eleven months in FY20, there will be less revenue in the first year than in subsequent years.

Rationale/Background:

The project to replace and modernize DPS Driver and Vehicle Services (DVS) 1980-era information systems was initially funded in 2008 by a \$1.75 technology surcharge on vehicle registration renewals. In 2012 this fee became \$1.00 and then it expired on June 30, 2016. The amount collected from the technology surcharge was dedicated to the development of new motor vehicle and driver services information systems. These systems have launched and now require ongoing maintenance and support; however, there is no funding mechanism to support the ongoing operations of these systems. Since the systems are not complete, there are still some applications that remain in the legacy system. The legacy system is scheduled to be decommissioned by June 2021.

The recently implemented Driver Services system is a vendor-based solution that includes a state obligation for annual maintenance costs and computer software hosting charges at MNIT. Without this funding, DPS and MNIT will not be able to keep either system operational. A stable funding source will enable effective long-range project planning, updates to the systems needed to enact legislative changes, hosting, data storage, security, and disaster recovery. Because these are complex systems critical to performing required services for Minnesotans, they require a team of skilled technical staff and contractors and a robust technical infrastructure to assure an accurate, reliable, and secure system available to meet the needs of DVS, its business partners, and all Minnesotans. The maintenance and operation of information systems must adhere to legal requirements, government and industry standards, and best practices, while ensuring security to withstand cyber-attacks. Ongoing systems maintenance funding is necessary to operate within these standards and ensure continuous operation of these systems that generate more than \$1 billion annually in fee revenue for the state.

Proposal:

The Governor recommends reinstating the technology surcharge on vehicle and driver transactions at a rate of \$2.00. The revenue raised from the fee would support the ongoing costs of maintaining the driver and vehicle systems including staffing and infrastructure such as hosting, software development, and security.

This recommendation includes funding for the ongoing licensing, maintenance, and operational costs for staffing and infrastructure of driver and vehicle systems. The fees will also support current MNIT staff and FAST contractors necessary to provide ongoing security, hosting, database management, user credentials control, monitoring, technical support, data storage, network, and disaster recovery.

Equity and Inclusion:

Driver and vehicle services are provided equally to all Minnesotans.

IT Related Proposals:

This proposal funds approximately 30 existing MNIT FTE positions to support these systems, and 8 additional MNIT FTEs for the driver system.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Professional/Technical Contracts	2,311	5,085	5,085	5,085	5,085	5,085
Infrastructure	6,347	6,450	6,450	6,450	6,450	6,450
Hardware						
Software	554	1,000	1,000	1,000	1,000	1,000
Training						
Enterprise Services						
Staff costs (MNIT)	3,370	3,525	3,525	3,525	3,525	3,525
Total	12,582	16,060	16,060	16,060	16,060	16,060
MNIT FTEs	38	38	38	38	38	38
Agency FTEs	0	0	0	0	0	0

Statutory Change(s):

Minnesota Statutes 168.013 subd. 21.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Deputy Registrar Reimbursement

Fiscal Impact (\$000s)	FY 2019	FY 2020	FY 2021	FY 2022
General Fund				
Expenditures	10,000	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$10 million from the general fund in FY19 to reimburse deputy registrars adversely affected by the roll out of the Minnesota Licensing and Registration System (MNLARS) in 2017.

Rationale/Background:

The roll out of MNLARS in 2017 caused a loss of business to deputy registrars across the state. This proposal works to address those losses by providing an opportunity for reimbursement.

Proposal:

The Governor recommends funding to reimburse deputy registrars whose businesses were adversely affected by the roll out of MNLARS.

Equity and Inclusion:

Affects Deputy Registrars across the state of Minnesota.

IT-Related Proposals:

Not applicable.

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of grants to Deputy Registrars	0	0	

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Soft Body Armor (Vest) Reimbursement Deficiency

Fiscal Impact (\$000s)	FY 2019	FY 2020	FY 2021	FY 2022
General Fund				
Expenditures	374	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	374	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends onetime general funds of \$374,000 in FY19 to fund the backlog of reimbursement requests from local law enforcement agencies for the cost of soft body armor.

Rationale/Background:

Minnesota Statute 299A.38 requires the Department of Public Safety (DPS) to reimburse peace officers and local governments for up to one-half, not to exceed an annually adjusted maximum, for soft body armor purchases. The current general fund appropriation of \$600,000 per year has not covered the cost of the requests from local law enforcement agencies, and DPS continues to receive reimbursement requests that cannot be filled. If the current rate of reimbursement requests continues, the FY19 need will be \$374,000.

The current average cost of a vest reimbursement is \$509, which has increased 12 percent since 2014. DPS projects the average reimbursement cost of a vest in FY20 will increase to \$524 and the agency will receive 1,231 reimbursement requests.

Proposal:

The Governor recommends onetime general funds to meet the remaining vest reimbursement requests for FY19.

Equity and Inclusion:

This request would affect all Minnesotans equally.

IT-Related Proposals:

Not applicable.

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of soft body armor reimbursement requests	1,258	1,204	FY 2017 / FY 2018

Statutory Change(s):

Not applicable.

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Transportation Funding Package

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	40	130	170	180
Revenues	227,654	223,614	224,604	226,334
Highway User Tax Distribution				
Revenues	177,802	720,781	875,852	907,993
Transfers Out	177,802	720,781	875,852	907,993
Trunk Highway Fund				
Expenditures	102,373	417,547	506,628	525,076
Transfer In	102,373	417,547	506,628	525,076
County State Aid Fund				
Revenues	(3,952)	(3,340)	(2,752)	(2,284)
Expenditures	52,623	227,410	277,227	287,889
Transfer In	56,575	230,750	279,979	290,173
Municipal State Aid Fund				
Expenditures	14,861	60,612	73,543	76,221
Transfer In	14,861	60,612	73,543	76,221
Transit Assistance Fund				
Expenditures	10,350	18,900	19,800	20,500
Revenues	7,548	17,660	19,248	20,516
Transportation Fund				
Expenditures	0	(13,052)	(13,715)	(14,352)
Revenues	(13,052)	(13,715)	(14,352)	(14,859)
DNR Transfers				
Expenditures	3,826	4,172	4,341	4,377
Transfer In	3,993	11,872	15,702	16,523
Net Fiscal Impact = (Expenditures – Revenues)	(211,927)	(229,281)	(234,606)	(237,809)
FTEs (DNR)	6.25	6.25	6.25	6.25
FTEs (MnDOT)	0	50	75	100
*HUTD Transfers out include transportation funds only.				

Recommendation:

The Governor recommends the state commit to a major transportation investment plan to fund the estimated \$6 billion dollar gap that exists between funding needs and available revenues over the next 10 years. The Governor proposes filling the \$6 billion gap in road and bridge funding by:

- Initiating a 20 cent gas tax increase, including fuel in distributor storage at the start time of each increase (phased-in over two years in October and April in FY20 and FY21)
- Indexing the gas tax to inflation (beginning in FY23)
- Increasing the registration tax, effective January 1, 2020 (increase tax rate from 1.25 percent to 1.5 percent and base tax fee from \$10 to \$45; change the depreciation schedule; amend base value calculation by removing destination charge and hold harmless provision of statute)
- Increasing the motor vehicle sales tax from 6.5 percent to 6.875 percent, effective December 1, 2019
- Authorizing \$2 billion in trunk highway bonds over 8 years starting in 2022

The gas tax, registration tax, and motor vehicle sales tax increases will fund roads and bridges for the state trunk highways, county state aid highways, and municipal state aid streets. In the FY22-23 biennium, when revenue changes are completely phased in, the increased revenue from the gas tax, motor vehicle sales tax, and registration fees are forecast to increase available resources for each transportation fund by 30 percent.

To help lower- and middle-income Minnesotans pay for transportation investments, the governor proposes an increase to the Working Family Credit of \$100 for each single or head of household recipient and \$200 for each married filing jointly recipient. This proposal is described in the Tax Aids, Credits and Refunds section. In addition, while the gas tax increase would impact how our rate compares to neighboring states, the existing qualifying service station tax credit would ensure Minnesota service stations within 7.5 miles of the state border receive refunds that effectively reduce the rate to not more than three cents per gallon above the rate of the neighboring state.

Other Components:

In addition to the new funding above, the Governor recommends:

- Returning the auto parts sales tax, 9.2 percent motor vehicle rental tax, and 6.5 percent sales tax on motor vehicle rentals currently deposited into the Highway User Tax Distribution (HUTD) Fund as of FY2018 back to the General Fund beginning in FY2020. This results in an increase to the General Fund of \$395 million in FY20-21 and \$404 million in FY22-23.
- Restoring the motor vehicle lease sales tax to the pre-2018 distribution levels. This results in \$32 million returned to the General Fund, annually.
- In total, the General Fund would receive \$459 million in FY20-21 and \$468 million in FY22-23.

General fund revenues are reduced by \$8 million in the FY20-21 biennium due to increased petroleum refunds and income tax interactions with the registration tax. General fund expenditures decrease by \$170,000 for the biennium for increased aid to counties with casinos under [M.S. 270C.19](https://www.revisor.mn.gov/statutes/cite/270C.19) (<https://www.revisor.mn.gov/statutes/cite/270C.19>) due to the increase in gas tax.

Authorization for the sale of \$2 billion in trunk highway bonds over 8 years starting in 2022 (\$250 million per year). Debt service for these bonds is estimated to be \$22.2 million for the FY22-23 biennium.

Several components in this proposal require changes to the Minnesota Licensing and Registration System (MNLARS). Costs associated with changes to MNLARS will be funded through the Department of Public Safety's MNLARS budget recommendation.

Rationale/Background:

Minnesota cannot preserve and improve quality and performance of the state's transportation systems under the combined limitations of current investment levels and current lifecycle replacement practices. The consequences of underinvesting in the state's transportation system will include deterioration in service, increases in congestion, failing infrastructure and diminished ability to remain economically competitive. This is because transportation systems facilitate the efficient movement of people and goods and create the opportunity for economic development, enhanced productivity, job formation and sustainable growth. Without additional investment, the transportation system will not be able to expand to accommodate expected population and job growth. In addition, alternatives to driving alone must play a larger role in satisfying growing transportation demand - roads, transit and other transportation modes must work together as one system.

Road and Bridge Funding

The 2018 Minnesota Statewide Highway Investment Plan (MnSHIP) determined additional funding was needed for transportation, due largely to aging infrastructure and construction costs exceeding the growth of existing revenues. Overall, the department faces a \$6 billion gap in revenue over the next ten years above current fund

balance projections to fund needed investments in state road construction. Of this total gap, roughly \$4 billion is needed for preservation and modernization, and \$2 billion is needed for strategic expansion.

Without additional revenue, there will be:

- Increasing deterioration of pavement and bridges on state system. The percent of highway pavement considered in poor condition (rough driving surface) and the percent of bridge deck pavement considered in poor condition it is estimated to increase significantly in the next 20 years.
- Very little expansion to address population and economic growth
- Reductions in high priority products and service delivery

In addition, more operations and maintenance dollars are recommended, calculated at 5 percent of new Trunk Highway Fund revenues. This additional funding will be spent on snow plowing, fixing pot holes and guard rails, etc. Investing in operations and maintenance is needed due to declining asset conditions, increased snow and ice requirements, and the need for more timely maintenance.

Proposal:

Road and Bridge funding components

New revenues and bonding would be identified to help close the funding gap over the next ten years. The goal is an integrated transportation system that optimizes the movement of people and goods across the state. With new funding, we can:

- Improve asset management - preserve and modernize the existing system
- Invest in strategic mobility enhancements, including MnPASS and other intelligent transportation tools
- Complete strategic expansion on key corridors throughout the state
- Complete Main Street improvements

The benefits for Minnesotans will include:

- Reduced wear and tear on their cars
- Fewer stops at the fuel pump due to smoother roads and reduced congestion
- Fewer accidents
- More time doing what they need to do
- Reduced impacts on our environment

MnDOT has identified pavement and bridge needs as well as mobility projects that are not currently being addressed through its 10-year work plan. These unmet needs and projects will be given priority. These funds will provide for capital costs of construction as well as project development and engineering activities with contractor support, allowing the department to utilize this funding in the most efficient manner.

MnDOT proposes to utilize the increased operating appropriations for our highest-priority products and services. Some of these include:

- Snow and Ice - keeping the roads clear of snow and ice
- System Roadway Structures Maintenance – repair potholes (pavement repair)
- Bridges and Structures Inspection and Maintenance
- Intelligent transportation systems for improved safety and mobility

The Governor's proposal provides constitutionally dedicated funding increases that can be relied on over the long term and can only be used for transportation purposes. Returning auto parts and other taxes to the general fund results in the availability of funding for other state priorities.

Department of Natural Resources Funding Components

The Governor's proposal provides constitutionally dedicated funding increases that can be relied on over the long term and can only be used for transportation purposes. Returning auto parts and other taxes to the general fund results in the availability of funding for other state priorities.

The Department of Natural Resources (DNR) receives a portion of the unrefunded gasoline tax, which has supported the state's recreational motorized vehicle activities and forest roads since 1961. This funding is dedicated to the DNR with the broader goal that the unrefunded gasoline proceeds should support programs related to non-highway gasoline use.

This revenue enables additional investment in Minnesota's water recreation facilities and services. The proposal funds \$3.35 million annually for increased operations and maintenance of public water access sites and state trails (\$1.35 million) and increasing boating access site rehabilitation (\$2 million). Additionally, this proposal increases grants to local sheriff offices by \$300,000 annually to reimburse for search and rescue efforts.

This proposal also increases revenues to DNR's forest road account by \$170,000 in FY20, \$506,000 in FY21, \$670,000 in FY22, and \$705,000 in FY23. The state and counties (with a land commissioner) split this revenue 52% and 48% respectively. This increase funds additional graveling, grading, and drainage projects to maintain the state's 2,340-mile forest road network used by the forest industry, emergency responders and outdoor enthusiasts.

Transit Funding Components

Revenue from the motor vehicle sales tax is split between the HUTD (60 percent) and the Transit Assistance Fund (40 percent). The Metropolitan Council receives 90 percent of the motor vehicle sales tax revenue in the Transit Assistance Fund and MnDOT receives the remaining 10 percent for greater Minnesota transit.

Over the long-term, greater Minnesota transit revenues will increase from the proposed increased MVST rate. However, restoring the motor vehicle lease sales tax to the pre-2018 distribution levels results in a short-term reduction in revenue. To offset the decrease in revenue between FY20-23, MnDOT is amending internal accounting practices to allow additional spending of the motor vehicle lease tax revenue in the current year (current accounting practices involve carrying forward all of this revenue each year, and planning spending in the subsequent year).

Equity and Inclusion:

A safe, reliable and multimodal system of transportation is vital to ensuring equity and inclusion by connecting communities statewide. This needed funding will also provide additional contracting opportunities to certified small businesses and opportunities to work towards enterprise-wide goals of equity and inclusion.

IT Related Proposals:

N/A

Results:

Currently, Minnesota's total state gasoline taxes are 28th highest in the country, including District of Columbia. Since 2013, Minnesota has dropped from 19th highest state gasoline taxes, as a result of other states increasing their gasoline tax rate. Over a 10-year period, the inflation-adjusted tax on gasoline is projected to add an additional 28 cents to the price of a gallon of gasoline.

These investments would provide additional long-term sustainable and dedicated funding. MnDOT would plan to rehabilitate the system for the 21st century by:

- Improving an additional 1,800 miles of pavement and repair or replace an additional 300 bridges on state highways
- Accelerate progress toward the state goal of zero highway deaths with targeted installation of rumble strips, median barriers, lighting and other safety improvements. The Minnesota Toward Zero Death program has helped decrease injuries and deaths on the highway
- Keep roadside infrastructure in a state of good repair

In addition, MnDOT has operating performance measures that will be impacted by this proposal. All are anticipated to decline without additional funding; and this would reduce the decline. They include:

- Snow Plowing Performance – meet clearance targets
- Smooth Roads – percent of pavement patching addressed
- Percent of projects let in the year scheduled

Statutory Change(s):

Gasoline Tax: M.S. 296A.07 and M.S. 296A.08

Vehicle Registration Taxes: M.S. 168.013

Motor Vehicle Sales Tax: M.S. 297B.02

Motor Vehicle Lease Sales Tax: 297A.815

General Fund Transfers: M.S. 297A.94 and 297A.64

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Rail Grade Crossing Safety

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	0	0	0	0
Revenues	(750)	(1,500)	(1,500)	(1,500)
Special Revenue Fund				
Expenditures	750	1,500	1,500	1,500
Revenues	750	1,500	1,500	1,500
Net Fiscal Impact = (Expenditures – Revenues)	750	1,500	1,500	1,500
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the funding for the Department of Transportation's rail grade crossing safety account from \$1 million to \$2.5 million per year in response to increasing needs for rail safety improvements on the trunk highway and local road system. This will be phased in over two years: \$750,000 increase in FY20 and \$1.5 million in subsequent years. This account is derived from a portion of State Patrol fine revenues (deposited in a Department of Public Safety account), and the increase in grade crossing funding would result in an equivalent decrease in the Trunk Highway Fund.

Rationale/Background:

There is an increasing need for safety improvements at rail grade crossings. Safety improvements at highway and rail grade crossings help motorists and pedestrians make safe decisions about crossing railroad tracks. These funds will allow for a significant increase in the number of small safety projects that can be programmed and delivered rapidly, such as sign replacements, crossing closures, roadway enhancements and signal circuitry upgrades. The funds can be used at any of Minnesota's rail crossings of public roadways.

Proposal:

The fine structure will not change; the increase of \$750,000 and then \$1.5 million will result in a corresponding reduction in the amount of fines deposited in the Trunk Highway Fund. This funding source is used statewide on an as-needed basis.

Equity and Inclusion:

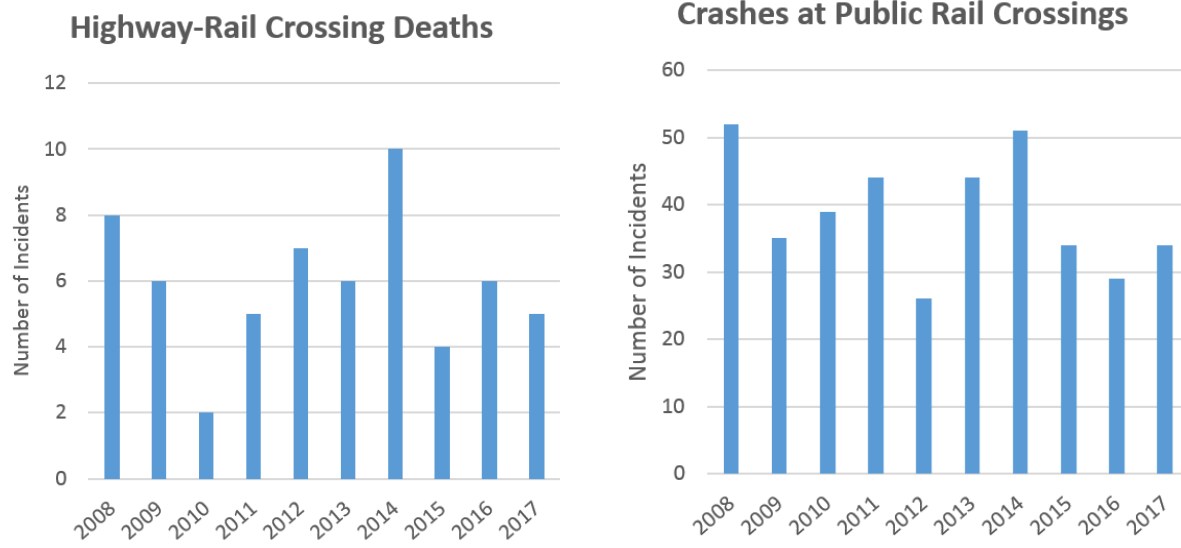
This proposal is not expected to impact equity or inclusion. However, this investment may provide additional contracting opportunities to certified small businesses.

IT Related Proposals:

N/A

Results:

This initiative would be measured through increases in rail safety and will be documented to provide before and after measurements.



Source: Federal Railroad Administration Office of Safety Analysis

Statutory Change(s):

[M.S. 299D.03 subd. 5\(a\)\(1\)](https://www.revisor.mn.gov/statutes/cite/299D.03) (<https://www.revisor.mn.gov/statutes/cite/299D.03>)

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Capitol Security Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	500	500	500	500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	500	500	500
FTEs	3	3	3	3

Recommendation:

The Governor recommends a general fund increase of \$500,000 for the State Patrol to ensure sufficient staffing for the security of the Capitol Complex, the Governor's residence, and executive protection.

Rationale/Background:

The State Patrol secures events occurring on the Capitol Complex and the Governor's residence in Saint Paul and provides executive protection. Events have grown in frequency, size, and with greater passion both from permitted groups, counter groups, and impromptu groups over the past few years. These changing dynamics require additional permanent staffing and utilizing overtime to augment the staff available for security purposes.

Proposal:

The Governor recommends funding to increase the staff assigned to Capitol Security and Executive Protection and provide sufficient funding for overtime to ensure appropriate security levels for those who work and visit the Capitol Complex, the Governor's residence, and for executive protection.

Equity and Inclusion:

Security is provided to all communities, groups, and individuals working and visiting the Capitol Complex, the Governor's residence, and engaging with the state's executive leadership.

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of environmental, fire, and security motoring points	93,108	94,829	2017/2018
Quantity	Number of security checks	26,470	25,629	2017/2018
Quantity	Number of sworn troopers assigned to the Capitol Complex and Executive Protection	21	22	2017/2018
Quality	Reported thefts of property or vehicle on the Capitol Complex	16	31	2017/2018

Statutory Change(s):

Not applicable.

Department of Public Safety

FY 2020-21 Biennial Budget Change Item

Change Item Title: Electric Vehicle Infrastructure

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (MPCA)	1,500	0	0	0
Highway Users Tax Distribution				
Revenues (DPS)	50	50	50	50
Transfer Out (DPS)	50	50	50	50
Special Revenue Fund				
Transfer In (MPCA)	50	50	50	50
Expenditures (MPCA)	50	50	50	50
Net Fiscal Impact = (Expenditures – Revenues)	1,500	0	0	0
FTEs	0	0	0	0

Request

The Governor recommends appropriating \$1.5 million from the general fund in FY20 to the Minnesota Pollution Control Agency (MPCA) and dedicating an ongoing \$25 electric vehicle (EV) registration fee increase to grants from MPCA for EV charging infrastructure. The annual registration fee for EVs will increase from \$75 to \$100, and the Department of Public Safety (DPS) will transfer the additional revenue from the Highway Users Tax Distribution Fund to the Other Miscellaneous Special Revenue Fund at the MPCA. MPCA's Resource Management and Assistance Division will distribute the grants. The one-time \$1.5 million increase in spending represents an 11 percent increase to MPCA's general fund FY20-21 base budget. The ongoing transfer of \$50,000 from the fee increase is new to the MPCA.

Rationale/Background

The transportation sector has eclipsed the electricity generation sector as the largest emitter of greenhouse gases (GHG) in Minnesota. Light-duty vehicles account for nearly 70 percent of the total GHG emissions for the transportation sector, representing a significant opportunity to realize the climate benefits of electrification in the transportation sector. Additionally, the EV market is at a tipping point where consumers other than early adopters are considering making the switch to an EV. However, a barrier to further EV adoption for many consumers is the current state of the charging network. While Minnesota's EV infrastructure is growing, demand for increased charging options remains high among EV owners and potential EV owners. Potential EV owners want to know they can travel to and from their favorite places in Minnesota without having to worry about range.

As part of its Volkswagen Settlement agreement the MPCA engaged in a robust stakeholder process, conducting nine public meetings and four stakeholder meetings to discuss use of the settlement funds. During these meetings one of the most common comments the agency heard was the desire for increased EV charging infrastructure. However, the MPCA is only allowed to spend 15 percent of Volkswagen Settlement funds on EV charging infrastructure.

In 2018 the MPCA issued Requests for Proposals (RFP) for both Direct Current Fast Chargers (DCFC) and Level 2 chargers. Under the RFPs, MPCA will provide grants to entities that will install charging infrastructure. Proposals seeking DCFCs were required to provide a 20 percent cash match and proposals seeking Level 2 chargers were required to provide a 20 percent or 40 percent cash match depending on the location of the Level 2 charger. The MPCA received requests for approximately \$3.2 million for DCFCs, greatly exceeding the available \$1.4 million.

Additionally, the agency received approximately \$500,000 in requests for Level 2 chargers while only \$158,000 was available.

Proposal

This proposal will increase financial support needed to accelerate deployment of EV charging infrastructure. The proposal will leverage funding from grant recipients through grant match requirements. This approach ensures that more funds are available for EV infrastructure buildout and users also contribute.

The \$1.5 million one-time appropriation of general funds and \$50,000 annually from the fee increase will be distributed via the agency's existing EV charging infrastructure grant program. Use of MPCA's existing programs will ensure use of the funds is solely for infrastructure development and that monies are distributed in a timely manner to the public. The DCFC grants will be distributed along highway corridors previously identified for infrastructure buildout by the MPCA and Minnesota Department of Transportation. Alignment with these corridors will ensure EV infrastructure is deployed to Greater Minnesota and the Metro.

Using the \$1.4 million distributed by the MPCA's Phase 1 Volkswagen EV Infrastructure Grants as a benchmark, the \$1.55 million in appropriations will provide grants for approximately 45 Level 2 chargers and 20 DCFCs in FY 2020 and approximately one Level 2 charger and one DCFC in FY 2021.

The fee increase requires changes to the Minnesota Licensing and Registration System (MNLARS). Costs associated with MNLARS changes are accommodated in the Department of Public Safety's MNLARS budget recommendation.

Equity and Inclusion

All Minnesotans would benefit from cleaner air under this proposal, including communities of color, low-income communities, and indigenous communities. Low-income communities, communities of color and indigenous communities are more likely to be near higher levels of air pollution. In these communities, high levels of traffic often contribute to the air pollution and any reduction in air pollution along high-traffic corridors will be an important step.

Additionally, points are awarded during the grant evaluation process for small businesses that are certified as veteran-owned, economically disadvantaged, or targeted group businesses in Minnesota based on ownership by a woman, a minority, or a person with a substantial physical disability.

Results

This proposal will accelerate the deployment of EV charging infrastructure and hopefully help spur the adoption of EVs. Even when charged on the electric power grid EVs are much cleaner than gasoline-powered vehicles. On average a gasoline-fueled car will emit (based on a well-to-wheel analysis) 11,000 pounds of carbon dioxide equivalent, 6.5 pounds of nitrogen oxides, and 0.4 pounds of particulate matter 2.5 annually. An EV charged on the grid will emit 4,000 pounds of CO₂ equivalent, 2.3 pounds of NO_x, and 0.4 pounds of PM_{2.5}.

Statutory Change(s)

Not applicable

Program: Admin and Related Services

Activity: Office of Communications (OCC)

dps.mn.gov/divisions/ooc/

AT A GLANCE

- Workforce: 13 employees
 - These include a chief public information officer (director), assistant director, public information officers (PIOs), staff writer, web information officer, video production coordinator, social media specialist, graphic designer and administrative assistant.
- PIOs serve department divisions and include specialized positions in Web management, social media, video production and graphic design.

PURPOSE & CONTEXT

The Office of Communications (OOC) contributes to the Department of Public Safety's mission by providing public information to media and the public, promoting programming and initiatives, preparing public education campaigns and material, and managing website content and social media. The OOC also manages the Joint Information Center when the State Emergency Operations Center is activated during emergencies or large events.

SERVICES PROVIDED

The OOC's services include:

- Fulfilling media and data requests and coordinating interviews with DPS staff when necessary.
- Maintaining relationships with media and serving as subject matter experts for public safety issues.
- Coordinating media availabilities and news conferences.
- Maintaining the DPS website and all 20 DPS social media channels.
- Designing informational collateral (brochures, annual reports, signs, and posters, etc.).
- Writing blogs, speeches, articles, and other communication pieces on public safety topics.
- Creating videos on public safety topics.
- Providing communication support and expertise to DPS divisions, including: outreach events, communications planning, media training and coaching, and development of communications resources.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Traffic to DPS website (no. of sessions)	5,805,313	6,302,113	2016/2017
Quantity	No. of videos on DPS YouTube channel	80	100	2016/2017
Result	FEMA grade on annual REP drill	100%	100%	2016/2017
Quantity	Blog unique page views	11,715	32,846	2016/2017
Quantity	No. of news conferences, availabilities and events	68	66	2016/2017
Quantity	No. of media inquiries responded to	2759	2560	2016/2017

Minn. Stat. 299A: Department of Public Safety: <https://www.revisor.mn.gov/statutes/cite/299A>

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<i>Expenditures by Fund</i>								
1000 - General	112	116	122	135	130	130	130	130
2000 - Restrict Misc Special Revenue	166	181	172	180	180	180	180	180
2001 - Other Misc Special Revenue		7						
2700 - Trunk Highway	389	430	406	464	445	445	445	445
3000 - Federal	244	232	224	182	182	182	182	182
Total	911	966	923	961	937	937	937	937
Biennial Change				8		(10)		(10)
Biennial % Change				0		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
<i>Expenditures by Category</i>								
Compensation	685	731	760	712	713	713	713	713
Operating Expenses	226	219	163	249	224	224	224	224
Other Financial Transaction	0	16	0					
Total	911	966	923	961	937	937	937	937
Total Agency Expenditures	911	966	923	961	937	937	937	937
Internal Billing Expenditures	13	11	11	5	5	5	5	5
Expenditures Less Internal Billing	898	954	912	956	932	932	932	932
<i>Full-Time Equivalents</i>	7.83	8.00	7.97	7.45	7.45	7.45	7.45	7.45

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1		5				
Direct Appropriation	113	115	127	130	130	130	130	130
Balance Forward Out	1		5					
Expenditures	112	116	122	135	130	130	130	130
Biennial Change in Expenditures			29		3		3	
Biennial % Change in Expenditures			13		1		1	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	1.46	1.19	1.39	1.39	1.39	1.39	1.39	1.39

2000 - Restrict Misc Special Revenue

Balance Forward In	17	51	14	22	22	22	22	22
Transfers In	200	195	180	180	180	180	180	180
Transfers Out		51						
Balance Forward Out	51	14	22	22	22	22	22	22
Expenditures	166	181	172	180	180	180	180	180
Biennial Change in Expenditures				5		8		8
Biennial % Change in Expenditures				1		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.20	1.43	1.20	1.20	1.20	1.20	1.20	1.20

2001 - Other Misc Special Revenue

Balance Forward In	6	7						
Receipts	1							
Balance Forward Out	7							
Expenditures	7							
Biennial Change in Expenditures				(7)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2700 - Trunk Highway

Office of Communications

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In		15		20				
Direct Appropriation	404	415	426	444	445	445	445	445
Balance Forward Out	15		20					
Expenditures	389	430	406	464	445	445	445	445
Biennial Change in Expenditures				51		20		20
Biennial % Change in Expenditures				6		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.45	3.64	3.64	3.64	3.64	3.64	3.64	3.64

3000 - Federal

Balance Forward In	17	23	16	20	20	20	20	20
Receipts	235	221	228	182	182	182	182	182
Transfers In	1							
Transfers Out	1							
Balance Forward Out	8	13	21	20	20	20	20	20
Expenditures	244	232	224	182	182	182	182	182
Biennial Change in Expenditures				(70)		(42)		(42)
Biennial % Change in Expenditures				(15)		(10)		(10)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.72	1.74	1.74	1.22	1.22	1.22	1.22	1.22

Program: Admin and Related Services

Activity: Public Safety Support

dps.mn.gov/

AT A GLANCE

- Workforce: 76 staff serving 2,042 DPS employees (not including MN.IT employees)
- 55,082 payment vouchers processed
- 323 job classifications represented at DPS
- 13,476 SEMA4 personnel transactions
- 589 FMLA cases managed
- Responded to 30 reasonable accommodation requests

PURPOSE & CONTEXT

The Department of Public Safety's (DPS) Public Safety Support provides leadership and support to all divisions within DPS to aid in ensuring that people are safe in Minnesota. We work in partnership with all DPS divisions to provide solutions in the areas of: human resource management, including internal affairs and affirmative action; fiscal responsibility and resource management; as well as department information dissemination and transparency. DPS Admin and Related Services help guide the work of the 2,042 employees of the agency who serve nearly every person in Minnesota.

Public Safety Support also administers the soft body armor program to reimburse law enforcement for body armor vest purchases. In addition, Public Safety Support administers the Public Safety Officer and Survivor Benefit account for line of duty death benefits and statutorily defined continued health benefits for dependents.

SERVICES PROVIDED

Public Safety Support provides support to all of DPS through the following services and strategies:

- Recruit, train, and retain top quality employees.
- Ensure safe work environments, manage worker's compensation claims effectively, and provide professional development opportunities.
- Manage all employee relations matters.
- Administer all benefits to employees.
- Investigate allegations of employee misconduct.
- Ensure compliance with Americans with Disabilities Act, including reasonable accommodation requests.
- Tribal consultation coordination.
- Provide communication and outreach to the public, media, stakeholders, and legislature in order to deliver life safety information, support transparency, and ensure compliance with the Data Practices Act.
- Properly manage all accounting, purchasing, and payroll functions of the department.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Workers' Compensation Annual Premium	\$1,114,931	\$1,239,710	FY17/FY18
Quantity	Data Practice requests filled	1,206	467	FY17/FY18
Quality	Number of job audits conducted	105	152	FY17/FY18
Quantity	Number of vacancies filled	423	473	FY17/FY18

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	# of misconduct case investigations challenged to arbitration	0	0	FY17/FY18
Quality	# of discrimination charges filed with Human Rights or EEOC/# of charges sustained	7/1	7/1	2016/2017
Quality	# of charges of discrimination alleging failure to accommodate	1	3	FY17/FY18

Minn. Stat. 299A: (<https://www.revisor.mn.gov/statutes/cite/299A>)

Public Safety - Support

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	3,216	4,302	3,427	4,623	3,845	3,845	3,890	4,021
2000 - Restrict Misc Special Revenue	1,682	1,864	2,040	2,115	1,745	1,693	1,745	1,693
2001 - Other Misc Special Revenue	439	579	1,906	2,011	1,902	1,845	1,902	1,845
2700 - Trunk Highway	3,520	3,838	3,460	4,497	4,036	4,136	4,036	4,541
2710 - Highway Users Tax Distribution	35	31	329	2,403	729	2,003	729	2,003
3000 - Federal	166	168	188	129	129	129	129	129
Total	9,058	10,782	11,350	15,778	12,386	13,651	12,431	14,232
Biennial Change				7,288		(1,091)		(465)
Biennial % Change				37		(4)		(2)
Governor's Change from Base								626
Governor's % Change from Base								2

Expenditures by Category

Compensation	4,777	5,186	6,050	6,800	6,485	6,428	6,485	6,501
Operating Expenses	2,220	2,787	3,252	6,511	3,858	5,080	3,858	5,543
Grants, Aids and Subsidies	1,944	1,978	1,967	2,341	1,967	1,967	2,012	2,012
Capital Outlay-Real Property		684						
Other Financial Transaction	116	147	81	126	76	176	76	176
Total	9,058	10,782	11,350	15,778	12,386	13,651	12,431	14,232

Total Agency Expenditures	9,058	10,782	11,350	15,778	12,386	13,651	12,431	14,232
Internal Billing Expenditures	9	6	8	3	2	2	2	2
Expenditures Less Internal Billing	9,049	10,776	11,342	15,775	12,384	13,649	12,429	14,230

Full-Time Equivalents

	54.46	57.97	71.10	77.75	76.75	76.75	76.75	76.75
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Public Safety - Support

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		863		405				
Direct Appropriation	4,076	4,153	3,832	4,218	3,845	3,845	3,890	4,021
Transfers In	2,951	2,858	60	60	60	60	60	60
Transfers Out	2,951	2,858	60	60	60	60	60	60
Cancellations		714						
Balance Forward Out	860		405					
Expenditures	3,216	4,302	3,427	4,623	3,845	3,845	3,890	4,021
Biennial Change in Expenditures				532		(360)		(139)
Biennial % Change in Expenditures				7		(4)		(2)
Governor's Change from Base								221
Governor's % Change from Base								3
Full-Time Equivalents	3.13	3.41	14.33	14.33	14.33	14.33	14.33	14.33

2000 - Restrict Misc Special Revenue

Balance Forward In	2,867	2,732	2,249	1,356	770	554	770	554
Receipts	1,580	1,423	1,280	1,636	1,636	1,636	1,636	1,636
Internal Billing Receipts	1,473	1,233	1,167	1,453	1,453	1,453	1,453	1,453
Transfers Out	51	68	132	107	107	107	107	107
Balance Forward Out	2,714	2,223	1,357	770	554	390	554	390
Expenditures	1,682	1,864	2,040	2,115	1,745	1,693	1,745	1,693
Biennial Change in Expenditures				609		(717)		(717)
Biennial % Change in Expenditures				17		(17)		(17)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.64	15.07	14.38	12.13	11.13	11.13	11.13	11.13

2001 - Other Misc Special Revenue

Balance Forward In	553	574	597	478	338	307	338	307
Receipts	459	613	1,788	1,889	1,889	1,889	1,889	1,889
Internal Billing Receipts	65	44	16	120	120	120	120	120
Transfers Out				18	18	18	18	18
Balance Forward Out	574	609	478	338	307	333	307	333
Expenditures	439	579	1,906	2,011	1,902	1,845	1,902	1,845

Public Safety - Support

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				2,900		(170)		(170)
Biennial % Change in Expenditures				285		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.27	5.50	5.83	5.83	5.83	5.21	5.83	5.21

2403 - Gift

Balance Forward In	0	0	0			
Receipts	0	0	0			
Balance Forward Out	0	0	0			

2700 - Trunk Highway

Balance Forward In	4	174	0	420		50		50
Direct Appropriation	3,687	3,771	3,881	4,077	4,086	4,086	4,086	4,491
Transfers In	100	100						
Transfers Out	100	100						
Cancellations		107						
Balance Forward Out	171	0	421		50		50	
Expenditures	3,520	3,838	3,460	4,497	4,036	4,136	4,036	4,541
Biennial Change in Expenditures				599		215		620
Biennial % Change in Expenditures				8		3		8
Governor's Change from Base								405
Governor's % Change from Base								5
Full-Time Equivalents	33.62	33.28	33.40	35.65	35.65	36.27	35.65	36.27

2710 - Highway Users Tax Distribution

Balance Forward In		1,331		1,037		637		637
Direct Appropriation	1,366	1,366	1,366	1,366	1,366	1,366	1,366	1,366
Cancellations		2,666						
Balance Forward Out	1,331		1,037		637		637	
Expenditures	35	31	329	2,403	729	2,003	729	2,003
Biennial Change in Expenditures				2,665		0		0
Biennial % Change in Expenditures				4,025		0		0

Public Safety - Support

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			2.33	8.98	8.98	8.98	8.98	8.98

3000 - Federal

Balance Forward In		0						
Receipts	166	168	188	129	129	129	129	129
Transfers In	0							
Transfers Out	0							
Expenditures	166	168	188	129	129	129	129	129
Biennial Change in Expenditures				(17)		(59)		(59)
Biennial % Change in Expenditures				(5)		(19)		(19)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.80	0.71	0.83	0.83	0.83	0.83	0.83	0.83

Program: Admin & Related Services**Activity: Technology and Support Services (OTSS)**mn.gov/mnit/government/services/exec/**AT A GLANCE**

- MNIT staff providing centralized technology services for the Department of Public Safety.
- Providing and supporting LAN, WAN, Voice and Computing services billed to the Department of Public Safety through monthly invoices.

PURPOSE & CONTEXT

The Department of Public Safety's (DPS) Technology and Support Services staff are MNIT Services (MNIT) employees who support the work of DPS by providing administrative, development, operations, security, and service desk support. MNIT provides routine management of systems, networks, software updates, and hardware that keep the Department running. DPS relies on technology to manage the services and support it provides to the citizens of Minnesota.

SERVICES PROVIDED

Technology and Support Services provide support to DPS through the following services:

- Desktop and laptop support including workstation management and protection packages with antivirus, firewalls, security patching, and encryption.
- Application and web development and support with licensing, storage, platform support, and professional services.
- Database services provide hosting and support services to manage and secure environments for DPS databases.
- Hosting services for DPS applications and systems.
- Mainframe Services.
- LAN, WAN, voice, and computing services to support DPS functions.

This funding does not cover the cost for all Information Technology activities at DPS.

RESULTS

MNIT/DPS maintain more than 100 applications for DPS. The DPS technology systems have been up 99% of the time except for scheduled routine maintenance.

Laws of Minnesota 2017, 1st Spec. Sess. Chap 3, article 1, sec 4

(<https://www.revisor.mn.gov/laws/2017/1/Session+Law/Chapter/3/>); Minn. Stat. 299A

(<https://www.revisor.mn.gov/statutes/cite/299A>)

Technology and Support Service

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,200	1,444	1,298	1,420	1,365	1,365	1,623	1,539
2700 - Trunk Highway	2,253	2,499	2,389	2,446	2,430	2,430	5,555	5,347
2710 - Highway Users Tax Distribution	19	19	19	19	19	19	153	109
Total	3,472	3,961	3,706	3,885	3,814	3,814	7,331	6,995
Biennial Change				157		37		6,735
Biennial % Change				2		0		89
Governor's Change from Base								6,698
Governor's % Change from Base								88

Expenditures by Category

Compensation	2,517	0						
Operating Expenses	934	3,819	3,669	3,848	3,777	3,777	7,294	6,958
Other Financial Transaction	21	142	36	37	37	37	37	37
Total	3,472	3,961	3,706	3,885	3,814	3,814	7,331	6,995

Full-Time Equivalents

20.85	0.91				
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Technology and Support Service

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		122		55				
Direct Appropriation	1,322	1,322	1,353	1,365	1,365	1,365	1,623	1,539
Transfers In	1,322	1,322						
Transfers Out	1,322	1,322						
Cancellations		0						
Balance Forward Out	122		55					
Expenditures	1,200	1,444	1,298	1,420	1,365	1,365	1,623	1,539
Biennial Change in Expenditures				74		12		444
Biennial % Change in Expenditures				3		0		16
Governor's Change from Base								432
Governor's % Change from Base								16
Full-Time Equivalents	5.10	0.22						

2700 - Trunk Highway

Balance Forward In		155		16				
Direct Appropriation	2,344	2,344	2,405	2,430	2,430	2,430	5,555	5,347
Cancellations		0						
Balance Forward Out	91		16					
Expenditures	2,253	2,499	2,389	2,446	2,430	2,430	5,555	5,347
Biennial Change in Expenditures				83		25		6,067
Biennial % Change in Expenditures				2		1		126
Governor's Change from Base								6,042
Governor's % Change from Base								124
Full-Time Equivalents	15.75	0.69						

2710 - Highway Users Tax Distribution

Direct Appropriation	19	19	19	19	19	19	153	109
Expenditures	19	19	19	19	19	19	153	109
Biennial Change in Expenditures				0		0		224
Biennial % Change in Expenditures				0		0		589
Governor's Change from Base								224
Governor's % Change from Base								589

Program: State Patrol

Activity: Patrolling Highways

dps.mn.gov/divisions/msp

AT A GLANCE

- Workforce: 628 employees, 546 sworn officers
- More than 650,000 enforcement contacts annually
- More than 28,000 crashes investigated annually
- More than 6,000 impaired driving arrests annually
- More than 18.2 million miles traveled by State Troopers annually
- More than 80,000 assists to the public annually
- More than 25,000 assists to local law enforcement annually
- More than 60,000 driving complaints received from the motoring public annually

PURPOSE & CONTEXT

The State Patrol enforces traffic and criminal laws on Minnesota's public highways and on state property. These law enforcement services provide for the safe and efficient movement of traffic and the protection of our citizens through enforcement, education, and assistance.

SERVICES PROVIDED

Our primary role is the enforcement of laws regulating the use of Minnesota's highways with special emphasis on removing impaired drivers, encouraging seat belt use, ensuring safe speeds, and enforcing distracted driving laws. We work closely with our allied agencies to increase public safety in our state by providing law enforcement services.

In addition to traditional traffic-law enforcement, troopers:

- Investigate motor vehicle crashes.
- Provide life-saving first aid at crash scenes.
- Assist stranded motorists.
- Educate the public on traffic safety issues.
- Partner with stakeholders to increase traffic safety awareness.
- Provide aviation-law enforcement services.
- Investigate motor vehicle title and dealer law crimes.
- Assist local and federal law enforcement agencies.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Enforcement contacts with the public	646,515	650,537	2016/2017
Quantity	Number of impaired driving arrests	5,476	5,782	2016/2017
Quality	Number of sustained external complaints investigated by internal affairs as a result of enforcement contacts	0	1	2016/2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percentage of voluntary seat belt compliance	93.2	92	2016/2017
Results	Number of fatal crashes per 100 million vehicle miles traveled	0.67	0.70	2016/2017
Results	Percentage of fatal crashes involving alcohol	31.7%	31.7%	2016/2017

The State Patrol's legal authority is found in Minn. Stat. 299D.01 (<https://www.revisor.mn.gov/statutes/?id=299D.01>).

Patrolling Highways

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	154	32	5,677	147	37	37	37	37
2000 - Restrict Misc Special Revenue	7,626	5,949	8,510	8,059	6,809	6,834	6,809	6,834
2001 - Other Misc Special Revenue	1,168	803	1,239	1,071	1,071	1,071	1,071	1,071
2403 - Gift	1	0	0	1	1	1	1	1
2700 - Trunk Highway	76,650	92,891	88,137	95,934	94,123	96,954	94,123	96,954
2710 - Highway Users Tax Distribution	32	148	91	93	92	92	92	92
3000 - Federal	1,802	1,566	2,122	2,809	1,855	1,855	1,855	1,855
4900 - 911 Emergency	1,184	2,329	1,389	1,510	1,510	1,510	1,510	1,510
Total	88,617	103,718	107,167	109,624	105,498	108,354	105,498	108,354
Biennial Change				24,456		(2,939)		(2,939)
Biennial % Change				13		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	69,869	73,352	75,107	82,312	82,349	83,180	82,349	83,180
Operating Expenses	13,050	16,542	16,630	18,747	16,970	18,015	16,970	18,015
Grants, Aids and Subsidies	4	1	35	25	25	25	25	25
Capital Outlay-Real Property	1,308	293	5,191	1				
Other Financial Transaction	4,387	13,531	10,204	8,539	6,154	7,134	6,154	7,134
Total	88,617	103,718	107,167	109,624	105,498	108,354	105,498	108,354

Total Agency Expenditures	88,617	103,718	107,167	109,624	105,498	108,354	105,498	108,354
Internal Billing Expenditures	125	99	90	184	128	128	128	128
Expenditures Less Internal Billing	88,492	103,619	107,077	109,440	105,370	108,226	105,370	108,226

Full-Time Equivalents

687.70	702.67	703.68	681.58	681.58	681.58	681.58	681.58
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Patrolling Highways

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				110				
Direct Appropriation	154	37	5,787	37	37	37	37	37
Transfers In	117		5,750					
Transfers Out	117		5,750					
Cancellations		5						
Balance Forward Out			110					
Expenditures	154	32	5,677	147	37	37	37	37
Biennial Change in Expenditures				5,638		(5,750)		(5,750)
Biennial % Change in Expenditures				3,038		(99)		(99)
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	5,665	5,715	7,178	6,102	4,844	4,844	4,844	4,844
Receipts	7,665	7,618	7,697	6,984	6,989	6,934	6,989	6,934
Transfers In	366	346	311	354	350	350	350	350
Transfers Out	574	584	572	537	530	530	530	530
Balance Forward Out	5,497	7,145	6,103	4,844	4,844	4,764	4,844	4,764
Expenditures	7,626	5,949	8,510	8,059	6,809	6,834	6,809	6,834
Biennial Change in Expenditures				2,994		(2,926)		(2,926)
Biennial % Change in Expenditures				22		(18)		(18)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	13.73	14.93	14.29	7.83	7.83	7.83	7.83	7.83

2001 - Other Misc Special Revenue

Balance Forward In	1,091	1,595	1,865	2,093	2,200	2,307	2,200	2,307
Receipts	1,583	1,073	1,467	1,178	1,178	1,178	1,178	1,178
Balance Forward Out	1,506	1,865	2,093	2,200	2,307	2,414	2,307	2,414
Expenditures	1,168	803	1,239	1,071	1,071	1,071	1,071	1,071
Biennial Change in Expenditures				340		(168)		(168)
Biennial % Change in Expenditures				17		(7)		(7)
Governor's Change from Base								0

Patrolling Highways

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	6.37	4.44	5.49	3.00	3.00	3.00	3.00	3.00

2403 - Gift

Balance Forward In	1	0	0					
Receipts	0	0	0	1	1	1	1	1
Balance Forward Out	0	0						
Expenditures	1	0	0	1	1	1	1	1
Biennial Change in Expenditures				0		1		1
Biennial % Change in Expenditures				27		56		56
Governor's Change from Base								0
Governor's % Change from Base								0

2700 - Trunk Highway

Balance Forward In	170	5,413	16	1,691	23	1,028	23	1,028
Direct Appropriation	81,270	87,492	89,810	94,261	95,123	95,954	95,123	95,954
Receipts	7	1	2	5	5	5	5	5
Transfers In	858	4,500						
Transfers Out	858	4,500						
Balance Forward Out	4,796	16	1,691	23	1,028	33	1,028	33
Expenditures	76,650	92,891	88,137	95,934	94,123	96,954	94,123	96,954
Biennial Change in Expenditures				14,530		7,006		7,006
Biennial % Change in Expenditures				9		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	654.02	666.88	666.78	662.75	662.75	662.75	662.75	662.75

2710 - Highway Users Tax Distribution

Balance Forward In		60		1				
Direct Appropriation	92	92	92	92	92	92	92	92
Cancellations		4						
Balance Forward Out	60		1					
Expenditures	32	148	91	93	92	92	92	92

Patrolling Highways

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				5		0		0
Biennial % Change in Expenditures				3		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	949	978	1,043	407	407	407	407	407
Receipts	1,832	1,631	1,486	2,809	1,855	1,855	1,855	1,855
Transfers In	137	184						
Transfers Out	137	184						
Balance Forward Out	978	1,043	407	407	407	407	407	407
Expenditures	1,802	1,566	2,122	2,809	1,855	1,855	1,855	1,855
Biennial Change in Expenditures				1,563		(1,221)		(1,221)
Biennial % Change in Expenditures				46		(25)		(25)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.70	10.05	9.13					

4900 - 911 Emergency

Balance Forward In	1,090	1,645	1,006	1,034	934	834	934	834
Receipts	1,413	1,239	1,417	1,410	1,410	1,410	1,410	1,410
Balance Forward Out	1,319	555	1,034	934	834	734	834	734
Expenditures	1,184	2,329	1,389	1,510	1,510	1,510	1,510	1,510
Biennial Change in Expenditures				(614)		121		121
Biennial % Change in Expenditures				(17)		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.88	6.37	7.99	8.00	8.00	8.00	8.00	8.00

Program: State Patrol

Activity: Commercial Vehicle Enforcement

dps.mn.gov/divisions/msp/commercial-vehicles

AT A GLANCE

- Workforce: 97 employees
- More than 37,000 commercial motor vehicle and driver safety inspections annually
- Over 22,000 school bus safety inspections annually
- Reportable commercial motor vehicle crashes 4,581 annually; Fatalities: 61 annually
- Commercial motor vehicle drivers placed out of service: 2,244 annually
- Commercial motor vehicles placed out of service: 5,306 annually
- More than 300 outreach presentations to the industry annually
- More than 1.4 million commercial motor vehicles weighed annually

PURPOSE & CONTEXT

The State Patrol Commercial Vehicle Enforcement Section exists to enforce laws regulating the operation and movement of commercial motor vehicles. The goal is to reduce the number of commercial vehicle crashes through enforcement and education, as well as reduce damage to roadways caused by overweight vehicles. There are no other law enforcement agencies dedicated to this type of enforcement for the State of Minnesota.

SERVICES PROVIDED

Enforcement of state and federal laws regulating the size, weight, and operation of commercial motor vehicles includes the following services:

- Staff six fixed-site weigh stations to ensure compliance with roadway weight limits.
- Provide mobile enforcement through random patrols and planned saturations.
- Inspect school buses and other passenger-carrying vehicles at fixed sites and during saturations.
- Conduct traffic enforcement on passenger cars operating unsafely around commercial vehicles.
- Provide training to other agencies and industry on safe commercial vehicle operation/maintenance.
- Develop, administer, and audit the Mandatory Inspection Program to prevent unsafe vehicles from being operated.
- Enforce laws related to the prohibited use of non-taxed, red-dyed fuel.
- Provide industry and stakeholder education aimed at voluntary compliance.
- Assist all law enforcement agencies with crash investigations involving commercial motor vehicles.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of commercial motor vehicle and driver inspections	37,262	37,931	2016/2017
Quantity	Number of school bus safety inspections	20,839	22,096	2016/2017
Quantity	Amount overweight in pounds for commercial vehicles	10,976,050	12,881,420	2016/2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Traffic stops on passenger cars near commercial vehicles	5,394	5,164	2016/2017
Quality	Percentage of vehicles put out-of-service	22.56%	23.86%	2016/2017

The Minnesota State Patrol's Commercial Vehicle Enforcement Division's legal authority is found in Minn. Stat. 299D.03 (<https://www.revisor.mn.gov/statutes/?id=299D.03>) and Minn. Stat. 299D.06 (<https://www.revisor.mn.gov/statutes/?id=299D.06>).

Commercial Vehicle Enforcement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2700 - Trunk Highway	7,984	8,338	7,980	9,368	8,948	8,993	8,948	8,993
3000 - Federal	5,461	4,922	6,082	5,253	1,960	5,147	1,960	5,147
Total	13,444	13,260	14,062	14,621	10,908	14,140	10,908	14,140
Biennial Change				1,979		(3,635)		(3,635)
Biennial % Change				7		(13)		(13)
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Compensation	9,812	10,058	10,325	9,714	9,189	9,754	9,189	9,754
Operating Expenses	1,567	1,630	1,677	1,943	1,348	1,422	1,348	1,422
Grants, Aids and Subsidies	1,677	665	1,399	1,200		1,200		1,200
Capital Outlay-Real Property	1	165		100	100	100	100	100
Other Financial Transaction	388	742	662	1,664	271	1,664	271	1,664
Total	13,444	13,260	14,062	14,621	10,908	14,140	10,908	14,140
Total Agency Expenditures	13,444	13,260	14,062	14,621	10,908	14,140	10,908	14,140
Internal Billing Expenditures	255	219	227	126	94	126	94	126
Expenditures Less Internal Billing	13,189	13,040	13,835	14,495	10,814	14,014	10,814	14,014
<u>Full-Time Equivalents</u>	105.24	101.19	101.20	112.60	112.60	112.60	112.60	112.60

Commercial Vehicle Enforcement

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2700 - Trunk Highway								
Balance Forward In		92		475				
Direct Appropriation	8,023	8,257	8,455	8,893	8,948	8,993	8,948	8,993
Cancellations		11						
Balance Forward Out	39		475					
Expenditures	7,984	8,338	7,980	9,368	8,948	8,993	8,948	8,993
Biennial Change in Expenditures				1,027		593		593
Biennial % Change in Expenditures				6		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	82.63	76.12	76.92	88.60	88.60	88.60	88.60	88.60

3000 - Federal

Balance Forward In	593	917	738	273	273	273	273	273
Receipts	5,783	4,249	5,617	5,253	1,960	5,147	1,960	5,147
Transfers In	93	590	180					
Transfers Out	93	590	180					
Balance Forward Out	915	245	273	273	273	273	273	273
Expenditures	5,461	4,922	6,082	5,253	1,960	5,147	1,960	5,147
Biennial Change in Expenditures				953		(4,228)		(4,228)
Biennial % Change in Expenditures				9		(37)		(37)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	22.61	25.07	24.28	24.00	24.00	24.00	24.00	24.00

Program: State Patrol

Activity: Vehicle Crimes Unit

<https://dps.mn.gov/divisions/msp/about/Pages/special-assignments-vehicle-crime-units.aspx>

AT A GLANCE

- Workforce: 6 employees
- Established and funded by the Minnesota Legislature in 2010
- New cases received in 2016 and 2017: 1,015
- Cases from 2016 and 2017 closed: 776

PURPOSE & CONTEXT

The State Patrol Vehicle Crimes Unit (VCU) is comprised of six state troopers to enforce: 1) registration tax and motor vehicle sales tax liabilities owed by individuals and businesses 2) and illegal or improper activity related to the sale, transfer, titling, and registration of motor vehicles. The VCU is the only dedicated unit of its kind in Minnesota and serves as a statewide resource.

SERVICES PROVIDED

The VCU investigates the following, but is not limited to, these types of cases:

- Identification of stolen and cloned vehicles, restoration of mutilated vehicle identification numbers.
- Investigations involving Dealer Violations: Improper use of license plates issued to dealers, non-licensed dealer activity, vehicle sales financing violations, and DVS licensing and franchise violations.
- Consumer Protection: Odometer fraud, theft, and swindle violations.
- Unlawful use of license plates: failure to register vehicles and the use of license plates on improper vehicles.
- Sales tax violations: registering vehicles to non-existent out-of-state companies, collecting sales tax from consumers and failing to remit to the State, improper sales agreements, reporting lower sales price to the state, and foreign state registration violations to avoid paying Minnesota taxes.
- Title violations: failure to transfer title and failure to report appropriate disclosures (salvage, prior salvage, flood, or title brands).
- Auto auction violations
- Scrap dealer violations

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Victims Assisted	314	550	2016/2017
Quantity	Total amount lost by victims	\$2,772,712*	\$2,933,607*	2016/2017
Quantity	Total amount lost by the State of Minnesota (i.e., taxes)	\$3,453,385*	\$1,368,939*	2016/2017
Quantity	Number of odometer miles unlawfully altered	4,013,670*	1,851,596*	2016/2017

* There are currently 239 cases assigned or pending from among those received in 2016/2017. These numbers will increase when the cases are closed.

The Minnesota State Patrol's Vehicle Crimes Unit legal authority is found in Minn. Stat. 299D.03 (<https://www.revisor.mn.gov/statutes/?id=299D.03>)

Vehicle Crimes Unit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

2710 - Highway Users Tax Distribution	712	738	751	794	793	802	793	802
Total	712	738	751	794	793	802	793	802
Biennial Change				94		50		50
Biennial % Change				6		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	698	660	744	778	769	769	769	769
Operating Expenses	14	32	7	14	14	14	14	14
Other Financial Transaction		47		2	10	19	10	19
Total	712	738	751	794	793	802	793	802

Full-Time Equivalents

6.13	5.22	5.76	7.00	7.00	7.00	7.00	7.00
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Vehicle Crimes Unit

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2710 - Highway Users Tax Distribution								
Balance Forward In		3		10				
Direct Appropriation	715	736	761	784	793	802	793	802
Cancellations		1						
Balance Forward Out	3		10					
Expenditures	712	738	751	794	793	802	793	802
Biennial Change in Expenditures				94		50		50
Biennial % Change in Expenditures				6		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	6.13	5.22	5.76	7.00	7.00	7.00	7.00	7.00

Program: State Patrol

Activity: Capitol Complex Security

dps.mn.gov/divisions/msp/

AT A GLANCE

- Workforce: 83 employees
- Assists to the public: 15,703 annually
- Security checks completed: 24,326 annually
- Employees on the Capitol Complex: 14,000 annually
- Visitors to the Capitol Complex: More than one million annually
- Permitted special events on the Capitol Complex: More than 900 annually

PURPOSE & CONTEXT

The State Patrol Capitol Security section provides law enforcement, safety, and security services for the entire State Capitol Complex as well as the protection of the Governor and Governor's residence.

SERVICES PROVIDED

In addition to an overall law enforcement and security presence, the following services are provided:

- State troopers provide patrols and security on the capitol complex.
- Non-sworn Capitol security officers provide patrols, fixed site security, parking enforcement, and employee/visitor security escorts.
- State troopers protect the Governor and other dignitaries and the Governor's residence.
- Officers and troopers respond to alarms, medical calls, disturbances, and other police calls for service.
- The communications center answers calls from the public; dispatches officers and troopers; and monitors 854 security cameras and 93,108 environmental, fire, and security alarm points 24 hours a day, 365 days a year.
- The Capitol Security section manages 12,578 access key cards.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of environmental, fire, and security motoring points	71, 126	93,108	2016/2017
Quantity	Assists to the public	17,557	15,709	2016/2017
Quantity	Number of sworn troopers assigned to the Capitol Complex	12	13	2016/2017
Quality	Number of sustained external complaints investigated by internal affairs as a result of security contacts	0	0	2016/2017
Quality	Reported thefts of property or vehicle on the Capitol Complex	31	16	2016/2017
Quality	Reported robberies on the Capitol Complex	1	0	2016/2017

The State Patrol Capitol Complex Security's legal authority is found in Minn. Stat. 299E.01 (<https://www.revisor.mn.gov/statutes/?id=299E.01>).

Capitol Complex Security

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	6,992	8,092	8,333	8,676	8,280	9,091	8,780	9,591
2000 - Restrict Misc Special Revenue	68	75	34	40	53	55	53	55
2001 - Other Misc Special Revenue	83	51	56	42	42	42	42	42
3000 - Federal			18					
Total	7,143	8,218	8,441	8,758	8,375	9,188	8,875	9,688
Biennial Change				1,839		364		1,364
Biennial % Change				12		2		8
Governor's Change from Base								1,000
Governor's % Change from Base								6

Expenditures by Category

Compensation	6,434	7,193	7,496	7,866	7,503	7,912	8,003	8,412
Operating Expenses	607	679	793	774	773	774	773	774
Grants, Aids and Subsidies	0							
Capital Outlay-Real Property	33		53	53		53		53
Other Financial Transaction	68	346	99	65	99	449	99	449
Total	7,143	8,218	8,441	8,758	8,375	9,188	8,875	9,688

Full-Time Equivalents

85.53	91.94	96.54	94.45	94.45	94.45	97.45	97.45
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Capitol Complex Security

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,101		69		384		384
Direct Appropriation	8,035	8,147	8,402	8,607	8,664	8,707	9,164	9,207
Transfers In	8,035							
Transfers Out	8,035							
Cancellations		1,156						
Balance Forward Out	1,043		69		384		384	
Expenditures	6,992	8,092	8,333	8,676	8,280	9,091	8,780	9,591
Biennial Change in Expenditures				1,925		362		1,362
Biennial % Change in Expenditures				13		2		8
Governor's Change from Base								1,000
Governor's % Change from Base								6
Full-Time Equivalents	82.79	90.40	95.73	94.45	94.45	94.45	97.45	97.45

2000 - Restrict Misc Special Revenue

Balance Forward In	78	94	93	86	86	88	86	88
Receipts	83	73	27	40	55	55	55	55
Balance Forward Out	93	92	86	86	88	88	88	88
Expenditures	68	75	34	40	53	55	53	55
Biennial Change in Expenditures				(69)		34		34
Biennial % Change in Expenditures				(48)		46		46
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.03	1.15	0.30					

2001 - Other Misc Special Revenue

Balance Forward In	950	1,099	1,093	1,088	1,089	1,090	1,089	1,090
Receipts	41	45	51	43	43	43	43	43
Balance Forward Out	908	1,093	1,088	1,089	1,090	1,091	1,090	1,091
Expenditures	83	51	56	42	42	42	42	42
Biennial Change in Expenditures				(35)		(14)		(14)
Biennial % Change in Expenditures				(26)		(15)		(15)
Governor's Change from Base								0
Governor's % Change from Base								0

Capitol Complex Security

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Full-Time Equivalents	1.71	0.39	0.51					

3000 - Federal

Receipts	18		
Expenditures	18		
Biennial Change in Expenditures		18	(18)
Biennial % Change in Expenditures			
Governor's Change from Base			0
Governor's % Change from Base			

Program: Driver and Vehicle Services (DVS)

Activity: Vehicle Services Division

dps.mn.gov/divisions/dvs/

AT A GLANCE

- Workforce: 210 employees
- FY18 Revenue Collected: \$1.3 billion
- Registrations processed annually:
 - 1.7 million vehicle titles
 - 6 million vehicle registrations
 - 3,587 auto dealers
- Annual testing and inspections:
 - More than 2,300 dealer inspections
 - More than 15,000 vehicle inspections

PURPOSE & CONTEXT

The Vehicle Services Division of Driver and Vehicle Services (DVS) maintains the integrity of the Minnesota motor vehicle title issuance process and the vehicle registration process in order to ensure accuracy and security, prevent fraud, and protect public safety. DVS ensures the proper collection of fees and taxes that support the state's transportation system and other state programs designed to protect the safety of the public.

SERVICES PROVIDED

- Collect revenue and perform audits to ensure the correct payment of taxes and fees. The state uses this revenue to improve highway safety and roadway standards.
- Issue license plates which are produced to make roadways safer through improved accuracy, readability, and reflectivity.
- Issue certificates of title to provide evidence of ownership, mileage, and the existence titling in order to protect consumers and financial institutions.
- Regulate 3,587 auto dealers and 174 deputy registrars and ensure that the correct payment of taxes and fees are received in order to protect consumers.
- Audit motor vehicle data users to determine if access to restricted information is in statutory compliance.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Vehicle inspections performed	13,443	15,455	FY 16/FY 17
Quality	Dealer Inspections performed	2,199	2,383	FY 16/FY 17
Quantity	Deputy registrar audits performed	147	7*	FY 16/FY 17
Quantity	International Registration Plan and International Fuel Tax Agreement audits performed	169	136	FY 16/FY 17
Quantity	Vehicle registrations issued	4,749,433	6,068,118	FY 16/FY 17
Quantity	Motor vehicle titles produced	1,522,438	1,708,766	FY 16/FY 17

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percentage of titles issued within 30 days (turnaround time)	0	0	FY 16/FY 17

*The deputy liaison team has deliberately not conducted audits of deputy offices within the last year in order to focus on providing support to deputies following the release of Minnesota Licensing and Registration System (MNLARS).

The legal authority for the Vehicle Services Division of DVS is found in Minnesota Statutes:

Chapter 168 Vehicle Registration, Taxation, Sale (<https://www.revisor.mn.gov/statutes/cite/168>)

Chapter 168A Vehicle Titles (<https://www.revisor.mn.gov/statutes/cite/168A>)

Chapter 168B Abandoned Motor Vehicles (<https://www.revisor.mn.gov/statutes/cite/168B>)

Chapter 221 Motor Carriers (<https://www.revisor.mn.gov/statutes/cite/221>)

Chapter 297B Sales Tax on Motor Vehicles (<https://www.revisor.mn.gov/statutes/cite/297B>)

Vehicle Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	29,635	29,444	21,759	23,973	23,130	23,130	26,182	26,421
2403 - Gift	0	0	0					
2710 - Highway Users Tax Distribution			8,236	8,236	8,236	8,236	13,933	13,918
Total	29,635	29,444	29,995	32,209	31,366	31,366	40,115	40,339
Biennial Change				3,125		528		18,250
Biennial % Change				5		1		29
Governor's Change from Base								17,722
Governor's % Change from Base								28

Expenditures by Category

Compensation	11,773	11,395	11,856	13,943	13,226	13,226	16,749	16,973
Operating Expenses	17,711	18,009	18,010	18,169	18,043	18,043	23,269	23,269
Grants, Aids and Subsidies			53	97	97	97	97	97
Other Financial Transaction	150	40	76					
Total	29,635	29,444	29,995	32,209	31,366	31,366	40,115	40,339

Full-Time Equivalents

	170.00	172.99	173.19	173.19	173.19	173.19	221.66	225.30
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Vehicle Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	510	763	587	1,493	592	590	592	590
Direct Appropriation	29,818	30,082	22,509	22,957	22,990	22,990	26,042	26,281
Receipts	1,056	1,147	1,242	1,206	1,206	1,206	1,206	1,206
Transfers In	14	56	32	32	32	32	32	32
Transfers Out	1,004	1,160	1,118	1,123	1,100	1,100	1,100	1,100
Cancellations		942						
Balance Forward Out	759	501	1,493	592	590	588	590	588
Expenditures	29,635	29,444	21,759	23,973	23,130	23,130	26,182	26,421
Biennial Change in Expenditures				(13,347)		528		6,871
Biennial % Change in Expenditures				(23)		1		15
Governor's Change from Base								6,343
Governor's % Change from Base								14
Full-Time Equivalents	170.00	172.99	173.19	173.19	173.19	173.19	215.66	219.30

2403 - Gift

Balance Forward In	0	0	0					
Receipts	25	24	22	21	21	21	21	21
Transfers Out	25	23	22	21	21	21	21	21
Expenditures	0	0	0					
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				(84)				
Governor's Change from Base								0
Governor's % Change from Base								

2710 - Highway Users Tax Distribution

Balance Forward In		0						
Direct Appropriation		8,236	8,236		8,236	8,236	13,983	13,968
Transfers Out							50	50
Expenditures		8,236	8,236		8,236	8,236	13,933	13,918
Biennial Change in Expenditures			16,472			0		11,379
Biennial % Change in Expenditures						0		69
Governor's Change from Base								11,379
Governor's % Change from Base								69

Vehicle Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Full-Time Equivalents							6.00	6.00

Program: Driver and Vehicle Services (DVS)

Activity: Driver Services Division

dps.mn.gov/divisions/dvs/

AT A GLANCE

- Workforce: 302 employees
- FY18 Revenue Collected: \$42.2 million
- Licenses processed annually:
 - 1.8 million driver license cards
 - 172,000 identification cards
- Testing and inspections:
 - More than 623,000 driver license knowledge and skill exams annually
- Driving privilege sanctions:
 - Suspended, canceled, or revoked driving privileges of more than 22,000 drivers annually
 - Enrolled over 8,700 participants in the Ignition Interlock Program currently

PURPOSE & CONTEXT

The Driver Services Division of Driver and Vehicle Services (DVS) maintains the integrity of Minnesota driver licenses (DL), and the identification (ID) issuance process in order to ensure accuracy and security, prevent fraud, and protect public safety. DVS ensures the proper collection of fees and taxes that support the state's transportation system and other state programs designed to protect the safety of the public.

SERVICES PROVIDED

- Test driving knowledge and skills to measure the competence of driver educators and DL applicants to protect the public's safety.
- Issue DLs after verification of identity and residency to ensure one driver, one license, and one driving record.
- Deny or withdraw driving privileges from those drivers who do not qualify or violate the law in order to keep unsafe drivers off the road.
- Audit driver license data users to determine if access is in statutory compliance.
- Regulate 127 DL agents and ensure that the correct payment of fees is received in order to protect consumers.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	DL cards issued	1,553,445	1,930,592	FY 16/FY 17
Quantity	ID cards issued	172,606	127,569	FY 16/FY 17
Quantity	Driver testing: written, road and commercial	632,482	625,881	FY 16/FY 17
Quality	DL exam supervisor visits	738	760	FY 16/FY 17

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity/Quality	Ignition Interlock Program			FY 16/FY 17
	• Participants enrolled in program	8,726	9,511	
	• Participants completed program	4,857	4,980	
Quality	Percentage of DL cards issued within 14 days (turnaround time)	75%	72%	FY 16/FY 17

The legal authority for the Driver Services Division of DVS comes from the following Minnesota Statutes:

Chapter 65B Vehicle Insurance (<https://www.revisor.mn.gov/statutes/cite/65B>)

Chapter 169 Traffic Regulations (<https://www.revisor.mn.gov/statutes/cite/169>)

Chapter 171 Driver License and Training Schools (<https://www.revisor.mn.gov/statutes/cite/171>)

Chapter 221 Motor Carriers (<https://www.revisor.mn.gov/statutes/cite/221>)

Driver Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	29,220	29,939	31,769	36,598	33,003	33,003	36,913	37,160
3000 - Federal	693	400	713	497	160	116	160	116
Total	29,913	30,338	32,482	37,095	33,163	33,119	37,073	37,276
Biennial Change				9,325		(3,295)		4,772
Biennial % Change				15		(5)		7
Governor's Change from Base								8,067
Governor's % Change from Base								12

Expenditures by Category

Compensation	20,362	20,406	21,817	25,524	24,135	24,135	28,045	28,292
Operating Expenses	9,403	9,781	10,509	11,315	8,915	8,871	8,915	8,871
Other Financial Transaction	148	152	156	256	113	113	113	113
Total	29,913	30,338	32,482	37,095	33,163	33,119	37,073	37,276

Total Agency Expenditures	29,913	30,338	32,482	37,095	33,163	33,119	37,073	37,276
Internal Billing Expenditures	23	19	21	23	14	14	14	14
Expenditures Less Internal Billing	29,890	30,320	32,461	37,072	33,149	33,105	37,059	37,262

<u>Full-Time Equivalents</u>	297.26	303.88	314.36	313.16	312.31	312.31	366.47	370.83
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Driver Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	215	1,700	759	1,413	1,050	1,218	1,050	1,218
Direct Appropriation	30,286	30,740	32,014	36,054	32,842	32,842	36,752	36,999
Receipts	11,762	11,111	10,926	11,696	11,696	11,696	11,696	11,696
Transfers In	303	274	252	255	255	255	255	255
Transfers Out	11,692	11,640	10,768	11,770	11,622	11,622	11,622	11,622
Cancellations		2,106						
Balance Forward Out	1,653	139	1,413	1,050	1,218	1,386	1,218	1,386
Expenditures	29,220	29,939	31,769	36,598	33,003	33,003	36,913	37,160
Biennial Change in Expenditures				9,208		(2,361)		5,706
Biennial % Change in Expenditures				16		(3)		8
Governor's Change from Base								8,067
Governor's % Change from Base								12
Full-Time Equivalents	293.29	299.89	309.74	309.74	309.74	309.74	363.90	368.26

3000 - Federal

Balance Forward In	60	58	59	59	59	59	59	59
Receipts	691	400	713	497	160	116	160	116
Balance Forward Out	58	59	59	59	59	59	59	59
Expenditures	693	400	713	497	160	116	160	116
Biennial Change in Expenditures				117		(934)		(934)
Biennial % Change in Expenditures				11		(77)		(77)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.97	3.99	4.62	3.42	2.57	2.57	2.57	2.57

Program: Driver and Vehicle Services (DVS)

Activity: Support Services Division

dps.mn.gov/divisions/dvs/

AT A GLANCE

- Workforce: 105 employees
- FY18 Revenue Collected: \$51.6 million
- Licensing and registrations processed annually:
 - 1.26 million license plates
 - 136,366 disability parking certificates

PURPOSE & CONTEXT

The Support Services Division of Driver and Vehicle Services (DVS) maintains the integrity of Minnesota driver licenses, the identification issuance process, the motor vehicle title issuance process, and the vehicle registration process in order to ensure accuracy and security, prevent fraud, and protect public safety. DVS ensures the proper collection of fees and taxes that support the state's transportation system and other state programs designed to protect the safety of the public.

The DVS Contact Center includes 24 phone lines and several email channels which allows the public, deputy registrars, and law enforcement to contact DVS with their questions and concerns regarding motor vehicles and driver's licenses.

DVS Support Services also maintains the technology account that is used to fund the development of the DVS motor vehicle system and driver license system.

SERVICES PROVIDED

DVS Support Services processes the revenue collected for the state through special fees and surcharges as well as:

- Issue special plates, disability parking certificates, plate impound, and deputy allocation of plates, stickers, and title packs.
- Process refunds for citizens as well as providing copies of DVS records in accordance with State and Federal Data Privacy Statutes and ensuring record retention policies are met.
- Manage access to DVS data through online applications as well as auditing usage by all users.
- Prepare, scan, index, and verify driver license and motor vehicle documents and images.
- Perform mailroom and print room tasks.
- Answers inquiries and provides assistance to all Minnesotans, stakeholders, and business partners.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Audit requests completed	369	1,047	FY 16/FY 17
Quantity	License plates issued	1,198,924	1,265,308	FY 16/FY 17
Quantity	Disability parking certificates issued	136,371	136,366	FY 16/FY 17

The legal authority for the Support Services Division of DVS is found in Minnesota Statutes:

Chapter 168 Vehicle Registration, Taxation, Sale (<https://www.revisor.mn.gov/statutes/cite/168>)

Chapter 168A Vehicle Titles (<https://www.revisor.mn.gov/statutes/cite/168A>)

Chapter 168B Abandoned Motor Vehicles (<https://www.revisor.mn.gov/statutes/cite/168B>)

Chapter 169 Traffic Regulations (<https://www.revisor.mn.gov/statutes/cite/169>)

Chapter 171 Driver License and Training Schools (<https://www.revisor.mn.gov/statutes/cite/171>)

Chapter 221 Motor Carriers (<https://www.revisor.mn.gov/statutes/cite/221>)

Chapter 297B Sales Tax on Motor Vehicles (<https://www.revisor.mn.gov/statutes/cite/297B>)

Support Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General				23,200			21,403	17,335
2000 - Restrict Misc Special Revenue	13,339	23,279	27,804	28,827	1,959	1,959	14,541	18,019
2117 - Natural Resource Misc Statutory			0	4	4	4	4	4
2401 - Reinvest In Minnesota-Gifts	5	7	4	4	4	4	4	4
2403 - Gift	85	90	92	92	92	92	92	92
3000 - Federal	7							
6000 - Miscellaneous Agency	36,120	37,889	43,451	37,294	37,294	37,294	37,294	37,294
Total	49,556	61,264	71,350	89,421	39,353	39,353	73,338	72,748
Biennial Change				49,951		(82,065)		(14,685)
Biennial % Change				45		(51)		(9)
Governor's Change from Base								67,380
Governor's % Change from Base								86

Expenditures by Category

Compensation	1,971	1,097	535	789	537	537	2,174	2,174
Operating Expenses	11,484	22,324	27,273	41,139	1,570	1,570	33,918	33,328
Grants, Aids and Subsidies	6	9	32	10,197	50	50	50	50
Other Financial Transaction	36,096	37,833	43,510	37,296	37,196	37,196	37,196	37,196
Total	49,556	61,264	71,350	89,421	39,353	39,353	73,338	72,748

Full-Time Equivalents

18.60	14.40	11.45	6.36	5.36	5.36	23.36	23.36
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Support Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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1000 - General

Direct Appropriation				23,200			21,403	17,335
Expenditures				23,200			21,403	17,335
Biennial Change in Expenditures				23,200		(23,200)		15,538
Biennial % Change in Expenditures								
Governor's Change from Base								38,738
Governor's % Change from Base								
Full-Time Equivalents							18.00	18.00

2000 - Restrict Misc Special Revenue

Balance Forward In	46,442	44,897	27,264	19,481	819	1,025	819	3,110
Direct Appropriation			17,650	8,000	0	0	0	0
Receipts	10,281	2,164	2,371	2,165	2,165	2,165	16,832	18,165
Balance Forward Out	43,383	23,783	19,481	819	1,025	1,231	3,110	3,256
Expenditures	13,339	23,279	27,804	28,827	1,959	1,959	14,541	18,019
Biennial Change in Expenditures				20,013		(52,713)		(24,071)
Biennial % Change in Expenditures				55		(93)		(43)
Governor's Change from Base								28,642
Governor's % Change from Base								731
Full-Time Equivalents	17.17	12.48	9.09	4.00	3.00	3.00	3.00	3.00

2117 - Natural Resource Misc Statutory

Balance Forward In			0					
Receipts	215	495	434	434	434	434	434	434
Transfers Out	215	495	430	430	430	430	430	430
Balance Forward Out	0	0						
Expenditures	0	4	4	4	4	4	4	4
Biennial Change in Expenditures			4			4		4
Biennial % Change in Expenditures						97		97
Governor's Change from Base								0
Governor's % Change from Base								0

2401 - Reinvest In Minnesota-Gifts

Balance Forward In		19	80					
Receipts	4,986	5,234	5,229	5,200	5,200	5,200	5,200	5,200

Support Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Transfers Out	4,963	5,165	5,305	5,196	5,196	5,196	5,196	5,196
Balance Forward Out	19	80	0					
Expenditures	5	7	4	4	4	4	4	4
Biennial Change in Expenditures				(4)		0		0
Biennial % Change in Expenditures				(33)		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Balance Forward In	6	5	5	5	5	5	5	5
Receipts	84	90	92	92	92	92	92	92
Balance Forward Out	5	5	5	5	5	5	5	5
Expenditures	85	90	92	92	92	92	92	92
Biennial Change in Expenditures				9		0		0
Biennial % Change in Expenditures				5		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	7							
Expenditures	7							
Biennial Change in Expenditures				(7)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

6000 - Miscellaneous Agency

Balance Forward In	176	0	2					
Receipts	35,702	37,641	43,063	37,294	37,294	37,294	37,294	37,294
Balance Forward Out			0					
Expenditures	36,120	37,889	43,451	37,294	37,294	37,294	37,294	37,294
Biennial Change in Expenditures				6,736		(6,157)		(6,157)
Biennial % Change in Expenditures				9		(8)		(8)

Support Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.43	1.92	2.36	2.36	2.36	2.36	2.36	2.36

Program: Office of Traffic Safety (OTS)dps.mn.gov/divisions/ots/**AT A GLANCE**

- Workforce: 20 employees
- Administer \$16.5 million in grants from the National Highway Traffic Safety Administration. Provide 200 grants to 310 units of government and nonprofit agencies to improve motorists' behavior.
- Provide expertise in critical traffic safety program areas.
- Provide research analysis and program evaluation to determine project effectiveness, traffic crash trends, and emerging issues.
- Administer the Motorcycle Safety and Child Seats for Needy Families programs supported by state special revenue funds.

PURPOSE & CONTEXT

The Office of Traffic Safety (OTS) provides statewide leadership, guidance, and support for all aspects of traffic safety in Minnesota. OTS accomplishes this by supporting programs to reduce traffic fatalities and serious injuries through increasing seat belt use, decreasing impaired driving, moderating speeds, and reducing distracted driving behavior. These programs serve Minnesota citizens, local units of government and nonprofit agencies. OTS also provides leadership on the Toward Zero Deaths (TZD) program in partnership with the Minnesota Department of Transportation and Minnesota Department of Health.

SERVICES PROVIDED

OTS provides funding and support for public education and outreach, traffic enforcement, policy development, and community traffic safety programs through partnerships with the Minnesota State Patrol, Driver and Vehicle Services, Bureau of Criminal Apprehension, Minnesota Department of Transportation, Minnesota Department of Health, county and municipal governments, and traffic safety advocate organizations.

OTS strategies:

- Utilize research-based, data-driven countermeasures on traffic crashes that include high-visibility enforcement coupled with public outreach and education.
- Promote traffic safety laws, such as primary seat belt, graduated driver's license, driver license sanctions, and ignition interlock.
- Maintain partnerships with other state agencies and local stakeholders to address traffic safety in a collaborative statewide effort.

OTS staff serve as grant coordinators and key resource experts on impaired driving, teen drivers, motorcycle safety, occupant protection, child passenger safety, pedestrian and bicycle safety, distracted driving, older drivers, traffic records, and program evaluation.

OTS researchers analyze Minnesota traffic crash data and identify traffic safety problem areas and crash trends, conduct program evaluation, and develop the Minnesota Motor Vehicle Crash Facts and the Minnesota Impaired Driving Facts publications. OTS responds to the crash data needs of the general public, the media, legislative members, the Governor's office, and all stakeholders. OTS also supports Minnesota's participation in the Fatal Analysis Reporting System, a national database on fatal motor vehicle crashes.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Traffic fatalities	389	358	Five-year averages 2012-2016
Results	Unbelted fatalities	97	78	Five-year averages 2012-2016
Results	Alcohol-related fatalities	123	113	Five-year averages 2012-2016
Results	Distracted-related fatalities	59	25	Five-year averages 2012-2016
Results	Speed-related fatalities	82	88	Five-year averages 2012-2016
Results	Percentage of motorists observed wearing seat belts during statewide observational seat belt survey	93.2%	92%	June 2016/ June 2017
Quality	Child safety seats distributed to needy families	1,460	1,250	2016/2017
Quality	Motorcycle basic riding course student evaluations (percentage who said course met or exceed their expectations)	98%	98%	2016/2017

Note: 2017 crash data are preliminary

Annual Crash Facts Publication: Minn. Stat. 169.10 (<https://www.revisor.mn.gov/statutes/?id=169.10>)

Motorcycle Safety Education Program: Minn. Stat. 171.335 (<https://www.revisor.mn.gov/statutes/cite/171.335>)

Minnesota child passenger restraint and education account: Minn. Stat. 169.685 Subd. 7

(<https://www.revisor.mn.gov/statutes/?id=169.685>)

Traffic Safety

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General			223	717	470	470	470	470
2000 - Restrict Misc Special Revenue	970	861	1,282	886	866	766	866	766
2403 - Gift	2	0	0					
2700 - Trunk Highway	431	430	441	523	494	494	494	494
3000 - Federal	35,685	17,867	21,396	32,752	32,752	32,752	32,752	32,752
Total	37,088	19,159	23,342	34,878	34,582	34,482	34,582	34,482
Biennial Change				1,973		10,844		10,844
Biennial % Change				4		19		19
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Traffic Safety & Research	37,088	19,159	23,342	34,878	34,582	34,482	34,582	34,482
Total	37,088	19,159	23,342	34,878	34,582	34,482	34,582	34,482

Expenditures by Category

Compensation	1,694	1,667	1,756	2,606	2,700	2,800	2,700	2,800
Operating Expenses	7,513	5,578	5,771	7,640	7,348	7,263	7,348	7,263
Grants, Aids and Subsidies	26,971	11,646	15,716	24,529	24,431	24,316	24,431	24,316
Other Financial Transaction	911	268	99	103	103	103	103	103
Total	37,088	19,159	23,342	34,878	34,582	34,482	34,582	34,482

Total Agency Expenditures	37,088	19,159	23,342	34,878	34,582	34,482	34,582	34,482
Internal Billing Expenditures	123	106	96	240	241	242	241	242
Expenditures Less Internal Billing	36,965	19,053	23,246	34,638	34,341	34,240	34,341	34,240

Full-Time Equivalents

19.07	18.38	18.77	18.77	18.77	18.77	18.77	18.77
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Traffic Safety

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				247				
Direct Appropriation			470	470	470	470	470	470
Balance Forward Out			247					
Expenditures			223	717	470	470	470	470
Biennial Change in Expenditures				940		0		0
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			0.47	0.47	0.47	0.47	0.47	0.47

2000 - Restrict Misc Special Revenue

Balance Forward In	893	835	829	283	165	58	165	58
Receipts	953	931	879	910	900	900	900	900
Transfers In	69	159	72	73	74	74	74	74
Transfers Out	235	230	215	215	215	215	215	215
Balance Forward Out	710	834	283	165	58	51	58	51
Expenditures	970	861	1,282	886	866	766	866	766
Biennial Change in Expenditures				337		(536)		(536)
Biennial % Change in Expenditures				18		(25)		(25)
Governor's Change from Base								0
Governor's % Change from Base								0

2403 - Gift

Balance Forward In	17	14	14	15	15	15	15	15
Receipts	0	0	0					
Balance Forward Out	14	14	15	15	15	15	15	15
Expenditures	2	0	0					
Biennial Change in Expenditures				(2)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

2700 - Trunk Highway

Traffic Safety

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In		26		30				
Direct Appropriation	446	457	471	493	494	494	494	494
Cancellations		52						
Balance Forward Out	15		30					
Expenditures	431	430	441	523	494	494	494	494
Biennial Change in Expenditures				103		24		24
Biennial % Change in Expenditures				12		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.26	3.21	3.33	3.33	3.33	3.33	3.33	3.33

3000 - Federal

Balance Forward In	229		4	4	4	4	4	4
Receipts	35,455	17,871	21,395	32,752	32,752	32,752	32,752	32,752
Transfers In			4					
Transfers Out			4					
Balance Forward Out		4	4	4	4	4	4	4
Expenditures	35,685	17,867	21,396	32,752	32,752	32,752	32,752	32,752
Biennial Change in Expenditures				596		11,356		11,356
Biennial % Change in Expenditures				1		21		21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	15.81	15.17	14.97	14.97	14.97	14.97	14.97	14.97

Program: Office of Pipeline Safety (OPS)

dps.mn.gov/divisions/ops/

AT A GLANCE

- Workforce: 20 employees
- Inspection of over 65,000 miles of interstate and intrastate pipelines
- Pipeline operators: 94
- Education provided to over 6,300 utility operators and excavators throughout Minnesota. Education provided to more than 800 emergency responders annually
- Over 7,000 hours of inspection and operator training annually

PURPOSE & CONTEXT

The OPS ensures pipelines are safe and works statewide to prevent underground utility damage.

There are over 65,000 miles of natural gas and hazardous liquid pipelines in Minnesota. These pipelines run throughout the state, delivering natural gas and other petroleum products to homes, industry, and businesses.

OPS employees protect lives and the environment through natural gas and hazardous liquid pipeline inspections, enforcement, accident and incident investigations, and education. We also investigate and enforce state excavation laws.

SERVICES PROVIDED

OPS has three major program areas:

- **Inspection program:** OPS routinely reviews pipeline operator procedures, training, and records. In addition, OPS observes practices and conditions in the field to ensure compliance with state and federal regulations. Inspections are conducted to ensure pipeline systems are operated safely.
- **Investigations:** In the event of a pipeline incident, OPS conducts investigations to ensure the pipeline operator followed proper procedures, maintained regulatory compliance, and takes steps to prevent future recurrence.
- **Damage prevention program:** OPS is the education and enforcement authority for the "Call Before You Dig" law. The law requires any individual or company to call the Gopher State One Call Center at least 48 hours before digging so that operators can be notified to mark underground utilities. Education activities throughout Minnesota aim to prevent excavation-related damage to pipelines and other underground facilities.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Pipeline inspection, investigation and training hours provided	7,550	7,730	2016/2017
Quantity	Number of natural gas distribution pipeline excavation-related damages	1,504	1,449	2016/2017
Quantity	Number of significant pipeline incidents in Minnesota	4	6	2016/2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of damage prevention statute noncompliance cited	103	126	2016/2017
Results	Number of fatalities at pipeline incidents in Minnesota	0	2	2016/2017

The following statutes grant authority to MNOPS to conduct the programs noted above: Excavation Notice System in Minn. Stat. 216D (<https://www.revisor.mn.gov/statutes/?id=216D>), Natural Gas Pipeline Safety in Minn. Stat. 299F.56 (<https://www.revisor.mn.gov/statutes/?id=299F.56>), the Office of Pipeline Safety Legal Authority in Minn. Stat. 299J (<https://www.revisor.mn.gov/statutes/?id=299J>)

Pipeline Safety

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	835	853	948	2,112	1,525	1,525	1,525	1,525
3000 - Federal	1,816	1,847	1,960	2,485	2,269	2,269	2,269	2,269
Total	2,651	2,700	2,908	4,597	3,794	3,794	3,794	3,794
Biennial Change				2,154		83		83
Biennial % Change				40		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Pipeline Safety	2,651	2,700	2,908	4,597	3,794	3,794	3,794	3,794
Total	2,651	2,700	2,908	4,597	3,794	3,794	3,794	3,794

Expenditures by Category

Compensation	1,944	1,984	2,081	2,587	2,591	2,591	2,591	2,591
Operating Expenses	514	587	736	1,282	975	975	975	975
Capital Outlay-Real Property	153	116	85	609	110	110	110	110
Other Financial Transaction	40	13	7	119	118	118	118	118
Total	2,651	2,700	2,908	4,597	3,794	3,794	3,794	3,794

Total Agency Expenditures	2,651	2,700	2,908	4,597	3,794	3,794	3,794	3,794
Internal Billing Expenditures	127	109	105	133	146	146	146	146
Expenditures Less Internal Billing	2,524	2,590	2,803	4,464	3,648	3,648	3,648	3,648

Full-Time Equivalents

	18.75	18.08	19.00	21.51	21.03	21.03	21.03	21.03
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Pipeline Safety

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	39	662	79	660	69	67	69	67
Direct Appropriation	1,371	1,388	1,422	1,441	1,443	1,443	1,443	1,443
Receipts	87	70	107	80	80	80	80	80
Cancellations		1,188						
Balance Forward Out	662	79	660	69	67	65	67	65
Expenditures	835	853	948	2,112	1,525	1,525	1,525	1,525
Biennial Change in Expenditures			1,372		(10)		(10)	
Biennial % Change in Expenditures			81		(0)		(0)	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	6.00	5.18	7.14	7.14	7.14	7.14	7.14	7.14

3000 - Federal

Balance Forward In	430	345	240	161				
Receipts	1,731	1,742	1,881	2,324	2,269	2,269	2,269	2,269
Transfers In	469	444	435					
Transfers Out	469	444	435					
Balance Forward Out	344	240	161					
Expenditures	1,816	1,847	1,960	2,485	2,269	2,269	2,269	2,269
Biennial Change in Expenditures				782		93		93
Biennial % Change in Expenditures				21		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	12.75	12.90	11.86	14.37	13.89	13.89	13.89	13.89

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
National Highway Traffic Safety Administration 20.600	NHTSA Highway Safety Basic Media Relations Provides grant monies to fund program costs for the Office of Communications division to support the Office of Traffic Safety in planning and implementing statewide communications efforts to influence driver behaviors and improve traffic safety. This includes coordinating campaigns that use media relations, social media, video and advertising to capture media attention and drive public engagement around traffic safety issues.	No	\$119	\$100	\$100	\$100	No	0.61
National Highway Traffic Safety Administration 20.616	NHTSA Highway Safety Impaired Driver Media Relations. Provides grant monies to fund program costs for the Office of Communications division to support the Office of Traffic Safety in planning and implementing statewide communications efforts to influence driver behaviors and improve traffic safety. This includes coordinating campaigns that use media relations, social media, video and advertising to capture media attention and drive public engagement around traffic safety issues.	No	\$105	\$82	\$82	\$82	No	0.61
Federal Transit Administration 20.528	FTA Light Rail Safety State Oversight. Assist states with safety oversight of rail fixed guideway public transportation not regulated by the Federal Railroad Administration.	No	\$188	\$129	\$129	\$129	Match	0.80
	Program 01 TOTAL		\$412	\$311	\$311	\$311		2.02
Homeland Security Federal Emergency Management Agency 97.036	Disaster Assistance Grants (Public Assistance). Funding provided to the state after a presidential declaration of a major disaster. Provides assistance to local governments, state agencies, Indian Tribes and eligible private-non-profit entities to cover 75% of emergency costs and infrastructure repair/replacement costs resulting from the disaster. The State/Locals are responsible for a 25% Match.	No	\$8,190	\$26,677	\$0	\$0	Match	3.40

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Homeland Security Federal Emergency Management Agency 97.067	Emergency Management Performance Grant (EMPG). This program supports state emergency planning, training, and exercise programs. It also supports hazard mitigation, operational readiness, and regional support, including grants to counties to support local emergency management programs.	No	\$6,041	\$7,200	\$0	\$0	Match	10.00
US Department of Transportation 20.703	Hazardous Materials Emergency Preparedness (HMEP). This program supports hazardous materials incident preparedness-related planning, training, and exercises, local public safety support group development, and special projects that involve hazardous materials accident/incident preparedness.	No	\$303	\$279	\$0	\$0	Match	0.80
Homeland Security Federal Emergency Management Agency 97.047	Pre-Disaster Hazard Mitigation Program. This program provides funding to States and communities for cost-effective hazard mitigation activities that reduce injuries, deaths, and property damage.	No	\$463	\$386	\$0	\$0	No	0.00
Homeland Security Federal Emergency Management Agency 97.067	Homeland Security. This program provides funding for a number of homeland security preparedness and prevention activities through planning and training, equipment acquisitions and exercises: ●UASI. This program provides funding for urban areas preparedness and prevention activities through planning and training and equipment acquisitions and exercises. ●Operation Stonegarden. Enhance law enforcement and border security operations with states bordering Canada. Safety spectrum for radio communications.	No	\$13,082	\$9,805	\$0	\$0	Match	9.00
	Program 02 TOTAL		\$28,079	\$44,347	\$0	\$0		23.20
US Department of Justice 16.741	Forensic Deoxyribonucleic Acid Backlog Reduction The goals and objectives of these programs are to improve infrastructure and analysis capacity so that DNA samples can be processed efficiently and cost-effectively and to provide needed support to allow the lab to process backlogged DNA cases that would otherwise not be analyzed in a timely manner.	No	\$687	\$421	\$721	\$721	No	1.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
National Highway Traffic Safety Administration 20.608	DWI Analytics staffing to support work related to DWI Analytics.	Yes	\$39	\$50	\$50	\$50	No	0.00
National Highway Traffic Safety Administration 20.616	2017 Lab Full Time Technicians staffing support to improve DWI case turnaround time and testing repertoire.	No	\$211	\$271	\$244	\$244	No	2.00
National Highway Traffic Safety Administration 20.616	eCharging Program fund additional development and deployment of DWI processing.	No	\$247	\$236	\$229	\$229	No	1.00
US Department of Justice 16.560	Missing Persons Grant to laboratories with capability to perform DNA analysis on samples from missing persons cases and funds identification, selection, and transportation of samples; sample analysis; and review and upload of DNA profiles into CODIS.	No	\$26	\$47	\$50	\$50	No	0.00
US Department of Justice 16.742	Paul Coverdell Forensic Improvement program provides funding to the forensic science laboratory for improved efficiency and productivity of operations. This funding is available for non-DNA related casework.	No	\$10	\$75	\$75	\$75	No	0.00
US Department of Justice 16.554	National Criminal History Improvement Program funding enables States to improve criminal history records through technology projects that improve public safety by facilitating accurate and timely identification of persons by enhancing the quality, completeness and accessibility of the nation's criminal history record systems.	No	\$2,492	\$1,500	\$1,500	\$1,500	State Match	0.00
US Department of Justice 16.543	Internet Crimes Against Children engage in proactive investigations, forensic examinations, and effective prosecutions of Internet crimes against children	No	\$287	\$301	\$301	\$301	No	1.00
Department of Homeland Security 97.067	Minnesota Joint Analysis Center Funding supports coordination of information sharing functions between federal, state, local and tribal law enforcement agencies as well as other public safety agencies and the private sector. The center collects, evaluates, analyzes and disseminates information regarding organized criminal, terrorist and all-hazards activity in the state while complying with state and federal law to ensure the rights and privacy of all.	No	\$737	\$600	\$600	\$600	No	7.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
US Department of Justice 16.750	Adam Walsh design, develop and implement a new web-based predatory offender database	No	\$0	\$200	\$200	\$200	No	0.00
Bureau of Justice Statistics 16.734	NCS-X implementation Assistance Program to fund assistance for local agencies to adapt NIBRS submissions.	NO	\$550	\$593	\$593	\$593	No	0.00
Edward Byrne Memorial Justice Assistance Grant Program 16.738	SORNA data and application development of Predatory Offender Registration System.	NO	\$12	\$137	\$137	\$137	No	0.00
Edward Byrne Memorial Justice Assistance Grant Program 16.738	Sex Trafficking to be used for software and on-line subscription services	Yes	\$16	\$2	\$0	\$0	No	0.00
Comprehensive Opioid Abuse 16.754	Drug Monitoring Initiative (DMI) project is to establish a coalition of stakeholders, develop a geographic information system (GIS) to understand local drug trends, support the creation of investigative, preventative and treatment systems.	Yes	\$0	\$0	\$0	\$0	No	0.00
US Department of Justice 16.710	Anti-Heroin Task Force Advances public safety funding to investigate illicit activities related to heroin and opioids.	Yes	\$104	\$1,298	\$1,298	\$1,298	No	3.00
Office of Justice Programs 16.738	Drug Monitoring to prioritize investigative programs and integrate the MN Fusion Center with BCA Operations.	Yes	\$21	\$79	\$79	\$79	No	1.00
Forensic DNA Lab Efficiency 16.741	DNA Efficiency project; hire two full time technicians and one purchase a high capacity liquid handling robot.	Yes	\$0	\$0	\$0	\$0	No	2.00
	Program 03 Total		\$5,439	\$5,810	\$6,077	\$6,077		18.00
Homeland Security 97.043	NFA Training Grant. Funding to offer 20 additional National Fire Academy Courses to MN fire departments utilizing local instructors. Also funds instructional material.	No	\$20	\$20	\$20	\$20	No	0.00
Homeland Security 97.044	State Fire Training Academy Grant. Training Trailer props....purchase of equipment to provide training on a large variety of basic firefighter operations. The operations include vertical, flat roof and gable end ventilation, forcible entry, confined space entry, through the floor rescue, ceiling pulling/breaching, ladder evolutions and fire fighter bailout drills. Cost match of 15% or \$64,655 max. Provided by State Fire Marshal Office.	No	\$157	\$0	\$0	\$0	Yes	0.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Homeland Security 97.044	SFM Fire Risk Assessment Grant Provide funds for a State-wide study of fire risk areas to identify areas in Minnesota that need additional fire prevention/community risk reduction efforts	Yes		\$50	\$200		Yes	0.00
	Program 04 Total		\$177	\$70	\$220	\$20		0.00
Dept. of Transportation Federal Motor Carrier Safety Administration Grants (FMCSA) 20.218	Motor Carrier Safety Assistance Program (MCSAP) Provides financial assistance to states to reduce the number and severity of accidents and hazardous materials incidents involving commercial motor vehicles (CMV) through consistent, uniform and effective CMV safety programs. Border Grant Ensure that commercial motor vehicles operating within the international border region perform in a safe manner and do not transport contraband materials. New Entrant Safety Assurance Program (NESAP) Establishes requirements to improve the safety performance of new US and Canadian motor carriers.	No	\$5,555	\$4,876	\$1,738	\$4,770	Match & MOE	24.00
Dept. of Transportation Federal Motor Carrier Safety Administration Grants (FMCSA) 20.237	High Priority Grant increases CMV and non-CMV traffic enforcement including programs such as Ticketing Aggressive Cars and Trucks (TACT)	No	\$218	\$0	\$0	\$0	Match	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.616	Grants issued through the DPS Office of Traffic Safety (OTS) provide funding for Travel, Impaired Driving, Seat Belt Enforcement, and Drug Recognition Experts. The State Patrol also administers grant to local agencies under Impaired Driving and Seat Belts to enforce DWI and Seat Belt Laws.	No	\$1,218	\$1,468	\$709	\$709	No	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.608	Funds from NHTSA and grants issued through the DPS Office of Traffic Safety to provide funding for Impaired Driving. The State Patrol also administers grants to local agencies under impaired driving to enforce DWI laws and is a key tool in the Towards Zero Deaths (TZD) effort.	No	\$212	\$625	\$625	\$625	No	0.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Dept. of Transportation Federal Highway Administration (FHWA) 20.240	Fuel enforcement project. Grant issued through MnDot from the Surface Transportation Act funding to facilitate the inspection of fuel used in motor vehicles for on-highway use to ensure proper fuel taxes have been applied.	No	\$222	\$377	\$222	\$377	No	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.600	Grants issued through the DPS Office of Traffic Safety (OTS) provide funding for Travel, Support, Speed, Distracted Driving and enforcement of Minnesota's Mover Over Law.	No	\$141	\$716	\$521	\$521	No	0.00
Dept. of Transportation Federal Motor Carrier Safety Administration Grants (FMCSA) 20.233	Border Grant Ensure that commercial motor vehicles operating within the international border region perform in a safe manner and do not transport contraband materials.	No	\$88	\$0	\$0	\$0	Match & MOE	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.602	Grants issued the DPS Office of Traffic Safety (OTS) to provide funding for seat belt enforcement.	No	\$16	\$0	\$0	\$0	No	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.609	Grants issued Through the DPS Office of Traffic Safety (OTS) to provide funding for support and distracted driving.	No	\$16	\$0	\$0	\$0	No	0.00
Homeland Security Federal Emergency Management (FEMA) 97.036	Grants received to assist with traffic control and search and rescues associated with severe flooding around the state	NO	\$25	\$0	\$0	\$0	No	0.00
Homeland Security Federal Emergency Management (FEMA) 97.042	Grants issued through the DPS Office of Homeland Security & Emergency Management (HSEM) to provide funding for emergency management performance.	No	\$18	\$0	\$0	\$0	No	0.00
Dept. of Transportation National Highway Traffic Safety Administration (NHTSA) 20.601	Grants issued through the DPS Office of Traffic Safety (OTS) to assist in alcohol related duties in the 2 AM bar.	No	\$494	\$0	\$0	\$0	No	0.00
	Program 05 TOTAL		\$8,223	\$8,062	\$3,815	\$7,002		24.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Department of Transportation Federal Motor Carrier Safety Administration 20.232	Commercial Driver's License Information System (CDLIS) Program Improvement. Used to target technical modifications to State's database in order to meet CDLIS specifications and pass structured testing, to achieve compliance with requirements of unresolved elements of the Motor Carrier Safety Improvement Act of 1999 (MCSIA), and to address findings of the CDL audits.	No	\$383	\$267	\$44	\$0	No	0.00
National Highway Traffic Safety Administration 20.608	Ignition Interlock. Used to administer and oversee the Ignition Interlock Program to enhance public safety by giving eligible DWI offenders the opportunity to have ignition interlock devices installed in their vehicles to ensure they are driving safely and legally.	No	\$244	\$116	\$116	\$116	No	2.57
National Highway Traffic Safety Administration 20.616	Ignition Interlock Vendor Oversight. To provide vendor oversight by conducting regular inspections of all identified service centers. Inspection will include, but not be limited to, quality of vendor equipment, technician training, customer education area, calibration methods, accuracy of calibration equipment, etc. And recommend changes that are needed for successful vendor oversight of the ignition interlock program.	No	\$86	\$114	\$0	\$0	No	0.85
	Program 07 TOTAL		\$713	\$497	\$160	\$116		3.42
National Highway Traffic Safety Admin 20.616	Servers & Serving Alcohol & Gambling Enforcement Division conducts statewide training for local law enforcement agencies to conduct alcohol awareness training in their communities to licensed alcohol retailers, tribal councils, community event officials, county health departments, community coalitions and licensing officials. The agency also provides training to local law enforcement to educate and enforce regulations prohibiting the selling and serving of alcoholic beverages to obviously intoxicated customers with the goal of taking drunk drivers off the road before they get to their vehicle.	No	\$24	\$0	\$0	\$0	No	1.00
	Program 10 Total		\$24	\$0	\$0	\$0		1.00

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
National Highway Traffic Safety Administration 20.600	National Highway Traffic Safety Administration (NHTSA) 402 Traditional Funds are used to plan, coordinate, implement, encourage, monitor and evaluate traffic safety programs designed to change driver behavior; provide grant funds to governmental agencies so they can conduct related programs. Also includes 164HE funding for Hazard Elimination projects at MNDOT	No	\$9,684	\$12,529	\$12,529	\$12,529	Match 100% (50% of total for project)	9.39
National Highway Traffic Safety Administration 20.608	NHTSA 164AL and 164PM Repeat DWI Offender Support state and local activities to improve operations related to DWI including paid media.	No	\$6,914	\$9,922	\$9,922	\$9,922	No	2.36
National Highway Traffic Safety Administration 20.614	Fatal Accident Reporting System (FARS) Collect, analyze, code and contribute information on Minnesota's fatal traffic crashes to the national FARS database maintained by NHTSA.	No	\$79	\$11	\$11	\$11	No	1.50
National Highway Traffic Safety Administration 20.616	NHTSA MAP21 405b,c,d,e,f Various Uses:	No	\$4,719	\$10,290	\$10,290	\$10,290		1.22
	405b Occupant Protection						Match 20% & MOE	
	405c Data Systems						Match 20% & MOE	
	405d Impaired Driving						Match 20% & MOE	
	405e Distracted Driving						Match 20%	
	405f Motorcycle Awareness						Match 20%	
	Program 11 Total		\$21,396	\$32,752	\$32,752	\$32,752		14.47
Transportation 20.700	Pipeline Safety Operations. Inspection and investigation of inter and intra-state pipelines. *MOE- by law OPS is allowed to invoice Pipeline Operators up to \$1,441,000.	No	\$1,819	\$2,355	\$2,124	\$2,124	Yes	12.80
Transportation 20.721	Damage Prevention One Call. Investigation and enforcement pertaining to Minnesota's Damage Prevention (Gopher State One Call) laws in follow up to complaints and utility damages.	No	\$60	\$45	\$45	\$45	No	0.39
Transportation 20.720	State Damage Prevention Grant. Education, investigation and enforcement pertaining to Minnesota's Damage Prevention (Gopher State One Call) laws.	No	\$81	\$85	\$100	\$100	No	0.70
	Program 20 Total		\$1,960	\$2,485	\$2,269	\$2,269		13.89

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Department of Justice (USDOJ) 16.576	Victims of Crime Act (VOCA) - Victim's Compensation Grant is received annually from the U.S. Department of Justice (USDOJ), Office for Victims of Crime (OVC). Funds are used to reimburse crime victims and their family members for financial losses incurred due to a crime involving personal injury or death. The VOCA compensation grant is a match of state spending.	No	\$50	\$911	\$800	\$800	No	1.00
U.S. Department of Justice (USDOJ) 16.575	Victims of Crime Act (VOCA) - Grant is received annually from USDOJ, OVC. This funding is awarded to programs that provide direct support services and advocacy for victims of child abuse, domestic violence, general crime and/or sexual assault.	No	\$29,450	\$5,754	\$3,700	\$3,700	Match Local 25%	6.00
U.S. Department of Justice (USDOJ) 16.582	Crime Victim Assistance Discretionary Grants – Grant is received from USDOJ, OVC. These discretionary funds are awarded to improve the overall quality of services delivered to crime victims through the provision of training and technical assistance to providers. Minnesota has been awarded these funds for training and for the Victim Legal Services Project.	No	\$387	\$260	\$50	\$0	No	0.00
U.S. Department of Justice (USDOJ) 16.588	Violence Against Women Act (VAWA) - Grant is received annually from USDOJ, Office on Violence Against Women (OVW). These funds support projects that develop and strengthen effective law enforcement and prosecution strategies and strengthen victim services in cases involving violence against women.	No	\$2,553	\$2,010	\$2,000	\$2,000	Match Admin 33% Local 33%	0.50
U.S. Department of Health and Human Services (HHS) 93.671	Family Violence Prevention Services Act (FVPSA) - Grant is received annually from the U.S. Department of Health and Human Services (HHS). Grant funds are for emergency shelter and related assistance for battered women and their children.	No	\$1,404	\$1,700	\$1,700	\$1,700	Match Local 20%	0.20
U.S. Department of Justice (USDOJ) 16.017	Sexual Assault Services Program (SASP) - Grant is received annually from USDOJ, OVW. These funds are awarded to programs that provide direct intervention and related assistance for victims of sexual assault.	No	\$451	\$254	\$254	\$254	No	0.17

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Department of Justice (USDOJ) 16.740	Statewide Automated Victim Information and Notification (SAVIN) - Grant is one time award from USDOJ, Bureau of Justice Assistance (BJA) to enhance the state victim notification system (VINE) by upgrading the MN Department of Corrections notification system.	No	\$120	\$0	\$0	\$0	Match – 100% DOC & OJP	0.00
U.S. Department of Justice (USDOJ) 16.738	Edward Byrne Memorial Justice Assistance Grant (JAG) - Grant is received annually from USDOJ, BJA. These funds are granted to state, tribal and local entities to support activities that will prevent and control crime and improve the functioning of the criminal and/or juvenile justice systems. This program requires that 58% of the total award be passed through to tribal or local agencies.	No	\$2,208	\$4,687	\$4,579	\$3,366	No	3.10
U.S. Department of Justice (USDOJ) 16.751	Edward Byrne Memorial (JAG) Competitive Grant Program - Grant is received from US DOJ, BJA. These funds are awarded competitively to improve the capacity of local criminal justice system and provides for national support efforts such as training and technical assistance projects to strategically address needs. Minnesota has been awarded these funds for efforts under the Prison Rape Elimination Act (PREA) and the Sex Offender Registration and Notification Act (SORNA).	No	\$15	\$0	\$0	\$0	No	0.00
U.S. Department of Justice (USDOJ) 16.593	Residential Substance Abuse Treatment for State Prisoners (RSAT) - Grant is received annually from USDOJ, BJA. Funds support the development and implementation of residential substance abuse treatment programs in state and local correctional facilities.	No	\$71	\$127	\$125	\$125	Match Admin 33% Local 33%	0.13
U.S. Department of Justice (USDOJ) 16.550	Statistical Analysis Center (SAC) - Grant is awarded from USDOJ, Bureau of Justice Statistics (BJS) to maintain and enhance the state's capacity to address criminal justice issues through collection and analysis of data.	No	\$15	\$34	\$36	\$36	No	0.08
U.S. Department of Justice (USDOJ) 16.742	Paul Coverdell Forensic Science Improvement - Grant is received annually from USDOJ, National Institute of Justice (NIJ) and awarded to certified forensic labs to help improve the quality and timeliness of forensic science services.	No	\$44	\$120	\$130	\$130	No	0.05

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Department of Justice (USDOJ) 16.540	Juvenile Justice Title II - Grant is received from USDOJ, Office of Juvenile Justice and Delinquency Prevention (OJJDP) to assist in ensuring compliance with the four core requirements of the federal Juvenile Justice and Delinquency Prevention Act and to support activities and goals established by the state advisory group, the Juvenile Justice Advisory Committee (JJAC). A dollar for dollar match is required for the administrative portion of this award.	No	\$468	\$709	\$571	\$571	Match Admin 100%	0.80
U.S. Department of Justice (USDOJ) 16.523	Juvenile Accountability Block Grant (JABG) - Annual formula grant received from USDOJ, OJJDP to help states establish programs that promote greater juvenile justice system accountability. Seventy-five percent of this funding must be distributed to local units of government in a formula that weighs crime data and juvenile justice expenditures.	No	\$67	\$0	\$0	\$0	Match Admin 10% Local 10% of total project cost divided by 9	0.00
	Program 21 Total		\$37,303	\$16,566	\$13,945	\$12,682		12.03
National Telecomm-unications & Information Administration 11.549	State and Local Implementation Grant Program (SLIGP) : This is a formula-based, matching grant program to assist States, in collaboration with regional tribal and local jurisdictions, to perform activities related to planning for the establishment of a nationwide public safety broadband network.	No	\$405	\$208	\$208	\$208	Match	0.50
Homeland Security Federal Emergency Management Agency 97.067	State Homeland Security Program (SHSP) . Funding supports the implementation of State Homeland Security Strategies for training, and exercise needs for acts of terrorism and other catastrophic events. This funding also supports the implementation of the National Preparedness Guidelines, the National Incident Management System and the National Response Framework.	No	\$643	\$502	\$502	\$502	No	0.00
	Program 28 Total		\$1,048	\$710	\$710	\$710		0.50
Homeland Security Federal Emergency Management Agency 20.703	Hazardous Materials Emergency Preparedness Grant program (HMEP) . Funds used to provide hazardous response training and planning exercises for firefighters and first response agencies.	No	\$136	\$81	\$0	\$0	Match	0.00
	Program 29 Total		\$136	\$81	\$0	\$0		0.00
	Federal Fund – Agency Total		\$104,909	\$111,691	\$60,259	\$61,939		112.53

Narrative

The Department of Public Safety receives federal funds for a wide variety of operations and projects impacting the Safety of Minnesota citizens. These grants come from a variety of federal agencies, each with their own application, award, expenditure, reporting and reimbursement processes and procedures. Most of the federal funds are ongoing grants that serve specific operations and projects implemented by the Department of Public Safety. The Department relies on these funds in managing their budget.

Larger grants include funds for Highway Traffic Safety (NHTSA), Disaster Assistance, Homeland Security, Motor Carrier Safety (MCSAP), Impaired Driving, and Victims of Crime (VOCA). Other grants the Department receives include funds for Law Enforcement, Internet Crimes Against Children, Distracted Driver, and Violence Against Women (VAWA).

Several of the federal grants require matching funds, or maintenance of effort commitments. These vary by federal agency and specific grant. The Department agrees to these commitments when accepting the federal grant award. Matches are covered with existing Department budgets and in some cases by local governments. Maintenance of effort commitments are managed within the budget and require tracking of certain expenditures and a related reporting process. Department federal awards that require a match or maintenance of effort commitment are identified in the table above.

Award estimates are based on past experience and current communication with the Department division staff and federal contacts. We do not estimate federal disaster funds for future years since it is impossible to accurately predict future disasters and their financial impact. We do not anticipate any major trends that impact funding at this time.

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Public Utilities Commission

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AT A GLANCE

The Public Utilities Commission:

- Regulates the rates and services of three cornerstone industries in Minnesota's economy: electricity, natural gas and telephone utilities.
- Determines need for and location of large energy facilities.
- Manages an average of 1,400 utility filings annually.
- Closes over 3,500 consumer complaint cases per year.
- Has a staff size and budget that is, per capita, among the lowest nationally.

PURPOSE

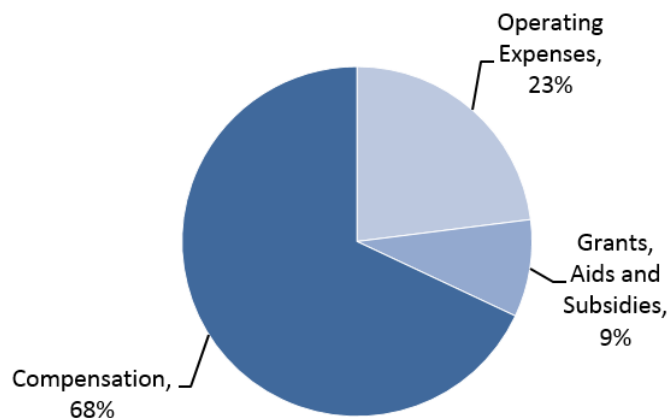
The Minnesota Public Utilities Commission's mission is to create and maintain a regulatory environment that ensures safe, reliable and efficient utility services at fair and reasonable rates. The Commission is a quasi-judicial body whose authority, powers and functions resemble those of a court or a judge. Commission decisions are based on a set of guidelines or statutory criteria applied to the factual and legal record developed in the particular proceeding to assess the relief sought. Commission Orders are enforceable under the law. Accordingly, the Commission must be objective in determining facts and drawing conclusions of law that justify its decisions or official actions.

The PUC contributes to the following statewide outcomes:

- **People in Minnesota are safe**
- **A clean, healthy environment with sustainable uses of natural resources**
- **Efficient and accountable government services**

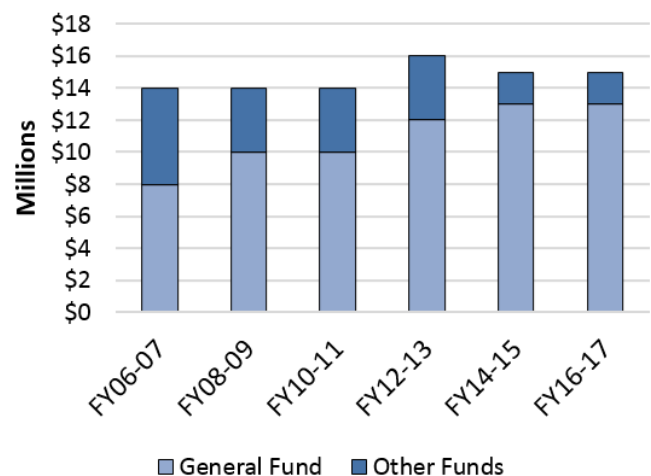
BUDGET

**Spending by Program
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Commission has a total annual General Fund budget of approximately \$7.4 Million. Nearly 100% of the agency's expenditures are recovered through special assessment authority (Minnesota Statutes, Sections 216B.62 and 237.295). The agency also administers the Telephone Assistance Program from a special revenue fund.

Reimbursement grants are provided to telephone companies who assist their low income customers with reduced rates.

STRATEGIES

The Commission emphasizes several strategies to fulfill its mission. These include:

- Court-like decision-making process according to formal rules of evidence which relies on active engagement by other state agencies and regulated companies, as well as a very diverse stakeholder base.
- Active engagement with all stakeholders to anticipate conditions affecting the provision of necessary services.
- Public outreach to support orderly and informed decision-making, as well as provide consumer assistance and understanding.
- Extensive use of technology to increase transparency; e.g., all record documents publically accessible through web site; web-cast all Commission meetings; public comments submitted via an online platform.
- Active engagement in regional and national forums affecting Minnesota's interests.

RESULTS

The Commission's strategies, combined with state policies, Minnesota's natural advantages, and active engagement by industry and a diverse group of stakeholders, have produced important results. These include:

- Minnesota's overall natural gas rates are below the national average for 2016 (\$6.76 versus \$7.51/MMBtu). ¹ The state's electric rates remain competitive with other states. ²
- Minnesota is a leader in generation from renewable energy. It ranks 8th in the nation in net electricity generation from wind energy in 2017. ³
- Minnesota continues to lead in energy efficiency. Despite its winters, it ranks 20th nationally in residential per capita energy use; surpassing 7 other Northern Tier States. ⁴
- Minnesota ranks 6th in terms of accessibility to telephone service. ⁵
- Minnesota's state regulatory staff size remains well below states of comparable size, while its work-load is equal to other states of comparable population size.
- Minnesota regulators' leadership in regional and national forums have enhanced Minnesota's stature among the states and protected its vital interests.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i> <i>*FY18-19</i> <i>estimation on</i> <i>data to-date</i>
Quantity	Orders Issued by the Commission	850	950	FY16-17; FY18-19*
Quality	Percentage of consumer complaints timely resolved (cases closed/cases opened)	3,460/ 3,520 = 98%	3,676/ 3,685 = 98%	FY16-17; FY18-19*
Results	Percent of Commission Orders Issued within Statutory Deadlines	100%	100%	FY16-17; FY18-19*

Legal Authority: Minnesota Statutes, Chapters 216A, 216B, 216E, 216F, 216G and 237

Results Notes:

1. American Gas Association, 2017.
2. *Rankings: Average Retail Price of Electricity, 2017, U.S. Energy Information Administration*
3. *Minnesota State Energy Profile, March 2018, U.S. Energy Information Administration*

4. *Energy Consumption per capita by End-Use Sector, Ranked by State, 2017*, U.S. Energy Information Administration. [Northern Tier states with higher per capita energy consumption include: Indiana; Iowa; Montana; Nebraska; North Dakota; South Dakota; & Wyoming.]
5. *Universal Service Monitoring Report; September 2017; Table 6.6, Voice Penetration by State, 2011 – 2016*; (Percentage of Occupied Housing Units with Voice Service); Federal Communications Commission.

Public Utilities Commission

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	6,341	7,176	6,973	7,969	7,493	7,493	7,793	7,793
2000 - Restrict Misc Special Revenue	1,266	1,273	1,478	1,189	1,296	1,266	1,296	1,266
Total	7,606	8,449	8,451	9,158	8,789	8,759	9,089	9,059
Biennial Change				1,553		(61)		539
Biennial % Change				10		(0)		3
Governor's Change from Base								600
Governor's % Change from Base								3

Expenditures by Program

Public Utilities Comm	7,606	8,449	8,451	9,158	8,789	8,759	9,089	9,059
Total	7,606	8,449	8,451	9,158	8,789	8,759	9,089	9,059

Expenditures by Category

Compensation	5,253	5,379	5,360	5,825	5,908	6,024	6,168	6,284
Operating Expenses	1,554	2,055	2,321	2,724	2,156	2,041	2,196	2,081
Grants, Aids and Subsidies	774	760	760	589	705	674	705	674
Other Financial Transaction	25	256	10	20	20	20	20	20
Total	7,606	8,449	8,451	9,158	8,789	8,759	9,089	9,059

Full-Time Equivalents

47.55	47.56	47.96	50.96	50.96	50.96	52.96	52.96
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Public Utilities Commission

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		956		491				
Direct Appropriation	7,191	7,587	7,464	7,478	7,493	7,493	7,793	7,793
Cancellations		1,367						
Balance Forward Out	850		491					
Expenditures	6,341	7,176	6,973	7,969	7,493	7,493	7,793	7,793
Biennial Change in Expenditures				1,425		44		644
Biennial % Change in Expenditures				11		0		4
Governor's Change from Base								600
Governor's % Change from Base								4
Full-Time Equivalents	47.09	47.12	47.55	50.55	50.55	50.55	52.55	52.55

2000 - Restrict Misc Special Revenue

Balance Forward In	1,295	1,202	1,108	943	930	780	930	780
Receipts	1,150	1,177	1,313	1,176	1,146	1,116	1,146	1,116
Balance Forward Out	1,180	1,105	943	930	780	630	780	630
Expenditures	1,266	1,273	1,478	1,189	1,296	1,266	1,296	1,266
Biennial Change in Expenditures				128		(105)		(105)
Biennial % Change in Expenditures				5		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.46	0.44	0.41	0.41	0.41	0.41	0.41	0.41

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	7,478	7,478	7,478	14,956
Base Adjustments				
Pension Allocation		15	15	30
Forecast Base	7,478	7,493	7,493	14,986
Change Items				
Enhancing the Commission's Decision-Making Capability		300	300	600
Total Governor's Recommendations	7,478	7,793	7,793	15,586
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,189	1,296	1,266	2,562
Forecast Base	1,189	1,296	1,266	2,562
Total Governor's Recommendations	1,189	1,296	1,266	2,562
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,176	1,146	1,116	2,262
Total Governor's Recommendations	1,176	1,146	1,116	2,262
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	7,478	7,493	7,493	14,986
Change Items				
Enhancing the Commission's Decision-Making Capability		300	300	600
Total Governor's Recommendations	7,478	7,793	7,793	15,586

Minnesota Public Utilities Commission

FY20-21 Biennial Budget Change Item

Change Item Title: Enhancing the Commission's Decision-Making Capability

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	300	300	300	300
Revenues	300	300	300	300
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	2	2	2	2

Recommendation:

The Governor recommends a base increase of \$300,000 per year for the Public Utilities Commission. This increase is for one utility technical analyst senior position and one staff attorney position. Additional staff resources are needed to handle an increased workload, expedite processing of utility filings and ensure compliance with statutory requirements and policies. As the Commission has assessment authority, all expenditures are recovered for the General Fund. This change represents a 4.8% increase in the agency's current operating budget.

Rationale/Background:

The volume and complexity of the Commission's work has increased over the last several years, and this trend is expected to continue due to several factors: a) additional state energy policy initiatives increasing the breadth of Commission responsibilities; b) intensifying momentum to modernize the electric delivery grid, which has given rise to a new distribution system planning process; c) the increasing frequency of utility rate cases, including what is expected to be seven rate case filings in the upcoming fiscal year; and d) the need to develop new and updated methods of implementing applicable laws and legislative policies in the rapidly changing electric utility environment.

Moreover, this work involves issues of legal interpretation, which increases the risk of challenges and incurrence of the considerable cost (in dollars and time) that goes with them. The Commission functions primarily as a quasi-judicial body that makes decisions based on a formal record of evidence, developed through proper legal process, which must comply with the requirements of statutes and judicial case law. It is critical that the Commission's day to day decision-making duties are supported and informed by staff that have the latitude and ability to clearly explain the technical and legal frame-work upon which that process must function. Efforts to utilize improved technology and reorganize existing staff resources have been used to address these challenges, but the limits of those measures have been reached.

As part of this request additional staff positions will be used to manage the increased quantity and intensity of the workload to allow the agency to maintain a standard of performance required by the industries it regulates. Without these resources, there is considerable risk that performance will decline.

Proposal:

The Governor recommends an increase of \$300,000 to the Public Utilities Commission's base in order to carry out its fundamental duty to render well-informed and balanced decisions relating to the provision of utility services. This increase will result in well-informed, legally sound, and balanced decisions relating to the provision of utility services; timelier decision-making; reduced risk of appeal; and enhanced ability to manage workload in an orderly

fashion. Additional new staff positions will be used to manage the greater intensity of workload the Commission has experienced in recent years and expects over the next 5 or more years.

IT Related Proposals:

N/A

Equity and Inclusion:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Commission workload as measured by orders issued	828 orders issued	830 orders issued	2016-17 Biennium; 2018-19 Biennium (estimated on data to-date)
Quality	Percentage of consumer complaints timely resolved (cases closed/cases opened)	3,460/ 3,520 = 98%	3,676/ 3,685 = 98%	2016-17 Biennium; 2018-19 Biennium (estimated on data to-date)
Results	Percentage of Commission orders issued by statutory deadline	100%	100%	2016-17 Biennium; 2018-19 Biennium (estimated on data to-date)

Statutory Change(s):

N/A

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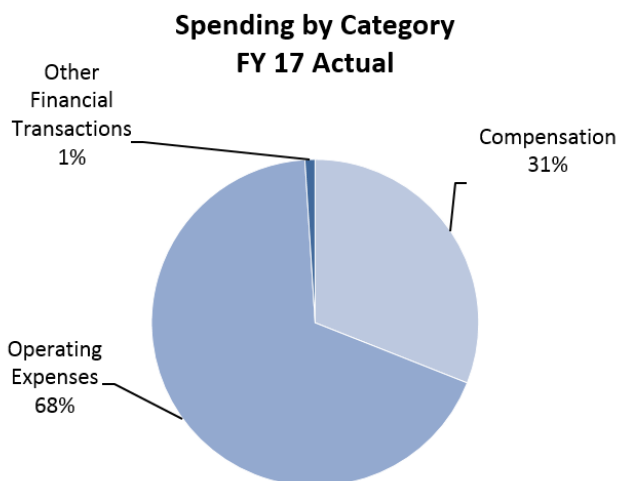
Agency Change Summary 6

AT A GLANCE

- Regulates wagering activities on Horse Racing (\$86 million annually) and Card Playing (\$67 million annually) at Canterbury Park and Running Aces Casino and Racetrack
- Licenses Advance Deposit Wagering (ADW) providers and regulates wagering conducted in Minnesota on horseracing via ADW platforms (\$30 million annually)
- Administers \$1.2 million in the Minnesota Breeders Fund for the benefit of owners and breeders of Minnesota bred race horses
- Issues over 5,000 occupational and vendor licenses to industry participants per year

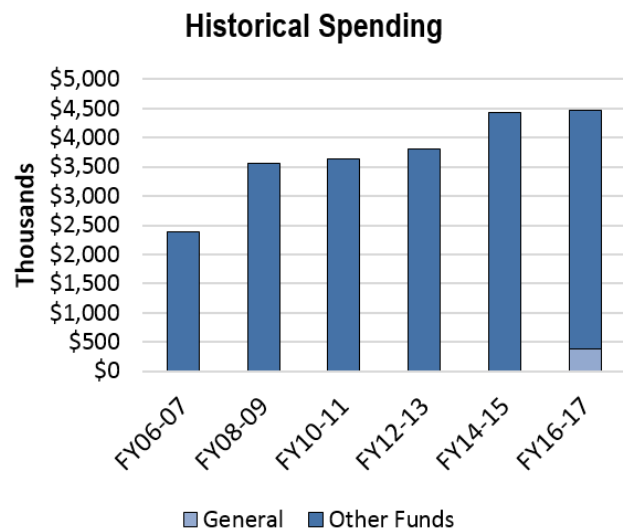
PURPOSE

The Minnesota Racing Commission (MRC) operates in the public interest to ensure the integrity of horseracing and card playing, oversees the proper distribution of funds back into the industry, and provides for the safety and welfare of the human and equine participants. Additionally, the commission works to promote the horse racing and breeding industries in Minnesota in order to provide economic stimulus, offer residents and visitors an exciting entertainment option, and support agriculture and rural agribusiness.

BUDGET

Note: FY 17 operating expenses include \$1,147,000 in breeder fund payouts, which is 49% of the total operating expenses.

Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Racing Commission's basic operations are currently financed entirely by the industry it regulates. Racetrack and occupational license fees (limited by a direct appropriation from the special revenue fund per statute), reimbursements outlined in M.S. 240.30 Subd.9 (<https://www.revisor.mn.gov/statutes/cite/240.30>) and M.S. 240.155 Subd.1 (<https://www.revisor.mn.gov/statutes/cite/240.155>) paid by the racetracks, and regulatory fees paid by advance deposit wagering (ADW) providers provide the funding for Commission operations.

STRATEGIES

To accomplish the Racing Commission's mission of regulating this extremely complex industry, administering the Breeders Fund, and overseeing the safety and welfare of the human and equine participants, a number of strategies are employed:

1. Licensing – Facilitate a licensing process that is detailed, accurate, and administered in a way that licenses are issued only to individuals and vendors who meet the criteria established in law and rule, and whose participation in racing and/or card playing is consistent with the best interests of the industry.
2. Fiscal Oversight – Ensure that all monies flowing through the pari-mutuel, ADW, and card revenue streams are reviewed, tested, and verified in order to keep associations in compliance with their obligations to the participants, the public, and the state.
3. Policing – Engage contractors and hire staff who are experts in the fields of veterinary science, criminal justice, and the rules of racing to conduct drug testing, investigate potential criminal activity, and administer the rules governing horseracing and card playing in order to maintain the highest level of integrity for the wagering public.
4. Civic Engagement – Lead the industry forward through active communication with all areas of state government in order to encourage public policy that will afford the greatest opportunity for the industry to expand and thrive.
5. Education – Educate all participants including licensees, vendors, and all those who work with our equines or the public, on what is expected under our laws and rules.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Equine Drug Testing (blood and urine)	2,576	2,591	CY 16 & CY 17
Quantity	Racing Participant Human Drug Testing	25	150	CY 17 & CY 18
Quantity/Results	Purse Money Industry Awarded To Horse Owners	\$18 million	\$17.6 million	CY 16 & CY 17
Quality	Overtime & Premium Compensation	1.34% of total comp	1.33% of total comp	FY 17 & FY 18
Results	Breeders Awards	\$439,953	\$650,985	CY 16 & CY 17
Results	Obsolete Rules Eliminated/New Rules Initiated or Revised	15/69	17/113	CY 17 & CY 18

Source: Minnesota Racing Commission record

The Minnesota Racing Commission's legal authority comes from M.S. Chapter 240 (<https://www.revisor.mn.gov/statutes/?id=240>).

Racing Commission

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	170	211						
2000 - Restrict Misc Special Revenue	2,012	2,070	2,646	2,843	2,960	3,042	2,960	3,042
6000 - Miscellaneous Agency	1,228	1,233	1,447	1,680	1,675	1,675	1,675	1,675
Total	3,411	3,514	4,093	4,523	4,635	4,717	4,635	4,717
Biennial Change				1,691		736		736
Biennial % Change				24		9		9
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Racing Commission	3,411	3,514	4,093	4,523	4,635	4,717	4,635	4,717
Total	3,411	3,514	4,093	4,523	4,635	4,717	4,635	4,717

Expenditures by Category

Compensation	1,050	1,073	1,230	1,446	1,531	1,568	1,531	1,568
Operating Expenses	2,351	2,398	2,804	3,016	3,052	3,097	3,052	3,097
Grants, Aids and Subsidies			57	49	35	30	35	30
Capital Outlay-Real Property				5	10	11	10	11
Other Financial Transaction	10	44	0	7	7	11	7	11
Total	3,411	3,514	4,093	4,523	4,635	4,717	4,635	4,717

Full-Time Equivalents

14.32	14.45	16.26	21.00	21.00	21.00	21.00	21.00
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Racing Commission

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		139						
Direct Appropriation	269	72						
Balance Forward Out	99							
Expenditures	170	211						
Biennial Change in Expenditures				(381)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.78	0.33						

2000 - Restrict Misc Special Revenue

Balance Forward In	79	238	361	566	591	677	591	677
Direct Appropriation	899	1,081	845	910	913	913	913	913
Receipts	1,372	1,691	2,007	1,958	2,133	2,221	2,133	2,221
Transfers Out			1					
Cancellations		582						
Balance Forward Out	337	357	565	591	677	769	677	769
Expenditures	2,012	2,070	2,646	2,843	2,960	3,042	2,960	3,042
Biennial Change in Expenditures				1,406		513		513
Biennial % Change in Expenditures				34		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	13.54	14.12	16.26	21.00	21.00	21.00	21.00	21.00

6000 - Miscellaneous Agency

Balance Forward In	808	848	1,116	1,331	1,335	1,344	1,335	1,344
Receipts	1,269	1,457	1,659	1,684	1,684	1,684	1,684	1,684
Transfers In	4	448	652	720	720	720	720	720
Transfers Out	4	448	651	720	720	720	720	720
Balance Forward Out	848	1,073	1,330	1,335	1,344	1,353	1,344	1,353
Expenditures	1,228	1,233	1,447	1,680	1,675	1,675	1,675	1,675
Biennial Change in Expenditures				666		223		223
Biennial % Change in Expenditures				27		7		7

Racing Commission

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	910	910	910	1,820
Base Adjustments				
Pension Allocation		3	3	6
Forecast Base	910	913	913	1,826
Total Governor's Recommendations	910	913	913	1,826
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,930	2,047	2,129	4,176
Forecast Base	1,930	2,047	2,129	4,176
Total Governor's Recommendations	1,930	2,047	2,129	4,176
Fund: 6000 - Miscellaneous Agency				
Planned Spending	1,680	1,675	1,675	3,350
Forecast Base	1,680	1,675	1,675	3,350
Total Governor's Recommendations	1,680	1,675	1,675	3,350
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,958	2,133	2,221	4,354
Total Governor's Recommendations	1,958	2,133	2,221	4,354
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	1,684	1,684	1,684	3,368
Total Governor's Recommendations	1,684	1,684	1,684	3,368
Non-Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	831	826	831	1,657
Total Governor's Recommendations	831	826	831	1,657

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AT A GLANCE

In 2017, the Department of Revenue:

- Employed 1,375 people across the state
- Processed 3 million individual income tax returns
- Collected \$23.9 billion in state taxes annually to fund state and local programs
- Collected \$10.9 billion in individual income taxes
- Collected \$5.8 billion in sales taxes
- Collected \$859 million in statewide property taxes
- Assisted 315,000 businesses collect sales tax
- Assisted 3,429 local governments with tax administration
- Responded to over 717,000 phone calls and helped another 168,000 customers by email or in-person
- Served 3 million visitors (20 million page views) through our website

PURPOSE

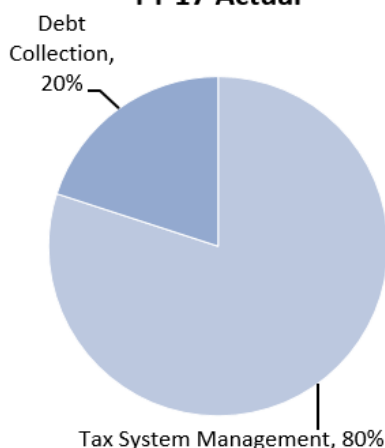
The Minnesota Department of Revenue's mission is "working together to fund Minnesota's future." Our vision is that everyone reports, pays and receives the right amount: no more, no less.

We work with individuals, businesses, local governments, federal and state agencies, tax professionals, and others to administer 31 state and local taxes. We collect over \$23 billion in state taxes annually to fund state and local programs.

We also collect debt owed to state agencies and local governments. We oversee the uniform application of property tax laws by local governments, administer state property tax refund and relief programs, and make state aid payments to counties, cities, towns, and special taxing districts through 31 state programs.

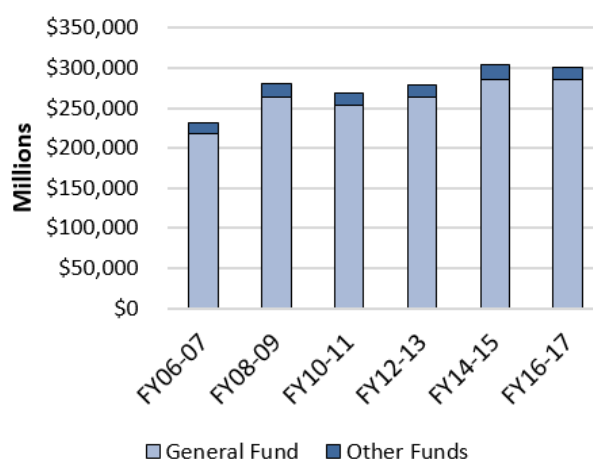
BUDGET

**Spending by Program
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Budget Planning & Analysis System (BPAS)

The revenue we collect is allocated through the budget process to fund a wide range of state and local programs – education, health care, roads and bridges, transit, parks and trails, prisons, public safety, job training, economic development, and local government services, among others.

The department’s budget is organized into two major programs: Tax System Management and Debt Collection Management.

Tax System Management includes the following activities:

- Tax Payment and Return Processing
- Administration of State Taxes
- Appeals, Legal Services, and Tax Research
- Agency-wide Operations Support and Oversight

Debt Collection Management collects delinquent tax debts and debts owed to other state agencies. Key activities include:

- Helping customers understand and resolve their state tax and other government agency debts
- Using the collection process when customers do not voluntarily work to resolve their debts

Together, these programs directly contribute to and support the statewide outcome of efficient and accountable government services. In addition, the revenue we collect supports other statewide outcomes, including:

- A thriving economy that encourages business growth and employment opportunities
- Minnesotans have the education and skills needed to achieve their goals
- All Minnesotans have optimal health
- Strong and stable families and communities
- People in Minnesota are safe
- A clean, healthy environment with sustainable uses of natural resources
- Sustainable options to safely move people, goods, services, and information

STRATEGIES

To achieve our mission we have identified the following Department of Revenue strategies:

1. Provide customers with information, education, and services.
2. Create operational efficiencies and leverage technology to secure customer information, and to meet customer and employee needs.
3. Enforce the tax laws by identifying and addressing patterns of non-compliance.
4. Listen to our customers, identify and develop improvements to the revenue system.
5. Foster a productive, innovative, and healthy work environment that provides opportunities for growth and development.

Legal Citation: M.S. 270C.03 establishes the Department of Revenue’s legal authority.
(www.revisor.mn.gov/statutes/?id=270C.03)

Revenue

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	132,606	152,123	143,283	166,917	157,328	157,328	165,710	166,390
2000 - Restrict Misc Special Revenue	3,675	3,406	4,915	9,952	7,329	7,329	7,590	7,965
2360 - Health Care Access	1,597	1,901	1,749	1,754	1,760	1,760	1,760	1,760
2710 - Highway Users Tax Distribution	2,040	2,296	2,184	2,190	2,195	2,195	2,195	2,195
2800 - Environmental	289	317	303	304	305	305	305	305
Total	140,207	160,044	152,434	181,117	168,917	168,917	177,560	178,615
Biennial Change				33,300		4,283		22,624
Biennial % Change				11		1		7
Governor's Change from Base								18,341
Governor's % Change from Base								5

Expenditures by Program

Tax System Management	111,748	128,531	122,202	147,973	138,932	138,932	146,875	147,230
Debt Collection Management	28,459	31,512	30,232	33,144	29,985	29,985	30,685	31,385
Total	140,207	160,044	152,434	181,117	168,917	168,917	177,560	178,615

Expenditures by Category

Compensation	104,142	111,120	114,625	124,205	121,197	121,197	129,761	130,895
Operating Expenses	35,499	46,626	37,209	56,340	47,148	47,148	47,227	47,148
Grants, Aids and Subsidies	399	401	400	400	400	400	400	400
Capital Outlay-Real Property	34	1,248	(11)					
Other Financial Transaction	133	648	210	172	172	172	172	172
Total	140,207	160,044	152,434	181,117	168,917	168,917	177,560	178,615

Total Agency Expenditures	140,207	160,044	152,434	181,117	168,917	168,917	177,560	178,615
Internal Billing Expenditures		115						
Expenditures Less Internal Billing	140,207	159,928	152,434	181,117	168,917	168,917	177,560	178,615

Full-Time Equivalents

1,323.28	1,383.94	1,392.01	1,509.98	1,421.40	1,371.77	1,518.63	1,481.01
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Revenue

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		8,933		9,150				
Direct Appropriation	140,228	143,235	151,919	156,073	156,434	156,434	164,816	165,496
Open Appropriation	922	518	624	2,260	1,000	1,000	1,000	1,000
Transfers In			9,692	12,285				
Transfers Out	47	563	9,804	12,391	106	106	106	106
Cancellations		0		460				
Balance Forward Out	8,497		9,149					
Expenditures	132,606	152,123	143,283	166,917	157,328	157,328	165,710	166,390
Biennial Change in Expenditures			25,471		4,456		21,900	
Biennial % Change in Expenditures			9		1		7	
Governor's Change from Base							17,444	
Governor's % Change from Base							6	
Full-Time Equivalents	1,250.78	1,311.48	1,315.01	1,399.48	1,315.40	1,269.49	1,409.53	1,371.63

2000 - Restrict Misc Special Revenue

Balance Forward In	3,249	4,491	6,165	7,767	5,143	5,142	5,143	5,142
Receipts	4,917	5,080	6,518	7,328	7,328	7,328	7,589	7,964
Transfers In			6,165					
Transfers Out			6,165					
Balance Forward Out	4,491	6,165	7,768	5,143	5,142	5,141	5,142	5,141
Expenditures	3,675	3,406	4,915	9,952	7,329	7,329	7,590	7,965
Biennial Change in Expenditures				7,785		(209)		688
Biennial % Change in Expenditures				110		(1)		5
Governor's Change from Base								897
Governor's % Change from Base								6
Full-Time Equivalents	30.41	29.55	39.00	72.75	69.57	67.12	72.67	74.22

2360 - Health Care Access

Balance Forward In		152						
Direct Appropriation	1,749	1,749	1,749	1,754	1,760	1,760	1,760	1,760
Transfers In			290	290				
Transfers Out			290	290				
Cancellations		0						

Revenue

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	152							
Expenditures	1,597	1,901	1,749	1,754	1,760	1,760	1,760	1,760
Biennial Change in Expenditures				5		17		17
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.45	18.93	16.20	16.00	15.44	14.90	15.44	14.90

2710 - Highway Users Tax Distribution

Balance Forward In		144	0					
Direct Appropriation	2,183	2,183	2,184	2,190	2,195	2,195	2,195	2,195
Transfers In			343	343				
Transfers Out			343	343				
Cancellations		31						
Balance Forward Out	143							
Expenditures	2,040	2,296	2,184	2,190	2,195	2,195	2,195	2,195
Biennial Change in Expenditures				38		16		16
Biennial % Change in Expenditures				1		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.28	19.88	18.58	18.50	17.85	17.23	17.85	17.23

2800 - Environmental

Balance Forward In		14						
Direct Appropriation	303	303	303	304	305	305	305	305
Cancellations		0						
Balance Forward Out	14							
Expenditures	289	317	303	304	305	305	305	305
Biennial Change in Expenditures				1		3		3
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.36	4.10	3.22	3.25	3.14	3.03	3.14	3.03

Revenue

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	156,073	156,073	156,073	312,146
Base Adjustments				
All Other One-Time Appropriations		(12)	(12)	(24)
Pension Allocation		373	373	746
Approved Transfer Between Appropriation		0	0	0
Forecast Base	156,073	156,434	156,434	312,868
Change Items				
Operating Adjustment		4,165	7,209	11,374
Minnesota's Response to the 2017 Federal Tax Changes		4,217	1,853	6,070
Total Governor's Recommendations	156,073	164,816	165,496	330,312
Fund: 2360 - Health Care Access				
FY2019 Appropriations	1,754	1,754	1,754	3,508
Base Adjustments				
Pension Allocation		6	6	12
Approved Transfer Between Appropriation		0	0	0
Forecast Base	1,754	1,760	1,760	3,520
Total Governor's Recommendations	1,754	1,760	1,760	3,520
Fund: 2710 - Highway Users Tax Distribution				
FY2019 Appropriations	2,190	2,190	2,190	4,380
Base Adjustments				
Pension Allocation		5	5	10
Approved Transfer Between Appropriation		0	0	0
Forecast Base	2,190	2,195	2,195	4,390
Total Governor's Recommendations	2,190	2,195	2,195	4,390
Fund: 2800 - Environmental				
FY2019 Appropriations	304	304	304	608
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	304	305	305	610
Total Governor's Recommendations	304	305	305	610
Open				
Fund: 1000 - General				
FY2019 Appropriations	2,260	2,260	2,260	4,520
Base Adjustments				

Revenue

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Open Appropriation Adjustment		(1,260)	(1,260)	(2,520)
Forecast Base	2,260	1,000	1,000	2,000
Total Governor's Recommendations	2,260	1,000	1,000	2,000
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	9,952	7,329	7,329	14,658
Forecast Base	9,952	7,329	7,329	14,658
Change Items				
Transit Sales Tax Increase		261	636	897
Total Governor's Recommendations	9,952	7,590	7,965	15,555
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	7,328	7,328	7,328	14,656
Change Items				
Transit Sales Tax Increase		261	636	897
Total Governor's Recommendations	7,328	7,589	7,964	15,553
<i>Non-Dedicated</i>				
Fund: 1000 - General				
Forecast Revenues	8	8	8	16
Total Governor's Recommendations	8	8	8	16

Minnesota Department of Revenue

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	4,165	7,209	7,209	7,209
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
Maintain FTEs	47.23	81.54	81.54	81.54

Recommendation:

The Governor recommends additional funding of \$11.374 million in the FY 2020-2021 biennium to maintain the current level of service delivery at the Minnesota Department of Revenue.

Rationale/Background:

Those who file and pay Minnesota taxes need to be able to trust the system that receives their personal information, that other taxpayers are paying their fair share, and that they will receive the right refund amount in a reasonable amount of time. Increased operational costs limit the department's ability to provide the level of service our customers need and expect, and increased demands on the department have created the need for additional funding.

Increased operational and information technology costs

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Absorbing this increase in compensation costs within existing agency base appropriations results in reduced staffing and/or reduced non-compensation spending. Based on existing staffing and previously negotiated contracts, compensation costs are expected to increase 4.0% over the next biennium. These increases cannot be avoided.

Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. For example, technology costs to administer Minnesota's tax system have increased over the last four years and will continue to increase. In the FY 2020-21 Biennium, the Department of Revenue will transition from a local to an enterprise service delivery model for workstation management (laptop/desktop computer support and refresh) and service/help desk support. Regular replacement of workstations will be included as part of the service rate, in order to ensure the security and supportability of state agency computers. The department will also transition to the enterprise service/help desk, which provides 24/7 support to agency staff.

In addition, for the FY 2020-21 biennium, the Department of Revenue's portion of MNIT administrative overhead expenses is projected to increase. MNIT overhead expenses include HR, finance, procurement, enterprise project management, and security activities. These expenses are allocated to agencies based on their total IT spend and total number of dedicated MNIT staff as of fiscal year 2017.

These cost drivers put pressure on agency operating budgets that, without operating increases, would remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Department of Revenue, this funding will cover known employee compensation growth and allow the department to maintain its existing level of information technology services.

Without this funding, the department and MNIT services within it must reduce 82 FTE over the biennium through attrition. This attrition will negatively impact both Minnesota taxpayers -- our customers -- and, potentially, the general fund. Taxpayers will wait longer for refunds and will have a harder time reaching someone in the department by phone or email to have their questions answered. In addition, the department will perform fewer educational classes and audits, both of which can translate to a negative effect on the revenue stream.

Equity and Inclusion:

This recommendation supports a fair, transparent, and equitable revenue system in Minnesota. The department serves a broad base of customers and has a responsibility to deliver services to all. The funding recommended in this proposal will allow the department to continue focusing resources, outreach and education for low-income Minnesotans, people new to Minnesota, the elderly and others who are underserved. This proposal also fosters consistent communication and equal treatment under Minnesota tax laws, and focuses resources and information that the department's entire broad, diverse customer base can understand and use to file returns, pay what they owe, or receive the right refund.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public. It will allow the Department of Revenue to maintain its ability to meet our mission of funding Minnesota's future. The vision of, "everyone reports, pays, and receives the right amount: no more, no less" will be realized with the appropriate funds to serve our broad customer base and meet growing needs.

Statutory Change(s): None.

Program: Tax System Managementwww.revenue.state.mn.us**AT A GLANCE**

In 2017, the Minnesota Department of Revenue:

- Interacted with 595,000 corporations, S corporations, partnerships, and other businesses
- Issued 867,000 property tax refunds
- Awarded 30 Volunteer Income Tax Assistance (VITA) grants to organizations that provide tax assistance to minority and low-income communities.
- Provided over 160 free classes for business taxpayers and tax preparers
- Attended five events for military service members and families to promote their eligibility for tax benefits

PURPOSE & CONTEXT

The Department of Revenue's Tax System Management program provides the technology and human resources needed to administer tax laws. The program provides tax information and education, filing and paying services, property tax and state aid administration, and tax enforcement.

These Tax System Management activities help ensure that individuals, businesses, and policymakers have:

- Information and services they need to accurately, voluntarily, and conveniently file and pay their taxes
- Confidence that everyone reports, pays and receives the right amount: no more or no less
- Accurate, impartial, and complete information to make informed decisions

SERVICES PROVIDED

The Tax Management System is responsible for collecting over \$23 billion each year to fund essential services to Minnesotans including: local government and school district aid; services for children, families and seniors; early childhood, K-12 and higher education; health and human services; transportation; public safety; environmental, energy, and agricultural programs; and other important services.

Minnesota's tax system is fueled by the vast majority of people who voluntarily file and pay on time, and who rely on the department for: education and outreach; a robust and reliable filing system; and confidence in the system. When taxpayers do not meet their obligations under the law, we work to bring them into compliance through collection and enforcement efforts.

We provide a variety of services in the Tax System Management program. Specific activities are listed below and are described in more detail in their Budget Activity Narratives.

- Payment and Return Processing
- Administration of State Taxes
- Appeals, Legal Services, and Tax Research
- Agency-wide Operations Support and Oversight

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of incoming customer requests (includes email, phone, letter, web and walk ins)	480,760	518,326	Previous is FY16, Current is FY17
Quality	Percentage of customers that file and pay on time.	95.3%	95.5%	Previous is CY16, Current is CY17
Quality	Percentage of customers that file their returns electronically	84.7%	85.1%	Previous is CY16, Current is CY17.

Legal Citation: M.S. 270C.03 establishes the Department of Revenue's legal authority.
www.revisor.mn.gov/statutes/?id=270C.03

Tax System Management

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	104,845	121,197	113,865	135,072	128,243	128,243	135,925	135,905
2000 - Restrict Misc Special Revenue	2,977	2,820	4,101	8,653	6,429	6,429	6,690	7,065
2360 - Health Care Access	1,597	1,901	1,749	1,754	1,760	1,760	1,760	1,760
2710 - Highway Users Tax Distribution	2,040	2,296	2,184	2,190	2,195	2,195	2,195	2,195
2800 - Environmental	289	317	303	304	305	305	305	305
Total	111,748	128,531	122,202	147,973	138,932	138,932	146,875	147,230
Biennial Change				29,895		7,689		23,930
Biennial % Change				12		3		9
Governor's Change from Base								16,241
Governor's % Change from Base								6

Expenditures by Activity

Payment and Return Processing			33,181	45,372	40,432	40,432	42,032	42,432
Administration of State Taxes			64,706	73,374	70,853	70,853	72,479	74,298
Appeals, Legal Services and Tax Research			8,685	9,957	10,034	10,034	10,234	10,434
Agency-wide Operations and Oversight			15,630	19,270	17,613	17,613	22,130	20,066
Efficient Tax Service	111,748	128,531						
Total	111,748	128,531	122,202	147,973	138,932	138,932	146,875	147,230

Expenditures by Category

Compensation	79,890	86,117	88,638	98,124	95,116	95,116	102,980	103,414
Operating Expenses	31,335	40,135	32,989	49,277	43,244	43,244	43,323	43,244
Grants, Aids and Subsidies	399	401	400	400	400	400	400	400
Capital Outlay-Real Property	3	1,248	(11)					
Other Financial Transaction	122	630	186	172	172	172	172	172
Total	111,748	128,531	122,202	147,973	138,932	138,932	146,875	147,230

Full-Time Equivalents

994.95	1,051.65	1,061.09	1,164.68	1,088.52	1,050.83	1,177.43	1,143.87
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Tax System Management

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		7,141		8,390				
Direct Appropriation	111,612	114,619	123,344	127,457	128,328	128,328	136,010	135,990
Transfers In			8,692	12,055				
Transfers Out	47	563	9,781	12,370	85	85	85	85
Cancellations		0		460				
Balance Forward Out	6,720		8,389					
Expenditures	104,845	121,197	113,865	135,072	128,243	128,243	135,925	135,905
Biennial Change in Expenditures				22,896		7,549		22,893
Biennial % Change in Expenditures				10		3		9
Governor's Change from Base								15,344
Governor's % Change from Base								6
Full-Time Equivalents	931.46	987.57	991.52	1,062.93	990.96	956.70	1,076.77	1,042.64

2000 - Restrict Misc Special Revenue

Balance Forward In	2,568	3,528	4,750	6,468	4,243	4,242	4,243	4,242
Receipts	3,937	4,043	5,657	6,428	6,428	6,428	6,689	7,064
Transfers In			4,912					
Transfers Out			4,750					
Balance Forward Out	3,528	4,750	6,469	4,243	4,242	4,241	4,242	4,241
Expenditures	2,977	2,820	4,101	8,653	6,429	6,429	6,690	7,065
Biennial Change in Expenditures				6,956		104		1,001
Biennial % Change in Expenditures				120		1		8
Governor's Change from Base								897
Governor's % Change from Base								7
Full-Time Equivalents	21.40	21.17	31.57	64.00	61.13	58.97	64.23	66.07

2360 - Health Care Access

Balance Forward In		152						
Direct Appropriation	1,749	1,749	1,749	1,754	1,760	1,760	1,760	1,760
Transfers In			290	290				
Transfers Out			290	290				
Cancellations		0						
Balance Forward Out	152							

Tax System Management

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	1,597	1,901	1,749	1,754	1,760	1,760	1,760	1,760
Biennial Change in Expenditures				5		17		17
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.45	18.93	16.20	16.00	15.44	14.90	15.44	14.90

2710 - Highway Users Tax Distribution

Balance Forward In		144	0					
Direct Appropriation	2,183	2,183	2,184	2,190	2,195	2,195	2,195	2,195
Transfers In			343	343				
Transfers Out			343	343				
Cancellations		31						
Balance Forward Out	143							
Expenditures	2,040	2,296	2,184	2,190	2,195	2,195	2,195	2,195
Biennial Change in Expenditures				38		16		16
Biennial % Change in Expenditures				1		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	21.28	19.88	18.58	18.50	17.85	17.23	17.85	17.23

2800 - Environmental

Balance Forward In		14						
Direct Appropriation	303	303	303	304	305	305	305	305
Cancellations		0						
Balance Forward Out	14							
Expenditures	289	317	303	304	305	305	305	305
Biennial Change in Expenditures				1		3		3
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.36	4.10	3.22	3.25	3.14	3.03	3.14	3.03

Program: Tax System Management**Activity: Payment and Return Processing**www.revenue.state.mn.us**AT A GLANCE**

In 2017, Payment and Return Processing:

- Processed 2.9 million individual income tax returns
- Sent over 1.9 million individual income tax refunds to Minnesotans
- Processed \$24.7 billion dollars in tax payments
- Opened and sorted 2.5 million pieces of mail
- Served businesses with 61,704 calls to Business Registration
- Sent over 3 million pieces of mail to Minnesotans to help them meet their tax obligations
- Audited 20 business tax type returns during the processing cycle

PURPOSE & CONTEXT

Payment and Return Processing serves individual and business taxpayers and other state agencies. These services include reviewing and processing paper and electronic returns, refunds, and payments submitted to the Department of Revenue. This activity also includes technology development, implementation and support for agency-wide technology needs.

SERVICES PROVIDED

Key Payment and Return Processing activities include:

- Keeping pace with changing technology and fraud schemes
- Providing safe, secure, and convenient ways for filing and paying
- Accurately reviewing and processing returns, payments, and refunds
- Checking returns to prevent fraudulent returns and refunds
- Processing payments and deposits in a timely manner
- Providing technology solutions that facilitate and support tax administration, security of taxpayer data, and continuous business improvements in taxpayer services

We leverage strategic investments in technology to meet the department's mission, vision, and strategies. Investments in the Integrated Tax System and security are key priorities.

The Tax Operations Division within the Payment and Return Processing activity serves all department employees and external customers by providing technology solutions that facilitate tax administration, provide for security of taxpayer data, and support continuous improvements in our taxpayer services.

Information technology (IT) functions are provided under a service agreement with Minnesota IT Services (MN.IT). MN.IT provides the department with hardware, software, and IT professionals to implement, run, and maintain the hardware and software needed to administer the tax code.

MN.IT serves all Department of Revenue employees and external customers of the agency by providing technology solutions that facilitate tax administration, provide for security of taxpayer data, and support continuous business improvements in taxpayer services.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total returns processed (all tax types)	5.78 million	5.85 million	Previous is CY16, Current is CY17.
Quantity	Quality control reviews of processing and payments work by employees	595	2,446	Previous is CY16, Current is CY17.
Quality	C-Corporation, Partnership, Fiduciary, and S Corporation electronic returns posted within 30 days	96%	100%	Previous is CY16, Current is CY17.
Quality	Printing/Folding/Inserting services completed within 1 day of receipt	100%	99%	Previous is CY16, Current is CY17.
Quality	Down time of the Integrated Tax Management System services to external customers (e-Services)	<1%	<1%	Previous is CY16, Current is CY17.

M.S. 270C.03 establishes the Department of Revenue's legal authority.
www.revisor.mn.gov/statutes/?id=270C.03

Payment and Return Processing

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General			32,650	44,843	39,902	39,902	41,502	41,902
2360 - Health Care Access			236	234	235	235	235	235
2710 - Highway Users Tax Distribution			295	295	295	295	295	295
Total			33,181	45,372	40,432	40,432	42,032	42,432
Biennial Change				78,553		2,311		5,911
Biennial % Change						3		8
Governor's Change from Base								3,600
Governor's % Change from Base								4

Expenditures by Category

Compensation			12,899	14,845	14,221	14,221	15,821	16,221
Operating Expenses			20,196	30,374	26,058	26,058	26,058	26,058
Capital Outlay-Real Property			2					
Other Financial Transaction			84	153	153	153	153	153
Total			33,181	45,372	40,432	40,432	42,032	42,432

Total Agency Expenditures			33,181	45,372	40,432	40,432	42,032	42,432
Expenditures Less Internal Billing			33,181	45,372	40,432	40,432	42,032	42,432

Full-Time Equivalents

			185.54	211.00	191.06	184.38	207.81	205.63
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Payment and Return Processing

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				4,826				
Direct Appropriation			35,961	36,092	39,902	39,902	41,502	41,902
Transfers In			2,715	3,925				
Transfers Out			1,200					
Balance Forward Out			4,826					
Expenditures			32,650	44,843	39,902	39,902	41,502	41,902
Biennial Change in Expenditures				77,493		2,311		5,911
Biennial % Change in Expenditures						3		8
Governor's Change from Base								3,600
Governor's % Change from Base								5
Full-Time Equivalents			185.54	211.00	191.06	184.38	207.81	205.63

2360 - Health Care Access

Direct Appropriation			103	103	235	235	235	235
Transfers In			184	182				
Transfers Out			51	51				
Expenditures			236	234	235	235	235	235
Biennial Change in Expenditures				470		0		0
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2710 - Highway Users Tax Distribution

Direct Appropriation			563	564	295	295	295	295
Transfers In			75	74				
Transfers Out			343	343				
Expenditures			295	295	295	295	295	295
Biennial Change in Expenditures				590		0		0
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Tax System Management**Activity: Administration of State Taxes**www.revenue.state.mn.us

AT A GLANCE

In 2017, within the Department of Revenue Tax Administration divisions:

- Income Tax and Withholding provided program and compliance oversight for the collection of \$10.931 billion in individual income taxes
- Corporate Tax provided program and compliance oversight for the collection of \$1.205 billion in various corporate taxes
- Special Taxes provided program and compliance oversight in the administration of more than 47 unique taxes and fees
- Criminal Investigations completed the investigation of 49 tax noncompliance cases
- Sales and Use Tax handled 58,000 phone calls, 13,000 emails, 3,100 web messages and 250 walk in taxpayer requests
- Income Tax and Withholding handled 232,2000 phone calls, 39,000 emails and 30,450 web messages and 2,860 walk in taxpayer requests
- Special Taxes completed 3,445 outreach trainings, stamp sales transactions, and county visits
- Sales and Use Tax conducted 98 external classes for customers and 125 internal classes for employees

PURPOSE & CONTEXT

State Tax Administration provides information and services to our customers so they can understand and fulfill their tax obligations. It also includes enforcement efforts such as fraud prevention, audits, and investigations.

The Department of Revenue administers 31 state taxes including: individual income tax; sales and use tax; corporate franchise tax and other business income taxes; estate tax; motor fuels excise tax; alcoholic beverage taxes; cigarette tax and tobacco products tax; controlled substances tax; property tax, mortgage registry tax, and deed transfer tax; lawful gambling taxes; insurance premium taxes; MinnesotaCare taxes; mining taxes; state property tax; air flight property tax; rural electric co-ops tax; and solid waste management tax.

State Tax Administration serves Minnesota individual and business taxpayers, tax professionals and preparers, local tax administrators, legislators and staff, nonprofit groups, governor and staff, and members of the news media – among others.

We also oversee local property tax administration and state aids, serving taxpayers, local administrators, and state policymakers. These activities promote equity and uniformity throughout the state's complex property tax system.

SERVICES PROVIDED

Key tax administration activities include:

- Providing customers the information, training and services they need to voluntarily comply with tax laws
- Keeping pace with changing technology and laws
- Responding to customer inquiries, in the format desired by the taxpayer (walk-in, call-in, and click-in)
- Protecting customer data
- Effectively using state resources to identify and audit noncompliant taxpayers (individual and business)

- Providing education, guidance, and assistance to county assessors, auditors, and treasurers
- Overseeing local property tax administration to promote compliance and uniformity
- Administering a range of local aid payments
- Collecting, analyzing, and providing data to stakeholders
- Supporting the Minnesota State Board of Assessors

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Tax Administration incoming customer interactions (phone, mail, web, email, and walk ins)	408,500	461,700	Previous is FY16, Current is FY17
Quantity	Number of eCRVs processed (Electronic Certificate of Real Estate Value)	144,435	146,141	Previous is CY16, Current is CY17
Quantity	Number of investigations completed	64	49	Previous is CY2015, current is CY2017
Results	Number of criminal cases charged out by prosecutors	29	22	Previous is CY2015, current is CY2017
Quality	Tax types that can file electronically	53%	80%	Previous is FY16, Current is FY17

M.S 270C.03 establishes the Department of Revenue's legal authority.
www.revisor.mn.gov/statutes/?id=270C.03

Administration of State Taxes

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General			57,162	61,394	60,862	60,862	62,227	63,671
2000 - Restrict Misc Special Revenue			3,838	8,261	6,261	6,261	6,522	6,897
2360 - Health Care Access			1,513	1,520	1,525	1,525	1,525	1,525
2710 - Highway Users Tax Distribution			1,889	1,895	1,900	1,900	1,900	1,900
2800 - Environmental			303	304	305	305	305	305
Total			64,706	73,374	70,853	70,853	72,479	74,298
Biennial Change				138,080		3,626		8,697
Biennial % Change						3		6
Governor's Change from Base								5,071
Governor's % Change from Base								4

Expenditures by Category

Compensation			59,500	63,571	62,936	62,936	64,483	66,381
Operating Expenses			4,784	9,384	7,498	7,498	7,577	7,498
Grants, Aids and Subsidies			400	400	400	400	400	400
Capital Outlay-Real Property			(13)					
Other Financial Transaction			34	19	19	19	19	19
Total			64,706	73,374	70,853	70,853	72,479	74,298

Total Agency Expenditures			64,706	73,374	70,853	70,853	72,479	74,298
Expenditures Less Internal Billing			64,706	73,374	70,853	70,853	72,479	74,298

Full-Time Equivalents

			701.24	760.30	730.07	704.93	749.39	744.55
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Administration of State Taxes

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				1,856				
Direct Appropriation			61,506	61,626	60,862	60,862	62,227	63,671
Transfers In			277	575				
Transfers Out			2,765	2,503				
Cancellations				160				
Balance Forward Out			1,856					
Expenditures			57,162	61,394	60,862	60,862	62,227	63,671
Biennial Change in Expenditures				118,556		3,168		7,342
Biennial % Change in Expenditures						3		6
Governor's Change from Base								4,174
Governor's % Change from Base								3
Full-Time Equivalents			634.52	660.55	633.80	612.04	650.02	644.56

2000 - Restrict Misc Special Revenue

Balance Forward In				6,144	4,143	4,142	4,143	4,142
Receipts			5,465	6,260	6,260	6,260	6,521	6,896
Transfers In			4,518					
Balance Forward Out			6,145	4,143	4,142	4,141	4,142	4,141
Expenditures			3,838	8,261	6,261	6,261	6,522	6,897
Biennial Change in Expenditures				12,099		423		1,320
Biennial % Change in Expenditures						3		11
Governor's Change from Base								897
Governor's % Change from Base								7
Full-Time Equivalents			28.72	62.00	59.84	57.73	62.94	64.83

2360 - Health Care Access

Direct Appropriation			1,407	1,412	1,525	1,525	1,525	1,525
Transfers In			106	108				
Expenditures			1,513	1,520	1,525	1,525	1,525	1,525
Biennial Change in Expenditures				3,033		17		17
Biennial % Change in Expenditures						1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Administration of State Taxes

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Full-Time Equivalents			16.20	16.00	15.44	14.90	15.44	14.90

2710 - Highway Users Tax Distribution

Balance Forward In		0						
Direct Appropriation		1,621	1,626		1,900	1,900	1,900	1,900
Transfers In		268	269					
Expenditures		1,889	1,895		1,900	1,900	1,900	1,900
Biennial Change in Expenditures			3,784			16		16
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		18.58	18.50		17.85	17.23	17.85	17.23

2800 - Environmental

Direct Appropriation		303	304		305	305	305	305
Expenditures		303	304		305	305	305	305
Biennial Change in Expenditures			607			3		3
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		3.22	3.25		3.14	3.03	3.14	3.03

Program: Tax System Management**Activity: Appeals, Legal Services, and Tax Research**www.revenue.state.mn.us

AT A GLANCE

In 2017, Appeals, Legal Services and Tax Research:

- Closed 1,316 administrative appeals, of which 3.2% were appealed to court
- Worked on 117 cases filed in small claims and Tax Court
- Published five Revenue Notices
- Completed on-time revenue estimates for 98.8% of the bills heard in tax committees
- Responded to 45 Data Practices requests

PURPOSE & CONTEXT

The Appeals, Legal Services and Tax Research Divisions provide tax policy development and tax administration support through legal and policy guidance to Department of Revenue employees and customers and by providing information and analysis about Minnesota's tax system.

Appeals, Legal Services, and Tax Research serves individual and business taxpayers, tax administrators, the governor and staff, legislators and staff, state agencies, local governments, and nonprofit organizations.

SERVICES PROVIDED

Appeals and Legal Services Division

This division comprises the following units: Appeals; Legal Services; and Litigation, Disclosure and Records Management. See below for details.

Appeals

This unit provides an informal forum for the reconsideration of tax audits, refund denials, and penalties issued as tax orders by the department. Taxpayers who disagree with these orders may file an administrative appeal with the Department of Revenue or appeal to Minnesota Tax Court or District Court, depending on the type of order.

Other key activities include:

- Providing feedback about appeal resolutions to the department's audit and collection divisions
- Working with the Attorney General's Office staff on cases that are litigated in court
- Handling small claims cases that are filed in Tax Court

Legal Services

This unit works closely with the Commissioner of Revenue, the Governor's Office, and the Legislature to develop state policy and clarify tax issues to ensure that the revenue system is fair, efficient, reliable, competitive, and understandable.

Legal Services attorneys serve as legal counsel to the Department of Revenue by providing legal and policy advice to department staff about tax matters and actively participating on division policy teams. Our attorneys:

- Draft tax-related legislation and testify before legislative committees about the legal aspects of each bill
- Draft and amend Minnesota Rules that interpret tax laws so they can be applied to everyday use
- Create Revenue Notices that advise taxpayers about the department's position regarding tax laws

The department's Rules and Revenue Notices are published in the State Register and posted on our website.

Legal Services also provides training to department employees about tax law changes and other tax-related subjects. These activities support tax policy development and tax administration.

Litigation, Disclosure and Records Management

This unit manages the compliance activities associated with state and federal requirements related to tax returns and return information. Key activities include:

- Providing guidance on the retention of all department records
- Directing responses to data practices requests for department information
- Managing the department's small claims Tax Court cases and significant litigation by acting as liaison between the department and the Attorney General's Office.

Tax Research Division

The Tax Research Division provides customers with information and analysis about Minnesota's tax system. Our researchers provide accurate, complete, and timely information to state policymakers, government officials, the media, and the public so recipients can make well-informed decisions. Key activities include:

- Providing policy guidance
- Estimating the impacts of proposed legislation
- Forecasting future state revenues
- Preparing studies and reports mandated by the Legislature

Tax Research creates and maintains databases of tax data and complex models for analyzing the tax system. Our key products include the Tax Incidence Study, Tax Expenditure Budget, Tax Handbook, and annual tax statistics for the department's website.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percentage of customers who resolved their appeal with the department without appealing to Tax Court	95.9%	96.8%	Previous is FY16, current is FY17
Quantity	Revenue Notices published	5	12	Previous is FY17, current is FY18
Quantity	Revenue Analyses prepared	716	710	Previous is FY15-16, current is FY2017-18
Quantity	Data Practices requests	22	45	Previous is FY16, Current is FY17

M.S 270C.03 establishes the Department of Revenue's legal authority.
(www.revisor.mn.gov/statutes/?id=270C.03)

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			8,685	9,957	10,034	10,034	10,234	10,434
Total			8,685	9,957	10,034	10,034	10,234	10,434
Biennial Change				18,642		1,426		2,026
Biennial % Change						8		11
Governor's Change from Base								600
Governor's % Change from Base								3

Expenditures by Category

Compensation			6,902	7,598	7,761	7,761	7,961	8,161
Operating Expenses			1,782	2,359	2,273	2,273	2,273	2,273
Other Financial Transaction			1					
Total			8,685	9,957	10,034	10,034	10,234	10,434

Total Agency Expenditures			8,685	9,957	10,034	10,034	10,234	10,434
Expenditures Less Internal Billing			8,685	9,957	10,034	10,034	10,234	10,434

Full-Time Equivalents

			66.57	74.88	72.74	70.19	75.12	74.82
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				566				
Direct Appropriation			7,551	7,293	10,034	10,034	10,234	10,434
Transfers In			1,700	2,398				
Cancellations				300				
Balance Forward Out			566					
Expenditures			8,685	9,957	10,034	10,034	10,234	10,434
Biennial Change in Expenditures				18,642		1,426		2,026
Biennial % Change in Expenditures						8		11
Governor's Change from Base								600
Governor's % Change from Base								3
Full-Time Equivalents			66.57	74.88	72.74	70.19	75.12	74.82

2360 - Health Care Access

Direct Appropriation			113	113	0	0	0	0
Transfers Out			113	113				

Program: Tax System Management**Activity: Agency-wide Operations and Oversight**www.revenue.state.mn.us**AT A GLANCE**

In 2017, Operations and Oversight divisions:

- Partnered with agency leaders to fill 410 positions
- Launched an agency-wide, four-year diversity and inclusion strategic plan to increase employee engagement across the organization and recruit, hire and train a diverse workforce
- Managed 11 locations throughout the state and ensured physical security standards are maintained
- Delivered 72 development courses to 2,842 learners in FY 2018
- Facilitated an agency-wide budget workgroup process to manage and administer agency budget of approximately \$160 million
- Published 47 press releases and responded to over 160 press inquiries
- Created and maintained over 80 individual and business tax forms
- Facilitated 30 agency-wide projects and provided data and other support on 128 division- or unit-level projects
- Identified through a survey that 79.5% of department employees believe the agency's culture supports continuous improvement to our work and services

PURPOSE & CONTEXT

Operations and Oversight provides the overall strategic and day-to-day functions required to administer programs across the Department of Revenue. Activities include agency leadership, strategic planning and oversight, workforce recruitment, development, training and retention, internal and external communication with employees and customers, financial and program oversight and accountability, and agency planning, program and financial evaluation and development.

We serve all department employees, individual and business taxpayers, tax administrators, the governor and staff, legislators and staff, state agencies, local governments, and nonprofit organizations.

Operations and Oversight helps the Department of Revenue accomplish its goals through the following strategies:

- Promote the mission and values of the department through executive leadership, policy development, strategic planning, and internal and external communications.
- Provide statutorily required services and guidance in the areas of finance, human resources administration, and employee development.
- Use best and current practices to manage information technology, planning and performance, and diversity and inclusion activities.
- Hire and maintain a high-quality and diverse workforce.
- Safeguard the state's assets and comply with federal and state regulations and agency policies through compliance with established procedures and internal controls.

SERVICES PROVIDED

Operations and Oversight provides a wide range of services including budget management, financial transactions, financial reporting and analysis, procurement and inventory management, internal audit, asset and property management, recruitment and selection, job classification, salary and benefit administration, labor contract administration, employee training and internal and external communications.

We work closely with MN.IT Revenue and other stakeholders to ensure continuous operation and accessibility to technology systems. Our planning and performance unit conducts research and evaluation projects, prepares legislative and other reports, and manages continuous improvement activities. We also develop and update business continuity and risk management plans.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Website visits (yearly)	2.8 million	3.0 million	Previous is CY16, Current is CY17
Quantity	Social media followers (Facebook and Twitter)	46,100	57,500	Previous is CY16, Current is CY17
Quantity	Email subscription lists and number of subscribers	156 lists with 293,000 subscribers	217 lists with 328,200 subscribers	Previous is CY16, Current is CY17
Quantity	Agency-wide business improvement projects	36	30	Previous is CY16, Current is CY17
Quantity	Fiscal note requests received	52	93	Previous is FY16, Current is FY17
Quality	Number of adverse Department of Revenue Comprehensive Annual Financial Report (CAFR) audit findings	0	0	Previous is FY16, Current is FY17
Results	Employee turnover rate	5.6%	4.7%	Previous is FY16, Current is FY17

M.S 270C.03 establishes the Department of Revenue's legal authority.
www.revisor.mn.gov/statutes/?id=270C.03

Agency-wide Operations and Oversight

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			15,368	18,878	17,445	17,445	21,962	19,898
2000 - Restrict Misc Special Revenue			262	392	168	168	168	168
Total			15,630	19,270	17,613	17,613	22,130	20,066
Biennial Change				34,900		326		7,296
Biennial % Change						1		21
Governor's Change from Base								6,970
Governor's % Change from Base								20

Expenditures by Category

Compensation			9,337	12,110	10,198	10,198	14,715	12,651
Operating Expenses			6,227	7,160	7,415	7,415	7,415	7,415
Other Financial Transaction			66					
Total			15,630	19,270	17,613	17,613	22,130	20,066

Total Agency Expenditures			15,630	19,270	17,613	17,613	22,130	20,066
Expenditures Less Internal Billing			15,630	19,270	17,613	17,613	22,130	20,066

Full-Time Equivalents

			107.74	118.50	94.65	91.33	145.11	118.87
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Agency-wide Operations and Oversight

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				1,142				
Direct Appropriation			12,599	12,664	17,530	17,530	22,047	19,983
Transfers In			4,000	5,157				
Transfers Out			89	85	85	85	85	85
Balance Forward Out			1,142					
Expenditures			15,368	18,878	17,445	17,445	21,962	19,898
Biennial Change in Expenditures				34,246		644		7,614
Biennial % Change in Expenditures						2		22
Governor's Change from Base								6,970
Governor's % Change from Base								20
Full-Time Equivalents			104.89	116.50	93.36	90.09	143.82	117.63

2000 - Restrict Misc Special Revenue

Balance Forward In				324	100	100	100	100
Receipts			192	168	168	168	168	168
Transfers In			394					
Balance Forward Out			324	100	100	100	100	100
Expenditures			262	392	168	168	168	168
Biennial Change in Expenditures				654		(318)		(318)
Biennial % Change in Expenditures						(49)		(49)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			2.85	2.00	1.29	1.24	1.29	1.24

2360 - Health Care Access

Direct Appropriation			126	126	0	0	0	0
Transfers Out			126	126				

Program: Debt Collection Managementwww.revenue.state.mn.us**AT A GLANCE**

In 2017, the Minnesota Department of Revenue:

- Collected over \$323 million owed to Minnesota governments
- Resolved 217,000 tax debt cases
- Answered over 325,500 incoming phone calls each year from customers who owe debt
- Assisted more than 2,200 walk-in customers

PURPOSE & CONTEXT

The Department of Revenue's Debt Collection Management program collects past-due tax debts and debts owed to other state agencies in Minnesota. We facilitate all aspects of debt collection, making it more efficient for government as a whole by centralizing the work instead of duplicating it in each agency.

This centralized approach also makes it easier for a debtor who may owe debt to multiple agencies by providing a one-stop resolution center to settle their state government debts. We help people who owe understand their obligations and work to set up payment plans when appropriate.

The Department of Revenue started collecting non-tax debts for other state agencies in 1995, when legislation centralized debt collection services. In 2008, new legislation allowed local governments to refer their debts to us. We now collect 171 types of fees, fines, taxes, and payments for a range of public agencies.

SERVICES PROVIDED**Helping Customers**

A large part of the department's role is helping customers understand their obligation and working to get – and keep – them in compliance. To do that, we provide education and outreach to customers through:

- Training events
- Outreach events
- Videos
- Website content
- Phone calls
- Emails
- Letters
- In-person customer contact

Collection Process

When a debt is not paid to Minnesota, a state agency, or a local jurisdiction, that debt is referred to the Department of Revenue. The collection process begins the same way for all debtors. We send the customer a notice with details on the debt, their rights, and how they can resolve the debt.

Many customers work with us at this point to resolve their debt by making a full payment or by setting up a payment plan. If the customer fails to respond to the written notice, we take actions to collect the debt. Each case is different and these collection actions may vary based on many factors. Depending on the circumstances, we may:

- Levy wages or financial accounts
- File liens against property
- Offset (take) tax or other refunds
- Hold owners or corporate officers personally liable for business debts
- Revoke professional or business licenses
- Seize business or personal property

We ensure that everyone reports, pays, and receives the right amount by:

- Printing letters, processing payments and returns, registering customers in the system, making financial adjustments, and handling and distributing incoming correspondence
- Reconciling accounts, and issuing payments to banks, the general fund, and other agencies
- Issuing legal opinions, providing representation on legal matters, resolving internal and tax court appeals and administrative hearings
- Programming the technical systems needed to track and process debts
- Protecting customer data
- Communicating and reaching out to the public through direct and digital communication and in the news media

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Tax Debt Revenue Collected	\$271 million	\$275 million	Previous is FY16, Current is FY17
Quantity	Other Agency Debt Revenue Collected	\$46 million	\$48 million	Previous is FY16, Current is FY17

Legal Citation: M.S. 16D.08 establishes the Department of Revenue's Collection Duties and Powers.
www.revisor.mn.gov/statutes/?id=16D.08

Debt Collection Management

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	27,761	30,926	29,418	31,845	29,085	29,085	29,785	30,485
2000 - Restrict Misc Special Revenue	698	586	814	1,299	900	900	900	900
Total	28,459	31,512	30,232	33,144	29,985	29,985	30,685	31,385
Biennial Change				3,405		(3,406)		(1,306)
Biennial % Change				6		(5)		(2)
Governor's Change from Base								2,100
Governor's % Change from Base								4

Expenditures by Activity

Debt Collection	28,459	31,512	30,232	33,144	29,985	29,985	30,685	31,385
Total	28,459	31,512	30,232	33,144	29,985	29,985	30,685	31,385

Expenditures by Category

Compensation	24,252	25,003	25,987	26,081	26,081	26,081	26,781	27,481
Operating Expenses	4,164	6,491	4,220	7,063	3,904	3,904	3,904	3,904
Capital Outlay-Real Property	31							
Other Financial Transaction	11	18	24					
Total	28,459	31,512	30,232	33,144	29,985	29,985	30,685	31,385

Full-Time Equivalents

	328.33	332.29	330.92	345.30	332.88	320.94	341.20	337.14
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Debt Collection Management

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,792		760				
Direct Appropriation	28,616	28,616	28,575	28,616	28,106	28,106	28,806	29,506
Open Appropriation	922	518	624	2,260	1,000	1,000	1,000	1,000
Transfers In			1,000	230				
Transfers Out			22	21	21	21	21	21
Cancellations		0						
Balance Forward Out	1,777		760					
Expenditures	27,761	30,926	29,418	31,845	29,085	29,085	29,785	30,485
Biennial Change in Expenditures				2,576		(3,093)		(993)
Biennial % Change in Expenditures				4		(5)		(2)
Governor's Change from Base								2,100
Governor's % Change from Base								4
Full-Time Equivalents	319.32	323.91	323.49	336.55	324.44	312.79	332.76	328.99

2000 - Restrict Misc Special Revenue

Balance Forward In	681	964	1,415	1,299	900	900	900	900
Receipts	980	1,038	860	900	900	900	900	900
Transfers In			1,253					
Transfers Out			1,415					
Balance Forward Out	964	1,415	1,299	900	900	900	900	900
Expenditures	698	586	814	1,299	900	900	900	900
Biennial Change in Expenditures				829		(313)		(313)
Biennial % Change in Expenditures				65		(15)		(15)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	9.01	8.38	7.43	8.75	8.44	8.15	8.44	8.15

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	104,845	121,197						
2000 - Restrict Misc Special Revenue	2,977	2,820						
2360 - Health Care Access	1,597	1,901						
2710 - Highway Users Tax Distribution	2,040	2,296						
2800 - Environmental	289	317						
Total	111,748	128,531						
Biennial Change				(240,280)		0		0
Biennial % Change				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Compensation	79,890	86,117						
Operating Expenses	31,335	40,135						
Grants, Aids and Subsidies	399	401						
Capital Outlay-Real Property	3	1,248						
Other Financial Transaction	122	630						
Total	111,748	128,531						

Full-Time Equivalents

994.95	1,051.65							
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Efficient Tax Service

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		7,141						
Direct Appropriation	111,612	114,619	5,727	9,782	0	0	0	0
Transfers Out	47	563	5,727	9,782				
Cancellations		0						
Balance Forward Out	6,720							
Expenditures	104,845	121,197						
Biennial Change in Expenditures				(226,042)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	931.46	987.57						

2000 - Restrict Misc Special Revenue

Balance Forward In	2,568	3,528	4,750			
Receipts	3,937	4,043				
Transfers Out			4,750			
Balance Forward Out	3,528	4,750				
Expenditures	2,977	2,820				
Biennial Change in Expenditures				(5,797)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	21.40	21.17				

2360 - Health Care Access

Balance Forward In		152				
Direct Appropriation	1,749	1,749				
Cancellations		0				
Balance Forward Out	152					
Expenditures	1,597	1,901				
Biennial Change in Expenditures				(3,498)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0

Efficient Tax Service

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								
Full-Time Equivalents	17.45	18.93						

2710 - Highway Users Tax Distribution

Balance Forward In		144				
Direct Appropriation	2,183	2,183				
Cancellations		31				
Balance Forward Out	143					
Expenditures	2,040	2,296				
Biennial Change in Expenditures				(4,336)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	21.28	19.88				

2800 - Environmental

Balance Forward In		14				
Direct Appropriation	303	303				
Cancellations		0				
Balance Forward Out	14					
Expenditures	289	317				
Biennial Change in Expenditures				(606)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	3.36	4.10				

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AT A GLANCE

Highlights of FY 2018:

- More than 815,000 people visited the museum and outreach sites statewide
- More than 162,000 students were served statewide through school outreach, field trips, and teacher professional development
 - 78,359 visitors paid no admission fee

PURPOSE

VISION: *We envision a world in which all people have the power to use science to make lives better.*

MISSION: "Turn on the Science: Inspire learning. Inform policy. Improve Lives."

ROLE: The Science Museum of Minnesota (SMM) offers informal STEM (science-technology-engineering-math) learning opportunities to a variety of people including: adult learners, families with school-age children; K-12 teachers, students, and school districts; diverse under-served urban youth; and state policy makers.

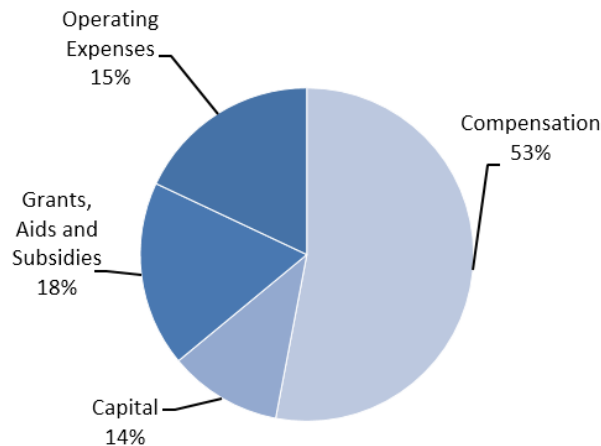
The SMM is a top tier science and technology center with innovative interactive exhibits emphasizing hands-on learning; and is a natural history museum with scientific collections and interpretive exhibits.

STATEWIDE OUTCOME:

Minnesotans have the education and skills needed to achieve their goals. SMM provides excellent informal science, technology, engineering, and math (STEM) education programs to reinforce the achievement of Minnesota academic standards, background and preparation for STEM workforce development, and lifelong learning.

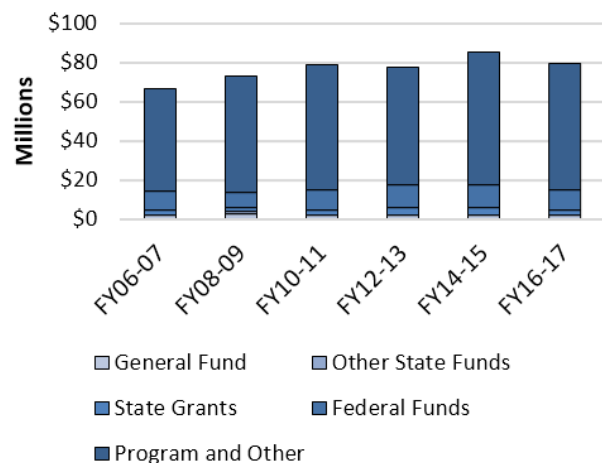
BUDGET

**Spending by Category
FY 17 Actual**



Note: FY17 spending by category includes all SMM spending regardless of funding source.

Historical Spending



Source: FY17 Audited financial statements
Source: Audited Financial Statements FY08-FY17

The museum budget uses diversified sources of funding. The General Fund category of the budget includes the State appropriation. The Other State Funds category includes other direct state funds. The State Grants category includes funds awarded directly to the Science Museum of Minnesota from other state agencies. The Federal Funds category includes funding received directly to the Science Museum of Minnesota for grant support, such as funds received from the National Science Foundation. The Program and Other category includes all other Museum spending from all other sources.

STRATEGIES

Public Visitor Place.

- SMM produces and presents world class special exhibits such as *The Science Behind Pixar*, *Sportsology*, *Mental Health: Mind Matters*, and *RACE: Are We So Different?* for audiences at our museum and at museums nationwide.
- Per our current strategic plan, *Strategic Plan: 2020 & Beyond*, we will “Improve equity of, and access to, the museum experience and educational programs to attract the broadest audiences and ensure a positive, meaningful STEM learning experience for all visitors, with a focus on girls and women, people of color, and low-income households.” To ensure accessibility to the broader community, we offer free and reduced admission to families, individuals from low-income households, and schools in need. SMM offers a broad variety of STEM education programs for families, children and youth (pre-K through post-secondary), and adult learners.

Programs and Resources for K-12 students, teachers, and school districts.

- SMM is one of Minnesota’s leading destinations for school field trips.
- Our school outreach programs reach K-12 classrooms statewide.
- SMM provides professional development to educators statewide, focused on promoting equity and inclusion in STEM education and professions with regard to ethnicity, gender, gender identification, cultural background, and socioeconomic circumstances.
- SMM’s Kitty Andersen Youth Science Center (KAYSC) offers year-round out-of-school time programs and follows a STEM Justice framework in which STEM learning is used to solve community problems. The KAYSC reaches a majority of youth of color from low-income households.

RESULTS

SMM measures success quantitatively and qualitatively:

1. The total number served includes both people who visit the museum and those who take part in our offsite programs statewide. The overwhelming majority of these are Minnesotans with the remainder representing out of state visitors who recognize SMM as a premiere tourist attraction in the Twin Cities. This number is an important “bottom line” indicator of success.
2. Each year the museum must raise private funds from individuals, corporations, foundations, sponsors, and museum members. Our ability to raise funds from private donors is an indicator that members of the public resonate with our value proposition and the delivery of our educational mission. They are willing to invest their own resources in supporting the museum financially.
3. In January 2014, SMM established a searchable database for teachers and parents that links the museum’s exhibits and educational resources with Minnesota State Education Standards. This is an important resource for our key audience of K-12 educators.
4. Our school network tracks the MN counties we serve through field trips, school outreach residencies and assemblies, and teacher professional development. We are pleased to share that we again reached all 87 counties in FY18.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total number of individuals served	809,195	815,882	FY17 and FY18
Quantity	Amount of private funding raised	\$9,976,555	\$11,964,579	FY17 and FY18
Results	Searchable Standards Database page views	31,204	25,302	FY17 and FY18
Quantity	Number of MN Counties served	87	87	FY17 and FY18

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079
2050 - Environment & Natural Resources	408	432	227	746				
Total	1,487	1,511	1,306	1,825	1,079	1,079	1,079	1,079
Biennial Change				133		(973)		(973)
Biennial % Change				4		(31)		(31)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Science Museum Of Minn	1,487	1,511	1,306	1,825	1,079	1,079	1,079	1,079
Total	1,487	1,511	1,306	1,825	1,079	1,079	1,079	1,079

Expenditures by Category

Grants, Aids and Subsidies	1,487	1,511	1,306	1,825	1,079	1,079	1,079	1,079
Total	1,487	1,511	1,306	1,825	1,079	1,079	1,079	1,079

Science Museum

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079
Expenditures	1,079	1,079	1,079	1,079	1,079	1,079	1,079	1,079
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2050 - Environment & Natural Resources

Balance Forward In	690	375	622	396				
Direct Appropriation		679		350	0	0	0	0
Transfers In	93							
Balance Forward Out	375	622	395					
Expenditures	408	432	227	746				
Biennial Change in Expenditures				133		(973)		(973)
Biennial % Change in Expenditures				16		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	1,079	1,079	1,079	2,158
Forecast Base	1,079	1,079	1,079	2,158
Total Governor's Recommendations	1,079	1,079	1,079	2,158
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	350	350	350	700
Base Adjustments				
All Other One-Time Appropriations		(350)	(350)	(700)
Forecast Base	350	0	0	0
Total Governor's Recommendations	350	0	0	0

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AT A GLANCE

- 6.2 million filings from businesses, Uniform Commercial Code (UCC), Tax Liens, Effective Financing Statement (EFS) and notaries in a Secretary of State maintained and operated database as of July 2018
- As of July 2018, there have been over 43,000 new business filings processed in CY 2018
- 3.258 million registered voters in Statewide Voter Registration System (82% of all eligible voters) as of July 2018
- 8,052 applicants and participants served by the Safe at Home program as of July 2018
- Contribute nearly \$22 million to the general fund each biennium

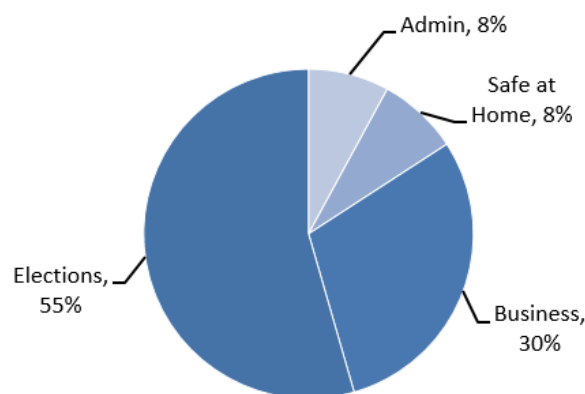
PURPOSE

The Office of the Secretary of State is a constitutional office headed by the independently-elected Secretary of State. As the chief election official in Minnesota, the Secretary of State oversees the administration of elections, and promotes voting and civic engagement. The Secretary of State also facilitates commerce, maintains the records of the state, and provides key services for those who fear for their safety through administering the Safe at Home address confidentiality program. The Secretary of State serves on the State Board of Investment, the Executive Council, and other specified boards.

The Secretary of State partners with local election officials to conduct elections that are fair, accurate, secure, and transparent, thereby providing **efficient and accountable government services**. By providing quality customer service and making it easy to search records of active businesses in Minnesota, the Secretary of State helps promote **a thriving economy that encourages business growth and employment opportunities**. The Office has made it easier for citizens and businesses to interact with the Office by developing online services for voters, businesses, and those interested in Open Appointments. The Safe at Home address confidentiality program provides a critical service to survivors of domestic violence and others who fear for their safety, which in turn helps promote **strong and stable families and communities** and works to ensure that **people in Minnesota are safe**.

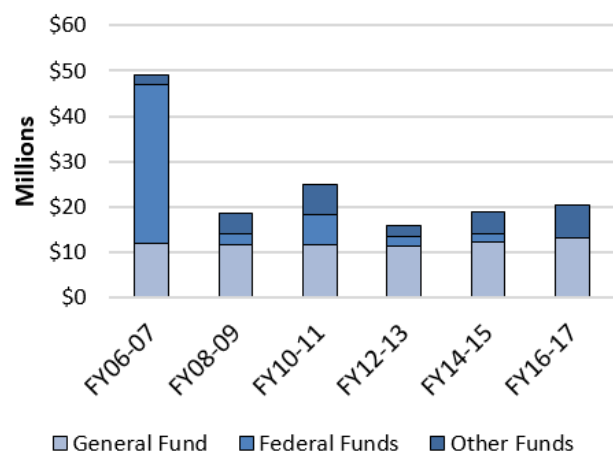
BUDGET

**Spending by Activity
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

STRATEGIES

The core functions of the Office are:

- Administer and oversee Minnesota's elections
- Safeguard, record, and retrieve government documents
- File business documents, record liens, and retrieve both on demand
- Issue notary public commissions
- Run the State of Minnesota's Open Appointments process
- Administer Safe at Home, Minnesota's address confidentiality program

The Office partners with local election officials at the county, city, school district, and township levels to conduct elections in the state. The Office provides the backbone of the elections system by developing and securing key election databases, specifically the Statewide Voter Registration System, which includes records for all of the state's 3.2 million registered voters and the Election Reporting System, through which vote totals are reported. The Office provides training and support to local election officials and has developed online tools, including online voter registration, online absentee ballot requests, and online lookup tools, to provide convenience to voters and cost savings to local election officials. The Office also engages in extensive efforts to provide information to Minnesotans about registration and voting by working with businesses, non-profits, service organizations, schools, and others throughout the state.

Similarly, the Office continues its efforts to increase online resources for business services, including allowing as many business filings as possible to be made online in real time, providing more efficient and responsive service to our customers. Any customer who wishes can still seek information and file business and UCC documents in person or by mail. Fees collected for these services, and others provided by the Business Services Division, add approximately \$22 million to the general fund each biennium.

The Safe at Home address confidentiality program provides those who fear for their safety, especially survivors of domestic violence and stalking, with a way to go about their daily lives without having to disclose their home address. The Office provides a mail-forwarding service to more than 2,600 active participants (encompassing more than 1,000 households and over 200,000 pieces of mail annually), assists them in interactions with businesses or government entities who are unfamiliar with the program, and trains and supports application assistants who are employed by victim service agencies throughout the state. The program remains the strongest in the country; a position solidified when the legislature made it possible for Safe at Home participants to purchase property confidentially. As additional states adopt address confidentiality programs, several states, such as Wisconsin and Iowa, have looked to Minnesota's program as a model.

The following statutes provide the legal authority for the Office of the Secretary of State:

Minnesota Constitution

Minnesota Statutes, Chapter 5, 5A, 5B, 201, 202A, 203B, 204B, 204C, 204D, 206, 211A, 302A, 303, 304A, 308A, 308B, 317A, 319B, 321, 322A, 322B, 323A, 333, 336, 336A.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	6,315	6,973	6,338	8,334	6,654	6,654	7,268	7,402
2000 - Restrict Misc Special Revenue	3,364	3,780	3,778	4,447	5,185	5,030	5,348	5,030
2001 - Other Misc Special Revenue			7,000		3,764		3,764	
Total	9,680	10,753	17,116	12,781	15,603	11,684	16,380	12,432
Biennial Change				9,464		(2,610)		(1,085)
Biennial % Change				46		(9)		(4)
Governor's Change from Base								1,525
Governor's % Change from Base								6

Expenditures by Program

Secretary of State	9,680	10,753	17,116	12,781	15,603	11,684	16,380	12,432
Total	9,680	10,753	17,116	12,781	15,603	11,684	16,380	12,432

Expenditures by Category

Compensation	7,136	7,740	7,840	8,848	9,544	9,703	9,789	10,042
Operating Expenses	2,390	2,444	2,262	3,926	6,059	1,981	6,591	2,390
Grants, Aids and Subsidies			7,000					
Capital Outlay-Real Property	36	37						
Other Financial Transaction	117	532	15	7				
Total	9,680	10,753	17,116	12,781	15,603	11,684	16,380	12,432

Full-Time Equivalents

	79.44	82.95	81.67	93.00	93.00	93.00	94.00	94.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		346		291				
Direct Appropriation	6,631	6,631	13,629	8,043	6,654	6,654	7,431	7,402
Transfers Out			7,000				163	
Cancellations		4						
Balance Forward Out	316		291					
Expenditures	6,315	6,973	6,338	8,334	6,654	6,654	7,268	7,402
Biennial Change in Expenditures				1,384		(1,364)		(2)
Biennial % Change in Expenditures				10		(9)		(0)
Governor's Change from Base								1,362
Governor's % Change from Base								10
Full-Time Equivalents	50.75	48.97	48.57	52.55	51.70	51.70	52.70	52.70

2000 - Restrict Misc Special Revenue

Balance Forward In	2,721	2,936	2,758	2,807	8,740	7,520	8,740	7,520
Receipts	3,556	3,602	3,827	10,380	3,965	4,250	3,965	4,250
Transfers In							163	
Balance Forward Out	2,913	2,758	2,807	8,740	7,520	6,740	7,520	6,740
Expenditures	3,364	3,780	3,778	4,447	5,185	5,030	5,348	5,030
Biennial Change in Expenditures				1,080		1,990		2,153
Biennial % Change in Expenditures				15		24		26
Governor's Change from Base								163
Governor's % Change from Base								2
Full-Time Equivalents	28.69	33.98	33.10	40.45	41.30	41.30	41.30	41.30

2001 - Other Misc Special Revenue

Transfers In			7,000		3,764		3,764	
Expenditures			7,000		3,764		3,764	
Biennial Change in Expenditures				7,000		(3,236)		(3,236)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	6,753	6,753	6,753	13,506
Base Adjustments				
Current Law Base Change		(111)	(111)	(222)
Pension Allocation		12	12	24
Forecast Base	6,753	6,654	6,654	13,308
Change Items				
Litigation Fees	1,290			
Operating Adjustment		392	513	905
2018 HAVA Election Security Funds State Match		163		163
Safe at Home Program		222	235	457
Total Governor's Recommendations	8,043	7,431	7,402	14,833
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	4,447	5,185	5,030	10,215
Forecast Base	4,447	5,185	5,030	10,215
Change Items				
2018 HAVA Election Security Funds State Match		163		163
Total Governor's Recommendations	4,447	5,348	5,030	10,378
Fund: 2001 - Other Misc Special Revenue				
Planned Spending		3,764		3,764
Forecast Base		3,764		3,764
Total Governor's Recommendations		3,764		3,764
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	10,380	3,965	4,250	8,215
Total Governor's Recommendations	10,380	3,965	4,250	8,215
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	18,401	21,305	18,690	39,995
Total Governor's Recommendations	18,401	21,305	18,690	39,995

Office of the Minnesota Secretary of State

FY 2020-21 Biennial Budget Change Item

Change Item Title: Litigation Fees

Fiscal Impact (\$000s)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
General Fund					
Expenditures	1,290	0	0	0	0
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,290	0	0	0	0
FTEs	0	0	0	0	0

Recommendation:

The Governor recommends \$1.29 million from the General Fund in FY 2019 for the Office of the Secretary of State to make a one-time payment of court-ordered attorney fees as a result of the U.S. Supreme Court decision holding a portion of Minnesota Statutes unconstitutional in *Minnesota Voters Alliance v. Mansky*, No. 16-1435, 585 U.S. ___, 138 S. Ct. 1876 (2018). The Office is currently litigating the final amount of fees owed to plaintiffs and anticipates that the court will make a determination on the total amount of fees owed early in the 2019 legislative session. The Governor recommends these funds for the payment of court-ordered fees and costs in FY 2019.

Rationale/Background:

In 2010, several organizations and individuals sued the Minnesota Secretary of State, as well as Ramsey and Hennepin county election officials, challenging the constitutionality of a portion of Minnesota Statute § 211B.11. Minnesota Statute § 211B.11 prohibits the wearing of political insignia at or about a polling place, and has been Minnesota law since 1988. After nearly eight years of litigation, the U.S. Supreme Court held that a portion of the statute was unconstitutional. Under federal law, plaintiffs are entitled to seek reimbursement for attorney fees and costs associated with litigating the constitutional challenge, and plaintiffs are seeking reimbursement.

On January 8, 2019, the appellate attorney fees and costs total to date, from judgements, was determined to be \$983,760. This amount will increase by approximately \$486 every week from January 8, 2019 until payment is made. In addition, it is anticipated that plaintiffs will seek an additional \$250,000 - \$300,000 in attorney fees and costs related to their work in the district court. Assuming that the district court payment is \$300,000, inclusive of potential interest, and assuming that a payment is made by March 19, 2019, the Office of the Secretary of State requires \$1.29 million in a one-time General Fund appropriation to pay these court-ordered attorney fees and costs owed to the plaintiffs. This amount is an estimate and might require adjustment once the judgement for attorney fees and costs related to the work in district court is made.

Proposal:

The Office of the Secretary of State is proposing a one-time payment from the general fund to cover the costs of unavoidable litigation fees relating to a Supreme Court case in which a section of a state statute was found to be unconstitutional.

This is not a new initiative, a change to an existing program, or an ongoing request. This will simply cover court ordered attorney fees and costs owed to plaintiffs due to the U.S. Supreme Court holding a portion of Minnesota Law unconstitutional in *Minnesota Voters Alliance v. Mansky*, No. 16-1435, 585 U.S. ___, 138 S. Ct. 1876 (2018).

Equity and Inclusion:

- This request is not aimed at reducing or eliminating any disparities for identified groups.
- There are no potential positive or negative impacts on the identified groups.

Results:

Receiving additional funds to pay court ordered litigation fees will allow the Office to meet the terms of the court order to continue to provide current levels of service and information to the public.

Statutory Change(s):

N/A

Office of the Minnesota Secretary of State

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	392	513	513	513
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	392	513	513	513
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$905,000 in the FY 2020-21 biennium from the General Fund for the Office of the Secretary of State to maintain existing staffing levels and allow the Office to continue to provide current levels of service and information to the public.

This recommendation is equal to a 6.8% increase to the Office's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

Each year, operating costs such as rent and lease, utilities, and IT continue to grow. In addition to these operating costs, salary and compensation-related costs and health care contributions increase annually. Despite these increases, the Office of the Minnesota Secretary of State's general fund appropriation has remained flat over the past two biennium and is currently at an amount slightly lower than the Office's 2003 general fund appropriation.

Over the past four years, the Office has been able to work with less, maintaining the services Minnesotans have come to expect of the Office. But growth in these costs has reached a point where the Office will not be able to maintain current levels of service without additional resources.

If an operational increase is not provided, the services the Office provides to Minnesotans will be impacted. Some examples include:

- Fewer staff resources available to help Minnesota business owners register their business, resulting in a possible decrease of the Office's net contribution of over \$20 million to the General Fund each biennium.
- Fewer staff resources available to assist counties, cities, and townships conduct their elections.
- Insufficient staff resources in the Safe at Home Program, resulting in reduced capacity to assist those who fear for their safety.
- Decreased capacity to safeguard, record, and retrieve government documents in a timely manner.

Proposal:

The Office of the Secretary of State proposes an operating increase of \$905,000 in the FY 2020-21 biennium to maintain the Office's delivery of current services.

The proposed budget increase is intended to address inflation and other economic factors that drive the Office's costs and allow the Office of the Secretary of State to continue to provide the quality experience, services, programs, and information that Minnesotans expect. This funding would cover current employee compensation growth, including unavoidable health insurance premium increases.

Additionally, this increase will allow the Office to continue providing services at the level that results in the Office contributing over \$20 million to the General Fund above the Office's appropriation.

Equity and Inclusion:

- This request does not directly impact any identified groups. (Racial and Ethnic groups, Lesbian, Gay, Bisexual, and Transgender groups, Persons with Disabilities and Veterans)
- This request is not aimed at reducing or eliminating any disparities for identified groups.
- There are no potential positive or negative impacts on the identified groups.

Results:

This request is sought to allow the Office of the Secretary of State to continue to provide current levels of service and information to the public. Examples of current performance measures are shown below.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of new business filings	62,500	67,000	2016/2017
Quantity	Number of business web filings	346,000	359,500	2016/2017
Quantity	Number of UCC/Tax Lien & CNS web filings	181,000	177,000	2016/2017
Quantity	Number of underage children in Safe at Home program	1,144	1,371	2015/2017
Quantity	Total number of individuals served by the Safe at Home program	2,777	3,439	2015/2017
Quantity	Number of open appointment applications	2,105	3,044	2015/2017
Quantity	Number of registered voters	3,611,892	3,623,913	2012/2016
Result	Voter Turnout	2,950,780	2,968,281	11/6/2012 11/8/2016
Quantity	Online Absentee Applications	42,567	152,862	2014/2016

Statutory Change(s):

No statutory changes are needed for this change item. The following statutes provide the legal authority for the Office of the Secretary of State: Minnesota Constitution , Minnesota Statutes, Chapter 5, 5A, 5B, 201, 202A, 203B, 204B, 204C, 204D, 206, 211A, 302A, 303, 304A, 308A, 308B, 317A, 319B, 321, 322A, 322B, 323A, 333, 336, 336A.

Office of the Minnesota Secretary of State

FY 2020-21 Biennial Budget Change Item

Change Item Title: 2018 HAVA Election Security Funds State Match

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	163	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	163	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$163,000 one-time in FY 2020 from the General Fund for the Office of the Secretary of State to meet the state matching requirements described in the Consolidated Appropriations Act of 2018, which will allow the Office to use \$6,595,610 in federal Help America Vote Act (HAVA) funds to secure and improve Minnesota's election systems.

This recommendation is equal to a 2.4% increase to the Office's General Fund base budget in FY 2020.

Rationale/Background:

In September of 2017, the Office of the Minnesota Secretary of State was informed by the US Department of Homeland Security that Minnesota was one of 21 states targeted by entities acting at the behest of the Russian government. With this news, and in light of the designation of elections as critical infrastructure, the Office joined other secretaries of state and national stakeholders to work with Congress and find funding for states to address this immediate security need. Congress responded to this need by approving funding for election security in the Consolidated Appropriations Act of 2018, signed into law in March of 2018.

The Consolidated Appropriations Act of 2018 included \$380 million in grants for states to improve the administration of elections for Federal office. These grants are authorized under Title I Section 101 of the Help America Vote Act (HAVA) of 2002, and are designed to provide states with additional resources to secure and improve their election system. Minnesota's federal share of the \$380 million is \$6,595,610.

States are required to match 5 percent of the 2018 HAVA funds within two years of receiving federal funds, and Minnesota is required to spend \$329,781 in state matching funds. The federal Elections Assistance Commission (EAC) has confirmed that \$167,000 the Office spent on election security can be credited towards the required state match. With this credit, the outstanding state match requirement is \$162,781.

Proposal:

The Office of the Secretary of State requests \$162,781 in general funds to meet the 5% match the 2018 HAVA funds require. This matching funding will allow the Office to utilize the \$6,595,610 in federal funds after legislative appropriation. Once the federal funds appropriated by the legislature, the Office proposes using the HAVA funds in five specific categories: auditing, communications, cybersecurity, e-Poll book and equipment, and Minnesota's Statewide Voter Registration System.

The Office worked with stakeholders, including representatives from the counties, cities, and townships, as well as members from the disability community, and cybersecurity experts, to develop a comprehensive spending plan for the greater \$6,595,610 election funds. Examples of what the working group has proposed are below:

- **Strengthening, securing, and modernizing the Statewide Voter Registration System (SVRS)**
Minnesota's Statewide Voter Registration System was launched in 2004 using over \$1.2 million of state general fund dollars and over \$5.1 million in funds appropriated from the federal HAVA account. Since its development, the Office has added various components to accommodate changes to voting and elections. Because of this, the system is in need of investment to keep it functioning well.

The Office feels that the most efficient way strengthen, secure, and modernize SVRS is to invest in a re-work of the system. This would be done piece by piece, rather than re-writing the system from scratch with a large rollout once complete. The Office is requesting funds to hire three additional staff, including an IT Business Analyst, IT Developer, and an Elections Administration Specialist to supplement current Office staff during this project. Estimated costs for these three additional staff for a four-year period is \$1.4 million total.

- **Ongoing support for multi-factor authentication**
Multi-Factor Authentication (MFA) is a security system recommended by the Department of Homeland Security and a National Institute of Standards and Technology (NIST) standard that requires more than one piece of information to verify a user's identity for a login. Using MFA provides an extra safeguard for the Office of the Secretary of State when county or local election officials access our system.
- **Licensing for systems scanning/testing**
Regular and comprehensive scanning and testing of the Office's public facing websites is a direct recommendation from the Department of Homeland Security and a NIST standard.

Currently, the Office maintains four licenses to scan the online absentee ballot application and voter registration tools, the Minnesota Business and Lien System, and the notary services online portal. Additional licenses are needed so that all of the public facing websites and online tools can be scanned for vulnerabilities.

This will allow the Office to purchase 20 additional licenses to ensure all of the Office's public websites can be scanned and a full vulnerability review of the underlying code can be done.

- **Next generation antivirus software**
As viruses and malware advance, so must our antivirus software. Additional antivirus software will detect new viruses and malware without daily/hourly signature updates, and is needed to augment our current "signature based" antivirus software with next generation "behavior based" software. "Signature based" software looks at specific known or previously identified malicious coding and then blocks that malicious coding. "Behavior based" software analyzes what that coding does, even if the coding has not been previously identified as a known malicious code and instead blocks the code based on the malicious behavior.

This cost will cover antivirus software for all of the Office's approximately 200 workstations and servers at \$44.81/device, and is recommended by MN.IT Security.

- **Policy writer**
The Department of Homeland Security recommends that the Office hire a policy writer to develop written based cybersecurity policies and procedures. This policy writer's services are anticipated to be about six months in length, with an approximate hourly rate of \$140/hour. Once initial policies are done, our office believes current staff will be able to handle the yearly reviews and updates.
- **Cyber Navigator**
Given the fact that many Minnesota counties and cities do not have their own cyber security or IT expert on staff, the Office is proposing the hiring of a "Cyber Navigator". This cyber navigator would be a cyber security expert that can work with the Office of Secretary of State, counties, and cities to provide cyber

security training, system updates, and patches. This person will educate election officials on election security specifically, including everything from recognizing and reporting a threat, to learning how hackers could try to access their networks, and how to keep their systems secure.

- **Assess Minnesota’s data sharing and post-election review/audit process**

The Office will engage outside experts to 1) analyze and make recommendations regarding Minnesota’s current post-election review/audit process, including examining unadjusted differences, with the goal of quantifying its likelihood of detecting tabulation and other errors, and 2) thoroughly examine and audit the security of information sharing between the Office and other agencies and entities.

- **Invest in improvements for securing information sharing with counties**

The Office will develop or contract with a third party vendor for solutions to improve the security of sensitive information and data exchanges between counties and the Office. This may take many forms, including enhanced email security and developing a secured portal where links and other sensitive information is to be shared.

- **Enhance website security and accessibility**

The Office will invest in additional security measures to enhance the security of the Minnesota Secretary of State’s website. Additionally, we will ensure all pages of the website are accessible to those who may have a disability and make all webpages mobile-friendly. This will allow all Minnesotans to have equal access to the same reliable and accurate information, regardless of how they visit the website or any disabilities they may have.

- **Recruit and train election officials**

The Office will use a portion of the federal funds to assist counties and cities in recruiting election judges and conducting additional election judge training related to accessibility at the polling place, using and securing e-Pollbooks, physical security, and cybersecurity.

- **Provide sub grants to local jurisdictions for improved election security and accessibility**

The Office will invest in the security of local jurisdictions’ election security by providing sub grants to local jurisdictions for updated computers and/or software, additional physical security for election equipment, and increased polling place accessibility.

- **Expand absentee and mail-voting for voters with a disability**

The Office will increase accessibility for absentee and mail-voting by working with the Legislature to allow voters with a disability to receive and mark their ballot electronically, allowing them to vote privately and independently.

In order to use the 2018 HAVA funds to strengthen Minnesota’s elections, the Legislature needs to authorize use of federal funds under Minn. Stat. § 5.30 and the state must provide the state matching funds at 5% of the total 2018 HAVA award.

Equity and Inclusion:

The security and integrity of Minnesota elections benefits all voters. Securing our elections with the funds provided may prevent bad actors from disenfranchising select voters. Without these funds to use on cybersecurity improvement and upgrades, the Office has no way of telling which identified groups may be negatively impacted.

Results:

This request seeks matching funds which will allow the Office of the Secretary of State to utilize federal funds to improve the administration of elections for Federal office, with the goal of securing our elections from foreign interference and maintaining public confidence in Minnesota's election system. Examples of current performance measures for Minnesota's elections are shown below.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of registered voters	3,611,892	3,623,913	2012/2016
Result	Voter Turnout	2,950,780	2,968,281	11/6/2012 11/8/2016
Quantity	Online Absentee Applications	42,567	152,862	2014/2016
Quantity	General Absentee Ballots Returned by Election Day	263,487	614,037	11/6/2012 11/8/2016
Result	General Absentee Ballots Acceptance Rate	97.74%	98.64%	11/6/2012 11/8/2016
Quantity	Online Voter Registrations	29,142	350,849	2014/2016

Statutory Change(s):

None. The legislature needs to authorize the use of the federal 2018 HAVA funds under Minn. Stat. § 5.30.

Office of the Minnesota Secretary of State

FY 2020-21 Biennial Budget Change Item

Change Item Title: Safe at Home Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	222	235	235	235
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	222	235	235	235
FTEs	1	1	1	1

Recommendation:

The Governor recommends additional funding of \$222,000 in FY 2020 and \$235,000 each year thereafter from the General Fund for the Office of the Secretary of State to accommodate the growth of Minnesota's Safe at Home program, to provide enhanced security for the program, and to grow the technical training and assistance provided to both program participants and public and private stakeholders who interact with program participants.

This recommendation is equal to a 3.4% increase to the Office's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

The Safe at Home address confidentiality program is managed by the Office of the Minnesota Secretary of State. The program, which began September 1, 2007, is designed to help people who fear for their safety, especially survivors of domestic violence and stalking, maintain a confidential address. It is open to survivors of domestic violence, sexual assault, stalking, and those who otherwise fear for their safety, including law enforcement and judicial personnel.

Participants enrolled in Safe at Home are assigned a PO Box address to be used as their legal address. All private and public entities in the state of Minnesota must accept the Safe at Home address as a participant's actual address and cannot require a participant to disclose their real address. Using the assigned PO Box, Safe at Home provides a mail forwarding service. Safe at Home receives participants' mail and forwards all First Class Mail to their physical address. The Safe at Home program also assists participants with their interactions with third parties should problems arise when giving the Safe at Home address to others. To facilitate this, staff work with third party stakeholders, such as county offices, utility companies, banks, and schools, to ensure legal compliance and to ensure their business practices accommodate the safety needs of Safe at Home participants. Since the program's inception, more than 8,000 participants and applicants have been served by the Safe at Home program and nearly 1,000 victim advocates have been trained by Safe at Home staff to be application assistants, helping with the application process.

The program continues to grow with more and more applicants and participants using Safe at Home to forward their mail and keep their address confidential. In 2015, there were a total of 2,777 individuals served by Safe at Home. In 2017, that total grew to 3,439 individuals served by the program. A funding increase for the Safe at Home program is necessary to accommodate for the growth of the program. Specific drivers of this need are

additional participants served, inflation of postage and rent, the need for additional space, and the need for more modern security for staff and information kept by Safe at Home.

Proposal:

The Office of the Secretary of State proposes a \$457,000 increase in the FY 2020-2021 biennium in funding for the Safe at Home program to accommodate for program growth, to provide enhanced security for the program, and to grow the technical training and assistance provided to both program participants and public and private stakeholders who interact with program participants.

In the event these funds are not received, the Safe at Home program will be unable to maintain its current level of service to the growing number of participants and stakeholders, potentially endangering the lives of participants who depend on Safe at Home to keep their addresses confidential and out of the hands of those they fear.

With the growth of the program, both in participants and the number of stakeholders who interact with participants and staff, the program requires additional resources for:

- **Postage:** As a mail forwarding service, the Safe at Home program is spending more on postage every year with the increase in participants as well as the continued inflation in postage.
- **Staff:** With more participants enrolled in the program, there is simply more work to be done in the Safe at Home office. In order to maintain the level of service application assistants, applicants, participants, and third parties have come to expect, Safe at Home needs to hire additional staff to assist the Director in conducting technical training, facilitating communications with third parties such as law enforcement and private entities, and assist in overseeing the operations of the office. This position will result in faster response times for those who seek information from Safe at Home, and added capacity for technical training and outreach with statewide partners.
- **Space:** The Safe at Home office is located at a confidential address that moves on a regular basis to ensure the safety of both Safe at Home employees and the information housed within the office, namely the confidential addresses of all Safe at Home participants. The office will need to move by the end of FY 2021 to a more secure location to accommodate the growth of the program. Currently, the Office of the Secretary of State spends \$18.00 a square foot, and it is estimated that the Office will need to spend in excess of \$27.00 a square foot on its new lease. The increase in cost per square foot is due to an increase in the average market rate for commercial property as well as the increased physical security needs of the Safe at Home program. A new office with additional security measures in place is paramount to the operation of the Safe at Home program.
- **Modern Security:** Prior to moving offices, Safe at Home will need to invest in and install new security equipment. The security equipment currently used was purchased when the program began more than ten years ago and has not kept up with the demands of the program and is quickly becoming obsolete. Investing in new equipment will ensure the employees and the information they possess are secure.
- **Technical Training:** The Safe at Home staff provide detailed, technical resources for participants on how participants should interact with both the private and public sectors. Similarly, staff provide technical training to public and private sector organizations that interact with Safe at Home participants. With an increase in participation, there is a need for additional funding to meet the increased demand for this technical training work.

These additional resources are necessary in order to accommodate the growth of the program in a safe and secure manner. This is not a new initiative, but a necessary funding increase to ensure that Minnesotans continue to receive the level of service they have come to expect and rely on from the Safe at Home program.

This proposal will help ensure a safe and secure environment for staff and the private information participants trust the office to maintain, ensuring Safe at Home continues to be a viable public safety tool.

Equity and Inclusion:

The Safe at Home program works with a very diverse population in terms of race, ethnicity, gender, sexual orientation, and disability. This request specifically does not directly impact any identified groups, nor is it aimed at reducing or eliminating any disparities for identified groups. However, this request will ensure that the Safe at Home program continues providing quality service to participants and those who interact with them. It will also result in a safer, more secure environment for the employees and information the office has been trusted to keep.

Results:

This request is sought to allow the Office of the Secretary of State's Safe at Home program to continue to provide current levels of service and information to the participants and those who interact with participants. Examples of current performance measures for Safe at Home are shown below.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of underage children in Safe at Home program	1,144	1,371	2015/2017
Quantity	Total number of individuals served by the Safe at Home program	2,777	3,439	2015/2017
Quantity	Number of application assistants	183	288	2015/2017
Quantity	Number of participants who purchased real property	12	39	2015/2017

Statutory Change(s):

N/A

Program: Secretary of State**Activity: Elections**sos.state.mn.us/elections-voting/**AT A GLANCE**

- Support local election officials in conducting:
 - 2,000 township elections annually
 - 900 city elections (2 year cycle)
 - 300 school district elections (2 year cycle)
 - 200 other elections (2 year cycle)
- 505 State and Federal candidate filings processed in CY 2018
- Over 614,000 absentee ballots returned in the 2016 general election (21% of votes cast)
- 11,888 Overseas and Military ballots accepted in 2016 (97.6% acceptance rate)

PURPOSE & CONTEXT

A core function of the Office of the Secretary of State is to administer and oversee elections statewide. There are approximately 2,700 elections held annually in Minnesota, serving over three million registered voters. In partnership with local election officials, the Office's Elections Division works to ensure that every eligible vote is properly cast, counted, and reported.

A large part of Minnesota's election system is the Statewide Voter Registration System (SVRS). SVRS is developed and maintained by the Office, and includes records for all of the state's registered voters. Election administrators statewide depend on SVRS to provide complete, accurate, and up to date information. The Office has devoted significant resources towards securing and maintaining SVRS, including the implementation of multi-factor authentication for those accessing the system.

Prior to the adoption, use, or purchase of voting equipment, the Office must examine and certify each type of voting system. The Office's Elections Division is responsible for conducting the examination and providing this certification.

SERVICES PROVIDED

The Office's Elections Division provides training and support to local election officials year round, with staff making themselves available after hours on election nights to answer any questions or concerns. Additional support items created and made available for local election officials and the public are Election Law books, Campaign Manuals, Local Election Official guides, and Election Judge guides and training videos. The Elections Division also engages in a robust voter outreach program in an effort to provide information to Minnesotans about their registration status, how to register, and voting. The Office partners with local businesses, chambers of commerce, nonprofit organizations, service organizations, schools, and other organizations throughout the state to connect with eligible voters.

At the conclusion of any multi-county election, county canvassing board reports are reported to the State Canvassing Board for certification. The Secretary of State serves as chair of the board, with the Office's Elections Division preparing the canvassing board report, and testifying on the results before the board.

Additionally, the Office's Election Division offers online tools, including online voter registration, online absentee ballot request, and online lookup tools to provide convenience to voters and cost savings to local election officials.

Another online tool provided is election night reporting, which gives citizens real time election results. The Office also invests significant time and resources to protect these online tools and databases. In 2015 the Office established an IT security team and, on average, the Office's IT security team blocks over 27,000 potentially malicious IP addresses a month, and over 100 potentially malicious behavior-based IP addresses a month.

RESULTS

The Office measures the Elections Division performance by the indicators set out in the table below. Each of these measures indicates the Office's strategies are working.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of registered voters	3,611,892	3,623,913	2012/2016
Result	Voter Turnout	2,950,780	2,968,281	11/6/2012 11/8/2016
Quantity	Online Absentee Applications	42,567	152,862	2014/2016
Quantity	General Absentee Ballots Returned by Election Day	263,487	614,037	11/6/2012 11/8/2016
Result	General Absentee Ballots Acceptance Rate	97.74%	98.64%	11/6/2012 11/8/2016
Quantity	Online Voter Registrations	29,142	350,849	2014/2016

Elections

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			3,509	3,987	3,812	3,812	3,997	4,110
2000 - Restrict Misc Special Revenue	15						163	
2001 - Other Misc Special Revenue			7,000		3,764		3,764	
Total	15		10,509	3,987	7,576	3,812	7,924	4,110
Biennial Change				14,481		(3,108)		(2,462)
Biennial % Change						(21)		(17)
Governor's Change from Base								646
Governor's % Change from Base								6

Expenditures by Category

Compensation			2,724	3,104	3,160	3,222	3,245	3,379
Operating Expenses	15		784	881	4,416	590	4,679	731
Grants, Aids and Subsidies			7,000					
Other Financial Transaction			1	2				
Total	15		10,509	3,987	7,576	3,812	7,924	4,110

Full-Time Equivalents

		26.02	28.45	28.20	28.20	28.20	28.20
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Elections

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				71				
Direct Appropriation			10,580	3,916	3,812	3,812	4,160	4,110
Transfers Out			7,000				163	
Balance Forward Out			71					
Expenditures			3,509	3,987	3,812	3,812	3,997	4,110
Biennial Change in Expenditures				7,496		128		611
Biennial % Change in Expenditures						2		8
Governor's Change from Base								483
Governor's % Change from Base								6
Full-Time Equivalents			26.02	28.45	28.20	28.20	28.20	28.20

2000 - Restrict Misc Special Revenue

Balance Forward In	11				6,740	6,740	6,740	6,740
Receipts	4			6,740				
Transfers In							163	
Balance Forward Out				6,740	6,740	6,740	6,740	6,740
Expenditures	15						163	
Biennial Change in Expenditures				(15)		0		163
Biennial % Change in Expenditures								
Governor's Change from Base								163
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Transfers In		7,000			3,764		3,764	
Expenditures		7,000			3,764		3,764	
Biennial Change in Expenditures				7,000		(3,236)		(3,236)
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Secretary of State**Activity: Business Services**sos.state.mn.us/business-liens**AT A GLANCE**

- Over 66,000 customer service calls received in 2017
- 53% response rate on voluntary Minnesota Business Snapshot survey
- Over 323,000 annual renewals filed in FY2016, with over 21,000 being manually processed by staff

PURPOSE & CONTEXT

The Secretary of State's Business Services Division makes up more than half of the Office of the Secretary of State, and provides customer service and filing services to those conducting business in Minnesota. This includes all businesses, nonprofits, newspapers, and notaries. Fees for these services add approximately \$22 million to the General Fund each biennium.

SERVICES PROVIDED

The Office's Business Services Division approves and files articles of incorporation and amendments for all business and nonprofit organizations operating in the state. It provides both online and walk-in services for those filing a business, articles, and renewals. Additionally, staff are available to assist those conducting business searches, and those ordering copies of filings and certificates. In FY2016 there was an average of over 200 counter customers assisted a month.

The Business Services Division records documents filed under the Uniform Commercial Code (UCC) regarding collateral pledged to secure loans, and administers the Central Notification System (CNS) for farm product liens. The Division also serves to file and maintain statewide federal tax liens.

In September 2016, Secretary of State Steve Simon launched the Minnesota Business Snapshot, a new initiative designed to serve Minnesotans by providing the public with data and information on the economic and demographic make-up of Minnesota's businesses. The Minnesota Business Snapshot (MBS) is a voluntary, five-question survey offered to new and existing businesses in Minnesota as they file an original filing and subsequent annual renewals or annual reinstatements. To date, over 260,000 businesses have participated. The survey was put together with the input of individual business owners, business organizations, nonprofits, and researchers from across the state.

In July 2017, the Office implemented a new and updated website for the Notary Online System. The new website allows for improved usability for new and existing notaries, county users, and the general public. The updated website provides a simplified portal for notaries to update their information and renew a commission. Additionally, the Office now has the ability to send email notifications when an update has been made to a notary commission record and users are able to search for a notary using commission number, name, city, county, and/or business listing.

RESULTS

The Office measures the Business Services Division's performance by the indicators set out in the table below. Each of these measures indicates the Office's strategies are working.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of new business filings	62,500	67,000	2016/2017
Quantity	Number of business web filings	346,000	359,500	2016/2017
Quantity	Number of business mail and counter filings	66,000	69,600	2016/2017
Quantity	Number of UCC/Tax Lien & CNS web filings	181,000	177,000	2016/2017

Business Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General			1,618	1,636	1,507	1,507	1,621	1,608
2000 - Restrict Misc Special Revenue	3,350	3,780	3,778	4,447	5,185	5,030	5,185	5,030
Total	3,350	3,780	5,395	6,083	6,692	6,537	6,806	6,638
Biennial Change				4,349		1,751		1,966
Biennial % Change				61		15		17
Governor's Change from Base								215
Governor's % Change from Base								2
<u>Expenditures by Category</u>								
Compensation	2,658	3,146	4,195	4,707	5,292	5,370	5,344	5,423
Operating Expenses	624	587	1,198	1,371	1,400	1,167	1,462	1,215
Capital Outlay-Real Property	18							
Other Financial Transaction	50	46	2	5				
Total	3,350	3,780	5,395	6,083	6,692	6,537	6,806	6,638
<u>Full-Time Equivalents</u>								
	28.69	33.98	45.41	52.65	52.90	52.90	52.90	52.90

Business Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				132				
Direct Appropriation			1,750	1,504	1,507	1,507	1,621	1,608
Balance Forward Out			132					
Expenditures			1,618	1,636	1,507	1,507	1,621	1,608
Biennial Change in Expenditures				3,254		(240)		(25)
Biennial % Change in Expenditures						(7)		(1)
Governor's Change from Base								215
Governor's % Change from Base								7
Full-Time Equivalents			12.31	12.20	11.60	11.60	11.60	11.60

2000 - Restrict Misc Special Revenue

Balance Forward In	2,710	2,936	2,758	2,807	2,000	780	2,000	780
Receipts	3,552	3,602	3,827	3,640	3,965	4,250	3,965	4,250
Balance Forward Out	2,913	2,758	2,807	2,000	780		780	
Expenditures	3,350	3,780	3,778	4,447	5,185	5,030	5,185	5,030
Biennial Change in Expenditures				1,095		1,990		1,990
Biennial % Change in Expenditures				15		24		24
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	28.69	33.98	33.10	40.45	41.30	41.30	41.30	41.30

Program: Secretary of State

Activity: Safe at Home

sos.state.mn.us/safe-at-home/

AT A GLANCE

- 2,653 participants currently enrolled in the Safe at Home address confidentiality program
- All 87 counties are served by a trained and certified application assistant
- 1,108 new individuals enrolled in 2017

PURPOSE & CONTEXT

The Safe at Home address confidentiality program is managed by the Office of the Minnesota Secretary of State. The program, which began September 1, 2007, is designed to help people who fear for their safety, especially survivors of domestic violence and stalking, maintain a confidential address. It is open to survivors of domestic violence, sexual assault, stalking, and those who otherwise fear for their safety, including law enforcement and judicial personnel.

SERVICES PROVIDED

Participants enrolled in Safe at Home are assigned a PO Box address to be used as their legal address. All private and public entities in the state of Minnesota must accept the Safe at Home address as a participant's actual address per M.S. 5B.05(a). Using the assigned PO Box, Safe at Home provides a mail forwarding service. Safe at Home receives participants' mail and forwards all First Class Mail to their physical address. The Safe at Home program also assists participants with their interactions with third parties should problems arise when giving the Safe at Home address to others. To facilitate this, staff work with third party stakeholders, such as county offices, utility companies, banks, and schools, to ensure legal compliance and to ensure their business practices accommodate the safety needs of Safe at Home participants. Since the program's inception, more than 8,000 participants and applicants have been served by the Safe at Home program and the over 800 application assistants trained by Safe at Home staff.

Because the Safe at Home address is a program participant's legal address, the Office accepts legal service of process for all participants and staff from the Safe at Home program are available after hours in case of a law enforcement emergency requiring a participant's physical address. If there is an emergency situation where law enforcement needs a participant's physical address, the law enforcement agency can make a data disclosure request through the Duty Officer at the Minnesota Bureau of Criminal Apprehension. Safe at Home staff are on call 24 hours a day, 7 days a week to respond to such a request if the need arises.

RESULTS

The Office measures Safe at Home's performance by the indicators set out in the table below. Each of these measures indicates the Office's strategies are working.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Total number of individuals served	2,777	3,439	2015/2017
Quantity	Number of underage children in program	1,144	1,371	2015/2017
Quantity	Number of application assistants	183	288	2015/2017
Quantity	Number of participants who purchased real property	12	39	2015/2017

Safe at Home

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			619	717	678	678	946	971
Total			619	717	678	678	946	971
Biennial Change				1,336		20		581
Biennial % Change						1		43
Governor's Change from Base								561
Governor's % Change from Base								41

Expenditures by Category

Compensation			452	526	553	565	639	665
Operating Expenses			155	191	125	113	307	306
Other Financial Transaction			12					
Total			619	717	678	678	946	971

Total Agency Expenditures			619	717	678	678	946	971
Expenditures Less Internal Billing			619	717	678	678	946	971

Full-Time Equivalents

			5.92	7.05	7.05	7.05	8.05	8.05
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Safe at Home

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				40				
Direct Appropriation			659	677	678	678	946	971
Balance Forward Out			40					
Expenditures			619	717	678	678	946	971
Biennial Change in Expenditures				1,336		20		581
Biennial % Change in Expenditures						1		43
Governor's Change from Base								561
Governor's % Change from Base								41
Full-Time Equivalents			5.92	7.05	7.05	7.05	8.05	8.05

Program: Secretary of State**Activity: Administration**sos.state.mn.us**AT A GLANCE**

- 115 Session Laws filed with the Office of the Secretary of State in 2018
- As of August 2018 there have been over 1,900 Official Documents filed in CY 2018
- 240 official meetings held with elected officials and constituency groups in 2017
- As of August 2018 there have been over 1.4 million unique hits to the Office's website in CY 2018

PURPOSE & CONTEXT

The Secretary of State's Administration Division serves to assist the Secretary with his constitutional duties, including the administration of the Open Appointments process, certification of Official Documents, maintenance of original Chapter Laws, and service on the Executive Council, State Board of Investment, and Board of the Minnesota Historical Society.

The Administration Division also serves as the Office's constituent services division, working with federal, state, and local elected officials, constituency groups, and individual constituents. This work is done both in person and online, and it is the responsibility of the Administration Division to maintain the website for these purposes.

In addition to the work the Administration Division does to assist the Secretary and constituents, the Administration Division also provides support to the Office's other divisions in the form of scheduling, research, counseling direction, project management, record maintenance, and more.

SERVICES PROVIDED

As keeper of the Great Seal of the State of Minnesota, the Secretary certifies the authenticity of official documents, such as acts of the Legislature, and proclamations and executive orders issued by the Governor. All Official Documents are signed by the Secretary and filed by the Administration Division. As of July 2018, over 1,900 Official Documents have been filed in CY 2018.

The Administration Division is the forward facing division, it communicates with the public, elected officials, and other business and advocacy groups on behalf of the Secretary of State. This includes the creation and distribution of items such as the Legislative Manual (Blue Book) and flag etiquette guide. Items such as these are provided both physically and electronically. Maintaining the Office's website is a priority of the Office, and the Office has continued to increase the number of services and information provide online. In 2016, there were over 3.3 million unique visitors to the Office's website.

The Administration Division is also where the Office provides information about the over 200 State Boards, Commissions, Councils, Work Groups, and Task Forces that work to advise policy makers and regulate professionals. The Office communicates vacancies through a monthly Open Positions Notice which is sent to over 20,000 email addresses, and through the maintenance of an online portal for Minnesota residents to gather information and apply for vacant positions.

RESULTS

The Office measures the Administration Division's performance by the indicators set out in the table below. Each of these measures indicates the Office's strategies are working.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of open appointment applications	2,105	3,044	2015/2017
Quantity	Official Documents filed	4,060	3,350	2015/2017
Quantity	Unique users accessing online Blue Book	34,298	48,612	2016/2017

Administration

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General			592	1,994	657	657	704	713
Total			592	1,994	657	657	704	713
Biennial Change				2,586		(1,272)		(1,169)
Biennial % Change						(49)		(45)
Governor's Change from Base								103
Governor's % Change from Base								8

Expenditures by Category

Compensation			467	511	539	546	561	575
Operating Expenses			124	1,483	118	111	143	138
Other Financial Transaction			0					
Total			592	1,994	657	657	704	713

Total Agency Expenditures			592	1,994	657	657	704	713
Expenditures Less Internal Billing			592	1,994	657	657	704	713

Full-Time Equivalents

			4.32	4.85	4.85	4.85	4.85	4.85
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Administration

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In				48				
Direct Appropriation			640	1,946	657	657	704	713
Balance Forward Out			48					
Expenditures			592	1,994	657	657	704	713
Biennial Change in Expenditures				2,586		(1,272)		(1,169)
Biennial % Change in Expenditures						(49)		(45)
Governor's Change from Base								103
Governor's % Change from Base								8
Full-Time Equivalents			4.32	4.85	4.85	4.85	4.85	4.85

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	6,315	6,973						
Total	6,315	6,973						
Biennial Change				(13,289)		0		0
Biennial % Change				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Compensation	4,479	4,594						
Operating Expenses	1,751	1,857						
Capital Outlay-Real Property	18	37						
Other Financial Transaction	67	485						
Total	6,315	6,973						

Full-Time Equivalents

50.75	48.97							
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(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
1000 - General								
Balance Forward In		346						
Direct Appropriation	6,631	6,631						
Cancellations		4						
Balance Forward Out	316							
Expenditures	6,315	6,973						
Biennial Change in Expenditures				(13,289)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	50.75	48.97						

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Minnesota Sentencing Guidelines Commission

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AT A GLANCE

- Eleven Minnesota Sentencing Guidelines Commission (MSGC) members represent key criminal justice stakeholders and the public
- MSGC creates and improves Sentencing Guidelines
- Guidelines give judges uniform standards to apply when sentencing over 16,500 felony cases annually
- MSGC staff help criminal justice professionals in all 87 counties use the Guidelines correctly
- MSGC staff publish reports and conduct research on felony sentencing for Commission, Legislature, and the public

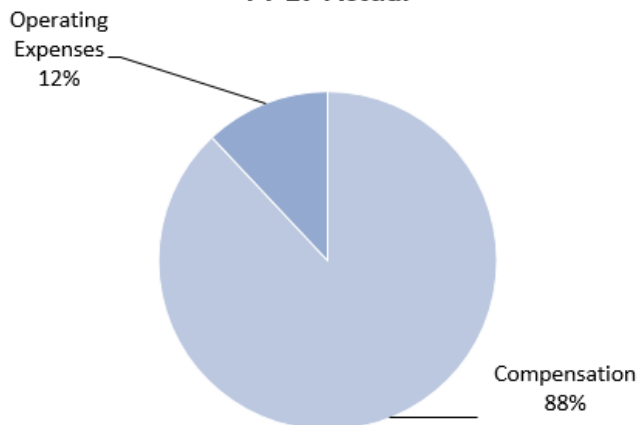
PURPOSE

The MSGC exists to establish rational and consistent sentencing standards that—

- Promote public safety;
- Reduce sentencing disparity;
- Recommending felony sanctions that are proportional to the crime's severity and the offender's criminal history; and
- Support the appropriate use of finite correctional resources.
- The MSGC supports the statewide outcome that **people in Minnesota are safe**
- The MSGC supports the statewide outcome of **efficient and accountable government services**

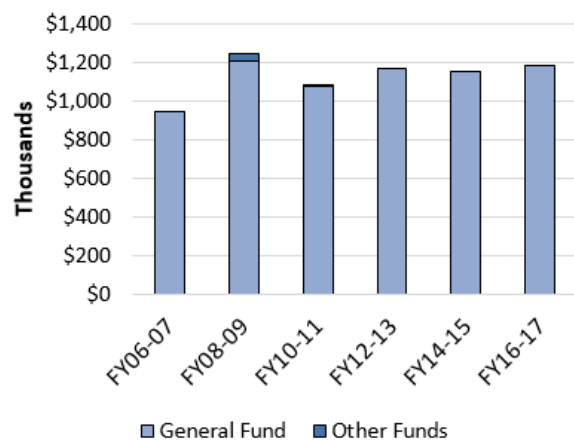
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The MSGC's activities are financed entirely through the General Fund. Its payroll budget consists of one (1) Executive Director, four (4) Research Analysts, and one (1) Management Analyst. Operating expenses included leased space, technology costs, education delivery costs, and office expenses.

STRATEGIES

The Minnesota Sentencing Guidelines Commission utilizes the following strategies to accomplish its mission:

- The MSGC meets monthly to work on improving the Sentencing Guidelines and, from time to time, making recommendations to the Legislature regarding changes to criminal law, criminal procedure, and other aspects of sentencing.
- MSGC staff create and maintain a comprehensive and accurate database on felony sentences.
- MSGC staff publish reports on sentencing practices and related criminal justice issues. These reports help policymakers, criminal justice officials, and the public evaluate felony sentencing policy and proposed legislation.
- A sentencing worksheet is required whenever a judge sentences a felony, and MSGC staff review every worksheet to ensure the accurate and consistent application of the Guidelines.
- MSGC staff provide in-person and web-based educational opportunities to help practitioners understand and correctly apply Guidelines policies.
- As needed, the MSGC and its staff respond to changes in case law, legislation, and issues raised by interested parties.
- Annually, MSGC staff work with the Department of Corrections to generate prison bed projections.
- MSGC members and staff serve on committees and task forces to further the goals of the criminal justice system.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Felony offenders' sentencing worksheets reviewed	16,763	16,927	2015 & 2016
Quantity	Individual data reports prepared for practitioners, media, and the public	250	300	2015 & 2016
Quality	Number of agency fiscal notes completed; timeliness percentage	78; 100%	64; 100%	2015-16 & 2017-18
Results	Percentage of felony offenders receiving the recommend Guidelines sentence	72%	74%	2015 & 2016

Minn. Stat. sec. 244.09 (<https://www.revisor.mn.gov/statutes/cite/244.09>) provides the legal authority for the MSGC.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	567	620	646	679	671	671	679	687
Total	567	620	646	679	671	671	679	687
Biennial Change				138		17		41
Biennial % Change				12		1		3
Governor's Change from Base								24
Governor's % Change from Base								2

Expenditures by Program

Mn Sentencing Guideline Com	567	620	646	679	671	671	679	687
Total	567	620	646	679	671	671	679	687

Expenditures by Category

Compensation	505	544	569	604	610	610	618	626
Operating Expenses	62	76	76	75	61	61	61	61
Other Financial Transaction			1					
Total	567	620	646	679	671	671	679	687

Full-Time Equivalents

5.40	5.77	5.70	5.70	5.50	5.00	6.00	6.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		29		9				
Direct Appropriation	595	641	655	670	671	671	679	687
Transfers Out		24						
Cancellations		26						
Balance Forward Out	28		9					
Expenditures	567	620	646	679	671	671	679	687
Biennial Change in Expenditures				138		17		41
Biennial % Change in Expenditures				12		1		3
Governor's Change from Base								24
Governor's % Change from Base								2
Full-Time Equivalents	5.40	5.77	5.70	5.70	5.50	5.00	6.00	6.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	670	670	670	1,340
Base Adjustments				
Pension Allocation		1	1	2
Forecast Base	670	671	671	1,342
Change Items				
Operating Adjustment		8	16	24
Total Governor's Recommendations	670	679	687	1,366

Sentencing Guidelines Commission

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	8	16	16	16
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	8	16	16	16
Maintain FTEs	.5	1.0	1.0	1.0

Recommendation:

The Governor recommends additional funding of \$24,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Minnesota Sentencing Guidelines Commission (MSGC).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the MSGC, this funding will cover known employee compensation growth and other operating costs.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

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<i>Convert Records from Microfilm to Digital</i>	13
<i>Fee Change</i>	15

AT A GLANCE**FY 2017:****Licensing Services**

- 6,164 Licensed Social Workers
- 2,598 Licensed Graduate Social Workers
- 763 Licensed Independent Social Workers
- 5,388 Licensed Independent Clinical Social Workers
- 269 temporary licenses issued
- 2,162 license applications processed
- 5,981 license renewals processed
- 7,309 Supervision Plans and Verifications processed
- 275 Continuing Education Providers approved

Complaint Resolution Services

- 351 new complaints received
- 279 complaints resolved
- 36 corrective and disciplinary actions

Education Outreach Services

- 22 student presentations
- 2 conference presentations
- 6 conference exhibits

Staff to Licensee Ratio

- 1 to 1,320 = 11.3 staff to 14,913 licensees

PURPOSE

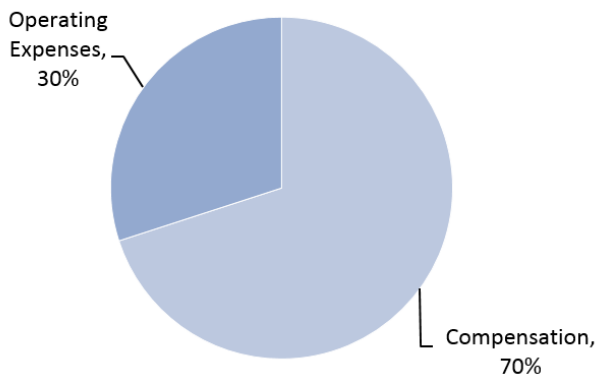
The mission of the Minnesota Board of Social Work (BOSW) is to ensure residents of Minnesota quality social work services by establishing and enforcing professional standards. Fifteen volunteer Board Members, including five public members, provide oversight to make certain we meet the needs of citizens and promote a diverse and qualified workforce.

The Board keeps **Minnesotans safe** by 1) licensing qualified social workers, 2) investigating and resolving complaints when services do not meet standards, and 3) providing outreach and education. The demand for our services has grown in response to a significant increase in the number of applicants, licensees, and complaints.

We collaborate with state and federal agencies, utilize technology to streamline business processes, provide online services, and increase transparency and access to information for citizens. Conducting regular strategic planning and continuous process and service delivery improvements, sets outcome-based priorities and results, and promotes **efficient and accountable services**.

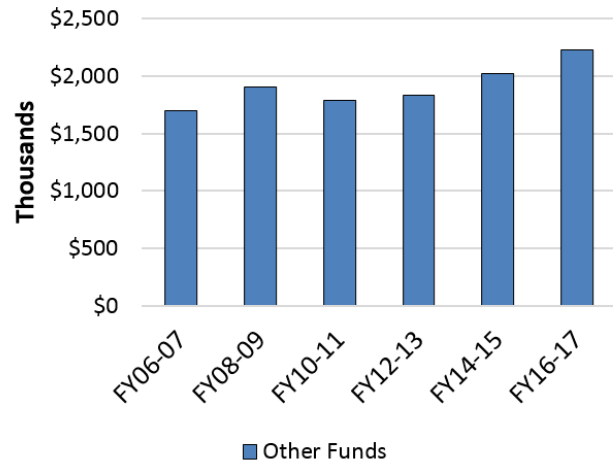
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for operations and program services provided by the agency, including licensing, complaint investigation and resolution, education and outreach, salaries, rent, and technology costs. Statewide indirect costs are also paid through the direct appropriation.

In addition to Board operational and program service expenses, fees collected fund support services provided to multiple health related licensing boards and/or other agencies. Some of these are: Office of the Attorney General for legal services, and inter-board programs including the Administrative Services Unit, Health Professionals Services Program, and the Criminal Background Check Program.

STRATEGIES

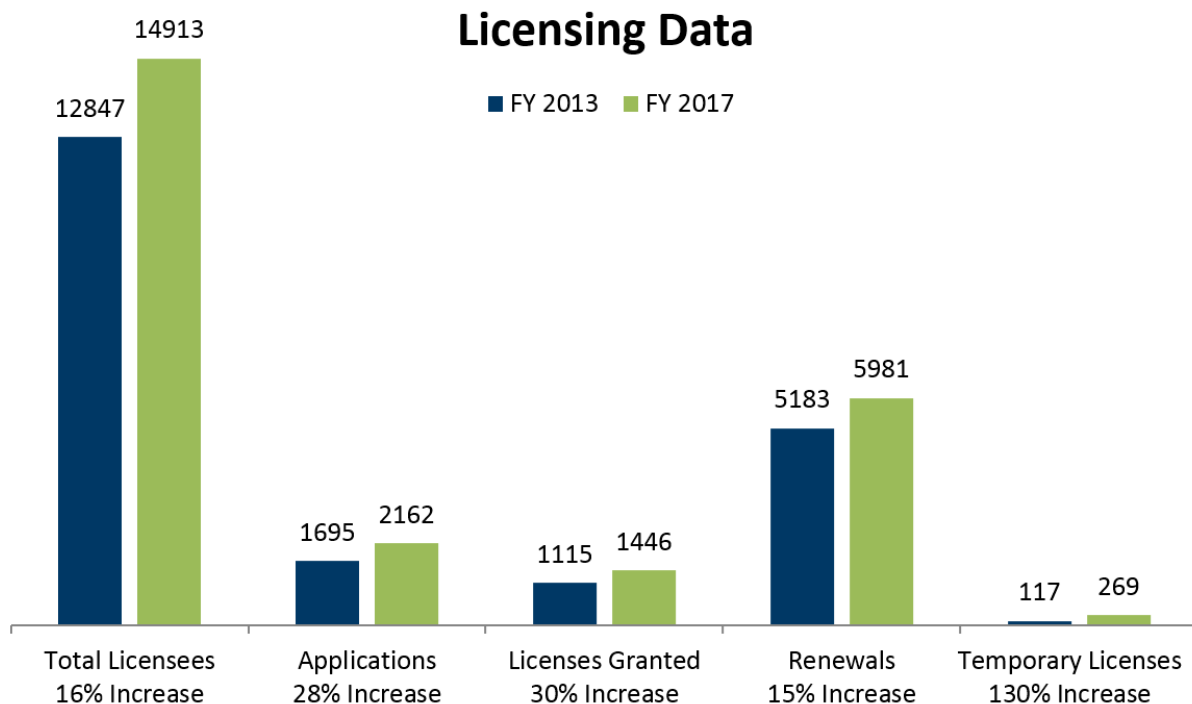
Key services and strategies to keep Minnesotans safe and to provide efficient and accountable services include:

1. License and regulate qualified social work professionals:
 - Establish and enforce requirements for initial and continued licensure, including ethical practice standards, education, national examination, criminal background checks, supervised practice experience, and continuing education.
 - Issue and renew bachelor and graduate degree licenses: Licensed Social Worker (LSW); Licensed Graduate Social Worker (LGSW); Licensed Independent Social Worker (LISW); and Licensed Independent Clinical Social Worker (LICSW).
 - Issue temporary licenses to expedite employment of new graduates, military personnel, and licensees relocating to Minnesota from other states.
 - Provide online services for license application, license renewal, and supervision plan and verification submission. Provide online public license data, including adverse license actions, and licensing supervisor information.
 - Promote a more culturally diverse, licensed mental health workforce.
 - Collaborate with other Health Licensing Boards and MN.IT to develop, maintain, and enhance a common platform licensing database system and online services for enhanced data security, improved customer service, and greater efficiencies.

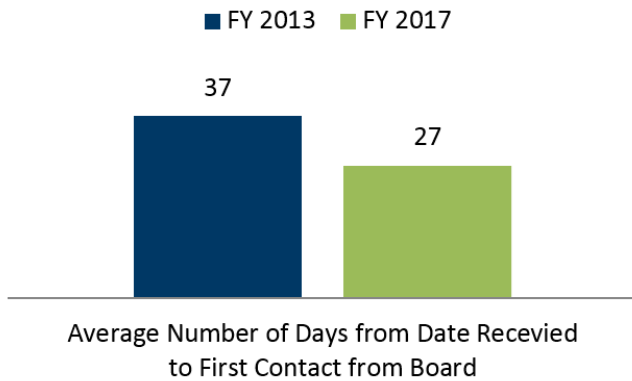
2. Investigate and resolve complaints against licensed social workers' practice in a fair and timely manner:
 - Ensure that licensed social workers meet professional standards, practice safely and competently, and are accountable to the people they serve. Results show that when the Board takes action against a licensee, a future complaint is rare.
 - Collaborate with the Office of the Attorney General to investigate, resolve complaints, and take action when appropriate.
 - Utilize and partner with the Health Professionals Services Program (for impaired professionals) to assist with monitoring and remediation of licensees to ensure safe practice.
 - Completion of a two-year review of the Board's complaint resolution process with regard to "transparency, accountability, cost savings, and possible efficiencies" and created over 40 recommendations to enhance the process.
 - Offer guidance to applicants, licensees, and the public about the application of the Social Work Practice Act.
3. Provide education, outreach, strategic communications, and build collaborative partnerships:
 - Educate the public, social work students and faculty, licensed professionals, applicants, and organizations about professional licensing responsibilities, ethical practice standards, and the complaint resolution process through in-person and web-based methods.
 - Expand outreach to wider audiences including the general public, employers, and diverse communities and organizations.
 - Partner with local, state, and national organizations to improve public safety policies, regulatory practices, and mental health workforce issues, including social work licensing mobility and portability.
 - Utilize technology to increase access to educational opportunities for licensees and applicants with an online jurisprudence examination and online learning modules to be deployed in 2019.
 - Utilize the GovDelivery subscription service to distribute agency newsletter and bulletins to citizens.

RESULTS

The following chart results show the trends in the increased "quantity" of licensing and complaint resolution services provided, and the "quality" of the processing or resolution times for fiscal years 2013 and 2017.

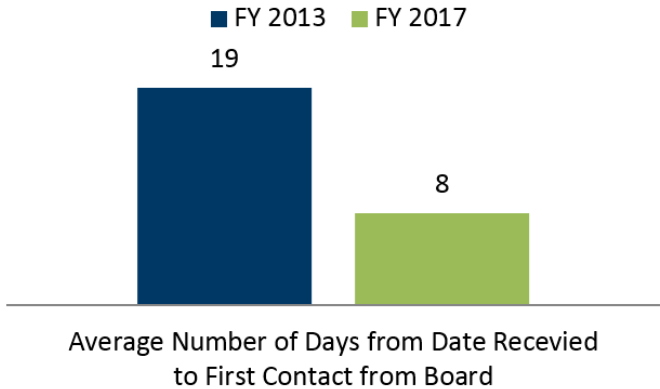


Application Processing Time



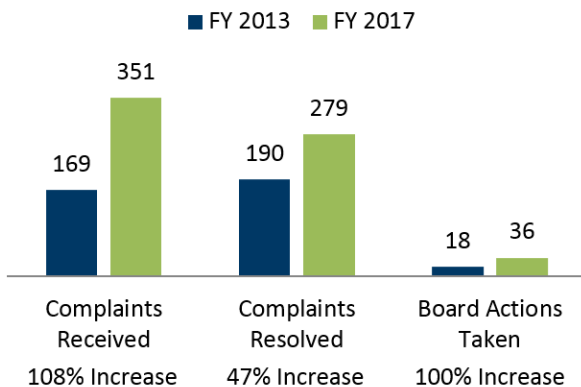
*Note: Additional staffing resources were allocated to application processing during FY17 to avoid delays due to the deployment of a new licensing database.

Renewal Processing Time

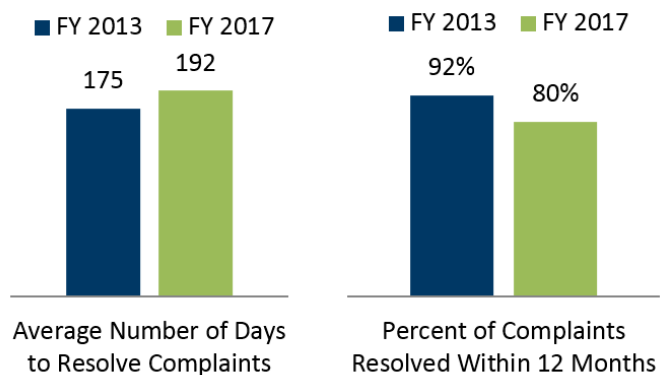


*Note: Renewal processing time reduced to 24 hours or less from December 2016 to end of FY17 due to the deployment of a new licensing database which allowed for automatic approval of renewals upon receipt of renewal application and fee.

Complaint Data



Complaint Processing Time



Board of Social Work Legal Authority:

[MS 148E.001-148E.290](#) Minnesota Social Work Practice Act

[MS 148D.061-148D.063](#) Minnesota Social Work Practice Act Additional Provision

[MS 214](#) Examining and Licensing Boards

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	1,061	1,134	1,130	1,431	1,289	1,291	1,447	1,414
2000 - Restrict Misc Special Revenue	17	16	30	42	25	25	25	25
Total	1,077	1,150	1,160	1,473	1,314	1,316	1,472	1,439
Biennial Change				405		(3)		278
Biennial % Change				18		(0)		11
Governor's Change from Base								281
Governor's % Change from Base								11

Expenditures by Program

Social Work Board	1,077	1,150	1,160	1,473	1,314	1,316	1,472	1,439
Total	1,077	1,150	1,160	1,473	1,314	1,316	1,472	1,439

Expenditures by Category

Compensation	767	803	842	968	989	992	1,024	1,064
Operating Expenses	308	341	314	493	325	324	448	375
Other Financial Transaction	2	6	3	12				
Total	1,077	1,150	1,160	1,473	1,314	1,316	1,472	1,439

Full-Time Equivalents

	11.01	11.21	11.38	12.63	12.63	12.63	12.63	12.63
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		89		148				
Direct Appropriation	1,141	1,155	1,268	1,273	1,279	1,281	1,437	1,404
Open Appropriation			10	10	10	10	10	10
Transfers In	8	39						
Cancellations		148						
Balance Forward Out	89		148					
Expenditures	1,061	1,134	1,130	1,431	1,289	1,291	1,447	1,414
Biennial Change in Expenditures				366		19		300
Biennial % Change in Expenditures				17		1		12
Governor's Change from Base								281
Governor's % Change from Base								11
Full-Time Equivalents	11.01	11.21	11.38	12.63	12.63	12.63	12.63	12.63

2000 - Restrict Misc Special Revenue

Balance Forward In	14	16	17	22				
Receipts	18	17	35	20	25	25	25	25
Balance Forward Out	16	17	22					
Expenditures	17	16	30	42	25	25	25	25
Biennial Change in Expenditures				39		(22)		(22)
Biennial % Change in Expenditures				118		(30)		(30)
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	1,273	1,273	1,273	2,546
Base Adjustments				
Current Law Base Change		2	4	6
Pension Allocation		4	4	8
Forecast Base	1,273	1,279	1,281	2,560
Change Items				
Operating Adjustment		83	123	206
Licensing Database and Online Service Enhancement		25		25
Convert Records from Microfilm to Digital		50		50
Total Governor's Recommendations	1,273	1,437	1,404	2,841
Open				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	10	10	10	20
Forecast Base	10	10	10	20
Total Governor's Recommendations	10	10	10	20
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	42	25	25	50
Forecast Base	42	25	25	50
Total Governor's Recommendations	42	25	25	50
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	20	25	25	50
Total Governor's Recommendations	20	25	25	50
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	1,414	1,435	1,458	2,893
Change Items				
Fee Change		463	471	934
Total Governor's Recommendations	1,414	1,898	1,929	3,827

Social Work, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	83	123	123	123
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	83	123	123	123
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$206,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Minnesota Board of Social Work.

Rationale/Background:

The mission of the Minnesota Board of Social Work is to ensure residents of Minnesota quality social work services by establishing and enforcing professional standards. Fifteen volunteer Board Members, including five public members, provide oversight to make certain we meet the needs of citizens and promote a diverse and qualified workforce.

The Board is entirely fee supported and receives no General Fund dollars to provide all services. Fees must be collected to cover all direct and indirect expenditures and are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Minnesota Legislature makes appropriations from the fund to pay for expenses incurred by the Board.

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board of Social Work, this funding will cover known employee compensation growth, centralized IT expenses, budget deficiency due to increased salary and fringe expenses, updating and printing of agency brochures and educational materials, and rent for agency office space. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases.

Nondiscretionary MN.IT IT Centralized Services	FY 2020	FY 2021
Ongoing MN.IT service increases including phone, voice mail, LAN, WAN, switches, state email accounts, Microsoft software license increases, and service cost for GovDelivery Notification Service and WebEx Service	\$4,000	\$4,000
Ongoing increase to annual database maintenance agreement cost	\$10,000	\$10,000
Ongoing MN.IT bundled costs for board member laptops and state email addresses to ensure data security and necessary access to Board data to efficiently and effectively conduct business	\$25,000	\$25,000
TOTAL	\$39,000	\$39,000

1. **Absorb Budget Pressures from Increased Staff Compensation**

The increased appropriation is critical to absorb new, increased staff compensation costs based on labor agreements, salaries, insurance, and pension costs. Currently, the Board has a staff of 12.6 FTEs serving 15,226 licensees. Annually, staff process over 2,000 applications for licensure, over 6,000 applications for license renewal, and over 400 complaints.

2. **Update and Print Agency Brochures and Educational Materials**

Agency brochures and educational materials need to be updated to ensure accurate, current, plain language information is provided to the public. The estimated cost to update and create agency brochures through the state Minncor service is \$600.00 per 5,000 copies.

3. **Increase in Rent for Agency Office Space**

The Board's rental lease for office space expires on January 31, 2021, during the FY 2020-FY 2021 biennium. The Board is co-located with 17 other Health Related Licensing Boards (HLBs) at the same privately owned building.

The table below identifies each increased appropriation request described above.

Small Agency Increased Appropriation Request		FY 2020	FY 2021	FY 2022	FY 2023
#1	Increased Nondiscretionary MN.IT Centralized IT Service Expenses	\$39,000	\$39,000	\$39,000	\$39,000
#2	Absorb Budget Deficit for Increased Staff Compensation	\$35,000	\$72,000	\$72,000	\$72,000
#3	Update and Print Agency Brochures and Educational Materials	\$5,000	\$5,000	\$5,000	\$5,000
#4	Increase in Rent for Agency Office Space	\$4,000	\$7,000	\$7,000	\$7,000
TOTAL		\$83,000	\$123,000	\$123,000	\$123,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
Staff costs (MNIT or agency)						
Total	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000	\$39,000
MNIT FTEs						
Agency FTEs						

Results:

This proposal is intended to allow the Board of Social Work to continue to provide current levels of service and information to the public.

Statutory Change(s):

Not applicable.

Social Work, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Licensing Database and Online Service Enhancements

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	25	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	25	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a one-time appropriation to fund enhancements for the Board's Automated Licensure Information Management System (ALIMS) database system and to make online service enhancements.

Rationale/Background:

Enhancements to the Board's licensing database system and online services will create more efficient operational business processes and enhance online services for applicants, licensees, and licensing supervisors. Improved technology creates easier access for customers, cost saving efficiencies, and enhanced data security.

The Board is entirely fee supported and receives no General Fund dollars to provide all services. Fees must be collected to cover all direct and indirect expenditures and are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Minnesota Legislature makes appropriations from the fund to pay for expenses incurred by the Board.

Proposal:

The proposed project includes a professional technical contract to be administered by MN.IT to develop, test, and deploy needed enhancements to the Board's licensing database system and online services. The project involves the functionality to demonstrate compliance with the Board's social work licensing requirements under Minnesota Statutes, Section 148E. The IT project requirements will be accomplished by both MN.IT staff and a state approved contractor.

The scope of the project will include:

- Enhancements to the Board's (ALIMS) database system:
 - Includes corrections and enhancements to the required Supervision Plan and Supervision Verification Form reporting and storage of this data in the Board's licensing database in order to create efficiencies and decrease data errors. This work is estimated to be performed primarily by MN.IT staff for an estimated cost of \$10,000.
- Enhancements to Board online services for applicants and licensees:
 - Add the ability to pay for additional services, or required services such as name changes, via credit card.
 - Enhance the current online supervision reporting services for applicants, licensees, and licensing supervisors to create simplified reporting and increase accuracy of data reporting.
 - Test and deploy the new online Continuing Education Provider (CEP) application service.
 - Create necessary interface between online services and Board's database system.

- e. This work is estimated to be performed primarily by a State Approved Vendor, under a Professional Technical Contract under MN.IT for an estimated cost of \$15,000.

Equity and Inclusion:

The Board provides public safety services to residents of Minnesota, licensed social work professionals, and the clients they serve. Licensed social workers provide services to some of the most vulnerable, underserved, and diverse populations in our state.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	15,000					
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MN.IT or agency)	10,000					
Total	25,000					
MN.IT FTEs						
Agency FTEs						

Results:

This required technology project leverages both internal MN.IT resources and a contracted state vendor. It is an investment in the new ALIMIS database system deployed by the Board in December 2016. The positive results include 1) increased data accuracy and security; 2) greater efficiencies in business operations; and 3) enhanced and new online services for applicants, licensees, licensing supervisors, and Board approved CE Providers.

Statutory Change(s):

Not applicable.

Social Work, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Convert Licensing Records from Microfilm to Digital Records

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	50	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends a one-time appropriation to fund a licensing data conversion project at the Minnesota Board of Social Work.

Rationale/Background:

Currently the Board has 16,146 licensing records on microfilm. These records were transferred from a paper-based record system to microfilm from 1991 to 2002. Microfilm storage of data was the “state of the art” technology available at the time to create efficient data storage and increase data security. The Board had no capacity for scanning data at that time.

The project will provide citizens easier access to data under the Minnesota Government Data Practices Act and allow the Board to secure licensing data, create efficiencies in business operations, and provide citizens access to public data in a timely fashion.

Proposal:

The 16,146 microfilm records on site are not currently integrated into the Board’s secure licensing database system. Integrating licensing data, currently stored using two separate data retention methods, will increase data security, create processing efficiencies, and mitigate risks created from the antiquated microfilm data retention and storage method. The current hardware and software required to “read and print” microfilm records is out of warranty and beyond its expected life span. Hardware and software is no longer available for this obsolete microfilm technology.

The Board has received a preliminary bid from a state approved vendor on which to base this request. The estimated one-time cost to scan the approximate 16,146 records, containing approximately 500,000 microfilm images, and deliver clean, PDF images which will be integrated with the Board’s database system.

Equity and Inclusion:

The Board provides public safety services to residents of Minnesota, licensed social work professionals, and the clients they serve. Licensed social workers provide services to some of the most vulnerable, underserved, and diverse populations in our state.

IT Related Proposals:

Not applicable.

Results:

This increased one-time appropriation requested will produce the following critical data retention results, and positive outcomes to ensure the Board can provide necessary services:

1. Provide current technology capacity by integrating licensing records from two separate data retention systems into one secure and current technology system.
2. Provide necessary capacity to provide customers with access to public data in a timely manner.
3. Increase effective and efficient business operations.
4. Mitigate risk and ensure data security.

Statutory Change(s):

Not applicable.

Social Work, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Fee Change

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	463	471	470	478
Net Fiscal Impact = (Expenditures – Revenues)	(463)	(471)	(470)	(478)
FTEs	0	0	0	0

Recommendation:

The Governor recommends a fee increase for the Board of Social Work. This proposal would give the Board authority set fees at an amount ‘not to exceed’ a specified cap, which would allow the Board to manage future budgets.

Rationale/Background:

Board Mission and Funding: The mission of the Minnesota Board of Social Work (BOSW) is to ensure residents of Minnesota quality social work services by establishing and enforcing professional standards. Fifteen volunteer Board Members, including five public members, provide oversight to make certain we meet the needs of citizens and promote a diverse and qualified workforce.

The Board is entirely fee supported and receives no General Fund dollars to provide all services. Fees must be collected to cover all direct and indirect expenditures and are deposited as non-dedicated revenue into the State Government Special Revenue Fund (SGSRF). The Minnesota Legislature makes appropriations from the fund to pay for expenses incurred by the Board.

Fees have not been increased since 2000. In addition, the Board decreased fees by 20% in FY 2006 and an additional 10% in FY 2009, to reduce revenues and implement a “cost of doing business” fiscal management model. Current fee rates have been in place since FY 2009. The Board officially received an appropriation increase in 2017. However, an end of session oversight resulted in fee increase language not being included in the bill, despite being tracked as included.

Proposal:

The need to increase fees is due to the increase in the cost of doing business which has resulted in a more precarious budget position and has increased the gap between revenues and expenditures. A legislative transfer of \$1,432,787 from the Board’s SGSRF accumulated balance from FY 2004-FY 2012 was made at the same time as the Board’s intentional fee reductions, leading to a large reduction in the Board’s accumulated balance.

The Board continues to closely monitor its revenues and expenditures to ensure resources are adequate to meet its statutory duties, and effectively and efficiently provide its core public safety mission, for all residents of Minnesota.

Fee Change Descriptions: The tables below identify Board fees by license type and include: 1) current fee amounts; 2) proposed fee amounts for FY 2020-FY2021; and 3) a proposed “not to exceed amount” to be enacted

statutorily. The ‘not to exceed amount’ would allow the Board greater flexibility and ability to effectively manage, in a timely manner, a financial environment that might require an adjustment up or down in fees.

Fees for the Board’s four license types are also identified and include:

- Licensed Social Worker (LSW)
- Licensed Graduate Social Worker (LGSW)
- Licensed Independent Social Worker (LISW)
- Licensed Independent Clinical Social Worker (LICSW)

Application Fee							
License Type	Current Fee	Proposed Fee FY 2020-FY 2021	FY 2020 Number Paying	FY 2020 Additional Revenue	FY 2021 Number Paying	FY 2021 Additional Revenue	Proposed Not to Exceed Amount
LSW	\$45	\$60	780	\$11,700	785	\$11,775	\$75
LGSW	\$45	\$60	720	\$10,800	725	\$10,875	\$75
LISW	\$45	\$60	48	\$720	50	\$750	\$75
LICSW	\$45	\$60	352	\$5280	360	\$5400	\$75
Licensure By Endorsement	\$85	\$100	250	\$3750	255	\$3825	\$115

License Fee (24-month Fee)									
License Type	Current Fee	Current Monthly Fee	Proposed 24-Month Fee FY 2020-FY 2021	Proposed Monthly Fee FY 2020-FY 2021	FY 2020 # Paying	FY 2020 Additional Revenue	FY 2021 # Paying	FY 2021 Additional Revenue	Proposed Not to Exceed Amount
LSW	\$81.00	\$3.37	\$110.00	\$4.58	600	\$17,400	610	\$17,690	\$115.00
LGSW	\$144.00	\$6.00	\$195.00	\$8.13	570	\$29,070	690	\$35,190	\$210.00
LISW	\$216.00	\$9.00	\$295.00	\$12.29	9	\$711	9	\$711	\$305.00
LICSW	\$238.50	\$9.94	\$325	\$13.54	170	\$14,705	180	\$15,570	\$335.00

License Renewal Fee (Biennial 24-month Fee)									
License Type	Current Fee	Current Monthly Fee	Proposed 24-Month Fee FY 2020-FY 2021	Proposed Monthly Fee FY 2020-FY 2021	FY 2020 # Paying	FY 2020 Additional Revenue	FY 2021 # Paying	FY 2021 Additional Revenue	Proposed Not to Exceed Amount
LSW	\$81.00	\$3.37	\$110.00	\$4.58	2500	\$72,500	2675	\$77,575	\$115.00
LGSW	\$144.00	\$6.00	\$195.00	\$8.13	1040	\$53,040	1050	\$53,550	\$210.00
LISW	\$216.00	\$9.00	\$295.00	\$12.29	302	\$23,858	301	\$23,779	\$305.00
LICSW	\$238.50	\$9.94	\$325	\$13.54	2330	\$201,545	2335	\$201,977	\$335.00

Emeritus Active License Fee (1/2 of Biennial 24-month Renewal Fee)									
License Type	Current Fee	Current Monthly Fee	Proposed 24-month Fee FY2020-FY2021	Proposed Monthly Fee FY 2020-FY 2021	FY 2020 # Paying	FY 2020 Additional Revenue	FY 2021 # Paying	FY 2021 Additional Revenue	Proposed Not to Exceed Amount
LSW	\$40.50	\$1.69	\$55.00	\$2.29	14	\$203	14	\$203	\$57.50

LGSW	\$72.00	\$3.00	\$97.50	\$4.06	2	\$51	2	\$51	\$105.00
LISW	\$108.00	\$4.50	\$147.50	\$6.15	3	\$118.50	3	\$118.50	\$152.50
LICSW	\$119.25	\$4.97	\$162.50	\$6.77	40	\$1730	40	\$1730	\$167.50

Emeritus Inactive License Fee (One-time Fee – Same for all License Types)									
License Type	Current Fee	Current Monthly Fee	Proposed 24-Month Fee FY 2020- FY 2021	Proposed Monthly Fee FY 2020- FY 2021	FY 2020 # Paying	FY 2020 Additional Revenue	FY 2021 # Paying	FY 2021 Additional Revenue	Proposed Not to Exceed Amount
LSW LGSW LISW LICSW	\$43.20	N/A as one-time fee	\$50.00	N/A as one-time fee	40	\$272	40	\$272	\$65.00

Temporary Leave Fee (Covers up to 4 years - Same as Renewal Fee)							
License Type	Current Fee	Proposed Fee FY 2020- FY 2021	FY 2020 # Paying	FY 2020 Additional Revenue	FY 2021 # Paying	FY 2021 Additional Revenue	Proposed Not to Exceed Amount
LSW	\$81.00	\$110.00	28	\$812	29	\$841	\$115.00
LGSW	\$144.00	\$195.00	10	\$765	10	\$765	\$210.00
LISW	\$216.00	\$295.00	2	\$158	2	\$158	\$305.00
LICSW	\$238.50	\$325	12	\$1038	12	\$1038	\$335.00

License Renewal Late Fee (1/4 of Renewal Fee - Payable in 60-day period after license expiration date)							
License Type	Current Fee	Proposed Fee FY 2020- FY 2021	FY 2020 # Paying	FY 2020 Additional Revenue	FY 2021 # Paying	FY 2021 Additional Revenue	Proposed Not to Exceed Amount
LSW	\$20.25	\$27.50	151	\$1095	153	\$1109	\$28.75
LGSW	\$36.00	\$48.75	70	\$893	70	\$893	\$52.50
LISW	\$54.00	\$73.75	15	\$296	15	\$296	\$76.25
LICSW	\$59.63	\$81.25	70	\$1513	70	\$1513	\$83.75

Reactivation from Expired License (1.5 times Renewal Fee - Payable in 1-year period after license expiration date)							
License Type	Current Fee	Proposed Fee FY 2020- FY 2021	FY 2020 # Paying	FY 2020 Additional Revenue	FY 2021 # Paying	FY 2021 Additional Revenue	Proposed Not to Exceed Amount
LSW	\$121.50	\$165.00	48	\$2,088	48	\$2,088	\$172.50
LGSW	\$216.00	\$292.50	27	\$2,065	27	\$2,065	\$315.00
LISW	\$324.00	\$442.50	4	\$474	4	\$474	\$457.50
LICSW	\$357.75	\$487.50	20	\$2,595	20	\$2,595	\$502.50

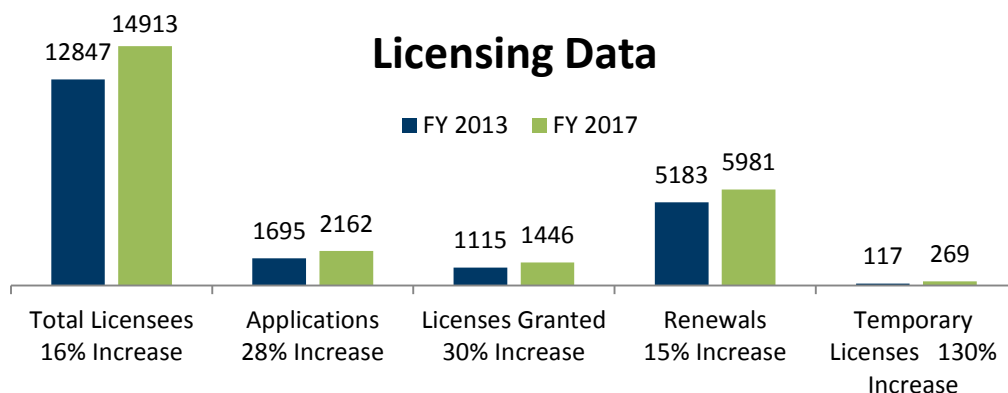
Reactivation from Temporary Leave or Emeritus License (Prorated renewal fee to next renewal date)							
License Type	Current Fee	Proposed Fee FY 2020- FY 2021	FY 2020 # Paying	FY 2020 Additional Revenue	FY 2021 # Paying	FY 2021 Additional Revenue	Proposed Not to Exceed Amount
LSW	\$3.37/month	\$4.58/month	12	\$348	12	\$348	\$4.79/month
LGSW	\$6.00/month	\$8.13/month	1	\$51	1	\$51	\$8.75/month
LISW	\$9.00/month	\$12.29/month	1	\$79	1	\$79	12.71/month
LICSW	\$9.94/month	\$13.54/month	8	\$692	8	\$692	\$13.96/month

License Late Fee ((\$100 plus prorated license fee per number of months of unlicensed practice))							
License Type	Current Fee	Proposed Fee FY 2020- FY 2021	FY 2020 # Paying	FY 2020 Additional Revenue	FY 2021 # Paying	FY 2021 Additional Revenue	Proposed Not to Exceed Amount
LSW	\$100 + \$3.37/month	\$100 + \$4.58/month	60	\$5000	60	\$5000	\$100 + \$4.79/month
LGSW	\$100 + \$6.00/month	\$100 + \$ \$8.13/month	45	\$3500	45	\$3500	\$100 + \$8.75/month
LISW	\$100 + \$9.00/month	\$100 + \$12.29/month	1	\$50	1	\$50	\$100 + 12.71/month
LICSW	\$100 + \$9.94/month	\$100 + \$13.54/month	3	\$500	3	\$500	\$100 + \$13.96/month

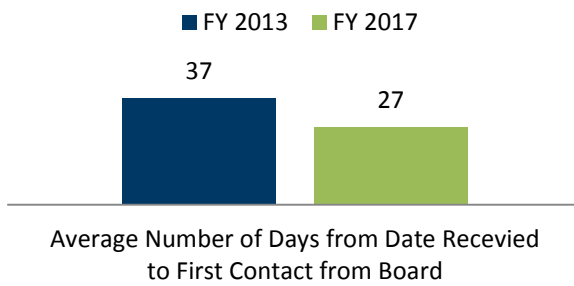
Equity and Inclusion:

The Board provides public safety services to residents of Minnesota, licensed social work professionals, and the clients they serve. These services are paramount to ensuring safety for Minnesotans. Licensed social workers provide services to some of the most vulnerable, underserved, and diverse populations in our state.

Results:

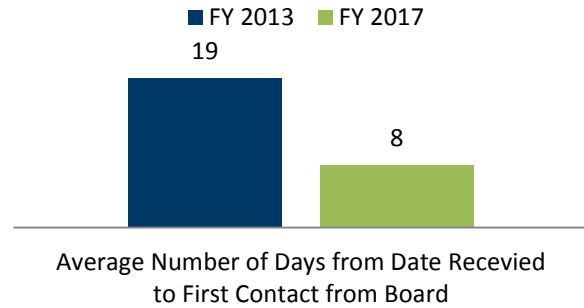


Application Processing Time



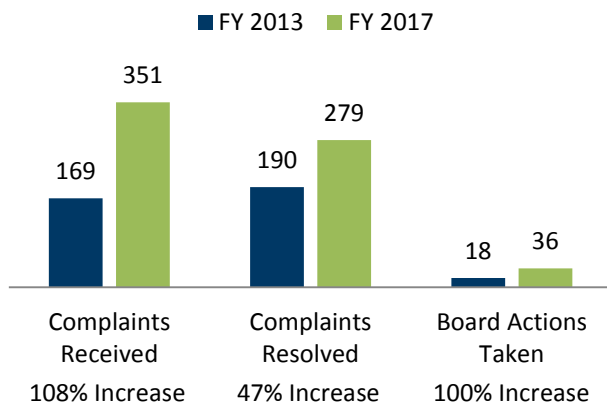
*Note: Additional staffing resources were allocated to application processing during FY17 to avoid delays due to the deployment of a new licensing database.

Renewal Processing Time

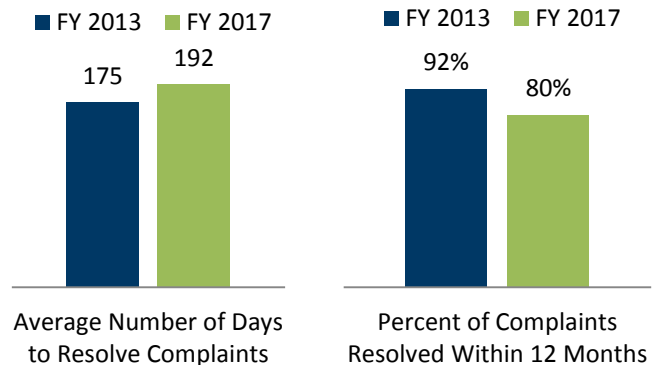


*Note: Renewal processing time reduced to 24 hours or less from December 2016 to end of FY17 due to the deployment of a new licensing database which allowed for automatic approval of renewals upon receipt of renewal application and fee.

Complaint Data



Complaint Processing Time



With this fee change, and increased revenue, the Board can achieve the following results:

1. Maintain core public safety responsibilities including complaint investigation and resolution, and licensing functions, and avoid adverse effects on citizens, professionals, and the workforce.
2. Maintain necessary staffing to conduct its business at the current, and increased, levels of service, resolve complaints and license professionals in a timely manner.
3. Afford necessary and increased technology costs.
4. Afford increased legal costs necessary for complaint investigation and resolution.
5. Effectively meet the ever growing demands for Board services based on its continual growth.
6. Continue to effectively conduct the State's business and ensure sound future policy and fiscal strategic goals.

Statutory Change(s):

The Board's fees are found in MN Statutes, section §148E.180.

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AT A GLANCE

- The Minnesota State Academies (MSA) oversees two schools - the Minnesota State Academy for the Blind (MSAB), and the Minnesota State Academy for the Deaf (MSAD) on 2 campuses in Faribault, Minnesota.
- The Academies have provided educational services to blind, visually impaired, deaf-blind, deaf, and hard-of-hearing students since the 1860's. Many of our students also have additional disabilities and learning/communication needs.
- The Academies are a public school district, utilizing the same educational standards and expectations as other districts in the state. All of our students are special education students on Individual Education Plans.
- Students from 60 different school districts attended classes at the Academies during the 2017-2018 school year.
- The Academies are funded primarily through a biennial appropriation rather than by the funding formula that is applied to other districts in the state. The Academies are not able to issue any tax levies or bonding and rely on legislative action to fund all needs on our campuses.

PURPOSE

Our updated mission is: "MSA empowers every student to achieve, care, and thrive in an ever-changing world". In our efforts to prepare students, we provide educational programming to support students in their development of knowledge, critical thinking, and skills necessary to become contributing members of Minnesota's economy, promoting transition skills to support successful employment and support for businesses in MN.

Each student is provided with opportunities to maximize their education and skills so that they can reach their transition goals, in conjunction with their Individual Education Plans. Our students range in age from infants who participate in Early Childhood services through 21 year olds who are working to meet graduation requirements and IEP expectations beyond the usual four years of high school. During the 2017-2018 school year, 67 students attended MSAB, 112 attended MSAD, and 18 graduated from both schools.

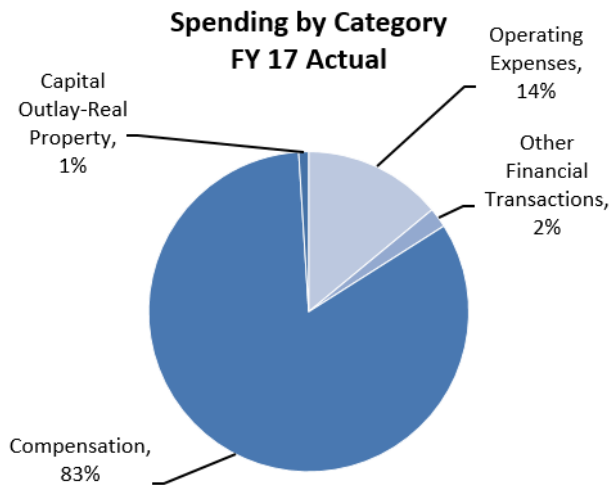
In our educational programming, we incorporate instruction and training for families in supporting communication access and educational growth for their blind and/or deaf child – this contributes to strong family connections and support for their child, and we are working to expand our services to support communities around the state.

While deaf/hard-of-hearing or blind/visually impaired students are the majority of our enrollment, MSA also serves students who are both deaf and blind, and many also have significant physical or cognitive disabilities. School districts usually have very few students with those disabilities and have collaborated with MSA to provide the best available and least restrictive educational environment because 1) the needs of the students are met fully, and 2) it is more efficient to enroll a student at MSA in an established program that is designed to meet their needs and has a larger critical mass of students rather than trying to develop a minimally effective program for a small number of students with limited services and a much smaller critical mass.

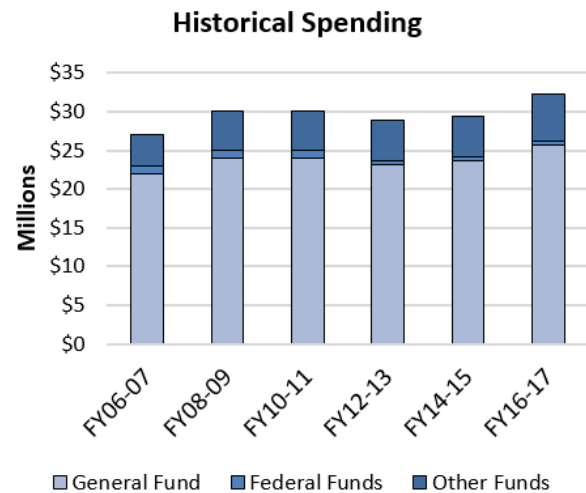
The MSA contribute to four of the statewide outcomes expected for state agencies:

- A thriving economy that encourages business growth and employment opportunities
- Minnesotans have the education and skills needed to achieve their goals
- Strong and stable families and communities
- Efficient and accountable government services

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The annual operating budget for FY 17 to the Minnesota State Academies is approximately 18.6 million dollars. The academies use operating funds as well as capital appropriations (not included in the chart above) to maintain buildings on two campuses, two of which are on the National Registry of Historic Places.

STRATEGIES

- Rather than serving one geographical location, the Academies serve blind, visually-impaired, deaf-blind, deaf, and hard-of-hearing students from the entire state. The Academies provide a fully accessible educational environment that is designed specifically to meet their needs, serving as an additional option for districts which have very few deaf or blind students in their schools. Rather than hiring special education teachers and purchasing needed support services and equipment, especially with the limited number of qualified individuals available for those positions/services, the districts have the ability (with parental agreement) to send a student to the Academies with no tuition costs.
- The mission of the Academies is to empower students to achieve, care, and thrive in an ever-changing world. We meet the challenges of a student population with varied communication and learning needs through using state standards, Individual Education Programs (IEP), transition planning, and incorporation of research-based best practices for instruction of Blind and Visually Impaired and Deaf and Hard of Hearing individuals. We incorporate instruction in Braille, Orientation and Mobility, ASL/English bilingual strategies, speech and language services, among others in ensuring that each of our students' needs are met both in the classroom and outside the classroom. We focus on development of each child as a whole, enhancing opportunities for further success in life.
- The role of the MSA is to provide a comprehensive and appropriately-designed educational program for our student population. We have a responsibility and obligation to provide top-quality education programming in an efficient and accountable way. Our teachers prepare lessons and instructional units to ensure that our students work towards achievement of Minnesota state standards and IEP goals established by their IEP teams. We provide professional development/learning opportunities for our teachers to maintain their knowledge and skills, ensuring that we continue to utilize research-based methodology and best practices for teaching blind and deaf students, including any additional needs that they may have. Outside of the classroom, we provide enrichment and extracurricular opportunities so that students can develop fully as a whole child (meeting their mental health, social, physical, and communication needs).

- In alignment with the expectations established by Minnesota's Olmstead Plan which is defined as a broad series of key activities our state must accomplish to ensure people with disabilities are living, learning, working and enjoying life in the most integrated setting. Our school supports students with coursework, experiential activities, work readiness, and independent living skills that support their ability to have an independent life after graduation that allows for them to choose a variety of occupations, living situations, and recreational/social opportunities. This enhances their ability to be contributing citizens and employees in Minnesota. We collaborate with other state agencies and school districts to provide a variety of transition programming.
- MSA's special education program is involved in a continuous review cycle developed and overseen by the Minnesota Department of Education to ensure that we follow established processes and procedures to develop individual education plans and evaluations following the needs of each student. Our special education professionals have specific training and knowledge related to evaluations, teaching, and designing educational programming that matches our student population.
- Our Early Childhood services include instruction for students, starting as soon as the child is identified as blind/visually impaired, deafblind, or deaf/hard-of-hearing. We provide home-based services, supporting students and their families with communication, language, and learning access at home until the child becomes 2 years of age. At that time, parents have the option of enrolling their children in our site-based early childhood classes for part-day/full-day instruction designed to maximize the students' learning and language opportunities. This supports the family structure and encourages continued communication and learning at home, outside of the classroom, which enhances further learning and academic success of the child.
- Lastly, we issue diplomas to students who have met the state's requirements for graduation, including special education goals. While working towards earning a diploma, each student receives individually designed educational programming, accommodations, and services to support his/her growth towards achieving transition goals established in their Individual Education Program.

Statutes applied to the Minnesota State Academies:

M.S. 125A.61; M.S. 125A.62; M.S. 125A.63; M.S. 125A.64; M.S. 125A.65; M.S. 125A.66; M.S. 125A.67; M.S. 125A.68; M.S. 125A.69; M.S. 125A.70; M.S. 125A.71; M.S. 125A.72; M.S. 125A.73; M.S. 125A.74

State Academies

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	12,307	13,378	13,796	14,572	13,231	13,237	14,966	14,872
2000 - Restrict Misc Special Revenue	137	33	6	373	383	393	383	393
2001 - Other Misc Special Revenue	2,893	3,032	3,187	3,702	3,894	4,093	3,894	4,093
2400 - Endowment	0	0	0					
2403 - Gift	7	62	41	38	39	42	39	42
3000 - Federal	218	215	221	246	239	239	239	239
6000 - Miscellaneous Agency	52	46	33	62	71	80	71	80
Total	15,615	16,767	17,285	18,993	17,857	18,084	19,592	19,719
Biennial Change				3,896		(337)		3,033
Biennial % Change				12		(1)		8
Governor's Change from Base								3,370
Governor's % Change from Base								9

Expenditures by Program

Minnesota State Academies	15,615	16,767	17,285	18,993	17,857	18,084	19,592	19,719
Total	15,615	16,767	17,285	18,993	17,857	18,084	19,592	19,719

Expenditures by Category

Compensation	13,100	13,996	14,384	15,863	15,651	15,878	16,501	16,843
Operating Expenses	2,370	2,272	2,769	3,031	2,152	2,148	3,037	2,818
Grants, Aids and Subsidies	54	37	41	39	41	44	41	44
Capital Outlay-Real Property		86	27	5	5	5	5	5
Other Financial Transaction	91	375	64	55	8	9	8	9
Total	15,615	16,767	17,285	18,993	17,857	18,084	19,592	19,719

Full-Time Equivalents

160.37	163.33	168.51	170.52	165.12	165.02	172.62	172.52
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State Academies

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		559		197				
Direct Appropriation	12,853	12,819	13,993	14,375	13,231	13,237	14,966	14,872
Transfers In	559	430	850	445	421	411	421	411
Transfers Out	559	430	850	445	421	411	421	411
Balance Forward Out	546		197					
Expenditures	12,307	13,378	13,796	14,572	13,231	13,237	14,966	14,872
Biennial Change in Expenditures			2,683		(1,900)		1,470	
Biennial % Change in Expenditures			10		(7)		5	
Governor's Change from Base							3,370	
Governor's % Change from Base							13	
Full-Time Equivalents	109.41	113.01	114.99	114.99	109.49	109.49	116.99	116.99

2000 - Restrict Misc Special Revenue

Balance Forward In	1,067	1,245	1,572	1,756	1,752	1,737	1,752	1,737
Receipts	309	349	192	369	368	377	368	377
Transfers In	80	73	69	33	33	33	33	33
Transfers Out	80	73	69	33	33	33	33	33
Balance Forward Out	1,238	1,560	1,757	1,752	1,737	1,721	1,737	1,721
Expenditures	137	33	6	373	383	393	383	393
Biennial Change in Expenditures				209		397		397
Biennial % Change in Expenditures				122		105		105
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.99	1.94	0.40	2.40	2.40	2.40	2.40	2.40

2001 - Other Misc Special Revenue

Balance Forward In	1,858	1,870	1,750	1,975	1,811	1,598	1,811	1,598
Receipts	2,905	2,893	3,412	3,538	3,681	3,847	3,681	3,847
Transfers In		167						
Transfers Out		167						
Balance Forward Out	1,870	1,731	1,975	1,811	1,598	1,352	1,598	1,352
Expenditures	2,893	3,032	3,187	3,702	3,894	4,093	3,894	4,093
Biennial Change in Expenditures				963		1,098		1,098

State Academies

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				16		16		16
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	46.52	45.99	50.76	50.77	50.77	50.77	50.77	50.77

2400 - Endowment

Balance Forward In	8	9	9	9	9	9	9	9
Receipts	0	0	0					
Balance Forward Out	9	9	9	9	9	9	9	9
Expenditures	0	0	0					
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				(69)				
Governor's Change from Base								0
Governor's % Change from Base								

2403 - Gift

Balance Forward In	474	483	493	506	527	548	527	548
Receipts	16	73	54	59	60	60	60	60
Balance Forward Out	483	493	506	527	548	566	548	566
Expenditures	7	62	41	38	39	42	39	42
Biennial Change in Expenditures				10		2		2
Biennial % Change in Expenditures				14		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	2	3	3	13				
Receipts	219	216	232	233	239	239	239	239
Balance Forward Out	2	3	14					
Expenditures	218	215	221	246	239	239	239	239
Biennial Change in Expenditures				34		11		11
Biennial % Change in Expenditures				8		2		2
Governor's Change from Base								0

State Academies

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	2.45	2.39	2.36	2.36	2.46	2.36	2.46	2.36

6000 - Miscellaneous Agency

Balance Forward In	52	64	89	130	148	161	148	161
Receipts	63	71	73	80	84	89	84	89
Balance Forward Out	64	89	129	148	161	170	161	170
Expenditures	52	46	33	62	71	80	71	80
Biennial Change in Expenditures				(3)		56		56
Biennial % Change in Expenditures				(3)		59		59
Governor's Change from Base								0
Governor's % Change from Base								0

State Academies

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	14,375	14,375	14,375	28,750
Base Adjustments				
Current Law Base Change		(1,166)	(1,166)	(2,332)
Pension Allocation		22	28	50
Forecast Base	14,375	13,231	13,237	26,468
Change Items				
Operating Adjustment		515	550	1,065
Enhancing Services		570	580	1,150
Technology Initiative		650	505	1,155
Total Governor's Recommendations	14,375	14,966	14,872	29,838
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	373	383	393	776
Forecast Base	373	383	393	776
Total Governor's Recommendations	373	383	393	776
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	3,702	3,894	4,093	7,987
Forecast Base	3,702	3,894	4,093	7,987
Total Governor's Recommendations	3,702	3,894	4,093	7,987
Fund: 2403 - Gift				
Planned Spending	38	39	42	81
Forecast Base	38	39	42	81
Total Governor's Recommendations	38	39	42	81
Fund: 3000 - Federal				
Planned Spending	246	239	239	478
Forecast Base	246	239	239	478
Total Governor's Recommendations	246	239	239	478
Fund: 6000 - Miscellaneous Agency				
Planned Spending	62	71	80	151
Forecast Base	62	71	80	151
Total Governor's Recommendations	62	71	80	151

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	369	368	377	745
Total Governor's Recommendations	369	368	377	745
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	3,538	3,681	3,847	7,528
Total Governor's Recommendations	3,538	3,681	3,847	7,528
Fund: 2403 - Gift				
Forecast Revenues	59	60	60	120
Total Governor's Recommendations	59	60	60	120
Fund: 3000 - Federal				
Forecast Revenues	233	239	239	478
Total Governor's Recommendations	233	239	239	478
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	80	84	89	173
Total Governor's Recommendations	80	84	89	173
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	3	3	3	6
Total Governor's Recommendations	3	3	3	6

Minnesota State Academies

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	515	550	550	550
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	515	550	550	1,000
Maintain FTEs	5.5	5.5	5.5	5.5

Recommendation:

The Governor recommends additional funding of \$1.065 million in the FY 2020-2021 biennium to maintain the current level of service delivery at the Minnesota State Academies.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Minnesota State Academies this funding will cover known employee compensation growth and a bus to transport students between campuses.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Minnesota State Academies

FY 2020-21 Biennial Budget Change Item

Change Item Title: Enhancing Services

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	570	580	580	580
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	570	580	580	580
FTEs	1.0	1.0	1.0	1.0

Recommendation:

The Governor recommends \$1.150 million increase in FY2020-2021 to the Academies to enhance current services to meet the needs of their students and continue to maintain their facilities.

This proposal adds four new school days and one additional teacher preparation day to accommodate student testing needs. Additionally, it continues to fund facility maintenance. Finally, it funds new staff to meet the changing needs of the student population statewide and to meet the Academies' obligations under federal/state laws.

Rationale/Background:

This proposal is critical in maintaining the educational benefit of the schools' programs and ensuring that students can meet their educational goals as identified in their Individual Education Plans (IEPs). Unlike most public schools in the state, the Academies are unable to conduct referendums or tax levies to raise additional funds to meet needs. The Academies depend fully on legislative appropriations to fund programs at the required levels.

Additionally, the Academies' student population is changing – the Academies are serving students with additional disabilities and needs. Due to those changing needs, the Academies are required to provide additional services, supports, and instruction that matches their learning, language, and communication needs. Following federal and state laws/regulations, IEP teams determine the appropriate levels of services and accommodations that are required for each student. The Academies are legally obligated to provide those services/accommodations and funding is necessary to provide those services as required. Additionally, the Academies are a state-wide educational agency and the Academies have had numerous requests to support the needs of deaf, hard of hearing, deafblind, blind, and visually impaired students statewide. There is a nationwide shortage of teachers and professionals who are trained and/or knowledgeable about working with this specific student population and the Academies are in need of additional professionals so that the Academies can also support school districts statewide with evaluation and other training/supports that will allow students to access education in their home schools.

Proposal:

This proposal provides for additional operating support. First, it increases compensation by \$450,000 over the biennium to fund four additional school days. These additional days will be used to provide accommodations for students during state tests and one additional teacher preparation day. Because students need additional time to take the state tests, the additional school days allow students and teachers to alleviate the school calendar and demands. Second, it continues a Repair and Replace Appropriation funded during the previous biennium to

maintain facilities. This appropriation will be maintained at \$250,000 each year. Third, it provides additional \$100,000 each year in new compensation funding to allow the Academies to meet the increasingly complex needs of their students by hiring a new FTE to support those needs.

The Academies prioritize using this funding to replace their contract Occupational Therapist into a full-time, in-house Occupational Therapist. Many students have additional physical challenges, the Academies' needs have increased for those services. Additionally, this position works with the evaluation team so the Academies' capacity for supporting school districts statewide would also be enhanced.

Equity and Inclusion:

The Academies' students and staff represent diverse racial/ethnic backgrounds, LGBT identities, military backgrounds and disability statuses. The entire staff and student population will be affected if the Academies are not funded at required levels.

IT Related Proposals:

Not applicable – a portion of the Academies' budget is set aside for technology but is not included as part of this specific change item. Another change item has been proposed for technology needs.

Results:

The Academies currently measure results using student results – the Academies monitor students' progress academically as well as in different aspects of their development. The Academies utilize reading, math, and science results to report progress to their board as well as to stakeholders. The Academies are also currently investigating other assessments to measure growth in other areas that do not show up on standardized tests. Providing adequate funding for necessary programs, supports, tutoring, technology, and other modifications/accommodations is critical to ensuring students' success in school and provides avenues for them to reach their IEP goals.

Statutory Change(s):

Not applicable

Minnesota State Academies

FY 2020-21 Biennial Budget Change Item

Change Item Title: Technology Initiative

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	650	505	505	505
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	650	505	505	505
FTEs	1	1	1	1

Request:

The Governor recommends \$1.155 million in FY2020-2021 to address necessary technology upgrades to upgrade classroom equipment and make long-term infrastructure and safety investments.

Rationale/Background:

- The proposal is designed to benefit the approximately 179 students enrolled at the Academies and the 198 staff members that serve those students.
- This proposal strongly focuses on provision of adaptive equipment to meet student needs as required by law and written in the student's IEP. In many cases, adaptive equipment/technology is required for meeting the students' educational needs.
- Software and hardware needs to be similar to the technologies that students will encounter when leaving the Academies, entering college and the working world.
- The Minnesota State Academies needs to upgrade technology to provide equal access to communication and safety for students, staff, and families. Currently, the mass communication system only serves a portion of staff and students and places others in great danger due to the lack of accessibility features that are compatible with their needs.
- During the past 4 years, using funds from the previous technology grant, the Academies have updated technology, upgraded infrastructure, and provided training for students and staff. The Academies also have begun to examine ways to expand on solutions developed in smaller departments/buildings. The Academies continue to need upgrades in additional buildings and campus sites so that the Academies can complete their vision for a seamless technology-infused educational environment that is safe and accessible for all.

Proposal:

This request is based on an extension of a previous technology grant for \$708,000 in FY2016 and \$490,000 in FY2017. The Academies need additional funding to complete the rest of the phases to create a comprehensive, safe, and accessible technology-infused educational environment. The funds will be utilized to purchase equipment, software, training, infrastructure updates, and individual student accommodations to meet students' learning, language, and communication needs. By providing equipment and infrastructure updates, students will be prepared during their K-12 education to use similar equipment and infrastructure in post-secondary or employment settings.

Technology updates include but are not limited to: classroom and office computers, software components used by staff and students, energy efficient printers, accessibility and adaptive technologies and one Systems Information FTE to support infrastructure and programming needs.

Additionally, this proposal will cover infrastructure, equipment, software, and training necessary to implement campus-wide notification systems that are designed to match the needs of the student population. Currently, the Academies do not have a comprehensive system that is accessible to students and this leaves the campus in great danger as students are more vulnerable than the usual public school environment where everyone has access to alarms and audible communication systems. The Academies need specially designed systems and equipment that matches blind, visually impaired and/or deaf, hard-of-hearing students' accessibility requirements. The Academies also have the additional challenge of serving students from 18 months through 21 years of age, including those who have cognitive challenges, requiring a system that can be modified to meet different students' language and comprehension abilities.

Equity and Inclusion:

The Academies' students and staff represent diverse racial/ethnic backgrounds, LGBT identities, military backgrounds and disability statuses. The entire staff and student population will be affected if the Academies are not funded at required levels.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll	80	85	85	85	85	85
Professional/Technical Contracts						
Infrastructure	400	250	250			
Hardware	170	170	170	426	170	170
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	650	505	505	505	255	255
MNIT FTEs						
Agency FTEs	1	1	1	1	1	1

Results:

Not applicable

Statutory Change(s):

Not applicable

Program: Minnesota State Academies

Activity: Minnesota State Academy for the Deaf

msad.msa.state.mn.us

AT A GLANCE

- The Minnesota State Academy for the Deaf (MSAD) has provided educational services to students who are deaf, deaf-blind, and hard-of-hearing since 1863.
- Students from more than 31 different school districts attended classes at MSAD during the 2017-2018 school year
- MSAD is the only school in the state that provides a residential component specifically designed to meet the needs of deaf, deaf-blind, and hard-of-hearing students.
- Students who live outside the Faribault area may live in the dormitory and participate in a variety of enrichment, educational, recreational, and social activities, including athletics. Students in the Faribault area may also participate in those activities and commute from their homes.
- MSAD provides a fully accessible educational environment, incorporating American Sign Language (ASL)/English bilingual strategies to support growth in language and learning.

PURPOSE & CONTEXT

MSAD provides educational programming and support services for deaf, deaf-blind, and hard-of-hearing students at different ages throughout the school, utilizing ASL and English throughout the day to support proficiency in both languages for learning and communication. Instruction is provided by licensed teachers who have knowledge, skills, and background in working with deaf, deaf-blind, and hard-of-hearing individuals and lessons/instructional units are tailored to meet the learning, language, and communication needs of each student. Our academic programs within MSAD include: **Early Childhood** (Ages birth-5); **Preschool** (Ages 2-4); **Pre-Kindergarten** (Ages 4-5); **Elementary School** (Kindergarten- 5th grade); **Middle School** (6th-8th grades); and **High School** (9th-12th grades). Students may also select the option of attending part time classes at a local public or private school as appropriate. For some students with specific needs, the **Academy Plus Transition** program for students aged 18-21 is an option, providing additional instruction and practice in the areas of academic and language development, home living skills, community work, access to community resources, transportation, leisure & recreational activities, preparation for post-secondary education, and job-related skills for gainful employment. Our residential program complements our education program by providing activities and experiences outside of the classroom that enhance whole-child development, including social skills; cultural identity development; participation in organizations, activities, and athletics; and interactions with peers who have similar hearing levels and signing skills.

SERVICES PROVIDED

The Minnesota State Academy for the Deaf provides services in the following areas:

Academic Achievement: Classes are rigorous, based on state standards and IEP goals, and lead to graduation. Programming at MSAD provides students with fully accessible educational activities and utilize ASL and English so that students can have direct instruction and communication with their teachers and peers within their classrooms.

Whole child development: Students at MSAD participate in activities in and outside of the classroom, including activities in MSAD’s residential program, that are fully accessible, with a critical mass of deaf, deaf-blind, and/or hard-of-hearing peers . This provides them with opportunities to develop social skills, language and communication, and participate in extracurricular activities/experiences appropriate to their age.

Special Education: Individual needs of students are identified through appropriate assessments/evaluations selected by the student’s IEP team, involving parents/guardians and educational professionals knowledgeable with the learning, language, and communication needs of deaf, deaf-blind, and hard-of-hearing students. Services, accommodations/modifications, and instructional strategies are selected carefully, based on each student’s individual needs, providing support for growth towards meeting their transition goals.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2016</i>	<i>Current</i>	<i>Dates</i>
State Assessments	% of students proficient in Reading	20.3%	26%	2016, 2018
State Assessments	% of students proficient in Math	23.3%	26%	2016, 2018
State Assessments	% of students proficient in Science	12.5%	21%	2016, 2018

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	4,435	4,555	4,796	5,080	4,857	4,861	4,857	4,861
2000 - Restrict Misc Special Revenue	5	6	1	23	23	23	23	23
2001 - Other Misc Special Revenue	1,738	1,683	1,616	1,929	2,052	2,184	2,052	2,184
2400 - Endowment	0	0	0					
2403 - Gift	5	3	4	3	3	5	3	5
3000 - Federal	146	142	151	150	155	155	155	155
6000 - Miscellaneous Agency	34	29	17	46	55	61	55	61
Total	6,363	6,418	6,583	7,231	7,145	7,289	7,145	7,289
Biennial Change				1,033		620		620
Biennial % Change				8		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	5,803	5,920	6,101	6,849	6,788	6,926	6,788	6,926
Operating Expenses	535	478	469	366	339	344	339	344
Grants, Aids and Subsidies	25	14	13	16	18	19	18	19
Other Financial Transaction		6						
Total	6,363	6,418	6,583	7,231	7,145	7,289	7,145	7,289

Full-Time Equivalents

71.77	69.27	69.61	69.62	68.12	68.12	68.12	68.12
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		88						
Direct Appropriation	4,563	4,623	5,152	5,299	5,057	5,055	5,057	5,055
Transfers In	216	20	202					
Transfers Out	256	177	559	219	200	194	200	194
Balance Forward Out	88							
Expenditures	4,435	4,555	4,796	5,080	4,857	4,861	4,857	4,861
Biennial Change in Expenditures				886		(158)		(158)
Biennial % Change in Expenditures				10		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	41.47	42.91	42.07	42.07	40.57	40.57	40.57	40.57

2000 - Restrict Misc Special Revenue

Balance Forward In	9	13	12	14	20	26	20	26
Receipts	8	7	3	8	8	8	8	8
Transfers In	28	23	22	21	21	21	21	21
Transfers Out	26	24	22					
Balance Forward Out	13	12	14	20	26	32	26	32
Expenditures	5	6	1	23	23	23	23	23
Biennial Change in Expenditures				12		22		22
Biennial % Change in Expenditures				111		94		94
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	1,019	1,031	720	829	708	566	708	566
Receipts	1,750	1,515	1,725	1,808	1,910	2,022	1,910	2,022
Transfers Out		167						
Balance Forward Out	1,031	696	829	708	566	404	566	404
Expenditures	1,738	1,683	1,616	1,929	2,052	2,184	2,052	2,184
Biennial Change in Expenditures				124		691		691
Biennial % Change in Expenditures				4		20		20
Governor's Change from Base								0

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								0
Full-Time Equivalents	29.32	25.26	26.43	26.44	26.44	26.44	26.44	26.44

2400 - Endowment

Balance Forward In	8	9	9	9	9	9	9	9
Receipts	0	0	0					
Balance Forward Out	9	9	9	9	9	9	9	9
Expenditures	0	0	0					
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				(69)				
Governor's Change from Base								0
Governor's % Change from Base								

2403 - Gift

Balance Forward In	45	52	53	67	82	97	82	97
Receipts	12	4	17	18	18	18	18	18
Balance Forward Out	52	53	67	82	97	110	97	110
Expenditures	5	3	4	3	3	5	3	5
Biennial Change in Expenditures				(2)		1		1
Biennial % Change in Expenditures				(21)		23		23
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	0	0	0					
Receipts	146	142	151	150	155	155	155	155
Balance Forward Out		0	0					
Expenditures	146	142	151	150	155	155	155	155
Biennial Change in Expenditures				13		9		9
Biennial % Change in Expenditures				5		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.98	1.10	1.11	1.11	1.11	1.11	1.11	1.11

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

6000 - Miscellaneous Agency

Balance Forward In	42	53	76	117	132	141	132	141
Receipts	46	52	57	61	64	67	64	67
Balance Forward Out	53	76	116	132	141	147	141	147
Expenditures	34	29	17	46	55	61	55	61
Biennial Change in Expenditures				0		53		53
Biennial % Change in Expenditures				(1)		85		85
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Minnesota State Academies

Activity: Minnesota State Academy for the Blind

msab.msa.state.mn.us/

AT A GLANCE

- The Minnesota State Academy for the Blind (MSAB) has provided educational services to students who are blind, visually-impaired, and/or deaf-blind since 1866.
- Students from more than 29 different school districts attended classes at MSAB during the 2017-2018 school year.
- MSAB is the only school in the state that provides a residential component specifically designed to meet the needs of blind, visually-impaired, and/or deaf-blind students.
- Students who live outside the Faribault area may live in the dormitory and participate in a variety of enrichment, educational, recreational, and social activities, including athletics. Students in the Faribault area may also participate in those activities but commute from their homes.
- MSAB provides a fully accessible educational environment, incorporating Braille and technology, to support growth in language and learning.

PURPOSE & CONTEXT

MSAB provides educational programming and support services for blind, visually-impaired, and/or deaf-blind students at different ages throughout the school, from birth through age 21. Instruction is provided by licensed teachers who have knowledge, skills, and background in working with blind and visually-impaired individuals and lessons/instructional units are tailored to meet the learning, language, and communication needs of each student. Instruction is provided in small group settings with emphasis exposure to Braille and assistive technology. Our specially designed curriculum includes academic skills, communication, orientation and mobility training, social skills, independent living, recreation and leisure activities, career education, and self-advocacy instruction. Students with multiple challenges have increased support provided by teachers and assistants with specific training to support their physical and learning needs. Some students may also select the option of attending classes at a local public or private school as appropriate. For some students with specific needs, the Academy Plus Transition program for students aged 18-21 is an option, providing additional instruction and practice in the areas of academic development, home living skills, grooming, community work, access to community resources, transportation, leisure & recreational activities, preparation for post-secondary education, and job-related skills for gainful employment.

Our residential program complements our education program by providing activities and experiences outside of the classroom that enhance whole-child development alongside peers who are also blind or visually-impaired. Students are encouraged to participate in athletic competitions like track, wrestling, and swimming, and club activities such as chess. The dormitories have facilities which promote life skills such as cooking and grooming. A semi-independent living program challenges students to learn practical decision making skills in a home environment, such as budgeting, meal preparation, and laundry, among others.

SERVICES PROVIDED

The Minnesota State Academy for the Blind provides services in the following areas:

Academic Achievement: Classes are rigorous, based on state standards and IEP goals, and lead to graduation. Programming at MSAB provides students with fully accessible educational activities and utilize Braille and/or

assistive technology so that students can have access to all instructional materials and activities within their classroom.

Whole child development: Students at MSAB participate in activities in and outside of the classroom, including activities in MSAB's residential program, which are fully accessible, with a critical mass of blind, visually-impaired, and/or deafblind peers. This provides them with opportunities to develop social skills, language and communication, and participate in extracurricular activities/experiences appropriate to their age.

Special Education: Individual needs of students are identified through appropriate assessments/evaluations selected by the student's IEP team, involving parents/guardians and educational professionals knowledgeable with the learning, language, and communication needs of blind and visually-impaired students. Services, accommodations/modifications, and instructional strategies are selected carefully, based on each student's individual needs, providing support for growth towards meeting their transition goals.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2016</i>	<i>Current</i>	<i>Dates</i>
State Assessments	% of students proficient in Reading	42.9%	62%	2016, 2018
State Assessments	% of students proficient in Math	40%	40%	2016, 2018
State Assessments	% of students proficient in Science	34%	50%	2016, 2018

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,985	3,163	3,373	3,291	3,145	3,147	3,145	3,147
2000 - Restrict Misc Special Revenue	18	27	5	170	175	180	175	180
2001 - Other Misc Special Revenue	1,155	1,349	1,571	1,750	1,812	1,874	1,812	1,874
2403 - Gift	2	59	38	35	36	37	36	37
3000 - Federal	7	10	17	19	19	19	19	19
6000 - Miscellaneous Agency	18	16	16	16	16	19	16	19
Total	4,185	4,625	5,020	5,281	5,203	5,276	5,203	5,276
Biennial Change				1,492		178		178
Biennial % Change				17		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Compensation	4,013	4,383	4,681	4,957	4,871	4,938	4,871	4,938
Operating Expenses	148	168	315	298	306	309	306	309
Grants, Aids and Subsidies	24	23	22	23	23	25	23	25
Capital Outlay-Real Property		45						
Other Financial Transaction	0	5	3	3	3	4	3	4
Total	4,185	4,625	5,020	5,281	5,203	5,276	5,203	5,276
<u>Full-Time Equivalents</u>								
	49.01	52.47	57.05	58.05	56.65	56.55	56.65	56.55

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		79						
Direct Appropriation	3,065	3,126	3,366	3,479	3,316	3,314	3,316	3,314
Transfers In	78	104	82					
Transfers Out	78	146	74	188	171	167	171	167
Balance Forward Out	79							
Expenditures	2,985	3,163	3,373	3,291	3,145	3,147	3,145	3,147
Biennial Change in Expenditures				516		(372)		(372)
Biennial % Change in Expenditures				8		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	30.80	30.79	32.32	32.32	30.82	30.82	30.82	30.82

2000 - Restrict Misc Special Revenue

Balance Forward In	256	378	476	524	494	459	494	459
Receipts	128	115	53	128	128	128	128	128
Transfers In	14	12	12	12	12	12	12	12
Transfers Out	13	14	12					
Balance Forward Out	368	464	524	494	459	419	459	419
Expenditures	18	27	5	170	175	180	175	180
Biennial Change in Expenditures				131		180		180
Biennial % Change in Expenditures				293		103		103
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.01	0.95	0.40	1.40	1.40	1.40	1.40	1.40

2001 - Other Misc Special Revenue

Balance Forward In	100	88	280	373	326	269	326	269
Receipts	1,143	1,374	1,664	1,703	1,755	1,809	1,755	1,809
Transfers In		167						
Balance Forward Out	88	280	373	326	269	204	269	204
Expenditures	1,155	1,349	1,571	1,750	1,812	1,874	1,812	1,874
Biennial Change in Expenditures				816		365		365
Biennial % Change in Expenditures				33		11		11

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.20	20.73	24.33	24.33	24.33	24.33	24.33	24.33

2403 - Gift

Balance Forward In	429	431	440	439	445	451	445	451
Receipts	4	68	37	41	42	42	42	42
Balance Forward Out	431	440	439	445	451	456	451	456
Expenditures	2	59	38	35	36	37	36	37
Biennial Change in Expenditures				12		0		0
Biennial % Change in Expenditures				19		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	7	10	17	19	19	19	19	19
Expenditures	7	10	17	19	19	19	19	19
Biennial Change in Expenditures				19		2		2
Biennial % Change in Expenditures				115		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents					0.10		0.10	

6000 - Miscellaneous Agency

Balance Forward In	10	10	12	13	16	20	16	20
Receipts	18	19	17	19	20	22	20	22
Balance Forward Out	10	12	13	16	20	23	20	23
Expenditures	18	16	16	16	16	19	16	19
Biennial Change in Expenditures				(2)		3		3
Biennial % Change in Expenditures				(6)		9		9
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Minnesota State Academies

Activity: Minnesota State Academies Operations

AT A GLANCE

- Shared Services include central administration, student support services, human resources, business services, physical plant operations, health services, food services, information technology, and interpreter services, supporting staff and students on both campuses (MSAB and MSAD).
- Approximately 50% of the students enrolled in the Academies live on campus in the dormitories during the week, requiring 24 hours a day supervision and services.
- Nursing staff provide round the clock medical support to students during the school day and after school to the students living in the dormitories.
- Physical plant workers respond to alarms and unanticipated system malfunctions. i.e. Heating, cooling, alarms, etc.
- Food Service employees and Interpreter services are scheduled when needed on weekdays, evenings, and on occasion, weekends for student and staff activities/functions.

PURPOSE & CONTEXT

The shared services model that the Minnesota State Academies has created utilizes economies of scale to provide top-quality services to a group of students with very specific and resource-intensive needs. Rather than utilizing two parallel systems, a single service delivery model supports both campuses and all services for the Minnesota State Academy for the Blind and the Minnesota Academy for the Deaf. The campuses are about one mile apart and MSA personnel frequently work on both campuses, providing close support and attention to the student body and faculty at both schools.

SERVICES PROVIDED

Central Administration (Superintendent's office): Responsible for the overall functioning of the State Academies, along with the support of the MSA Board. The Superintendent supervises both schools with the assistance of a director for each campus as well as department heads of shared service divisions.

Student Support Services (including Special Education Services): Responsible to ensure compliance with federal and state laws, regulations, and requirements in order to meet students' needs as defined in their Individual Education Programs (IEPs) – includes all related and support services that are available to students on both campuses.

Human Resources: Supports approximately 250 full-time, part-time, and intermittent employees within 7 labor groups. Supports staff members with related services such as insurance coverage, benefit management, and job audits.

Business Services: Processes payroll, issues payments, coordinates purchases, and provides general budget oversight.

Physical Plant: Maintains 17 buildings and grounds on two campuses, covering 40 acres. Oversees scheduling and maintenance of school vehicles. Supports oversight of new construction.

Health Services: Provides health services on both campuses for all students, including medication and monitoring, and providing on-call support after hours.

Food Services: Prepares three meals each day for residential students and lunch for day students on both campuses.

Information Technology: Provides support for all IT needs on campus, including student information systems, website support, classroom technology and applications, and videophones

Interpreting Services: Provides interpretation of information using ASL, English, and on occasion, other languages such as Spanish or Somali. Provides tactile interpreter services for deaf-blind students. Supports students in mainstreaming programs in local schools. Supports Sign Language Proficiency Interviews and ratings for the Academy for the Deaf as well as school districts statewide.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2016</i>	<i>Current</i>	<i>Dates</i>
Quantity	Invoices Issued*	220	118	2016, 2018
Quantity	Contracts Generated**	77	50	2016, 2018
Quantity	Physical Plant Projects completed	15	7	2016, 2018
Quantity	Interpreter services provided	3,260	6,630	2016, 2018

*Our office is responsible for the invoicing of Accounts Receivables relating to Orientation and Mobility services, outside interpreting, office rental and invoices sent to other state agencies for services or reimbursement for various programming.

**Our office is responsible for initiating contracts such as Professional Technical Services which includes income, interagency, joint powers, Memorandum of Understandings and Annual Plans.

Academy Operations

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	4,887	5,660	5,627	6,201	5,229	5,229	6,964	6,864
2000 - Restrict Misc Special Revenue	114	1	0	180	185	190	185	190
2001 - Other Misc Special Revenue	0			23	30	35	30	35
3000 - Federal	65	64	54	77	65	65	65	65
Total	5,066	5,725	5,681	6,481	5,509	5,519	7,244	7,154
Biennial Change				1,371		(1,134)		2,236
Biennial % Change				13		(9)		18
Governor's Change from Base								3,370
Governor's % Change from Base								31

Expenditures by Category

Compensation	3,284	3,693	3,601	4,057	3,992	4,014	4,842	4,979
Operating Expenses	1,686	1,627	1,985	2,367	1,507	1,495	2,392	2,165
Grants, Aids and Subsidies	5	0	6					
Capital Outlay-Real Property		41	27	5	5	5	5	5
Other Financial Transaction	91	364	61	52	5	5	5	5
Total	5,066	5,725	5,681	6,481	5,509	5,519	7,244	7,154

Full-Time Equivalents

39.59	41.59	41.85	42.85	40.35	40.35	47.85	47.85
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Academy Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		391		197				
Direct Appropriation	5,225	5,070	5,475	5,597	4,858	4,868	6,593	6,503
Transfers In	264	306	566	445	421	411	421	411
Transfers Out	224	108	217	38	50	50	50	50
Balance Forward Out	378		197					
Expenditures	4,887	5,660	5,627	6,201	5,229	5,229	6,964	6,864
Biennial Change in Expenditures				1,281		(1,370)		2,000
Biennial % Change in Expenditures				12		(12)		17
Governor's Change from Base								3,370
Governor's % Change from Base								32
Full-Time Equivalents	37.14	39.31	40.60	40.60	38.10	38.10	45.60	45.60

2000 - Restrict Misc Special Revenue

Balance Forward In	802	854	1,083	1,218	1,238	1,252	1,238	1,252
Receipts	173	227	136	233	232	241	232	241
Transfers In	38	38	34					
Transfers Out	42	35	34	33	33	33	33	33
Balance Forward Out	857	1,083	1,219	1,238	1,252	1,270	1,252	1,270
Expenditures	114	1	0	180	185	190	185	190
Biennial Change in Expenditures				66		195		195
Biennial % Change in Expenditures				57		108		108
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.98	0.99		1.00	1.00	1.00	1.00	1.00

2001 - Other Misc Special Revenue

Balance Forward In	738	751	750	773	777	763	777	763
Receipts	13	4	24	27	16	16	16	16
Balance Forward Out	751	755	774	777	763	744	763	744
Expenditures	0			23	30	35	30	35
Biennial Change in Expenditures				23		42		42
Biennial % Change in Expenditures								
Governor's Change from Base								0

Academy Operations

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	2	2	3	13				
Receipts	66	65	64	64	65	65	65	65
Balance Forward Out	2	3	13					
Expenditures	65	64	54	77	65	65	65	65
Biennial Change in Expenditures				2		(1)		(1)
Biennial % Change in Expenditures				1		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.47	1.29	1.25	1.25	1.25	1.25	1.25	1.25

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
84.027A	Formula 419-Fund teaching positions.	No	123	123	127	127	MOE	1.50
84.173A	Formula 420-Supply funding for Ages 3-5 preschool.	No	2	2	2	2	MOE	0
84.181A	Formula 422-Supply funding for infant and toddlers Ages 0-2.	No	4	6	6	6	MOE	0
84.027A	MSAD-MDE SLPI-To provide monies to MSAD to provide Sign Language Evaluations to School Districts.	No	12	5	10	10	MOE	0
84.027A	MSAD-MDE Resource Center-To provide monies to MSAD to operate the Minnesota Resource Center.	No	10	10	10	10	MOE	0
84.027A	MSAD-MDE Pathway to Life Camp-To provide monies for a transition camp for Deaf, hard of hearing and deafblind students.	Yes	0	2	0	0	MOE	0
84.048	MSAD-MNSCU providing monies to purchase software simulations and resources for MSAD transition students.	Yes	0	2	0	0	MOE	0
	Program Total-MSAD		151	150	155	155		1.50
10.553, 10.555, 10.556	MSA-MDE Dietary Reimbursement-To provide monies for meal reimbursement to fund Dietary positions.	No	54	77	65	65	MOE	1.50
	Program Total-Academy Ops		54	77	65	65		1.50
84.027A	MSAB-MDE Resource Center-To provide monies to MSAB to operate the Minnesota Resource Center.	No	10	9	9	9	MOE	0
84.027A	MSAB-MDE Parent Child Institute-To provide monies to MSAB to operate the Parent Child Institute.	No	7	10	10	10	MOE	0
	Program Total-MSAB		17	19	19	19		0
	Federal Fund – Agency Total		221	246	239	239		3.00

Narratives

1. Formula 419-To fund teaching positions at Minnesota State Academy for the Deaf.
2. Formula 420- To provide funding for supplies for Ages 3-5 preschool.
3. Formula 422-ro provide funding for supplies for infants and toddlers ages 0-2.
4. MSAD-MDE SLPI-To provide monies to MSAD to provide Sign Language Evaluations to School Districts.
5. MSAD-MDE Resource Center-To provide monies to MSAD to operate the Minnesota Resource Center.
6. MSAB-MDE Resource Center-To provide monies to MSAB to operate the Minnesota Resource Center.
7. MSAB-MDE Parent Child Institute-To provide monies to MSAB to operate the Parent Child Institute.
8. MSA-MDE Dietary Reimbursement-To provide monies for meal reimbursement to fund Dietary positions.
9. MSAD-MDE Pathway to Life Camp-To provide monies for a transition camp for Deaf, hard of hearing and deafblind students.
10. MSAD-MNSCU providing monies to purchase software simulations and resources for MSAD transition students.

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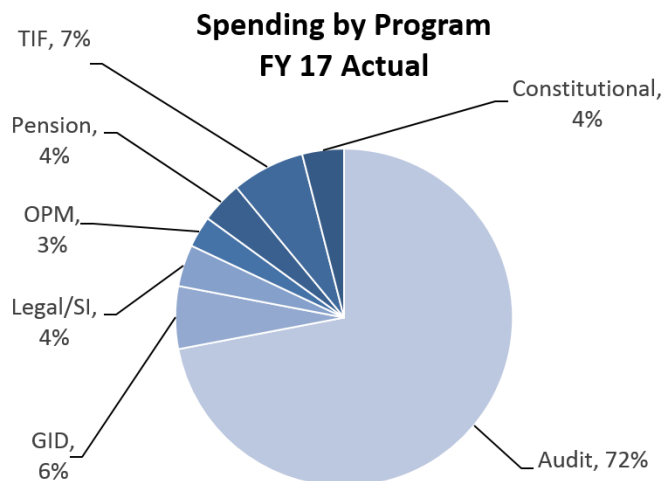
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AT A GLANCE

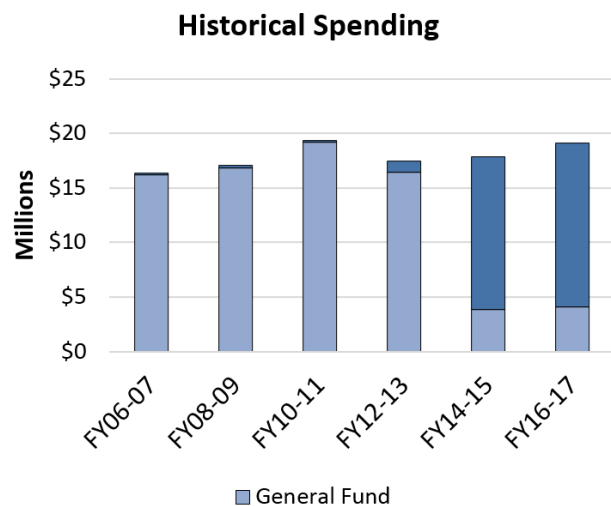
- Oversees the finances of approximately 4,800 local governments.
- Completes approximately 150 financial and compliance audits annually.
- Reviews approximately 450 single audit reports annually.
- Responds to inquiries on issues related to legal compliance from the public, local government officials and employees, and policymakers.
- Reviews investment and financial reporting and compliance of approximately 600 local public pension plans.
- Maintains financial reporting database on local government entities.
- Reviews expenditures and compliance of approximately 1,700 tax increment financing (TIF) districts.
- Supports service by the State Auditor on six state boards and one council and provides senior management to the Office.
- Investigates allegations of unlawful use of public funds and property.
- Publishes educational resources and provides regular training opportunities on local government finance and legal compliance issues.

PURPOSE

The mission of the Office of the State Auditor (OSA) is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities. Through this mission, the OSA contributes to the statewide outcome of **efficient and accountable government services**.

BUDGET

Source: Budget Planning & Analysis System (BPAS)



FY 14 – 17 the Audit Practice Division funds were moved the State Auditor's Enterprise Fund

Source: BPAS

The OSA is organized into seven divisions: Audit Practice, Government Information (GID), Legal/Special Investigations (SI), Operations Management (OPM), Pension, Tax Increment Financing (TIF), and the Constitutional

Office. There are approximately 100 employees in six offices, two worksites, and numerous client sites across the state. We are primarily funded by a general fund appropriation, with the TIF Division being funded by a statutory appropriation. Audit fees collected by the Audit Practice Division for auditing services are deposited in the general fund as non-dedicated receipts.

STRATEGIES

The OSA oversees more than \$20 billion in annual spending by local governments by auditing local government financial statements and reviewing documents, data, reports, and reported complaints. The financial information collected from local governments is analyzed and serves as the basis of the statutory reports we issue.

Primary statutory citations regarding the State Auditor's office are in Chapter 6 of Minnesota Statutes (<https://www.revisor.mn.gov/statutes/cite/6>).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	2,085	2,014	8,296	11,509	10,042	10,116	10,634	10,982
2000 - Restrict Misc Special Revenue	651	697	645	700	786	801	786	801
4650 - Audit Practice Enterprise	6,502	6,859						
Total	9,238	9,570	8,942	12,209	10,828	10,917	11,420	11,783
Biennial Change				2,342		594		2,052
Biennial % Change				12		3		10
Governor's Change from Base								1,458
Governor's % Change from Base								7

Expenditures by Program

State Auditor	9,238	9,570	8,942	12,209	10,828	10,917	11,420	11,783
Total	9,238	9,570	8,942	12,209	10,828	10,917	11,420	11,783

Expenditures by Category

Compensation	8,081	8,114	7,967	9,420	9,548	9,592	10,140	10,449
Operating Expenses	1,107	1,153	933	2,376	1,074	1,135	1,074	1,135
Capital Outlay-Real Property		152		267	108	101	108	101
Other Financial Transaction	49	151	42	146	98	89	98	98
Total	9,238	9,570	8,942	12,209	10,828	10,917	11,420	11,783

Full-Time Equivalents

89.11	86.12	81.32	95.27	90.78	88.01	97.53	97.57
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		108		1,451		37		37
Direct Appropriation	2,187	2,233	9,748	10,058	10,079	10,079	10,671	10,945
Transfers In	231	35						
Transfers Out	231	35						
Cancellations		326	0					
Balance Forward Out	102		1,452		37		37	
Expenditures	2,085	2,014	8,296	11,509	10,042	10,116	10,634	10,982
Biennial Change in Expenditures				15,706		353		1,811
Biennial % Change in Expenditures				383		2		9
Governor's Change from Base								1,458
Governor's % Change from Base								7
Full-Time Equivalents	20.47	18.79	73.01	88.96	84.47	81.70	91.22	91.26

2000 - Restrict Misc Special Revenue

Balance Forward In	2,799	2,612	2,749	2,958	3,006	2,965	3,006	2,965
Receipts	51	61	42	48	45	45	45	45
Transfers In	413	772	812	700	700	670	700	670
Balance Forward Out	2,612	2,749	2,958	3,006	2,965	2,879	2,965	2,879
Expenditures	651	697	645	700	786	801	786	801
Biennial Change in Expenditures				(3)		242		242
Biennial % Change in Expenditures				(0)		18		18
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.89	5.31	5.21	6.31	6.31	6.31	6.31	6.31

4650 - Audit Practice Enterprise

Balance Forward In	59	1,059						
Receipts	7,504	6,778						
Transfers Out		977						
Balance Forward Out	1,061							
Expenditures	6,502	6,859						
Biennial Change in Expenditures				(13,361)		0		0
Biennial % Change in Expenditures				(100)				

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	62.75	62.02	3.10					

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	10,058	10,058	10,058	20,116
Base Adjustments				
Pension Allocation		21	21	42
Forecast Base	10,058	10,079	10,079	20,158
Change Items				
Operating Adjustment		259	525	784
Township Specialist		94	96	190
Refill of Staff Support Position		82	85	167
Refill Deputy State Auditor Position		157	160	317
Total Governor's Recommendations	10,058	10,671	10,945	21,616
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	700	786	801	1,587
Forecast Base	700	786	801	1,587
Total Governor's Recommendations	700	786	801	1,587
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	48	45	45	90
Total Governor's Recommendations	48	45	45	90
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	6,730	4,990	5,090	10,080
Total Governor's Recommendations	6,730	4,990	5,090	10,080

State Auditor

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	259	525	525	525
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	259	525	525	525
FTEs	3.75	6.56	6.56	6.56

Recommendation:

The Governor recommends additional funding of \$259,000 in FY 2020 and \$525,000 in FY 2021 and each year thereafter from the General Fund to the Office of the State Auditor for an operating adjustment to maintain current levels of staffing.

This recommendation is equal to a 3.9 percent increase to the Office's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

The State Auditor oversees local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities. Eighty-seven percent (87%) of the proposed General Fund Direct Appropriation pays the salaries and benefits of staff who review documents and financial data, issue financial reports, and review complaints related to the finances and legal compliance of local government entities. Staff also provides essential training and support to accounting staff in local governments to help them properly complete their financial reporting requirements, establish proper internal controls to safeguard assets, and investigate reports of financial misfeasance, malfeasance and nonfeasance by local government employees and officials.

Projected increases in salary and benefit costs put pressure on our ability to retain all essential staff. This request will allow us to retain the necessary qualified staff to meet our mission.

Proposal:

The State Auditor proposes an increase of \$784,000 in our General Fund Direct Appropriation for the 2020/2021 biennium. These funds will be used to pay salaries, benefits and related operating costs of current staff and allow us to avoid reducing staff by approximately 7 full time equivalents (FTE).

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Audits Issued Within 12 Months of Auditee Year-End (See notes 1 and 2)	93%	94%	2016/2017
Quantity	Local Governments Meeting Reporting Requirements	95.5%	95.4%	2016/2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	CTAS Users Reporting with Exported Files	756	778	2016/2017
Quality	Pension Plans Certified as Eligible to Receive Fire State Aid	99.9%	99.9%	2016/2017
Quality	Views of Website documents and pages	1,654,022	1,916,840	2016/2017

Notes:

1. For the two areas that refer to Audits Issued, “Previous” refers to audits issued during the 2016 calendar year and “Current” refers to audits issued during the 2017 calendar year.
2. The Division’s outcomes are largely qualitative in nature, and many measures are driven by uncontrollable factors such as the abilities, resources, and preparedness of auditees.

State Auditor

FY 2020-21 Biennial Budget Change Item

Change Item Title: Township Specialist

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	94	96	96	96
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	94	96	96	96
FTEs	1	1	1	1

Recommendation:

The Governor recommends additional funding of \$94,000 in FY 2020 and \$96,000 in FY 2021 and each year thereafter from the General Fund to the Office of the State Auditor to fund the filling of a Township Specialist position in the Government Information Division.

This recommendation represents a 0.9 percent increase in the Office's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

The Government Information Division collects financial information from over 3,300 local governments in Minnesota. Townships make up 1,781 of these entities with fifty-three percent of townships having a population of 300 or less. This position would help townships to meet their legal reporting requirements by following up on outstanding reports, answering reporting questions, and reviewing reported information.

Proposal:

The State Auditor is proposing an increase of \$190,000 in our General Fund Direct Appropriation for the 2020/2021 biennium. These funds will be used to pay the salary and benefits of a township specialist position/one full time equivalent (FTE).

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Local Governments Meeting Reporting Requirements	95.5%	95.4%	2016/2017
Quality	Views of Local Government Finance Reports on Website	38,220	35,828	2016/2017
Quantity	Views of Comparison Tools on Website	11,247	10,813	2016/2017
Results	CTAS Users Reporting with Exported Files	756	778	2016/2017

State Auditor

FY 2020-21 Biennial Budget Change Item

Change Item Title: Refill Staff Support Position

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	82	85	85	85
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	82	85	85	85
FTEs	1	1	1	1

Recommendation:

The Governor recommends additional funding of \$82,000 in FY 2020 and \$85,000 in FY 2021 and each year thereafter from the General Fund to the Office of the State Auditor to fund the refilling of an executive assistant to the State Auditor position.

This recommendation represents a 0.8 percent increase in the Office's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

The State Auditor is in need of an executive assistant to assist in scheduling, filing, and responding to requests. With shrinking budgets, this position has not been filled since 2011. This position will help the Constitutional Office division better meet the current public demand for services, as well as allow the State Auditor to be more directly engaged with municipalities.

Proposal:

The State Auditor is proposing an increase of \$167,000 in our General Fund direct appropriation for the 2020/2021 biennium. These funds will be used to pay the salaries and benefits of one support staff positions/one full time equivalent (FTE).

State Auditor

FY 2020-21 Biennial Budget Change Item

Change Item Title: Refill Deputy State Auditor Position

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	157	160	160	160
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	157	160	160	160
FTEs	1	1	1	1

Recommendation:

The Governor recommends additional funding of \$157,000 in FY 2020 and \$160,000 in FY 2021 from the General Fund for the Office of the State Auditor to fund the refilling of a third Deputy State Auditor position.

This recommendation represents a 1.6 percent increase in the Office's General Fund base budget for the FY 2020-2021 biennium.

Rationale/Background:

Minnesota State Statute allows the State Auditor three deputies. With shrinking budgets, this position has not been filled since 2007. The third deputy position will provide supervision of the Government Information Division and the Operations Management Division. A third deputy position is essential to ensure proper supervision of these functions and promote outreach to local governments.

Proposal:

The State Auditor is proposing an increase of \$317,000 in our General Fund Direct Appropriation for the 2020/2021 biennium. These funds will be used to pay the salary and benefits of a third deputy state auditor position/one full time equivalent (FTE).

Results:

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Local Governments Meeting Reporting Requirements	95.5%	95.4%	2016/2017
Quality	Views of Local Government Finance Reports on Website	38,220	35,828	2016/2017
Quantity	Views of Comparison Tools on Website	11,247	10,813	2016/2017
Results	CTAS Users Reporting with Exported Files	756	778	2016/2017
Quantity	Actions performed in the State Auditor's Form Entry System	97,121	122,674	2016/2017

Program: State Auditor

Activity: Audit Practice

auditor.state.mn.us/

AT A GLANCE

- Conducts approximately 150 financial and legal compliance audits annually.
- Reviews approximately 450 single audits annually.
- Conducts annual training for state and local government accounting professionals on new accounting principles and financial compliance issues.

PURPOSE & CONTEXT

The Office of the State Auditor (OSA) has the legal authority to act in the public's best interest in auditing local government finances, including counties, first-class cities, and other political subdivisions of the state. The Audit Practice division has the authority to audit local governments that we do not audit annually if we determine that it is in the public's best interest. This unique capability instills in taxpayers and other stakeholders confidence in local government finances. The Audit Practice Division is funded by a general fund appropriation. Audit fees collected by the Division for auditing services are deposited in the general fund as non-dedicated receipts.

SERVICES PROVIDED

The Audit Practice division provides the following services:

- Issue approximately 150 annual audit reports of counties, cities, entities associated with counties and cities, and other local governments to provide transparency and accountability to taxpayers, the State of Minnesota, federal agencies, and other stakeholders;
- Provide professional, unbiased, objective assessments of whether public resources are reasonably managed, appropriately reported, and administered in compliance with laws and regulations;
- Report on the fair presentation of local governments' financial statements, comment on irregularities and deficiencies in local governments' internal controls, identify issues of legal noncompliance, and recommend changes in local government accounting practices and procedures;
- Use our experience to make the audit process as efficient and effective as possible for the audit clients;
- Provide annual training for the OSA audit staff to maintain a highly-trained staff and include one day of training on new accounting principles and financial compliance issues for state and local government accounting professionals;
- Conduct annual desk reviews of county audit reports and periodic work paper reviews of county audits performed by private CPA firms to determine that the audit procedures performed are in conformance with auditing standards; and
- Provide technical accounting and auditing coordination to support the other divisions within the office, promoting efficiency and effectiveness.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Peer Review Quality Standards Met (See note 1)	Yes	Yes	2015/2018

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Change in Total Number of Audits Issued (See notes 2 and 3)	0	-26	2016/2017
Quality	Audits Issued Within 12 Months of Auditee Year-End (See notes 3 and 4)	93%	94%	2016/2017
Results	Available Training Slots Filled by State and Local Government Accounting Professionals (See note 5)	100%	100%	2016/2017

Notes:

1. The OSA participates in the National State Auditor's Association Peer Review Program. Maintenance of an appropriate internal quality control system is essential to performing effective audits that comply with professional standards. The results of the two previous Peer Reviews concluded that the OSA met professional requirements. The Peer Review is performed every three years: the Peer Reviews listed above were performed in 2015 and 2018.
2. The decrease in the number of audits issued in 2017 was primarily due to audits of Drug Task Forces on behalf of the Minnesota Department of Public Safety not being performed in 2017.
3. For the two areas that refer to Audits Issued, "Previous" refers to audits issued during the 2016 calendar year and "Current" refers to audits issued during the 2017 calendar year.
4. The Division's outcomes are largely qualitative in nature, and many measures are driven by uncontrollable factors such as the abilities, resources, and preparedness of auditees.
5. The Available Training Slots refers to the annual training provided by the OSA.

The legal authority for these activities is outlined below:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).
Minn. Stat., ch. 6 (State Auditor).
Minn. Stat. § 6.46 (Powers to State Auditor).
Minn. Stat. § 6.47 (Prescribes Accounting and Budgeting Systems).
Minn. Stat. § 6.481 (Audits of Counties)
Minn. Stat. § 6.49 (Audits of 1st Class Cities).
Minn. Stat. § 6.495 (Audits of Relief Associations).
Minn. Stat. § 6.50 (Audits of 2nd, 3rd and 4th Class Cities).
Minn. Stat. § 6.51 (Audits of Other Political Subdivisions).
Minn. Stat. § 6.515 (Audits of Federal Money).
Minn. Stat. § 6.54 (Petition Audits).
Minn. Stat. § 123B.77 (Standards for School District Audits).
Minn. Stat. § 124E.16 (Audits of Charter Schools).
Minn. Stat. § 367.36 (Audits of Towns).
Minn. Stat. § 375.17 (Prescribes Form of County's Financial Statements).
Minn. Stat. §§ 412.02, 412.591 (Prescribes Audit Standards for Certain Cities).
Minn. Stat. § 465.719 (Audits for Corporations created by political subdivisions).
Minn. Stat. § 469.43 (Audit of nonprofit agency contracting with Destination Medical Center).
Minn. Stat. § 469.100 (Compliance Examinations of Economic Development Authorities).
Minn. Stat. § 471.697 (City and Town Audits/Financial Reports, Audits of 1st Class Cities).
Minn. Stat. § 471.699 (Penalty for Failure to Comply).
Minn. Stat. § 473.13 (Audits of Met Council).
Minn. Stat. § 477A.017 (Prescribes Uniform Financial Accounting and Reporting Systems).
Minn. Stat. § 477A.0175 (Determine fees collected by unauthorized diversion program).

Audit Practice

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	87	71	6,431	8,712	7,694	7,694	7,897	8,124
2000 - Restrict Misc Special Revenue	29	45	31	45	45	45	45	45
4650 - Audit Practice Enterprise	6,502	6,859						
Total	6,618	6,975	6,462	8,757	7,739	7,739	7,942	8,169
Biennial Change				1,626		259		892
Biennial % Change				12		2		6
Governor's Change from Base								633
Governor's % Change from Base								4

Expenditures by Category

Compensation	5,937	6,003	5,797	6,806	6,904	6,899	7,107	7,329
Operating Expenses	633	766	625	1,631	685	690	685	690
Capital Outlay-Real Property		114		210	75	75	75	75
Other Financial Transaction	48	91	40	110	75	75	75	75
Total	6,618	6,975	6,462	8,757	7,739	7,739	7,942	8,169

Full-Time Equivalents

63.49	62.72	58.47	66.95	63.45	60.95	66.22	66.19
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1		1,018				
Direct Appropriation	88	88	7,449	7,694	7,694	7,694	7,897	8,124
Cancellations		18						
Balance Forward Out	1		1,018					
Expenditures	87	71	6,431	8,712	7,694	7,694	7,897	8,124
Biennial Change in Expenditures				14,985		245		878
Biennial % Change in Expenditures				9,484		2		6
Governor's Change from Base								633
Governor's % Change from Base								4
Full-Time Equivalents	0.67	0.63	55.32	66.90	63.40	60.90	66.17	66.14

2000 - Restrict Misc Special Revenue

Balance Forward In	16	17	15	14	14	14	14	14
Receipts	30	43	30	45	45	45	45	45
Balance Forward Out	17	15	14	14	14	14	14	14
Expenditures	29	45	31	45	45	45	45	45
Biennial Change in Expenditures				2		14		14
Biennial % Change in Expenditures				3		18		18
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.07	0.07	0.05	0.05	0.05	0.05	0.05	0.05

4650 - Audit Practice Enterprise

Balance Forward In	59	1,059				
Receipts	7,504	6,778				
Transfers Out		977				
Balance Forward Out	1,061					
Expenditures	6,502	6,859				
Biennial Change in Expenditures				(13,361)	0	0
Biennial % Change in Expenditures				(100)		
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	62.75	62.02	3.10			

Program: State Auditor

Activity: Legal/Special Investigations

auditor.state.mn.us

AT A GLANCE

- Provides legal expertise to all divisions within the office.
- Responds to inquiries on issues related to legal compliance from the public, local government officials and employees, and policymakers.
- Annually publishes the Minnesota Legal Compliance Audit Guides by entity type.
- Publishes and updates Statements of Position to provide guidance on legal compliance, finance, and internal controls for local government officials and employees, and other interested parties.
- Investigates allegations of unlawful use of public funds and property.
- Provides training to assist local government officials and employees in protecting public assets.

PURPOSE & CONTEXT

We work to ensure that local government funds are used in compliance with state law by over 4,800 units of local government. Our work is relied upon by local governments, members of the public, public- and private-sector auditors, law enforcement, statewide local government associations, and attorneys to obtain legal compliance in the use of local government funds. We receive and respond to statutorily-required reports of theft, embezzlement, and unlawful uses of public funds or property involving local governments. We use specialized financial investigative and legal expertise to respond to questions and concerns. We meet our statutory duty to publish a legal compliance audit guide for use in auditing local governments. In addition, we support all divisions within the office by providing legal expertise and by conducting legal reviews of all audits performed by the Audit Practice Division. We are funded by an appropriation from the general fund.

SERVICES PROVIDED

We work to increase legal compliance in the use of local government funds by providing the following services:

- Perform inquiries, reviews, and investigations initiated because of concerns that we receive, and provide recommendations to local governments;
- Respond to the statutorily-required reports of possible misuse of public funds to ensure that a thorough investigation has been performed, appropriate referrals to law enforcement have been made, and internal control modifications have been implemented;
- Provide targeted training on legal compliance and on the prevention and detection of fraud to local government officials and employees, private and public sector auditors, and other interested parties;
- Update and publish annually seven Minnesota Legal Compliance Audit Guides, which set the current minimum legal compliance procedures and scope for local government audits; and
- Research, revise, and publish Statements of Position on a variety of topics related to local government legal compliance, finance, and internal controls and publish weekly Avoiding Pitfalls items on issues we identify during audits, inquiries, reviews, and investigations.

RESULTS

Our work improves legal compliance and transparency in the use of local government funds, and serves as a constant deterrent against misuse of public funds.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Views of Avoiding Pitfalls on Website	37,681	45,344	2016/2017
Quantity	Views of Legal/SI Statements of Position on Website	70,097	61,213	2016/2017
Quantity	Views of Investigative Reports and Review Letters on Website	27,973	11,911	2016/2017

The legal authority for these activities is outlined below:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).

Minn. Stat., ch. 6 (State Auditor).

Minn. Stat. § 6.52 (Subpoena Power).

Minn. Stat. § 6.53 (Penalty for Failure to Cooperate with OSA).

Minn. Stat. § 6.65 (Legal Compliance Audit Guides).

Minn. Stat. § 609.456 (Mandatory Reporting to OSA for Public Employees and Officials).

Minn. Stat. § 6.67 (Mandatory Reporting to OSA for Public Accountants).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	374	336	340	367	384	384	417	430
Total	374	336	340	367	384	384	417	430
Biennial Change				(4)		61		140
Biennial % Change				(1)		9		20
Governor's Change from Base								79
Governor's % Change from Base								10

Expenditures by Category

Compensation	332	290	302	313	336	337	369	382
Operating Expenses	42	39	37	48	44	44	44	44
Other Financial Transaction		7		6	4	3	4	4
Total	374	336	340	367	384	384	417	430

Full-Time Equivalents

3.99	2.85	2.77	3.25	2.76	2.69	3.34	3.38
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Legal/Special Investigations

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1		4				
Direct Appropriation	344	344	344	363	384	384	417	430
Transfers In	31							
Cancellations		9						
Balance Forward Out	1		4					
Expenditures	374	336	340	367	384	384	417	430
Biennial Change in Expenditures				(4)		61		140
Biennial % Change in Expenditures				(1)		9		20
Governor's Change from Base								79
Governor's % Change from Base								10
Full-Time Equivalents	3.99	2.85	2.77	3.25	2.76	2.69	3.34	3.38

Program: State Auditor

Activity: Government Information

auditor.state.mn.us

AT A GLANCE

- Collects, reviews, and compiles financial information on approximately 3,300 local governments.
- Issues 10 to 12 reports or special studies on local government finances.
- Issues Best Practices Reviews of local government operations periodically.
- Certifies to the Department of Revenue all cities eligible to receive Local Government Aid and Small Cities Assistance.
- Certifies to the Department of Revenue additional local government aid for cities and counties participating in the Performance Measurement Program.

PURPOSE & CONTEXT

We provide comprehensive, comparable financial information from over 3,300 local governments to assist state and local policymakers with policy and spending decisions to help the public make informed decisions about its local government. We collect and analyze local government financial data and publish regular reports provided to the legislature and to the public. We also conduct best practices reviews of local government operations as resources allow. The Government Information division is funded by an appropriation from the general fund.

SERVICES PROVIDED

We work with local governments to collect and analyze their financial information on a timely basis. We provide transparency of local government finances through the following services:

- Respond to local government financial questions;
- Create and provide electronic reporting forms to improve accuracy and timeliness in statutorily-required reporting;
- Provide on-demand online training to help local governments successfully complete electronic reporting forms;
- Maintain, support, and upgrade the Small Cities and Towns Accounting System (CTAS) software used by over 1,300 small cities and towns throughout Minnesota;
- Provide basic accounting and CTAS training to local government officials and employees throughout the state;
- Prescribe the chart of accounts and reporting requirements for cities, towns, and special districts;
- Maintain an extensive database of local government financial data;
- Provide a user-friendly comparison tool of local government financial information;
- Compile and issue 10 to 12 annual reports each year;
- Prepare and compile customized data for use by legislative researchers and the media; and
- Conduct special studies as requested by the legislature.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Local Governments Meeting Reporting Requirements	95.5%	95.4%	2016/2017
Quality	Views of Local Government Finance Reports on Website	38,220	35,828	2016/2017
Quantity	Views of Comparison Tools on Website	11,247	10,813	2016/2017
Results	CTAS Users Reporting with Exported Files	756	778	2016/2017

The legal authority for these activities is outlined below:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).

Minn. Stat., Ch. 6 (State Auditor).

Minn. Stat. § 6.475 (CTAS).

Minn. Stat. §§ 6.74, 6.75 (Collection of Local Government Data, Report).

Minn. Stat. § 6.745 (Summary Budget reports).

Minn. Stat. § 6.756 (Special Districts reports).

Minn. Stat. § 6.76 (Lobbying reports).

Minn. Stat. § 6.78 (Best Practices reports).

Minn. Stat. §§ 6.90, 6.91 (Performance Measures reports).

Minn. Stat. § 367.36 (Towns Make Financial Report to OSA).

Minn. Stat. § 471.697 (Cities, Towns, Municipal Hospitals and Nursing Homes, Liquor Stores and Public Utility Commissions Make Financial Reports to OSA).

Minn. Stat. §§ 471.698, 412.02, 412.591 (City Financial reports).

Minn. Stat. § 471.6965 (Prescribes Summary Budget Statement for Cities).

Minn. Stat. § 471.6985 (Municipal Liquor Stores Report to OSA).

Minn. Stat. § 471.70 (Annual Reports to OSA of Municipalities' Outstanding Obligations).

Minn. Stat. § 609.5315 (Forfeiture reports to OSA and OSA to Legislature).

Government Information

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	539	565	585	865	711	785	883	961
2000 - Restrict Misc Special Revenue	1	10	9	12	12	12	12	12
Total	540	575	594	877	723	797	895	973
Biennial Change				356		49		397
Biennial % Change				32		3		27
Governor's Change from Base								348
Governor's % Change from Base								23

Expenditures by Category

Compensation	479	489	527	661	617	637	789	813
Operating Expenses	61	78	67	191	81	135	81	135
Capital Outlay-Real Property				15	15	15	15	15
Other Financial Transaction		8	0	10	10	10	10	10
Total	540	575	594	877	723	797	895	973

Full-Time Equivalents

6.60	6.25	6.36	6.82	6.82	6.82	8.32	8.32
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Government Information

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		20		117		37		37
Direct Appropriation	644	649	702	748	748	748	920	924
Transfers Out	91	35						
Cancellations		69	0					
Balance Forward Out	14		117		37		37	
Expenditures	539	565	585	865	711	785	883	961
Biennial Change in Expenditures				346		46		394
Biennial % Change in Expenditures				31		3		27
Governor's Change from Base								348
Governor's % Change from Base								23
Full-Time Equivalents	6.60	6.13	6.27	6.73	6.73	6.73	8.23	8.23

2000 - Restrict Misc Special Revenue

Balance Forward In	40	60	68	71	62	50	62	50
Receipts	21	18	13	3				
Balance Forward Out	60	68	71	62	50	38	50	38
Expenditures	1	10	9	12	12	12	12	12
Biennial Change in Expenditures				10		3		3
Biennial % Change in Expenditures				93		12		12
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.12	0.09	0.09	0.09	0.09	0.09	0.09

Program: State Auditor

Activity: Pension

auditor.state.mn.us

AT A GLANCE

- Monitors approximately 600 local public pension plans with assets of over \$552 million and membership of nearly 18,000.
- Issues two annual financial and investment performance reports.
- Certifies individual public pension plans for state aid distributions totaling over \$24 million.

PURPOSE & CONTEXT

We work to ensure compliance with state laws governing administration, finances, investments, and pension benefits for approximately 600 volunteer fire and other types of local public pension plans in Minnesota. We are the sole source of comprehensive pension information of local public pension plans, which is used for comparison purposes by pension plan boards and their associated municipalities, and by the legislature to make policy decisions on these pension plans. We manage the reporting processes for the entire local pension plan system, ensuring that consistent approaches, methods, and investment rate-of-return calculations are used. The users of our services include pension plan boards, plan members, municipal representatives, auditors, investment professionals, policy makers, and the public. We are funded by an appropriation from the general fund. Pension state aid is used to reduce the appropriation.

SERVICES PROVIDED

We promote the consistent interpretation and application of state laws and local pension plan bylaws by providing the following services:

- Monitor pension plan operations and the administration of pension benefits;
- Collect and review annual reporting forms;
- Issue Statements of Position, monthly newsletters, and legislative updates to inform and educate pension plan trustees;
- Create and publish Sample Bylaw Guides and an annual Selected Relevant Statutes booklet to assist pension plan trustee in meeting statutory requirements;
- Convene the Volunteer Fire Relief Association Working Group annually bringing together stakeholders to identify and discuss pressing pension issues and to suggest legislative changes; and
- Publish annual reports on pension plan finances, investments, and administration.

RESULTS

The degree of compliance of local public pension plans with state laws and local bylaws, as measured annually, is excellent, as evidenced by the percentage of pension plans certified for fire state aid shown below.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Pension Plans Certified as Eligible to Receive Fire State Aid	99.9%	99.9%	2016/2017
Quantity	Views of Pension Newsletter on Website	19,448	23,067	2016/2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Views of Sample Bylaw Guides on Website	2,622	3,618	2016/2017
Quantity	Views of Pension Statements of Position on Website	15,256	13,632	2016/2017

The legal authority for these activities is outlined below:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).

Minn. Stat., ch. 6 (State Auditor).

Minn. Stat. § 6.495 (Audits of Relief Associations, Report to Commissioner of Revenue).

Minn. Stat. § 6.496 (Provides Performance Results to Relief Associations).

Minn. Stat. § 6.72 (Relief Associations Report).

Minn. Stat. § 353G.17 (Filings by Relief Associations to OSA for Transfer of Records, Assets, and Liabilities).

Minn. Stat. § 356.219 (Public Pension Funds Investment Reporting).

Minn. Stat. § 424A.02 (Determines Compliance with Financial Requirements by Relief Associations).

Minn. Stat. § 424A.05 (Authority to Approve Correction of Erroneous Deposit).

Minn. Stat. § 424A.091 (Determines Compliance with Financial Requirements by Relief Associations).

Minn. Stat. § 424A.092 (Determines Compliance with Financial Requirements by Relief Associations).

Minn. Stat. § 424A.093 (Determines Compliance with Financial Requirements by Relief Associations).

Minn. Stat. § 471.6175 (OPEB Trust Reports to OSA).

Pension

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	370	416	429	541	485	485	508	526
Total	370	416	429	541	485	485	508	526
Biennial Change				184		0		64
Biennial % Change				23		0		7
Governor's Change from Base								64
Governor's % Change from Base								7

Expenditures by Category

Compensation	318	359	378	423	421	420	444	461
Operating Expenses	52	51	51	117	64	65	64	65
Other Financial Transaction		6		1				
Total	370	416	429	541	485	485	508	526

Full-Time Equivalents

4.52	4.82	4.58	5.75	5.25	5.05	5.65	5.68
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Pension

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		13		56				
Direct Appropriation	483	485	485	485	485	485	508	526
Transfers Out	100							
Cancellations		82						
Balance Forward Out	13		56					
Expenditures	370	416	429	541	485	485	508	526
Biennial Change in Expenditures				184		0		64
Biennial % Change in Expenditures				23		0		7
Governor's Change from Base								64
Governor's % Change from Base								7
Full-Time Equivalents	4.52	4.82	4.58	5.75	5.25	5.05	5.65	5.68

Program: State Auditor

Activity: Operations Management

auditor.state.mn.us

AT A GLANCE

- Provides accounting services, facilities management, technology support, and human resources services for approximately 100 employees in six offices, two worksites, and numerous client sites.
- Hosts and maintains a website to increase transparency in local government finances that serve approximately 15,000 unique visitors each month.
- Maintains integrated databases for all divisions within the Office.
- Modifies, collects, and processes electronic reporting forms for the Office.

PURPOSE & CONTEXT

The Operations Management Division supports all activities within the office by providing the accounting, facilities management, technology support, and human resource services for all divisions. We are funded by a general fund appropriation. The Tax Increment Financing (TIF) Division funding is accounted for in the Miscellaneous Special Revenue Fund, and costs related to supporting the TIF division are allocated directly to that appropriation.

SERVICES PROVIDED

We support all divisions within the office enabling each division to pursue identified strategies and to achieve desired results by providing the following services:

- Prepare and maintain the office's biennial budget;
- Process payroll for approximately 100 employees;
- Prepare purchase orders and pay invoices;
- Bill for and deposit payments for audit services;
- Maintain furniture and equipment inventory;
- Coordinate the lease renewals for and maintenance of six offices;
- Manage all the technology needs of the office;
- Maintain an integrated database for all divisions;
- Work with each division to collect, process, and improve electronic reporting forms;
- Provide research and strategic planning support on technology issues;
- Provide network and personal computer installation, support, and maintenance;
- Purchase common network equipment;
- Coordinate the hiring of employees;
- Educate employees on benefit options; and
- Work to ensure the office is in compliance with state bargaining agreements.

RESULTS

We leverage technology to help the office perform its work more effectively and efficiently.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Actions performed in the State Auditor's Form Entry System	97,121	122,674	2016/2017
Quality	Views of Website documents and pages	1,654,022	1,916,840	2016/2017

The legal authority for these activities is outlined below:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).

Minn. Stat., ch. 6 (State Auditor).

Minn. Stat. § 6.475 ((Electronic) CTAS).

Minn. Stat. § 6.496 (Provides Electronic Performance Results to Relief Associations).

Minn. Stat. § 6.72 (Relief Associations Report to OSA).

Minn. Stat. § 6.74 (Electronic Collection of Local Government Data).

Minn. Stat. § 367.36 (Towns Make Electronic Financial Reports to OSA).

Minn. Stat. § 469.175 (Electronic TIF Districts report to OSA).

Minn. Stat. § 471.6175 (Electronic OPEB Trust Reports to OSA).

Minn. Stat. § 471.697 (Cities, Towns, Municipal Hospitals and Nursing Homes, Liquor Stores and Public Utility Commissions Make Electronic Financial Reports to OSA).

Minn. Stat. § 471.698 (Cities Make Electronic Financial Reports to OSA).

Minn. Stat. § 471.6985 (Municipal Liquor Stores Electronic Report to OSA).

Minn. Stat. § 471.70 (Annual Electronic Reports to OSA of Municipalities' Outstanding Obligations).

Minn. Stat. § 609.5315 (Electronic Forfeiture reports to OSA).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	247	326	263	713	488	488	567	574
Total	247	326	263	713	488	488	567	574
Biennial Change				404		0		165
Biennial % Change				70		(0)		17
Governor's Change from Base								165
Governor's % Change from Base								17

Expenditures by Category

Compensation	209	203	204	391	386	397	465	477
Operating Expenses	37	79	58	271	78	79	78	79
Capital Outlay-Real Property		29		36	18	11	18	11
Other Financial Transaction	1	15	1	15	6	1	6	7
Total	247	326	263	713	488	488	567	574

Full-Time Equivalents

2.49	2.35	2.30	4.33	4.33	4.33	4.83	4.83
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Operations Management

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		65		225				
Direct Appropriation	352	387	488	488	488	488	567	574
Transfers Out	40							
Cancellations		126						
Balance Forward Out	65		225					
Expenditures	247	326	263	713	488	488	567	574
Biennial Change in Expenditures				404		0		165
Biennial % Change in Expenditures				70		(0)		17
Governor's Change from Base								165
Governor's % Change from Base								17
Full-Time Equivalents	2.49	2.35	2.30	4.33	4.33	4.33	4.83	4.83

Program: State Auditor
Activity: Constitutional Office

auditor.state.mn.us

AT A GLANCE

- Provide senior-level management for the Office of the State Auditor (OSA).
- Supports the State Auditor's service on six state boards and one state council.
- Conducts outreach and provides educational resources to local officials, local government finance professionals, and the public.
- Works with the legislature and governor on appropriations and policy issues to ensure effective OSA oversight.
- Works with media statewide to improve quality and increase transparency of local government finances.

PURPOSE & CONTEXT

The State Auditor is an independent constitutional officer elected statewide to provide oversight of over 4,300 units of local government. The State Auditor oversees \$20 billion spent each year to deliver local government services. The Constitutional Office provides senior-level management and leadership to the office and supports the State Auditor on six state boards and one council. The office is funded by a general fund appropriation.

SERVICES PROVIDED

We accomplish our goal of providing effective oversight of local government finances by providing the following services:

- Leverage the extensive knowledge of local government finance and accounting expertise cross-divisionally;
- Reach out to key stakeholders to proactively address emerging finance and compliance issues;
- Conduct outreach through public speaking to the public to instill confidence in local government finances;
- Propose, pursue, and advocate for legislation that increases accountability of local government finances; and
- Work with the media to increase transparency, improve the quality of stories done to raise public awareness of local government finances.

The legal authority for these activities is outlined below:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).
Minn. Stat., ch. 6 (State Auditor).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	468	301	249	311	280	280	362	367
Total	468	301	249	311	280	280	362	367
Biennial Change				(209)		0		169
Biennial % Change				(27)		0		30
Governor's Change from Base								169
Governor's % Change from Base								30

Expenditures by Category

Compensation	242	239	221	272	239	243	321	328
Operating Expenses	226	58	28	35	38	37	38	37
Other Financial Transaction		4		4	3		3	2
Total	468	301	249	311	280	280	362	367

Full-Time Equivalents

2.20	2.01	1.77	2.00	2.00	2.00	3.00	3.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		8		31				
Direct Appropriation	276	280	280	280	280	280	362	367
Transfers In	200	35						
Cancellations		22						
Balance Forward Out	8		31					
Expenditures	468	301	249	311	280	280	362	367
Biennial Change in Expenditures				(209)		0		169
Biennial % Change in Expenditures				(27)		0		30
Governor's Change from Base								169
Governor's % Change from Base								30
Full-Time Equivalents	2.20	2.01	1.77	2.00	2.00	2.00	3.00	3.00

Program: State Auditor

Activity: Tax Increment Financing

auditor.state.mn.us

AT A GLANCE

- Oversees approximately 1,700 Tax Increment Financing (TIF) districts administered by over 400 development authorities.
- Collects and reviews approximately 1,700 annual TIF reports, 150 TIF plans, and 200 other filings annually.
- Publishes annual TIF Legislative Report.
- Provides training and resources to promote TIF compliance.

PURPOSE & CONTEXT

The Tax Increment Financing Division works to ensure compliance with the Tax Increment Financing (TIF) Act. The TIF Act was created to help businesses and communities redevelop blighted areas, expand the property tax base, create jobs, construct housing, and assist development where it would not otherwise occur “but for the use of tax increment.” The division works with approximately 1,700 TIF districts. We are the sole source of comprehensive comparable data on TIF use in Minnesota. Some of this data is used in the annual TIF Legislative Report to inform lawmakers and the public on the uses of TIF. Our oversight work serves as a deterrent to misuse of TIF. We are funded by a special revenue fund statutory appropriation.

SERVICES PROVIDED

The division works to ensure compliance with the TIF Act by providing the following services:

- Review financial information annually to identify non-compliance and to help communities come into legal compliance;
- Conduct desk reviews and targeted field reviews of TIF districts;
- Educate a broad audience, including local officials, lawmakers, financial consultants, state agencies, the public, and the media, on the TIF Act by publishing Statements of Position, monthly newsletters and legislative updates; providing online training videos; conducting trainings and seminars; and responding to requests for information;
- Publish a Tax Increment Financing County Guide to assist county officials in meeting their responsibilities under the TIF Act; and
- Consult with local government associations, legislative staff, and others regarding possible amendments to the TIF Act to ensure ongoing effective oversight by the OSA.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Non-Compliance Findings Resolved	100%	100%	2016/2017
Quantity	Views of TIF Statements of Position on Website	9,532	8,231	2016/2017
Quantity	Individuals Viewing Online Training Videos and Attending Courses	2,915	2,549	2016/2017
Quantity	Annual TIF Reports Filed on Time	96%	99%	2016/2017

The legal authority for these activities is outlined below:

Minn. Const., art. 5, §§ 1 and 4 (Executive branch).

Minn. Stat., ch. 6 (State Auditor).

Minn. Stat. § 469.175 (TIF Districts Report to OSA).

Minn. Stat. § 469.177 (Enforcement Costs; Correction of Errors).

Minn. Stat. § 469.1771 (TIF Oversight).

Tax Increment Financing

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	621	641	605	643	729	744	729	744
Total	621	641	605	643	729	744	729	744
Biennial Change				(15)		225		225
Biennial % Change				(1)		18		18
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	564	531	537	554	645	659	645	659
Operating Expenses	57	81	67	83	84	85	84	85
Capital Outlay-Real Property		9		6				
Other Financial Transaction	0	20	0					
Total	621	641	605	643	729	744	729	744

Full-Time Equivalents

5.82	5.12	5.07	6.17	6.17	6.17	6.17	6.17
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Tax Increment Financing

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	2,743	2,535	2,666	2,873	2,930	2,901	2,930	2,901
Transfers In	413	772	812	700	700	670	700	670
Balance Forward Out	2,535	2,666	2,873	2,930	2,901	2,827	2,901	2,827
Expenditures	621	641	605	643	729	744	729	744
Biennial Change in Expenditures				(15)		225		225
Biennial % Change in Expenditures				(1)		18		18
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.82	5.12	5.07	6.17	6.17	6.17	6.17	6.17

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mncourts.gov/

AT A GLANCE

The Supreme Court, consisting of seven members, is the highest court in Minnesota, serving as the final guardian of the Minnesota Constitution and interpreting/applying the United States Constitution.

- In 2017, 108 direct appeals and 635 petitions for further review were filed with the Supreme Court.
- The Chief Justice is the administrative head of the Judicial Branch, which includes 320 justices and judges and 2,500 employees.
- The Supreme Court serves all Minnesota citizens.

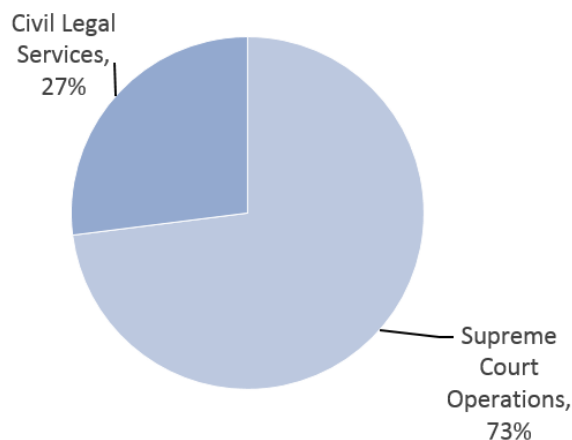
PURPOSE

The Supreme Court has original jurisdiction in remedial cases as prescribed by law, appellate jurisdiction over all cases, and supervisory jurisdiction over all courts in the state. Election contests and appeals for first-degree murder cases are automatically appealed to the Supreme Court. The Supreme Court is solely responsible for the regulation of the practice of law and for judicial and lawyer discipline. The Court also promulgates rules of practice and procedure for the legal system in the state. The Chief Justice is responsible for supervising administrative operations of the state court system.

Supreme Court responsibilities contribute to **strong and stable families and communities**, and the administration of the state's court system ensures the **people in Minnesota are safe** and provides **efficient and accountable government services**.

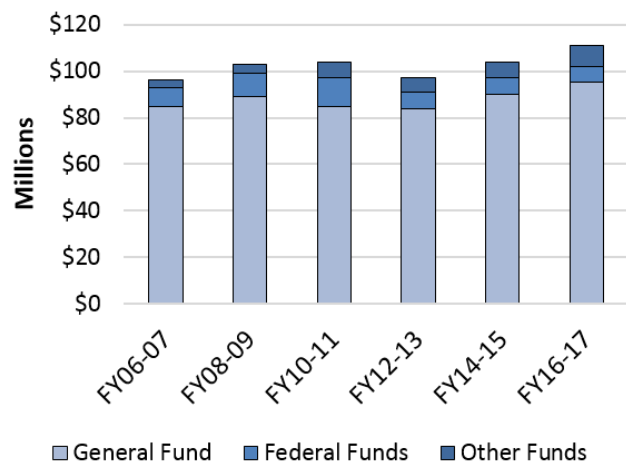
BUDGET

**Spending by Program
FY 17 Actual**



Source: BPAS

Historical Spending



Source: Consolidated Fund Statement

The Supreme Court expended \$58 million in FY 2017. Of this amount, \$50 million (86%) was from state general fund appropriations, with the remaining \$8 million (14%) being funded through various sources such as federal and local government grants, Interest on Lawyers Trust Accounts, and fees.

STRATEGIES

As the state's highest court, the Supreme Court hears oral arguments in the State Capitol Courtroom and the Minnesota Judicial Center. The Supreme Court reviews matters on certiorari, meaning it reviews cases to set precedent, to clarify legal issues, to resolve statutory conflicts, and to answer constitutional questions. The Supreme Court considers appeals from judgments from the Court of Appeals, the Workers Compensation Court of Appeals, and the Tax Court. It hears special term matters, motions, and petitions for extraordinary relief. The Supreme Court also hears mandatory cases, including first degree murder convictions and election contests. The Court promulgates rules of practice and procedure for the legal system in the state.

In addition to hearing appeals, the Supreme Court is responsible for regulating the practice of law, and making recommendations for improvement of the judicial system.

The Chief Justice is responsible for supervising administrative operations of the state court system. The Chief Justice is assisted by the State Court Administrator's Office, which provides the administrative infrastructure for the Judicial Branch, including providing finance, human resources, technology, education, communications, research/evaluation, caseload management and cross-district judicial assignments. The Chief Justice serves as chair of the Judicial Council, the policy-making entity for the Judicial Branch.

The mission of the Judicial Branch is *"To provide justice through a system that assures equal access for the fair and timely resolution of cases and controversies."* The Supreme Court conducts its administrative functions in support of three strategic goals to deliver its mission and to support the statewide outcomes of **promoting strong families and communities, insuring people in Minnesota are safe** and **providing efficient and accountable government services**:

1. Access to Justice – Ensuring the justice system is open, affordable, effective and accountable to the people it serves.
2. Administration of Justice for Effective Results – Working across branches of government and with other justice system stakeholders to improve outcomes for and the delivery of services for children, families, and alcohol and other addicted offenders who come to its courts.
3. Public Trust, Accountability, and Impartiality – Through education, outreach to diverse communities and a commitment to effective and efficient customer service and accountability, improving citizens' understanding of and confidence in the Third Branch of government.

The Judicial Council conducts a rigorous strategic planning process that guides the work of the State Court Administrator's Office in support of the Judicial Branch's three strategic goals. The strategic plan is reviewed and updated biennially.

In recent years, as part of the Judicial Council's strategic planning, the Judicial Branch has begun implementing an ambitious reform agenda involving the use of technology and the re-engineering of business practices in a system-wide effort to expand services and ensure equal access to justice. The centerpiece of this effort – the eCourtMN Initiative – transformed Minnesota's courts from a paper-based environment to an electronic information environment that will ensure convenient, timely, and appropriate access to case information for all stakeholders, and result in more timely and efficient processing of cases. Electronic filing of cases, at both the trial and appellate levels, became mandatory on July 1, 2106. Current efforts focus on leveraging technology to provide high-quality, consistent, and convenient court administration services anywhere in the state.

The Minnesota Constitution, Article VI, https://www.revisor.mn.gov/constitution/#article_6, provides the legal authority for the Supreme Court. M.S. 2.724 provides legal authority for the chief justice's administrative responsibilities: <https://www.revisor.mn.gov/statutes/cite/2.724>. M.S. 480.05 provides legal authority for the Supreme Court's rule making authority: <https://www.revisor.mn.gov/statutes/cite/480.05>. M.S. 480.13-17 provide legal authority for the position and duties of the state court administrator: <https://www.revisor.mn.gov/statutes/cite/480.13>, <https://www.revisor.mn.gov/statutes/cite/480.14>, <https://www.revisor.mn.gov/statutes/cite/480.15>, <https://www.revisor.mn.gov/statutes/cite/480.16>, <https://www.revisor.mn.gov/statutes/cite/480.17>.

Supreme Court

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	45,429	49,606	50,153	55,382	53,583	53,583	58,924	61,146
2000 - Restrict Misc Special Revenue	4,171	3,785	4,987	3,369	3,240	3,238	3,240	3,238
2403 - Gift	131	708	1,065	1,498	1,028	1,028	1,028	1,028
3000 - Federal	3,555	3,375	4,110	4,631	4,446	4,179	4,446	4,179
6000 - Miscellaneous Agency		14	18	45	45	45	45	45
Total	53,287	57,488	60,333	64,925	62,342	62,073	67,683	69,636
Biennial Change				14,483		(843)		12,061
Biennial % Change				13		(1)		10
Governor's Change from Base								12,904
Governor's % Change from Base								10

Expenditures by Program

Supreme Court Operations	38,114	42,247	44,548	48,913	46,345	46,078	50,040	51,073
Civil Legal Services	15,172	15,241	15,785	16,012	15,997	15,995	17,643	18,563
Total	53,287	57,488	60,333	64,925	62,342	62,073	67,683	69,636

Expenditures by Category

Compensation	27,225	28,648	30,669	32,674	32,734	32,734	34,508	35,808
Operating Expenses	8,549	9,730	9,119	12,152	10,786	10,519	12,707	12,440
Grants, Aids and Subsidies	16,663	17,150	19,506	18,109	17,552	17,550	19,198	20,118
Capital Outlay-Real Property	43	159	184					
Other Financial Transaction	806	1,801	855	1,990	1,270	1,270	1,270	1,270
Total	53,287	57,488	60,333	64,925	62,342	62,073	67,683	69,636

Full-Time Equivalents

249.57	251.47	260.49	260.49	257.49	253.39	265.99	265.99
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,595	1,000	1,883				
Direct Appropriation	46,796	49,011	51,036	53,499	53,583	53,583	58,924	61,146
Transfers In		536		179	1,163	1,163	1,163	1,163
Transfers Out		536		179	1,163	1,163	1,163	1,163
Cancellations		0						
Balance Forward Out	1,367	1,000	1,883					
Expenditures	45,429	49,606	50,153	55,382	53,583	53,583	58,924	61,146
Biennial Change in Expenditures				10,500		1,631		14,535
Biennial % Change in Expenditures				11		2		14
Governor's Change from Base								12,904
Governor's % Change from Base								12
Full-Time Equivalents	221.64	223.26	228.88	229.83	226.83	222.73	235.33	235.33

2000 - Restrict Misc Special Revenue

Balance Forward In	1,957	1,773	1,738	1,089	612	305	612	305
Receipts	3,123	2,909	3,534	2,892	2,933	2,933	2,933	2,933
Transfers In	820	808	804					
Transfers Out	0							
Balance Forward Out	1,729	1,705	1,089	612	305		305	
Expenditures	4,171	3,785	4,987	3,369	3,240	3,238	3,240	3,238
Biennial Change in Expenditures				400		(1,878)		(1,878)
Biennial % Change in Expenditures				5		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.30	4.68	5.45	4.50	4.50	4.50	4.50	4.50

2403 - Gift

Balance Forward In	478	4,919	4,417	3,551	2,054	1,027	2,054	1,027
Receipts	4,552	142	198	1	1	1	1	1
Balance Forward Out	4,899	4,352	3,550	2,054	1,027		1,027	
Expenditures	131	708	1,065	1,498	1,028	1,028	1,028	1,028
Biennial Change in Expenditures				1,724		(507)		(507)
Biennial % Change in Expenditures				205		(20)		(20)

Supreme Court

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	980	1,149	1,364	1,040	467	100	467	100
Receipts	3,715	3,595	3,787	4,058	4,079	4,079	4,079	4,079
Balance Forward Out	1,140	1,369	1,041	467	100		100	
Expenditures	3,555	3,375	4,110	4,631	4,446	4,179	4,446	4,179
Biennial Change in Expenditures				1,810		(116)		(116)
Biennial % Change in Expenditures				26		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	23.63	23.53	26.16	26.16	26.16	26.16	26.16	26.16

6000 - Miscellaneous Agency

Balance Forward In	55	74	78	81	54	27	54	27
Receipts	18	18	20	18	18	18	18	18
Balance Forward Out	74	78	81	54	27		27	
Expenditures		14	18	45	45	45	45	45
Biennial Change in Expenditures				49		27		27
Biennial % Change in Expenditures						44		44
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	53,499	53,499	53,499	106,998
Base Adjustments				
Pension Allocation		84	84	168
Forecast Base	53,499	53,583	53,583	107,166
Change Items				
Maintain Core Justice Operations		1,195	2,495	3,690
Cyber Security Program		2,500	2,500	5,000
Civil Legal Services		1,646	2,568	4,214
Total Governor's Recommendations	53,499	58,924	61,146	120,070
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	3,369	3,240	3,238	6,478
Forecast Base	3,369	3,240	3,238	6,478
Total Governor's Recommendations	3,369	3,240	3,238	6,478
Fund: 2403 - Gift				
Planned Spending	1,498	1,028	1,028	2,056
Forecast Base	1,498	1,028	1,028	2,056
Total Governor's Recommendations	1,498	1,028	1,028	2,056
Fund: 3000 - Federal				
Planned Spending	4,631	4,446	4,179	8,625
Forecast Base	4,631	4,446	4,179	8,625
Total Governor's Recommendations	4,631	4,446	4,179	8,625
Fund: 6000 - Miscellaneous Agency				
Planned Spending	45	45	45	90
Forecast Base	45	45	45	90
Total Governor's Recommendations	45	45	45	90
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	2,892	2,933	2,933	5,866
Total Governor's Recommendations	2,892	2,933	2,933	5,866

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2403 - Gift				
Forecast Revenues	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Fund: 3000 - Federal				
Forecast Revenues	4,058	4,079	4,079	8,158
Total Governor's Recommendations	4,058	4,079	4,079	8,158
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	18	18	18	36
Total Governor's Recommendations	18	18	18	36
<i>Non-Dedicated</i>				
Fund: 1000 - General				
Forecast Revenues	497	497	497	994
Total Governor's Recommendations	497	497	497	994

Supreme Court

FY 2020-21 Biennial Budget Change Item

Change Item Title: Maintain Core Justice Operations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,195	2,495	2,495	2,495
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,195	2,495	2,495	2,495
Maintain FTEs	3.0	7.1	7.1	7.1

Recommendation:

The Governor recommends funding for this request from the Supreme Court, with the exception that compensation increases are funded at 3% each year.

The Judicial Branch seeks \$4,189,000 in the FY2020-21 biennium to increase the compensation of Supreme Court justices by 3.5% each year of the biennium, provide a 3.5% each year compensation pool for employees, and fund unavoidable health insurance premium increases. The request represents a 5.4% increase in the Supreme Court biennial base budget. The request maintains the current complement of employees.

Rationale/Background:

In order for the Judicial Branch to continue driving innovation in our court system and improve services to Minnesotans, the Judicial Branch needs to retain and attract skilled and knowledgeable employees and judges who can maintain and operate a modern, efficient, and technology-based court system. However, the Judicial Branch faces two significant challenges:

- Following a six year salary freeze, which made it possible to preserve essential court functions while managing difficult budget cuts and freezes between FY2008 and FY2013, the Judicial Branch has made concerted efforts to improve the competitiveness of the Judicial Branch salary structure. To ensure the salary structure supports a competent workforce, and to not fall below market in the future, the Branch must continue to keep pace with public-sector market competitors. Retaining a skilled and knowledgeable workforce is important to maintain a technology-based court. Judges in some counties make less than the county attorneys who appear before them, and, in some cases even less than the assistant county attorneys.
- The second workforce challenge is a significant retirement wave among both employees and judges. Nearly one-third of current Judicial Branch staff will be 65 years old or older in the next 10 years. In the last two years, 49 judge positions have been subject to the appointment/election process — 15% of all judges in the state. By 2020, at least 37% of all judges that were on the Bench in 2015 will have either retired, or will have turned 65 years old.

This incredible loss of experience and talent is especially concerning when paired with a salary structure that must remain competitive for the Judicial Branch to compete for workers with the necessary skills.

The Supreme Court also requests funding for unavoidable health insurance increases. Health insurance premiums are estimated to increase by 5.63% in 2020 and 5.62% in 2021. The Judicial Branch does not negotiate its own insurance agreements – it participates in the general plan negotiated by Minnesota Management and Budget.

The Judicial Branch cannot absorb the increased insurance contribution cost and would need to divert funding from court functions to pay for the increases without additional funding.

Proposal:

This change level request is not a new initiative. The Judicial Branch's FY2020-21 biennial budget request seeks funding to increase employee and judge salaries, which will help ensure that the Judicial Branch will be ready to respond to this retirement wave, while maintaining the caliber of workforce needed to continue driving innovation within the court system.

In addition, the request for funding unavoidable health insurance increases will hold court services harmless from rising insurance costs for Judicial Branch judges and employees.

Equity and Inclusion:

- The change level request does not directly impact any Racial and Ethnic groups.
- The change level request is not aimed at reducing or eliminating any disparities for Racial and Ethnic groups.
- There are no potential positive or negative impacts on the identified groups.
- The change level request will enable the Judicial Branch to continue efforts to attract and retain skilled and knowledgeable employees and judges who can maintain and operate a modern, efficient, and technology-based court system. In FY17, the Branch implemented a formal pay-for-performance structure for unrepresented staff and prioritized pay-for-performance in collective bargaining, ensuring that all employee increases are based on performance. These pay-for-performance structures recognize exemplary performance and serve as performance accountability mechanisms.

Results:

This request is sought to support the core mission and services of the Supreme Court and to allow the Court to continue to undertake initiatives designed to increase efficiency, reduce costs, and improve public services.

Minnesotans bring their most important and complex matters to the courts for resolution. Judges and staff work every day to help the people resolve these disputes. At the same time staff and judges are driving major innovation within the court system. Their innovations are improving service to the public and creating new efficiencies throughout the justice system. It is critically important that the Judicial Branch continue to retain and attract a workforce that builds on this innovation.

Supreme Court

FY 2020-21 Biennial Budget Change Item

Change Item Title: Cyber Security Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	2,500	2,500	2,500	2,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,500	2,500	2,500	2,500
FTEs	5.5	5.5	5.5	5.5

Recommendation:

The Governor recommends funding for this request from the Supreme Court.

The Judicial Branch seeks \$5,000,000 in the FY2020-21 biennium to continue development of the Judicial Branch Cyber Security Program. The request represents a 6.4% increase in the Supreme Court biennial base budget.

Rationale/Background:

The Judicial Branch launched its cyber security program in FY2017. This request seeks to enhance and further the program. The Branch's Cyber Security Program is aimed at mitigating the Branch's risk of major data breaches, data corruption, system outages, document/data loss, and cyber-attacks. The Judicial Branch recently transitioned to statewide electronic filing of court cases, electronic case records and online sharing of court records. This has resulted in increased dependence on the Branch's technology infrastructure. The Branch recognizes that as an organization's dependence on technology increases, there are ever increasing risks – major outages and cyber security incidents become more common and more costly. The strength and security of the Judicial Branch technology infrastructure is one of the Branch's highest priorities. The request addresses necessary staff, training, hardware, and software needs to strengthen this effort.

The Judicial Branch is responsible for and committed to the safety and security of a magnitude of public, private, and sealed information regarding Minnesotans involved in the judicial system. The Cyber Security Program maintains and ensures the confidentiality, integrity, and availability of information through a carefully coordinated protection network, which provides the Judicial Branch the necessary flexibility to protect against increasingly sophisticated cyber-attacks.

Proposal:

The Judicial Branch Cyber Security Program seeks funds to continue to make forward progress to respond to the ever-changing cyber-threat landscape. In the first two years of operation the Branch formed a dedicated team and launched critical tools and policies to increase the Branch's ability to secure sensitive data, identify vulnerabilities, and mitigate threats. The Judicial Branch is seeking funding for the resources and tools needed to continue these efforts.

Equity and Inclusion:

All Minnesotans are impacted by the proposed change item. Data breaches, data corruption, system outages, document/data loss, and cyber-attacks have a direct impact on the ability of Minnesotans to access the judicial system. Protection of Judicial Branch data and technology infrastructures is critical to the public trust and confidence placed in the Judicial Branch.

Results:

The Judicial Branch has promulgated policies and procedures to measure specific program performance measures as part of the Cyber Security Program implementation, including the following:

- **Quantity:** Have adequate policies and procedures been developed and are court staff and judicial officers sufficiently trained?
- **Quality:** Are all technology systems adequately secure?
- **Result:** The risk of data breaches, data corruption, system outages, document/data loss, and cyber-attacks is greatly reduced.

Periodic reports are provided to the Judicial Council. Internal policies and procedures are monitored for compliance.

Supreme Court

FY 2020-21 Biennial Budget Change Item

Change Item Title: Civil Legal Services

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,646	2,568	2,568	2,568
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,646	2,568	2,568	2,568
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding this request from Civil Legal Services submitted through the Supreme Court.

Civil Legal Services (CLS), a core function of the justice system, requests an increase of \$1,646,000 to its base funding in both years of the 2020-2021 biennium, along with an additional \$922,000 increase in the second year of the 2020-2021 biennium. This increase will continue the improvement of legal outcomes and enhance services to Minnesotans who have low incomes or disabilities, or are elderly, and who need civil legal help to meet their basic human needs. The increase will be used for compensation enhancement for CLS attorneys, whose salaries are significantly less than their other public sector counterparts, and to defray the network's increases in health insurance costs. CLS programs' total collective budget, including the appropriation, is \$39,551,657. The requested increase would be 4% of all CLS funding in FY 2020 and 6.1% of all CLS funding in FY 2021.

Rationale/Background:

CLS opens the doors of the justice system to the most vulnerable in our community. It creates strong and stable families and communities by helping people find solutions to civil legal disputes. It helps victims of domestic violence achieve safety, preserves housing stability and prevents homelessness caused by improper eviction and foreclosure, protects vulnerable Minnesotans from financial exploitation, and maximizes the ability of people who are elderly or have disabilities to live safely and independently in their communities. CLS also increases efficiency in the justice system by redirecting cases that are without merit or can be resolved in another manner, and by ensuring efficient use of the courts when CLS clients come before a judge. CLS increases public access to easily understood legal resources by developing, and continuously expanding, the website www.LawHelpMN.org. In addition, the return on investment (ROI) in CLS is high. The most recent Economic Impact Study conducted by the Minnesota Legal Services Coalition demonstrates a \$3.94 ROI in CLS, with CLS generating \$133 million in revenue for Minnesota in 2014. Additionally, in 2017, CLS used legal representation to protect or to recover more than \$22 million dollars in child support, household financial support, and public benefits for Minnesotans.

Inadequate resources for CLS to provide legal representation to meet the demand for its services and to address critical human needs has been persistent. Presently, CLS is forced to turn away 60% (3 out of 5) eligible clients seeking its services due to lack of resources. The lack of resources also results in a CLS compensation deficit, when CLS is compared to other public interest employers in the justice system. Presently, the average starting salary for CLS attorneys is \$47,983. To illustrate the CLS compensation deficit, this is 87% of the current starting salary for public defenders. This compensation deficit widens as CLS attorneys and public defenders become more experienced. For example, CLS attorneys with 7-10 years of experience have annual salaries less than 80% of similarly experienced public defenders. Increased general fund support to address the CLS compensation

deficit and to cover increased health insurance costs will help CLS to recruit and retain skilled staff, to improve returns on CLS investments in personnel, and – as a result – to be more effective and efficient in helping vulnerable Minnesotans to meet their basic human needs.

Proposal:

The funding requested will support the existing CLS program, which provides legal help to vulnerable Minnesotans in all 87 counties. From 2015 to 2017, CLS increased by nearly 9% the number of its clients facing foreclosure or eviction who remained housed; increased by over 6% the number of seniors and people with disabilities it served who continue to live safely and independently in the community; and held steady in the overall number of Minnesotans helped who successfully resolved critical legal problems. CLS achieved these outcomes in spite of widespread staff turnover due to the CLS compensation deficit. The intended result of the requested increase is additional improved outcomes for Minnesotans with low incomes needing legal representation or advice to meet their need for safety, shelter, food, health care, and basic income. CLS partners with the courts, public libraries, domestic violence shelters, social service systems, and volunteers to achieve these results. CLS has an active working group focused on maximizing coordination in CLS intake and referral processes within the existing CLS infrastructure in Minnesota, while also partnering with the Judicial Branch in the Justice for All project, now in its implementation phase with support from the National Center for State Courts. These collaborative, system-improvement-focused efforts will result in improved and increased access to justice to meet basic needs for elder Minnesotans, Minnesotans with disabilities, or Minnesotans with low incomes. Here is how CLS will invest the requested increase in CLS funding and how the CLS system will benefit as a result:

- \$964,000 of the request will go to salary improvement. This will enable a 2-6% increase in CLS staff salaries. This level of increase would allow CLS to bring its starting attorney salary up to approximately 90% of the current starting salary for public defenders and to take modest steps to address the wider gaps between CLS and public defender salaries at higher experience levels.
- \$435,100 of the request will go to offset anticipated increases in health insurance and other benefits costs in the range of 7-17%.
- CLS continues to innovate and to refine its use of the newest and best technological platforms to facilitate the efficient and effective triaging, intake, and referral processes throughout the statewide CLS system, wherever Minnesotans go for legal help, to ensure that there is no wrong door for accessing CLS. CLS also continues to expand direct outreach to underserved communities in Minnesota to meet people where they live and work, facilitating access to justice at locations of identifiable community need. Increasing CLS competitiveness in compensation with other public sector legal employers will help CLS providers retain key staff to facilitate these important system-improvement activities. Without the increase, CLS will continue to experience the effects of both the CLS compensation deficit and rising health care costs on CLS providers' budgets, staffing, and services.

Equity and Inclusion:

CLS provides access to the justice system for people of color, people with disabilities, the elderly, LGBTQ people, and veterans. These populations have disproportionate numbers of people with low incomes who qualify for CLS services. While most CLS providers serve all of these populations and target outreach to them, CLS has specific programs to address the unique legal needs of people with disabilities and the elderly.

In 2017, 50% of clients served by CLS were non-white (28% Black, 14% Hispanic, 4% Native American, and 4% Asian).

Equity and Inclusion efforts are sustainable because equity is a core value of CLS and central to our mission.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of families and individuals served who successfully resolved critical legal problems.	89% of 46,881	89% of 46,521	2015 and 2017
Results	Number of children and women who are victims of domestic violence who achieved safety.	3,910	3,342	2015 and 2017
Results	Number of families and individuals faced with foreclosure or eviction who remained housed.	4,211	4,583	2015 and 2017
Results	Number of seniors and people with disabilities who continue to live safely and independently in the community.	3,500	3,722	2015 and 2017
Quantity	Number of people obtaining education and self-help resources about legal rights and responsibilities through technological innovation.	448,842	319,764 ⁱ	2015 and 2017

ⁱ Google Analytics changed its methodology for counting page views, accounting for the reduced number in 2017.

Program: Supreme Court Operations

mncourts.gov/

AT A GLANCE

- In 2017, 108 direct appeals and 635 petitions for further review were filed with the Supreme Court.
- The Chief Justice is the administrative head of the Judicial Branch, which includes 320 justices and judges and 2,500 employees.
- The Supreme Court publicly disciplined 41 Minnesota lawyers in 2017.

PURPOSE & CONTEXT

The Supreme Court is the highest court in Minnesota, serving as the final guardian of the Minnesota Constitution and interpreting/applying the United States Constitution.

The Supreme Court is solely responsible for the regulation of the practice of law and for judicial and lawyer discipline.

The mission of the Judicial Branch is “To provide justice through a system that assures equal access for the fair and timely resolution of cases and controversies.” The Supreme Court conducts its adjudicative and administrative functions in support of three strategic goals to deliver its mission and to support the statewide outcome of strong families and communities:

1. Access to Justice – Ensuring the justice system is open, affordable, effective and accountable to the people it serves.
2. Administration of Justice for Effective Results – Working across branches of government and with other justice system stakeholders to improve outcomes for and the delivery of services for children, families, and alcohol and other addicted offenders who come to its courts.
3. Public Trust, Accountability, and Impartiality – Through education, outreach to diverse communities and a commitment to effective and efficient customer service and accountability, improving citizens’ understanding of and confidence in the Third Branch of government.

The Supreme Court serves all Minnesota citizens. The administrative and adjudicative functions of the Supreme Court support the following statewide outcomes:

- Strong and stable families and communities;
- People in Minnesota are safe; and
- Efficient and accountable government services.

SERVICES PROVIDED

The Minnesota Supreme Court considers appeals from judgments from the Court of Appeals, the Workers Compensation Court of Appeals, and the Tax Court. It hears special term matters, motions, and petitions for extraordinary relief. The Supreme Court also hears mandatory cases, including first degree murder convictions and election contests. The Court promulgates rules of practice and procedure for the legal system in the state. The Court oversees the practice of law, including admission to the Bar, lawyer and judge discipline, and continuing legal education.

The Chief Justice is responsible for supervising administrative operations of the state court system. The Chief Justice serves as the chair of the Judicial Council, the policy making body for the Judicial Branch.

The Chief Justice is assisted by the State Court Administrator’s Office, which provides the administrative infrastructure for the Judicial Branch. The State Court Administrator’s Office is responsible for providing Judicial

Branch finance, human resources, technology, education, communications, research/evaluation, caseload management and cross-district judicial assignments.

RESULTS

It is the policy of the Minnesota Judicial Branch to establish core performance goals and to monitor key results that measure progress toward meeting these goals in order to ensure accountability of the Branch, improve overall operations of the court and enhance the public's trust and confidence in the Judiciary. Throughout the year the Supreme Court reviews performance measure results. This review is shared with the Judicial Council (the Branch's governing body) twice a year.

The Supreme Court timing objectives identify the Court's performance based on the case type: Mandatory/Original Cases (e.g. First Degree Murder cases and Election Contests); Discretionary Cases (e.g. appeals from judgments from the Court of Appeals, the Workers Compensation Court of Appeals, and the Tax Court); and Expedited Cases (Appeals in termination of parental rights and adoption cases).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>FY2016</i>		<i>FY2017</i>	
		<i>Number of Cases</i>	<i>Percent that met Timing Objective</i>	<i>Number of Cases</i>	<i>Percent that met Timing Objective</i>
Quality	Mandatory/Original Cases Ninety five percent of the cases will be disposed of within 180 days of submission to the Supreme Court.	28	88%	28	88%
Quality	Discretionary Cases Ninety five percent of petitions for further review should be disposed of within sixty days of the filing of the request for review.	537	86%	551	89%
Quality	Expedited Cases Ninety five percent of expedited appeals (termination of parental rights, adoptions) should be disposed of within 25 days of filing the appeal.	20	100%	19	100%

Data are from the Judicial Branch 2016 & 2017 Performance Measures – Key Results and Measures Annual Report. The report can be found at mncourts.gov/.

The Minnesota State Constitution, Article VI, provides the legal authority for the Supreme Court. M.S. 2.724 <https://www.revisor.mn.gov/statutes/?id=2.724> provides the legal authority for the chief justice's administrative responsibilities. M.S. 480.05 <https://www.revisor.mn.gov/statutes/?id=480.05> provides legal authority for the Supreme Court's rule making authority. M.S. 480.13-.17 <https://www.revisor.mn.gov/statutes/?id=480> provides legal authority for the position and duties of the state court administrator.

Supreme Court Operations

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	32,284	36,433	36,448	41,647	39,863	39,863	43,558	44,858
2000 - Restrict Misc Special Revenue	2,144	1,717	2,907	1,092	963	963	963	963
2403 - Gift	131	708	1,065	1,498	1,028	1,028	1,028	1,028
3000 - Federal	3,555	3,375	4,110	4,631	4,446	4,179	4,446	4,179
6000 - Miscellaneous Agency		14	18	45	45	45	45	45
Total	38,114	42,247	44,548	48,913	46,345	46,078	50,040	51,073
Biennial Change				13,100		(1,038)		7,652
Biennial % Change				16		(1)		8
Governor's Change from Base								8,690
Governor's % Change from Base								9

Expenditures by Activity

Supreme Court Operations	6,185	7,144	7,365	8,608	7,911	7,911	7,911	7,911
State Court Administration	29,730	32,859	34,896	37,818	35,981	35,714	39,676	40,709
Law Library Operations	2,200	2,244	2,287	2,487	2,453	2,453	2,453	2,453
Total	38,114	42,247	44,548	48,913	46,345	46,078	50,040	51,073

Expenditures by Category

Compensation	27,117	28,534	30,549	32,474	32,534	32,534	34,308	35,608
Operating Expenses	8,523	9,701	9,045	12,152	10,786	10,519	12,707	12,440
Grants, Aids and Subsidies	1,625	2,052	3,916	2,297	1,755	1,755	1,755	1,755
Capital Outlay-Real Property	43	159	184					
Other Financial Transaction	806	1,801	855	1,990	1,270	1,270	1,270	1,270
Total	38,114	42,247	44,548	48,913	46,345	46,078	50,040	51,073

Full-Time Equivalents

248.57	250.47	259.49	259.49	256.49	252.39	264.99	264.99
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Supreme Court Operations

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		1,567	1,000	1,868				
Direct Appropriation	33,651	35,866	37,316	39,779	39,863	39,863	43,558	44,858
Transfers In		536		179	1,163	1,163	1,163	1,163
Transfers Out		536		179	1,163	1,163	1,163	1,163
Balance Forward Out	1,367	1,000	1,868					
Expenditures	32,284	36,433	36,448	41,647	39,863	39,863	43,558	44,858
Biennial Change in Expenditures				9,378		1,631		10,321
Biennial % Change in Expenditures				14		2		13
Governor's Change from Base								8,690
Governor's % Change from Base								11
Full-Time Equivalents	221.64	223.26	228.88	229.83	226.83	222.73	235.33	235.33

2000 - Restrict Misc Special Revenue

Balance Forward In	1,338	1,159	1,144	560	260	130	260	130
Receipts	1,101	892	1,520	792	833	833	833	833
Transfers In	820	808	804					
Transfers Out	0							
Balance Forward Out	1,116	1,143	561	260	130		130	
Expenditures	2,144	1,717	2,907	1,092	963	963	963	963
Biennial Change in Expenditures				139		(2,073)		(2,073)
Biennial % Change in Expenditures				4		(52)		(52)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.30	3.68	4.45	3.50	3.50	3.50	3.50	3.50

2403 - Gift

Balance Forward In	478	4,919	4,417	3,551	2,054	1,027	2,054	1,027
Receipts	4,552	142	198	1	1	1	1	1
Balance Forward Out	4,899	4,352	3,550	2,054	1,027		1,027	
Expenditures	131	708	1,065	1,498	1,028	1,028	1,028	1,028
Biennial Change in Expenditures				1,724		(507)		(507)
Biennial % Change in Expenditures				205		(20)		(20)
Governor's Change from Base								0

Supreme Court Operations

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	980	1,149	1,364	1,040	467	100	467	100
Receipts	3,715	3,595	3,787	4,058	4,079	4,079	4,079	4,079
Balance Forward Out	1,140	1,369	1,041	467	100		100	
Expenditures	3,555	3,375	4,110	4,631	4,446	4,179	4,446	4,179
Biennial Change in Expenditures				1,810		(116)		(116)
Biennial % Change in Expenditures				26		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	23.63	23.53	26.16	26.16	26.16	26.16	26.16	26.16

6000 - Miscellaneous Agency

Balance Forward In	55	74	78	81	54	27	54	27
Receipts	18	18	20	18	18	18	18	18
Balance Forward Out	74	78	81	54	27		27	
Expenditures		14	18	45	45	45	45	45
Biennial Change in Expenditures				49		27		27
Biennial % Change in Expenditures						44		44
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Civil and Family Legal Services

mncourts.gov/

AT A GLANCE

- In 2017, Civil Legal Services (CLS) served 46,521 households consisting of more than 112,000 people throughout all 87 Minnesota counties.
- There is one Civil Legal Services attorney for every 6,058 eligible clients, compared with one practicing attorney for every 324 Minnesotans.
- 18% of clients represented are seniors, 19% are people with disabilities, and 65% are women.

PURPOSE & CONTEXT

The Supreme Court administers CLS funding. There are three sources of Court-administered funding: general fund, Interest on Lawyers Trust Accounts (IOLTA), and attorney registration fees. The Court administers these funds through its Legal Services Advisory Committee. By statute, 85% of the general fund support is distributed on a poverty population basis to the Minnesota Legal Services Coalition, six regional CLS organizations that provide a full range of civil legal help in all 87 counties. The remaining 15% of general fund support is awarded on a competitive basis to CLS organizations. CLS also receives funding from federal and local government grants, foundations, the United Way, law firms, corporations, and individual private donors.

The statewide civil legal services network is a core function of the justice system. It ensures access to justice for vulnerable Minnesotans and increases efficiency in the justice system. CLS focuses on resolving civil legal matters that directly affect the basic human needs for safety, shelter, and household sustenance. All CLS clients have low incomes, disabilities, or are elderly. Network innovations to increase efficiency include expanded public access to services through technology, controlled cost through shared service coordination, and leveraging of volunteer resources.

SERVICES PROVIDED

CLS opens the doors of the justice system to the most vulnerable in our community. It creates strong and stable families and communities by helping people find solutions to civil legal disputes. In addition to the services noted in the “At a Glance” box above, CLS provided education and self-help services to nearly 319,764 additional people. CLS attorneys and advocates work from offices throughout the state, giving direct service to people in all 87 Minnesota counties. CLS also developed, and is continuously expanding, a public internet resource, www.LawHelpMN.org. This website has dozens of self-help resources including easy-to-use legal forms, and is used by the court system, public libraries, social service agencies, and the general public. It is preparing to launch an improved referral system and an online triage system to improve the efficiency and effectiveness of guiding potential clients to the best resource to address their legal issues.

CLS priorities include [1] helping victims of domestic violence achieve safety; [2] preserving housing stability and preventing homelessness due to improper eviction or foreclosure; [3] protecting vulnerable Minnesotans from financial exploitation; and [4] maximizing the ability of people who are elderly or have disabilities to live safely and independently in their community. An essential part of the state’s domestic violence intervention system, CLS gives legal help to women and children served by the state’s network of domestic violence shelters and support programs. CLS has a similar relationship with social service systems that address homelessness or independent living for seniors or people with disabilities. The CLS partnership with the justice system is also critical. CLS creates efficiencies in the justice system by redirecting cases that are without merit or can be resolved in another manner, and by ensuring efficient use of the courts when CLS clients come before a judge.

CLS also creates efficiency by providing essential infrastructure to leverage and support volunteer attorneys through training, mentoring, www.ProJusticeMN.org, and a new volunteer program Minnesota Legal Advice Online (MLAO). Finally and critically, CLS has an active working group focused on maximizing coordination in CLS intake and referral processes, while also partnering with the Judicial Branch in the Justice for All project, now in its implementation phase with support from the National Center for State Courts.

CLS in Minnesota is forced to turn away 60 percent (3 out of 5) of eligible clients seeking its services due to lack of resources. The inability of CLS to meet the demand for its services to meet critical human needs has been persistent. CLS continues to create efficiencies through technological innovations, coordination, and leveraging volunteers to serve more eligible families and individuals, but the need for services far exceeds the capacity of CLS.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of families and individuals served who successfully resolved critical legal problems.	89% of 46,881	89% of 46,521	2015 and 2017
Results	Number of children and women who are victims of domestic violence who achieved safety.	3,910	3,342	2015 and 2017
Results	Number of families and individuals faced with foreclosure or eviction who remained housed.	4,211	4,583	2015 and 2017
Results	Number of seniors and people with disabilities who continue to live safely and independently in the community.	3,500	3,722	2015 and 2017
Quantity	Number of people obtaining education and self-help resources about legal rights and responsibilities through technological innovation.	448,842	319,764 ⁱ	2015 and 2017

M.S. 480.24 to 480.244 provides the legal authority for Civil and Family Legal Services.

(<https://www.revisor.mn.gov/statutes/cite/480.24>) (<https://www.revisor.mn.gov/statutes/cite/480.242>)

(<https://www.revisor.mn.gov/statutes/cite/480.243>) (<https://www.revisor.mn.gov/statutes/cite/480.244>)

ⁱ Google analytics changed its methodology for counting page views, accounting for the reduced number in 2017.

Civil Legal Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	13,145	13,173	13,705	13,735	13,720	13,720	15,366	16,288
2000 - Restrict Misc Special Revenue	2,027	2,068	2,080	2,277	2,277	2,275	2,277	2,275
Total	15,172	15,241	15,785	16,012	15,997	15,995	17,643	18,563
Biennial Change				1,383		195		4,409
Biennial % Change				5		1		14
Governor's Change from Base								4,214
Governor's % Change from Base								13

Expenditures by Activity

Legal Services	15,172	15,241	15,785	16,012	15,997	15,995	17,643	18,563
Total	15,172	15,241	15,785	16,012	15,997	15,995	17,643	18,563

Expenditures by Category

Compensation	108	114	120	200	200	200	200	200
Operating Expenses	26	29	75					
Grants, Aids and Subsidies	15,038	15,098	15,590	15,812	15,797	15,795	17,443	18,363
Total	15,172	15,241	15,785	16,012	15,997	15,995	17,643	18,563

Full-Time Equivalents

1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
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Civil Legal Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		28	0	15				
Direct Appropriation	13,145	13,145	13,720	13,720	13,720	13,720	15,366	16,288
Cancellations		0						
Balance Forward Out	0		15					
Expenditures	13,145	13,173	13,705	13,735	13,720	13,720	15,366	16,288
Biennial Change in Expenditures				1,122		0		4,214
Biennial % Change in Expenditures				4		0		15
Governor's Change from Base								4,214
Governor's % Change from Base								15

2000 - Restrict Misc Special Revenue

Balance Forward In	619	614	594	529	352	175	352	175
Receipts	2,022	2,017	2,014	2,100	2,100	2,100	2,100	2,100
Balance Forward Out	614	562	529	352	175		175	
Expenditures	2,027	2,068	2,080	2,277	2,277	2,275	2,277	2,275
Biennial Change in Expenditures				261		195		195
Biennial % Change in Expenditures				6		4		4
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Dept. of Justice 16.588 (Funds pass through the Dept. of Public Safety)	Point of Contact Position Federal funds to support a position advising the SCAO on topics of domestic and sexual violence. Funds pass through the Dept. of Public Safety for distribution.	No	103	87	87	87	Yes	1.0
	Budget Activity Total: Supreme Court		103	87	87	87		10.
Dept. of Health & Human Services 93.563 (Funds pass through the Department of Human Services)	Expedited Child Support Program Payments for the federal share (66%) of Expedited Child Support. Expenditures include costs for personnel, magistrates, and operations.	No	3,610	4,241	4,056	3,789	Yes	22.93
Dept. of Health & Human Services 93.586	Court Improvement Program Expenditures for the Children Justice Initiative Grant. These grants are awarded to the state from the Federal Department of Human Services Administration for Children and Families.	No	398	288	288	288	No	2.23
Dept. of Justice N/A	State Justice Institute – Technology Enhanced Learning Expenditures for SJI grants which are awarded to improve the quality of State Courts. These are either project grants or technical assistance grants. Project grants are intended to support innovative education and training projects that will improve the administration of justice in the courts. Technical assistance grants provide State and local courts with funding to diagnose problems and implement needed change.	No	0	15	15	15	N/A	0
	Budget Activity Total: State Court Administration		4,008	4,544	4,359	4,092		25.16
	Program Total: Supreme Court Operations		4,111	4,631	4,446	4,179		26.16
	Federal Fund – Agency Total		4,111	4,631	4,446	4,179		26.16

Narrative

In FY20 and FY21 the Supreme Court will continue to receive federal funding for Child Support and the Court Improvement Program. The Order for Protection database grant ended in FY14 and was replaced by the Stop Violence Against Women Act for a Point of Contact position grant. This grant has a state match of approximately 30%. The Expedited Child Support Program funds magistrates, personnel, and operating costs. The Expedited Child Support Program receives federal reimbursement at a rate of 66% for eligible expenditures, so less spending

with state appropriated dollars would result in a proportionate decrease in federal reimbursement. The Court Improvement Program improves the processing of child protection cases and the outcomes for abused and neglected children. Estimates were based on past funding. Grants that will be ending did not include revenue projected past the end date.

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AT A GLANCE

In 2017 the Department of Revenue paid:

- \$927 million in aids to local governments
- \$651 million in property tax refunds to about 860,000 individuals
- \$74 million in credits to reduce individuals' and businesses' property taxes
- \$24 million in other programs

PURPOSE

The Minnesota Department of Revenue's mission is "working together to fund Minnesota's future." Our vision is that everyone reports, pays and receives the right amount: no more, no less.

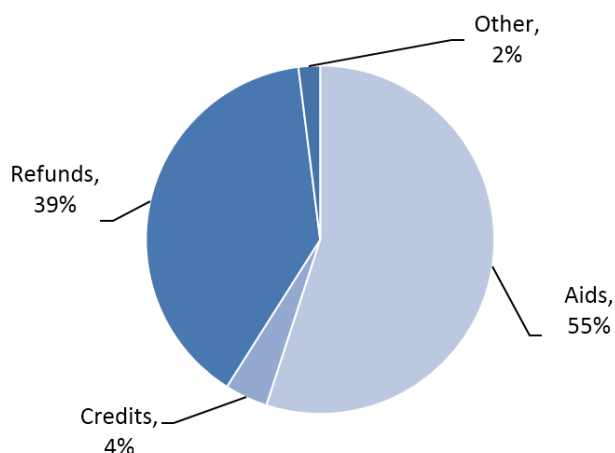
Property taxes are a primary source of funding for local governments. Property Tax Aid, Credit and Refund programs administered by the Department of Revenue provide direct property tax relief to individual taxpayers and funding to local governments, including cities and counties.

In addition to administering Tax Aids, Credits and Refunds, the Department of Revenue administers 31 types of state and local taxes and collects debt owed to state agencies and local government. We collect over \$23 billion in state taxes annually to fund state and local programs.

Tax and debt collection revenue collected by the Department of Revenue is accounted for in the Tax Aids, Credits and Refunds budget book. More information about the Department of Revenue's tax administration and debt collection activities can be found in the Minnesota Department of Revenue budget book, which also details the operating expenditures of the department.

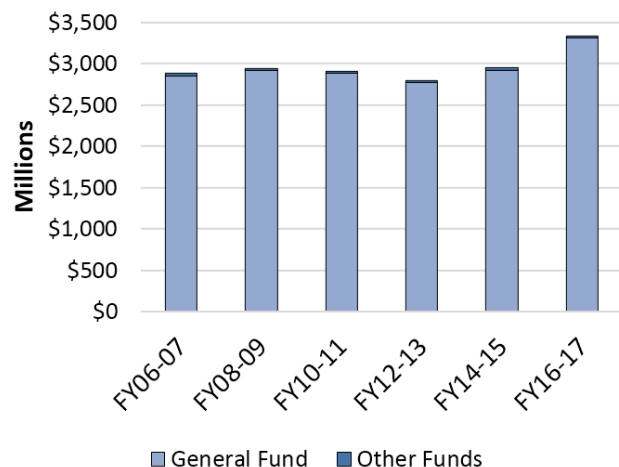
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Department of Revenue administers three dozen Property Tax Aid, Credit and Refund programs that make payments to individual taxpayers and local governments. In 2017, we disbursed nearly \$1.7 billion in general fund dollars through four types of programs:

- Aids paid to local government to help them fund local services
- Credits that reduce the amount of property taxes individuals pay
- Refunds that provide individuals direct relief for taxes already paid
- Other programs such as the senior citizen property tax deferral program and tax refund interest payments.

STRATEGIES

Property Tax Aid, Credit and Refund programs:

- Target property tax relief based on income and ability to pay
 - Provide aid to local governments and property tax relief to individuals to help make the services provided by local governments more affordable
 - Address sudden increases in property taxes
 - Encourage behavior which the state deems beneficial to achieving statewide outcomes.
-

Tax Aids, Credits and Refunds

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,641,056	1,670,321	1,718,604	1,928,778	1,810,074	1,915,253	1,810,114	1,992,522
2000 - Restrict Misc Special Revenue	612	182	50	190	200	200	200	200
2001 - Other Misc Special Revenue	12,823	325	8,197	8,238	210	210	210	210
2360 - Health Care Access	432	576	165	214	343		183	19
2710 - Highway Users Tax Distribution	28	16	20	20	20	20	20	20
2720 - State Airports				1	1	1	1	1
2800 - Environmental	0	0		1	1	1	1	1
2801 - Remediation	0	0						
Total	1,654,952	1,671,420	1,727,036	1,937,442	1,810,849	1,915,685	1,810,729	1,992,973
Biennial Change				338,106		62,056		139,224
Biennial % Change				10		2		4
Governor's Change from Base								77,168
Governor's % Change from Base								2

Expenditures by Program

Refunds	632,858	651,292	684,771	732,112	760,740	792,890	760,740	793,280
Local Aids	815,854	804,072	819,038	948,318	784,356	862,638	784,396	923,717
Credits	54,889	56,621	55,709	88,113	97,198	99,184	97,198	114,984
Pension-Related Aids	132,410	136,151	139,266	143,932	148,279	139,019	148,279	139,019
Other Local Govt Payments	7,018	10,516	12,177	11,731	6,511	6,632	6,511	6,632
Other Taxes and Refunds	11,923	12,769	16,076	13,236	13,765	15,322	13,605	15,341
Total	1,654,952	1,671,420	1,727,036	1,937,442	1,810,849	1,915,685	1,810,729	1,992,973

Expenditures by Category

Operating Expenses	4,932	4,641	4,377	4,274	4,409	4,465	4,409	4,465
Grants, Aids and Subsidies	1,640,559	1,655,261	1,711,521	1,922,593	1,795,329	1,900,050	1,795,369	1,977,319
Other Financial Transaction	9,461	11,518	11,137	10,575	11,111	11,170	10,951	11,189
Total	1,654,952	1,671,420	1,727,036	1,937,442	1,810,849	1,915,685	1,810,729	1,992,973

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	764,279	765,375	774,008	899,716	742,748	820,770	742,748	881,719
Open Appropriation	854,074	886,318	927,076	1,008,826	1,047,757	1,075,444	1,047,797	1,091,934
Transfers In	35,771	31,838	32,130	35,764	35,989	36,214	35,989	36,214
Transfers Out	11,864	11,747	13,283	14,221	15,132	15,887	15,132	15,887
Net Loan Activity	(1,191)	(1,429)	(1,257)	(1,307)	(1,288)	(1,288)	(1,288)	(1,458)
Cancellations	12	34	71					
Expenditures	1,641,056	1,670,321	1,718,604	1,928,778	1,810,074	1,915,253	1,810,114	1,992,522
Biennial Change in Expenditures				336,005		77,945		155,254
Biennial % Change in Expenditures				10		2		4
Governor's Change from Base								77,309
Governor's % Change from Base								2

2000 - Restrict Misc Special Revenue

Balance Forward In	1,038	403	210	380	407	416	407	416
Receipts	6,058	6,471	6,844	6,236	6,243	6,243	6,243	6,243
Transfers Out	6,080	6,482	6,623	6,019	6,034	6,035	6,034	6,035
Balance Forward Out	404	210	380	407	416	424	416	424
Expenditures	612	182	50	190	200	200	200	200
Biennial Change in Expenditures				(554)		160		160
Biennial % Change in Expenditures				(70)		67		67
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	26	30	30	75	50	50	50	50
Transfers In	12,826	325	8,242	8,213	210	210	210	210
Balance Forward Out	30	30	75	50	50	50	50	50
Expenditures	12,823	325	8,197	8,238	210	210	210	210
Biennial Change in Expenditures				3,287		(16,015)		(16,015)
Biennial % Change in Expenditures				25		(97)		(97)
Governor's Change from Base								0
Governor's % Change from Base								0

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2360 - Health Care Access

Open Appropriation	432	576	165	214	343	0	183	19
Expenditures	432	576	165	214	343		183	19
Biennial Change in Expenditures				(629)		(36)		(177)
Biennial % Change in Expenditures				(62)		(10)		(47)
Governor's Change from Base								(141)
Governor's % Change from Base								

2710 - Highway Users Tax Distribution

Open Appropriation	22,542	22,817	23,047	23,550	23,660	23,770	27,653	35,642
Transfers Out	22,514	22,800	23,028	23,530	23,640	23,750	27,633	35,622
Expenditures	28	16	20	20	20	20	20	20
Biennial Change in Expenditures				(5)		0		0
Biennial % Change in Expenditures				(11)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

2720 - State Airports

Open Appropriation				1	1	1	1	1
Expenditures				1	1	1	1	1
Biennial Change in Expenditures				1		1		1
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

2800 - Environmental

Open Appropriation	0	0		1	1	1	1	1
Receipts	109	15	15	15	15	15	15	15
Cancellations	109	15	15	15	15	15	15	15
Expenditures	0	0		1	1	1	1	1
Biennial Change in Expenditures				1		1		1
Biennial % Change in Expenditures				16,187				

Tax Aids, Credits and Refunds

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0

2801 - Remediation

Open Appropriation	0	0						
Expenditures	0	0						
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								

6002 - Taxes Clearing Agency

Balance Forward In	20		0					
Receipts	(20)	0	0	0	0	0	0	0
Balance Forward Out		0	0					

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	899,525	899,525	899,525	1,799,050
Base Adjustments				
Forecast Open Appropriation Adjustment		(156,777)	(78,759)	(235,536)
November Forecast Adjustment			4	4
February Forecast Adjustment	191			
Forecast Base	899,716	742,748	820,770	1,563,518
Change Items				
Increase Local Government Aid and County Program Aid			60,949	60,949
Total Governor's Recommendations	899,716	742,748	881,719	1,624,467
Open				
Fund: 1000 - General				
FY2019 Appropriations	996,478	996,478	996,478	1,992,956
Base Adjustments				
Forecast Open Appropriation Adjustment	(2,819)	17,532	15,482	33,014
November Forecast Adjustment	21,555	26,410	41,612	68,022
February Forecast Adjustment	(6,388)	7,337	21,872	29,209
Forecast Base	1,008,826	1,047,757	1,075,444	2,123,201
Change Items				
Modifications of Sales Tax Exemptions and Updates for Wayfair			(490)	(490)
Buffer Credit for Agricultural Land			15,800	15,800
Increase Local Government Aid and County Program Aid			(1,470)	(1,470)
Property Tax Updates For Homeowners			1,270	1,270
Transportation Funding Package		40	130	170
Regional Transit Bonding Authority			50	50
School Safety Revenue			260	260
Soil and Water Conservation District Levy Authority			940	940
Total Governor's Recommendations	1,008,826	1,047,797	1,091,934	2,139,731
Fund: 2360 - Health Care Access				
FY2019 Appropriations	600	600	600	1,200
Base Adjustments				
Forecast Open Appropriation Adjustment	(252)	(234)	(600)	(834)
November Forecast Adjustment	(114)	24		24
February Forecast Adjustment	(20)	(47)		(47)
Forecast Base	214	343	0	343
Change Items				
Repeal Sunset of the Provider Tax		(160)	19	(141)

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	214	183	19	202
Fund: 2710 - Highway Users Tax Distribution				
FY2019 Appropriations	23,349	23,412	23,298	46,710
Base Adjustments				
February Forecast Adjustment	201	248	472	720
Forecast Base	23,550	23,660	23,770	47,430
Change Items				
Transportation Funding Package		3,993	11,872	15,865
Total Governor's Recommendations	23,550	27,653	35,642	63,295
Fund: 2720 - State Airports				
FY2019 Appropriations	1	1	1	2
Forecast Base	1	1	1	2
Total Governor's Recommendations	1	1	1	2
Fund: 2800 - Environmental				
FY2019 Appropriations	1	1	1	2
Forecast Base	1	1	1	2
Total Governor's Recommendations	1	1	1	2
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	190	200	200	400
Forecast Base	190	200	200	400
Total Governor's Recommendations	190	200	200	400
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	8,238	210	210	420
Forecast Base	8,238	210	210	420
Total Governor's Recommendations	8,238	210	210	420
<i>Revenue Change Summary</i>				
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	6,236	6,243	6,243	12,486
Total Governor's Recommendations	6,236	6,243	6,243	12,486
Fund: 2800 - Environmental				

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	15	15	15	30
Total Governor's Recommendations	15	15	15	30
Fund: 6002 - Taxes Clearing Agency				
Forecast Revenues	0	0	0	0
Total Governor's Recommendations	0	0	0	0
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	21,605,196	22,288,358	23,177,942	45,466,300
Change Items				
Minnesota's Response to the 2017 Federal Tax Changes	30,430	539,015	352,195	891,210
Increase the Working Family Credit to Offset Transportation Costs		(40,800)	(41,000)	(81,800)
Reduce Taxes on Social Security Income		(11,000)	(11,900)	(22,900)
Angel Tax Credit		(10,000)	(10,000)	(20,000)
Modifications of Sales Tax Exemptions and Updates for Wayfair		(22,830)	(13,440)	(36,270)
Buffer Credit for Agricultural Land			550	550
Increase Local Government Aid and County Program Aid			1,150	1,150
Property Tax Updates For Homeowners			(5)	(5)
Revenue Stability		16,360	58,320	74,680
Corporate Tax Changes		6,430	9,400	15,830
Transportation Funding Package		227,654	223,614	451,268
Regional Transit Bonding Authority			(40)	(40)
School Safety Revenue			(200)	(200)
Soil and Water Conservation District Levy Authority			(740)	(740)
Total Governor's Recommendations	21,635,626	22,993,187	23,745,846	46,739,033
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	22,258	22,258	22,258	44,516
Total Governor's Recommendations	22,258	22,258	22,258	44,516
Fund: 2107 - State Pks & Trls Lott In Lieu				
Forecast Revenues	6,642	6,391	6,462	12,853
Total Governor's Recommendations	6,642	6,391	6,462	12,853
Fund: 2109 - Local Trls Grants Lott In Lieu				
Forecast Revenues	886	852	862	1,714
Total Governor's Recommendations	886	852	862	1,714
Fund: 2110 - Zoos Lottery In Lieu				

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	590	568	574	1,142
Total Governor's Recommendations	590	568	574	1,142
Fund: 2209 - Heritage Enhancement				
Forecast Revenues	14,759	14,203	14,359	28,562
Total Governor's Recommendations	14,759	14,203	14,359	28,562
Fund: 2300 - Outdoor Heritage				
Forecast Revenues	108,518	113,324	117,648	230,972
Change Items				
Modifications of Sales Tax Exemptions and Updates for Wayfair		(422)	(254)	(676)
Revenue Stability		(7)	(7)	(14)
Total Governor's Recommendations	108,518	112,895	117,387	230,282
Fund: 2301 - Arts & Cultural Heritage				
Forecast Revenues	64,946	67,823	70,410	138,233
Change Items				
Modifications of Sales Tax Exemptions and Updates for Wayfair		(253)	(152)	(405)
Revenue Stability		(4)	(4)	(8)
Total Governor's Recommendations	64,946	67,566	70,254	137,820
Fund: 2302 - Clean Water				
Forecast Revenues	108,518	113,324	117,648	230,972
Change Items				
Modifications of Sales Tax Exemptions and Updates for Wayfair		(422)	(254)	(676)
Revenue Stability		(7)	(7)	(14)
Total Governor's Recommendations	108,518	112,895	117,387	230,282
Fund: 2303 - Parks and Trails				
Forecast Revenues	46,860	48,936	50,803	99,739
Change Items				
Modifications of Sales Tax Exemptions and Updates for Wayfair		(182)	(110)	(292)
Revenue Stability		(3)	(3)	(6)
Total Governor's Recommendations	46,860	48,751	50,690	99,441
Fund: 2350 - Petroleum Tank Release Cleanup				
Forecast Revenues	25,000	25,000	25,000	50,000
Total Governor's Recommendations	25,000	25,000	25,000	50,000
Fund: 2360 - Health Care Access				

Tax Aids, Credits and Refunds

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Revenues	775,924	570,947	113,065	684,012
Change Items				
Repeal Sunset of the Provider Tax		236,617	733,448	970,065
Total Governor's Recommendations	775,924	807,564	846,513	1,654,077
Fund: 2710 - Highway Users Tax Distribution				
Forecast Revenues	1,020,393	1,143,511	1,150,483	2,293,994
Change Items				
Transportation Funding Package		(47,898)	264,581	216,683
Total Governor's Recommendations	1,020,393	1,095,613	1,415,064	2,510,677
Fund: 2720 - State Airports				
Forecast Revenues	15,300	15,426	15,554	30,980
Total Governor's Recommendations	15,300	15,426	15,554	30,980
Fund: 2800 - Environmental				
Forecast Revenues	60,865	62,537	64,495	127,032
Total Governor's Recommendations	60,865	62,537	64,495	127,032
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	50,075	50,075	50,075	100,150
Total Governor's Recommendations	50,075	50,075	50,075	100,150

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota's Response to the 2017 Federal Tax Changes

Fiscal Impact (\$000s)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
General Fund					
Expenditures	0	4,217	1,853	1,450	1,450
Revenues	30,430	539,015	352,195	401,120	432,225
Other Funds					
Expenditures		0	0	0	0
Revenues		0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(30,430)	(534,798)	(350,342)	(399,670)	(430,775)
FTEs		46.90	20.60	16.10	16.10

Recommendation:

The Governor recommends Minnesota respond to the 2017 federal tax bill and other federal tax changes by partially separating our state individual income tax system from the federal government's, giving Minnesota more control over the fairness of our taxes and the stability of our revenue. Adopting the federal changes for business income provides simplicity for tax filing in Minnesota and ease of tax administration. The proposal provides tax relief for low- and middle-income Minnesotans with an increased Working Family Credit for larger families.

Rationale/Background:

Minnesota's income tax currently uses federal taxable income (FTI), as defined in the Internal Revenue Code (IRC), as its starting point. Our state income tax calculation relies on many federal calculations and definitions. Since we last updated our tax statutes to conform to the IRC, several federal tax bills have been enacted, including the 2017 act known as the Tax Cuts and Jobs Act (TCJA).

TCJA made sweeping changes to the federal tax system, including changing individual income tax by suspending personal and dependent exemptions, increasing the standard deduction amount, and suspending or modifying itemized deductions. Provisions were enacted to broaden the tax base for businesses by adding new foreign income provisions, repealing or limiting the use of business deductions, and closing special loopholes in the tax code. The tax broadening provisions were offset by a reduction in corporate tax rates and a new deduction for business income of pass through businesses.

This proposal generally conforms to the federal tax changes for business income and decouples in significant ways from federal individual income tax policy.

Proposal:

1. *Individual provisions*
 - a. *Keep Minnesota's Standard Deduction, Itemized Deductions, and Personal and Dependent Exemptions by conforming to Federal Adjusted Gross Income; Administrative Ease for Taxpayers.*

This proposal changes the starting point of Minnesota taxable income for individuals to federal adjusted gross income (FAGI), instead of FTI, beginning with tax year 2019.

This new starting point gives Minnesota the ability to determine how itemized and standard deductions and exemptions meet Minnesota's needs, rather than mechanically following changes in federal law. The proposal

creates Minnesota standard deductions and Minnesota personal and dependent exemptions at the current levels. The proposal maintains tax benefits for Minnesota that are available under current Minnesota law, including charitable contribution deductions, unreimbursed employee expense deductions, current treatment of 529 Plan withdrawals, and casualty losses, among others.

The proposal conforms to select federal changes to individual income tax such as the changes to the mortgage interest deduction limit.

Individual income tax filing season is underway and Minnesotans are already receiving their refunds for tax year 2018. However, changes made to federal taxes by TCJA, like adjusted gross income, asset depreciation and calculation of basis, have an impact to state tax items for future years. If these items are left as is, taxpayers' future year state returns will be affected. Under this proposal, Minnesotans will be able to rely on their tax year 2018 filing using current 2018 forms and instructions and be able to maintain consistent tracking for state and federal tax items in future years. A subset of taxpayer returns with asset depreciation will experience a change to their 2018 returns. Taxpayers affected by these asset depreciation provisions will not need to refile their taxes; the department will make adjustments and communicate with taxpayers. This approach balances the fact that the tax year 2018 filing season for individuals is already underway with the need to align tax items that affect future year returns.

b. Working Family Credit Expansion

Many low- and middle-income families haven't seen their wages rise while their cost of living has increased. This credit, which also exists at the federal level, helps working families deal with the many financial constraints they face. The program is an important source of financial stability for low- and moderate-income working families with children. A growing body of research shows that the credit benefits families at virtually every stage of life. For example, it:

- Improves infant and maternal health,
- Reduces poverty,
- Improves academic performance and employment outcomes – children in families receiving the federal credit do better in school, are more likely to attend college, and earn more as adults,
- Boosts employment, which reduces the number of households receiving other forms of assistance, and
- Helps businesses – working families are likely to put these funds back into the Minnesota economy.

This proposal changes the Working Family Credit calculation to allow an increased credit for families with three or more children. This is an expansion of the existing state credit, which is modeled on the federal Earned Income Tax Credit.

Under this proposal, about 44,300 tax returns would be affected for tax year 2019 and 2,400 new households would be eligible for the Working Family Credit. Those helped by this proposal would see an average tax reduction of \$227.

2. Business Income Provisions

a. Business Activity

The Governor recommends conforming to most of the changes for business taxes from the 2017 federal tax bill, beginning with tax year 2018. The proposal does not allow the federal 20% deduction for qualified business income of pass-through entities.

b. Section 179 Expensing

The proposal conforms to the federal expansion of allowances for section 179 expensing starting with taxable year 2018. The deduction allows businesses to expense up to \$1 million of qualifying equipment purchases in the first year placed in service. For property placed in service in 2018, the proposal retains the Minnesota 80% addback. The proposal completely conforms to federal section 179 expensing by removing the Minnesota 80% addback modification for property placed in service starting in tax year 2019.

c. Bonus Depreciation

The proposal also conforms to the federal 100% bonus depreciation while retaining the Minnesota 80% addback modification. The changes include an increased percentage amount and expansion of the types of property that qualify for the deduction, including both new and used property.

d. Other Income

The proposal conforms to federal treatment of certain foreign earnings and profits. Deferred foreign earnings that are deemed to be includible federally and subject to the one-time transition tax are included in the Minnesota tax base. The proposal also conforms to federal current year inclusion of global intangible low-taxed income (GILTI) which addresses profit shifting concerns in the new territorial tax system and changes made to subpart F income (current year inclusion of certain types of passive foreign earnings). The proposal does allow the federal deduction for foreign-derived intangible income (FDII) that is derived from a domestic corporation.

This proposal conforms to federal changes to calculation of unrelated business income for tax exempt entities.

e. Loss Limitations

The proposal conforms to federal limits on current year use of business losses and generally allows taxpayers to continue the carry forward of any disallowed losses for up to 15 years under Minnesota's net operating loss (NOL) deduction. For most businesses with gross revenues in excess of \$25 million, the interest deduction is newly limited to 30% of adjusted earnings. Taxpayers are also subject to a \$500,000 limitation on excess business losses. This limits the amount of nonbusiness income that can be offset in the current year. Any excess disallowed loss can be carried forward as part of NOL.

Beginning in tax year 2018, the amount of NOL deduction that corporations can use to offset business income in any taxable year is 80%. Any NOL carryforward in excess of 80% of taxable income can be carried forward to be used in a future year.

f. Repeal of Corporate AMT

The proposal repeals Minnesota's corporate alternative minimum tax (AMT) to mirror the federal repeal of AMT under TCJA, beginning in tax year 2018. The proposal modifies the existing carryover credit that allows corporations that pay AMT in one year to use that tax as a credit against regular tax in a later tax year. Carryover credits generated in years prior to repeal could continue to be used in 2018 and for up to three tax years.

3. Tax Year 2017 Extenders

The Governor recommends updating Minnesota's tax code with provisions extended under the Disaster Tax Relief and Airport and Airway Extension Act of 2017 and the Bipartisan Budget Act of 2018 (BBA) to provide relief to thousands of Minnesota families who take deductions for tuition, mortgage insurance premiums, and mortgage debt forgiveness. Certain provisions in the IRC are set to expire each year and are extended annually at the end of the taxable year to which they apply. The BBA extended a number of provisions for one year through tax year 2017, including various depreciation rules. The acts allow increased limits for charitable contributions and special rules for early distributions related to recent hurricane and wildfire federally-declared disasters in 2017 and 2018.

For C corporations, the Department of Revenue will work with taxpayers to ensure that any adjustment to filed returns is done efficiently and with minimal administrative complications. For individuals, the Department of Revenue will adjust most returns and issue refunds.

4. Administrative Costs

The proposal includes the costs for the Department of Revenue to administer the bill in a manner that is as easy as possible for taxpayers, preparers and software providers. The proposed response to the federal changes and extenders affects returns that taxpayers have already filed for tax years 2017 and 2018. The department's

administrative costs help us minimize the impact of the changes on taxpayers through automated and manual adjustments to previously filed returns. Administrative costs also cover the increased taxpayer communications, support and assistance that will be necessary to help taxpayers, preparers and software providers understand changes and respond to appeals. These costs will also ensure that the department has the tax year 2019 filing system fully developed, tested and ready for taxpayers in January of 2020. The administrative costs contained in this proposal are shown in the Expenditure Overview, Financing by Fund, and Change Summary fiscal reports contained in the Minnesota Department of Revenue's operating budget book.

Equity and Inclusion:

Expanding the Working Family Credit could play a role in narrowing Minnesota's racial income disparities. People of color were approximately 18% of the state's population in 2015, but they made up 34% of Minnesota households eligible for the Earned Income Tax Credit. In 2015, 49% of the credit was distributed to taxpayers in Greater Minnesota.

Results:

Minnesota low- and moderate-income families will receive a larger Working Family Credit, providing them with resources to meet their families' needs. This proposal will also increase the progressivity of Minnesota's tax code.

<i>Type of Measure</i>	<i>Impact</i>
Working Family Credit – Tax Progressivity	Increase

Statutory Change(s):

Minnesota Statutes, Section 270A.03
 Minnesota Statutes, Chapter 289A
 Minnesota Statutes, Chapter 290
 Minnesota Statutes, Chapter 290A
 Minnesota Statutes, Section 291.005
 Minnesota Statutes, Section 297A.68
 Minnesota Statutes, Section 297B.03
 Minnesota Statutes, Section 462D.06
 Minnesota Statutes, Section 469.316

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Increase the Working Family Credit to Offset Transportation Costs

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	(40,800)	(41,000)	(41,200)	(41,500)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	40,800	41,000	41,200	41,500
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the amount of the Working Family Credit in order to offset the impact of the transportation proposal on low-income families.

Rationale/Background:

Minnesota cannot preserve and improve the quality and performance of the state's transportation systems under the combined limitations of current investment levels and current lifecycle replacement practices. The consequences of underinvesting in the state's transportation system will include deterioration in service, increases in congestion, failing infrastructure, and diminished ability to remain economically competitive. This is because transportation systems facilitate the efficient movement of people and goods and create the opportunity for economic development, enhanced productivity, job formation and sustainable growth. Without additional investment, the transportation system will not be able to expand to accommodate expected population and job growth. In addition, alternatives to driving must play a larger role in satisfying the growing transportation demands - roads, transit and other transportation modes must work together as one system.

The transportation system supports all families in Minnesota. This proposal balances the needs of improved transportation with an additional tax credit for working families to help them afford the changes in the transportation proposal.

Proposal:

The proposal would increase the working family credit by \$100 for each single or head of household recipient and by \$200 for each married filing jointly recipient. This increase will provide working families with a tax credit to help offset any increased amount they pay for gasoline as a part of the Governor's recommendation to fund infrastructure.

Equity and Inclusion:

The increase in working family credit provides tax relief for low and middle-income Minnesotans.

Results:

Type of Measure	Impact
Tax Progressivity	Increase

Statutory Change(s):

Minnesota Statutes Section 290.0671

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Reduce Taxes on Social Security Income

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	(11,000)	(11,900)	(12,700)	(13,500)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	11,000	11,900	12,700	13,500
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the portion of social security benefits that Minnesotans can subtract when calculating Minnesota taxable income.

Rationale/Background:

A certain amount of Social Security benefits are required to be included in federal taxable income if the income exceeds certain thresholds. Under current law, a taxpayer may subtract a portion of social security income when calculating Minnesota taxable income.

Proposal:

The proposal increases the maximum subtraction amount from \$4,700 to \$6,000 for married filing jointly, from \$2,350 to \$3,000 for married filing separately, and from \$3,660 to \$4,500 for single and head of household filers for 2019. The proposal also lowers the phase-out thresholds. The new thresholds are set so that taxpayers in the current phase-out range would have no change in tax or a slight decrease.

The maximum subtraction and phase-out totals would be adjusted for inflation beginning tax year 2020.

About 200,300 returns would be impacted for 2019 and the average reduction in tax would be approximately \$55. No taxpayers would pay more tax under the proposal.

Equity and Inclusion:

The proposal provides tax relief for Minnesotans who rely on Social Security benefits, including senior citizens.

Results:

The proposal will allow more Minnesota seniors to pay less tax on their social security income.

Statutory Change(s):

Minnesota Statutes, Section 290.0132

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Angel Tax Credit

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	(10,000)	(10,000)	0	0
Other Funds				
Expenditures	285	285	47	47
Revenues	368	368	127	127
Net Fiscal Impact = (Expenditures – Revenues)	9,917	9,917	(80)	(80)
FTEs	1	1	0.25	0.25

Recommendation:

The Governor recommends \$10 million in FY 2020 and \$10 million in FY 2021 for the Angel Tax Credit Program.

These funds provide a tax credit to investors or investment funds that put money into early stage companies focused on high technology, a new proprietary technology, or a new proprietary product, process, or service in specified fields. The program was funded at \$15 million in calendar years 2015 and 2016, \$10 million in calendar year 2017, and was not funded in 2018. Other funds in this program include fees collected for applications and report filing as well as expenditures for Department of Employment and Economic Development (DEED) program staff to certify participating businesses.

Rationale/Background:

The Angel Tax Credit program is Minnesota's primary economic development tool for assisting early stage businesses and is part of DEED's commitment to fostering innovation in the state. Minnesota has earned its reputation as one of the best states for business by encouraging the growth and economic competitiveness of businesses of all sizes. As high-tech startups look outside the confines of traditional hubs like Silicon Valley, Minnesota has the opportunity to provide incentives that will encourage job growth and technical expertise here in the state. The Angel Tax Credit program has resulted in over \$421 million in private investment in Minnesota startups, leveraged by the state's issuance of \$101 million in tax credits to angel investors. The program spurs economic growth and builds on Minnesota's existing ecosystem of high tech, high innovation companies, including the state's clean energy technology companies.

The program is also an important tool for wealth creation in communities across the state. Since its inception, DEED has sought to broaden the base of individuals, communities, and businesses that benefit from the program. DEED believes it is critical that all qualifying businesses in Minnesota have access to the benefits of the program. The policy changes included in this proposal will increase utilization of the program among targeted group businesses, including those owned by people of color, women-owned businesses, veteran-owned businesses, businesses owned by people with disabilities, and/or businesses in Greater Minnesota.

Proposal:

The Governor recommends \$10 million in FY 2020 and \$10 million in FY 2021 for the Angel Tax Credit Program.

The Governor recommends that the Angel Tax Credit program be modified to better serve targeted group businesses. These modifications include:

- *Adjust the minimum employee compensation requirement to better serve Greater Minnesota:* This proposal revises the minimum employee compensation so rather than applying to every employee of the business, it applies to at least 51% of a business's employees. This requirement has been especially problematic in Greater Minnesota, where wage levels are lower than the metro area. The 2017 requirement was \$20.70 per hour or \$43,050 per year.
- *Lower minimum investment thresholds for investors of targeted business:* This proposal reduces the minimum investment for individuals from \$10,000 to \$7,500 to increase the pool of potential investors in targeted businesses. Targeted businesses typically raise smaller amounts from each investor than non-targeted businesses.
- *Reduce disincentives to annual report filing:* Modify the late filing penalty to \$100 from \$500, an amount that has proven to be a substantial disincentive to filing and providing the program with needed information. This proposal also adds authority for the Commissioner of DEED to revoke any credit allocated and certified for investors, funds, and businesses who fail to file.

Equity and Inclusion:

This proposal specifically targets businesses owned and managed by minorities, women and businesses located in Greater Minnesota, reserving credits for investments in these business and modifying certain program requirements to better enable them to benefit from the program.

Results:

	CY 2014	CY 2015	CY 2016	CY 2017
Number of businesses receiving investments	183	182	187	163
Number of businesses in which investments were made	110	114	105	101
Investment made in businesses qualifying for credit	\$59,783,632	\$70,411,833	\$58,894,095	\$44,474,766
Credit issued for these investments	\$13,841,673	\$15,542,608	\$14,723,711	\$10,723,963
Number of Greater MN businesses receiving investment	8	13	10	10
Women owned & managed businesses	15	10	12	11
Minority owned	8	13	7	5

Statutory Change(s):

Minnesota Statutes, Section 116J.8737

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Modifications of Sales Tax Exemptions and Updates for Wayfair

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	(490)	(570)	(140)
Revenues	(22,830)	(13,440)	16,130	27,900
Other Funds				
Expenditures	0	0	0	0
Revenues	(1,279)	(770)	931	1,630
Net Fiscal Impact = (Expenditures – Revenues)	24,109	13,720	(17,631)	(29,670)
FTEs	0	0	0	0

Recommendation:

The Governor recommends three changes to sales tax.

1. Data center software sales tax exemption modification
2. Local government and non-profit sales tax exemption for construction materials for fiscal years 2020 and 2021
3. Modification of sales tax provisions in response to the United States Supreme Court decision in *South Dakota v. Wayfair, Inc.*

Rationale/Background:

1. *Data center software sales tax exemption modification*

In the context of Qualified Data Centers and sales tax, there are three types of software:

- 1) Software that operates data center equipment,
- 2) Software that manages data, and
- 3) Software with multiple licenses loaded at the data center and distributed by the enterprise.

Under current law, software that operates data center equipment is exempt. Software that manages data at the data center is also exempt. Software with multiple licenses loaded at the data center and distributed by the enterprise to users outside of the data center is not exempt. The software exemption can be claimed for up to 20 years from the date of the first purchase qualifying for the exemption. This exemption is only available for purchases of this type of software for use in a qualified data center.

This exemption from sales tax was first enacted in 2011. At that time, with refunds being paid beginning after July 1, 2013, it was estimated to cost approximately \$24 million in 2014 and approximately \$4 million in 2015. The exemption was substantially modified in 2013. Square footage and investment requirements were reduced and the qualification period extended. At this time, the changes to the exemption were estimated to cost approximately \$8 million per fiscal year. The most recent Tax Expenditure Report anticipated that the Qualified Data Center exemption would cost \$70 million in fiscal year 2018. The 2018 Budget and Economic Forecast published in December indicated that sales tax refund claims were forecasted to be \$101 million greater than the prior forecast largely due to qualified data centers.

2. *Local government and non-profit sales tax exemption*

Under current law, construction materials and supplies are generally taxable in Minnesota. Sales tax-exempt entities such as cities, counties, townships, school districts, special districts, state institutions of higher education, public libraries, most hospitals and nursing homes, and most charitable, educational, and religious organizations may purchase construction materials directly without paying the tax, with certain exceptions. However, building, construction, and reconstruction materials purchased by a contractor or subcontractor as part of a lump-sum or similar type of contract with a guaranteed maximum price covering both labor and materials are taxable, even if the project owner is exempt from sales tax.

3. *Modification of sales tax provisions in response to the United States Supreme Court decision in Wayfair*

The June 21, 2018, U.S. Supreme Court decision in *South Dakota v. Wayfair, Inc.* allows states like Minnesota to require remote sellers with no physical presence, such as online and mail-order companies, to collect and remit the applicable sales or use tax on sales delivered to locations within their state. The Court's decision in *Wayfair* caused two existing Minnesota laws to become effective (remote sellers and marketplace providers). The department announced on July 25, 2018, that remote sellers and marketplace providers must comply with Minnesota's existing laws no later than October 1, 2018. During the implementation process, the department identified changes to current law that would ease administration and continue to pursue a level of uniformity amongst the states— a tenant of the *Wayfair* decision.

Proposal:

1. *Data center software sales tax exemption modification*

The proposal would modify the exemption for software:

- For entities whose first qualifying purchase was 5 or more years prior to July 1, 2019, purchases of software that operates data center equipment and software that manages data at the data center would be exempt, ending with the last purchase made prior to July 1, 2019.
- For entities whose first qualifying purchase was after June 30, 2019, the exemption expands to all software, is limited to 5 years of the first qualifying purchase, and the refund is reduced to 50% of the sales tax paid on the software.
- For entities whose first qualifying purchase was made less than 5 years prior to July 1, 2019, software that operates data center equipment and software that manages data at the data center would be exempt for purchases prior to July 1, 2019; and purchases after June 30, 2019, and within 5 years of the first qualifying purchase, *all* software is exempt, and the refund is limited to 50% of the sales tax paid.

2. *Local government and non-profit sales tax exemption for FY 2020 and 2021*

The proposal would eliminate the requirement that local governments and non-profits use certain types of contracts for their construction to obtain a sales tax exemption. Contractors, subcontractors, and builders would pay the tax at the time materials are purchased, and the local governments and nonprofits would submit a tax refund claim to the Department of Revenue. This provision is limited to fiscal years 2020 and 2021 only.

3. *Modification of sales tax provisions in response to the United States Supreme Court decision in Wayfair*

Regarding marketplace providers, the proposal:

- replaces current law's marketplace provider physical presence requirement with an economic nexus threshold that mirrors current law for retailers;
- requires marketplace providers to file an information report each calendar quarter;
- clarifies that marketplace providers must obtain a sales tax permit;

- removes the \$10,000 threshold amount for remote sellers selling into Minnesota solely through a marketplace provider;

Regarding remote sellers, the proposal simplifies current Minnesota law by providing that all remote sellers with sales totaling more than \$100,000, including sellers making nine or fewer sales, would be required to collect and remit sales tax.

The proposal also:

- updates and adds definitions clearly defining which remote sellers and marketplace providers are subject to Minnesota's sales tax jurisdiction;
- provides remote sellers and marketplace providers 60 days to begin collecting and remitting sales tax after satisfying Minnesota's economic nexus thresholds; and
- requires remote sellers and marketplace providers to notify the department when they no longer have economic nexus with Minnesota.

Equity and Inclusion:

This proposal will provide local governments and non-profits with an exemption from sales tax which will provide property tax relief to those jurisdictions and provide additional funds for non-profits to do their work in communities across Minnesota.

Results:

The modification of the sales tax exemption for data center software will clarify the exemption and increase the ability of taxpayers to understand which software qualifies for the exemption.

<i>Type of Measure</i>	<i>Impact</i>
Data Centers - Efficiency and Compliance	Increase
Data Centers - Transparency, Understandability, Simplicity, and Accountability	Increase

Statutory Change(s):

Minnesota Statutes, Sections 289A.11; 289A.60, subd. 29; 297A.66; 297A.68, subd. 42, paragraph (a); 297A.70; and 297A.83, subd. 1.

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Buffer Credit for Agricultural Land

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (BWSR)	2,045	0	0	0
Expenditures (Tax Aids, Credits and Refunds)	0	15,800	15,800	15,800
Revenues (Tax Aids, Credits and Refunds)	0	550	550	550
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,045	15,250	15,250	15,250
FTEs	0	0	0	0

Recommendation:

The Governor recommends creating an ongoing property tax credit to compensate landowners required to maintain riparian buffers or a water quality equivalent on agricultural land. In addition, the Governor recommends appropriating \$2.045 million from the general fund to the Board of Water and Soil Resources (BWSR) in FY 2020 to provide payments to local soil and water conservation districts (SWCDs). SWCDs will be responsible for reporting landowner noncompliance with the buffer law to counties.

Rationale/Background:

Laws enacted during the 2015 legislative session require riparian buffers or a water quality equivalent to be established on many public waters and drainage systems. Owners of agricultural land abutting public waters must have had buffers in place by November 1, 2017. For land abutting public drainage systems, the deadline was November 1, 2018.

Proposal:

Under this proposal, landowners can claim a property tax credit of \$50 per acre for land required to be maintained as a riparian buffer. Alternatively, landowners can claim an equivalent tax credit if they choose to instead implement an alternative practice with equivalent water quality benefits.

Parcels must meet the following requirements in order to be eligible for the credit:

1. The buffer or alternative practice must be on land classified as 2a agricultural;
2. The buffer or an alternative practice is required under Minnesota Statutes, Section 103F.48, and identified on the state's buffer-protection map;
3. There are no delinquent taxes on the parcel;
4. The land has not been compensated for damages consistent with Minnesota Statutes, Chapter 103E, for the purposes of installing a buffer; and
5. The SWCD has not found the landowner noncompliant with buffer requirements.

Landowners must apply for the riparian buffer credit and certify their amount of eligible land by December 31, 2019. Landowners only apply for the first year they receive the credit. Once approved, the credit will continue into future years. Beginning in 2020 applications for the buffer tax credit will be allowed only when ownership of the land changes or when compliance with at least one of the above conditions changes.

Counties, in consultation with SWCDs, other local water management authorities, and BWSR, will verify applicants' eligibility for the credit. BWSR will distribute a \$30,000 payment from the general fund to MnGeo and \$2.015 million in payments from the general fund to SWCDs in FY 2020. MnGeo will determine which parcels are both subject to the buffer law and are classified as 2a agricultural land. BWSR will provide \$5,000 to \$40,000 each to 89 SWCDs. The size of the payments will depend on the number of parcels BWSR anticipates the SWCD will review for compliance.

The Department of Natural Resources estimates approximately 317,000 acres will be eligible for this credit. Counties will administer the credit, and the Department of Revenue will reimburse the counties. The state estimates the total value of the credit for landowners will be \$15.8 million annually. In addition, the buffer credit reduces property taxes on farm land. Because property taxes can be claimed as income tax deductions for businesses, the buffer credit will reduce income tax deductions and increase revenue to the state by \$550,000 annually.

Equity and Inclusion:

This proposal will not increase inequities.

Results:

The credit will provide property tax relief for landowners complying with the riparian buffer requirement.

Statutory Change(s):

New section – Minnesota Statutes, Section 273.1388

Minnesota Statutes, Section 273.1393

Tax Aids, Credits and Refunds

FY 20-21 Biennial Budget Change Item

Change Item Title: Increase Local Government Aid and County Program Aid

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	59,479	59,479	59,479
Revenues	0	1,150	1,150	1,150
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	58,329	58,329	58,329
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the appropriations for the County Program Aid (CPA) and Local Government Aid (LGA) by approximately \$30 million per year for each program.

Rationale/Background:

Local Government Aid and County Program Aid are important tools in the state-local partnership and supporting economic prosperity in our communities. They help local governments pay for vital needs such as local roads and public safety. They also help relieve the burden of local property taxes. Increased CPA and LGA assists local governments and reduces property tax levies for Minnesota property owners.

Proposal:

The CPA appropriation would increase from \$234 million to \$264.3 million starting in fiscal year 2021 through fiscal year 2025. For fiscal year 2026 and thereafter, the appropriation would be \$261.3 million.

The LGA appropriation would increase from \$534.4 million to \$565 million starting in fiscal year 2021 and thereafter.

It is assumed that the increased CPA and LGA would reduce property tax levies by a portion of the increase. Lower levies will decrease property taxes on all properties. Lower levies will result in lower homeowner property tax refunds, reducing costs to the state general fund. Lower levies will also lower income tax deductions, increasing revenues to the state general fund.

Equity and Inclusion:

This proposal would help cities and counties provide for important services across the state that benefit all Minnesotans such as investments in local roads and public safety, which can be vital for lower-income taxpayers. This proposal will reduce the pressure on local property taxes, a regressive tax that can be burdensome for low-income taxpayers because it is not based on the ability to pay, unlike income tax, for example.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	CPA appropriation	\$234 million	\$264.3 million	FY 2020 – FY 2021
Quantity	LGA appropriation	\$534.4 million	\$565 million	FY 2020 – FY 2021
Results	Competitiveness for Businesses – businesses could see a decrease in local property taxes as a result of an LGA increase.		Increase	

Statutory Change(s):

Minnesota Statutes, Section 477A.03, subdivisions 2a and 2b

Tax Aids, Credits and Refunds

FY 20-21 Biennial Budget Change Item

Change Item Title: Property Tax Updates For Homeowners

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	1,100	1,100	1,100
Loan Issuances		170	260	260
Revenues	0	(5)	(5)	(10)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	1,275	1,365	1,370
FTEs	0	0	0	0

Recommendation:

Senior Citizen Property Tax Deferral Program

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

ITIN Usage for Homestead

The Governor recommends allowing property owners to qualify for homestead classification by providing an Individual Taxpayer Identification Number (ITIN) to an assessor. The Internal Revenue Service issues ITINs in lieu of Social Security numbers to some immigrants who are required to file a federal tax return. This property tax change is effective for applications for homestead filed in 2019 and thereafter.

Agricultural Homestead Market Value Credit

The Governor recommends clarification for changes made during the 2017 special session to the agricultural homestead market value credit. This change would clarify the maximum credit amount.

Deed Tax

The Governor recommends increasing the threshold of the amount of net consideration associated with a transfer that qualifies for the minimum deed tax from \$500 to \$3,000.

Rationale/Background:

Senior Citizen Property Tax Deferral Program

This proposal would help seniors to pay their property taxes. The changes would expand eligibility so more seniors can qualify for property tax deferrals, and extend the filing due date to make it easier to pay. There are two parts to this proposal. They are:

- **Owner/Occupancy Requirement:** The Senior Citizen Property Tax Deferral Program currently requires participants to own and occupy their homestead property for 15 years or longer. Reducing this requirement to 5 years will allow more seniors to enroll in this program. Living patterns are changing as fewer seniors occupy the same home for over 15 years. It is difficult to estimate how many would take advantage of this change because applicants typically learn of the current 15-year requirement when they apply for the program. As a result, many of them withdraw their application because they do not meet this requirement.

- **Filing Requirement:** The current July 1 filing requirement presents a challenge for seniors. Taxpayers often learn of this program when they are struggling to pay their second-half property taxes, due October 15. As a result, the July 1 application deadline has passed by the time they contact the department to get into the program for the next year. Minnesotans who apply for this program are often on a fixed income and trying to maintain a lifestyle that lets them remain in their homes. When their application is denied, they may face penalties and interest if they are delinquent on their property taxes.

ITIN Usage for Homestead

Under current law, only property owners with a valid Social Security number are allowed the homestead classification. This prevents many property tax payers who own a home from receiving homestead status, even if they meet every other qualification. Residents without homestead status are taxed at a higher class rate and do not qualify for the homestead property tax refund. The intent of homestead classification is to have homeowners share a smaller amount of the overall tax burden, since they bring value and stability to the city, school district, and county. Immigrants with an ITIN that own homes provide that value and stability as well, and should qualify for homestead status.

Agricultural Homestead Market Value Credit

During the 2017 special session, changes were made to the agricultural homestead market value credit to clarify the credit calculation for properties that are fractional agricultural homesteads. The two changes for these properties were: 1) the credit is calculated on a fractional market value based on the percentage homestead and 2) the amount of homestead is prorated equally between property owners. Due to these law changes, each fractional agricultural homestead and each owner of an agricultural homestead is eligible for the maximum credit amount beginning with taxes payable in 2019.

Deed Tax

Except for the exemptions listed in Minnesota Statutes, Section 287.22, a deed tax is imposed when real property is transferred or conveyed from one party to another. In some cases, a minimum deed tax of \$1.65 is imposed. For those situations where the minimum tax does not apply, the tax rate is 0.0033 of the net consideration. The minimum tax applies in the following situations:

1. The transfer is made as a result of a consolidation or merger.
2. The transfer is a designated transfer.
3. There is no consideration associated with the transfer.
4. The net consideration associated with the transfer is less than or equal to \$500. (Note that $\$1.65 = 0.0033 \times \500 .)

Proposal:

Senior Citizen Property Tax Deferral Program

This proposal would amend the Senior Citizen Property Tax Deferral Program to:

- Lower the owner/occupancy requirement from 15 years to 5 years.
- Move the application deadline from July 1 to November 1.

The department will continue to notify homeowners and counties whether they are accepted into the program by December 1.

ITIN Usage for Homestead

Under the proposal, property owners with a valid ITIN issued by the Internal Revenue Service could apply for (and receive) homestead classification. As a result, more taxpayers could qualify for homestead status and the Homestead Property Tax Refund. This would provide greater parity between taxpayers with an ITIN and those with a Social Security number.

Agricultural Homestead Market Value Credit

The proposal clarifies that a single agricultural homestead is eligible to receive a maximum credit of \$490. A fractional homestead would also receive a fractional maximum credit amount. For example, under the proposal a 50% homestead could receive a maximum credit of \$245, or half of the \$490 maximum for a full homestead. The proposal also clarifies that a single homestead owned by multiple owners is also subject to the maximum credit of \$490 per homestead.

The proposal also amends the homestead market value exclusion to be prorated based on the percentage of homestead for fractional homesteads. This change cleans up statutory language to be consistent with department guidance on the homestead market value exclusion.

The proposed clarification changes are effective beginning with taxes payable in 2020 to provide county administrators adequate time to implement the changes.

Deed Tax

Under the proposal, the net consideration for the transfer would be changed and the minimum tax of \$1.65 would apply when the net consideration associated with the transfer is less than or equal to \$3,000. Information provided to the Department of Revenue for 2015, 2016, and 2017 indicated that the following transfers occurred where the purchase amount was between \$500 and \$3,000:

- 2015 – 899 sales for a total of \$1,780,000,
- 2016 – 655 sales for a total of \$1,287,000,
- 2017 – 847 sales for a total of \$1,656,000.
- 3-yr average – 800 sales for an average of \$1,574,333.

Average actual deed tax collections for FY 2015, FY 2016, and FY 2017 were \$109,663,333.

Equity and Inclusion:

Senior Citizen Property Tax Deferral Program

This proposal would expand the deferral program so that more seniors having trouble paying their property taxes will qualify. Seniors on a fixed income are most likely to utilize this program and would see the most benefit from these changes.

ITIN Usage for Homestead

Taxpayers who have an ITIN, but not a Social Security number, are often resident or non-resident immigrants. This proposal would increase equity and inclusion by providing the same tax treatment for these taxpayers as for those with a Social Security number.

Results:

<i>Type of Measure</i>	<i>Impact</i>
Senior Property Tax Deferral – Efficiency and Compliance	Increase
ITIN Usage for Homestead – Transparency, Understandability, Simplicity, and Accountability	Increase
ITIN Usage for Homestead – Tax Progressivity	Increase

Statutory Change(s):

Minnesota Statutes, Section 273.13, subd. 35

Minnesota Statutes, Section 273.124, subd. 13

Minnesota Statutes, Section 273.1384, subd. 2

Minnesota Statutes, Sections 290B.04, subd.1, and 290B.03, subd.1 (3)

Tax Aids, Credits and Refunds

FY 20-21 Biennial Budget Change Item

Change Item Title: Revenue Stability

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	16,360	58,320	95,280	130,410
Other Funds				
Expenditures	0	0	0	0
Revenues	(21)	(21)	(9)	(9)
Net Fiscal Impact = (Expenditures – Revenues)	(16,339)	(58,299)	(95,271)	(130,401)
FTEs	0	0	0	0

Recommendation:

General Levy Inflator

The Governor recommends reinstating the state general levy inflator. This state property tax provision is effective beginning with taxes payable in 2020.

Restore Tobacco Tax Inflator and Restore Premium Cigar Tax

The Governor recommends restoring the cigarette and moist snuff tax indexing to ensure that the tax keeps up with the pace of inflation. This proposal also restores the maximum tax on premium cigars to its previous level of \$3.50 per cigar. These tobacco tax provisions are effective July 1, 2019.

Estate Tax Freeze

The Governor recommends freezing the estate tax exclusion amount at \$2.7 million, the amount the exclusion is set at in 2019. The small business and farm property estate tax subtractions would remain at \$2.3 million to ensure that the \$5 million exclusion under current law would remain in place.

Rationale/Background:

General Levy Inflator

In 2017 the legislature repealed the inflator on the state general levy. This proposal would reinstate the levy beginning with taxes payable in 2020.

Over the next ten years, the freeze to the state general levy will cost Minnesota over \$1 billion in lost revenue. Similar to how local governments change their total levy amount, the inflator allows the state general levy to keep pace with the increased cost of public services. Local property taxes have increased at a much higher rate over time than the state general levy.

This provision, passed in 2017, shortchanges the long-term prosperity of Minnesota by hurting our ability to fund schools, health care programs, infrastructure, and other important priorities.

Restore Tobacco Tax Inflator and Restore Premium Cigar Tax

In 2017 the legislature repealed the inflator on the moist snuff and cigarette taxes and reduced the maximum tax on premium cigars from \$3.50 per cigar to \$0.50 per cigar. The purpose of the 2013 enactment of the cigarette tax increase and inflator was to make strategic investments in health care, education and jobs, and to reduce smoking in Minnesota, in particular among its youth. Each year, more than 6,300 Minnesotans die from smoking-

related illnesses, and smoking costs Minnesotans more than \$3 billion in excess health care cost. Since the increase took effect, smoking has declined, most notably among high school students.

Elimination of the inflator on these taxes made cigarettes and moist snuff more affordable for our youth, who are more price sensitive. Removal of the inflator lowers the cost of cigarettes and snuff over time in real dollars.

Estate Tax Freeze

In 2017 the legislature increased the estate tax exclusion amount. The exclusion amount increased from \$2 million to \$3 million over a period of four years. This proposal would freeze the exclusion amount at \$2.7 million.

The estate tax change passed by the legislature resulted in over 700 of the wealthiest 1,000 estates in Minnesota no longer having a potential liability for the Minnesota estate tax. Family farms and businesses are already exempt from the estate tax up to \$5 million when they pass on their farms or businesses to their heirs. Freezing the estate tax exemption at its current level Minnesota will reduce the regressivity of Minnesota's tax code.

Proposal:

General Levy Inflator

This proposal would reinstate the state general levy inflator, which impacts commercial and industrial property as well as seasonal residential recreational property. Of the total amount, 95% is levied on commercial-industrial property and 5% on seasonal residential recreational property. This state property tax provision is effective beginning with taxes payable in 2020.

Reinstating the inflator will improve our state's long-term economic well-being by putting the state general property tax in line with local property taxes and will reduce the likelihood of projected deficits in the future by allowing the state general levy to keep pace with the increased cost of public services.

Restore Tobacco Tax Inflator and Restore Premium Cigar Tax

This proposal would reactivate the inflator effective July 1, 2019. In 2017 the legislature also reduced the maximum tax on premium cigars from \$3.50 per cigar to \$0.50 per cigar. This proposal would restore the maximum tax to its previous level of \$3.50.

Estate Tax Freeze

The proposal would change the estate tax exclusion for estates of decedents dying after December 31, 2018, freezing the exclusion amount at \$2.7 million.

In addition, the 2017 law changed the maximum small business and farm subtraction. The maximum small business and farm subtraction plus the amount of the exclusion is equal to \$5 million under both the law prior to the 2017 changes and afterward. So as the exclusion increases, the maximum small business and farm subtraction decreases, with the sum of the two remaining at a constant \$5 million. This proposal would maintain that \$5 million exclusion.

Equity and Inclusion:

General Levy Inflator

This proposal will help Minnesota continue to fund important services that all Minnesotans depend on and treat the state general property tax similarly to local property taxes.

Restore Tobacco Tax Inflator and Restore Premium Cigar Tax

The lower price on tobacco products as a result of the law change in 2017 leads to increased youth access and worse public health.

Estate Tax Freeze

This proposal would eliminate a preferential tax treatment for a select few taxpayers that can afford and take advantage of it. It would help level the playing field for all taxpayers.

Results:

<i>Type of Measure</i>	<i>Impact</i>
General levy inflator, restore tobacco tax inflator, restore premium cigar tax, and estate tax freeze – Budget Stability	Increase

Statutory Change(s):

Minnesota Statutes, Section 275.025, subdivision 1

Minnesota Statutes, Section 289A.10, subdivision 1

Minnesota Statutes, Section 291.016, subdivision 3

Minnesota Statutes, Section 297F.05, subdivision 1, 3-4

Minnesota Statutes, Section 297F.01 subd. 13a

Minnesota Statutes, Section 297F.05 subdivisions 3a and 4a

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Corporate Tax Changes

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	6,430	9,400	14,100	15,100
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(6,430)	(9,400)	(14,100)	(15,100)
FTEs	0	0	0	0

Recommendation:

The Governor recommends reforming corporate taxes to level the playing field for certain business transactions and simplify corporate taxes by clarifying current laws. This package includes four proposals, effective for tax year 2019 and thereafter.

Rationale/Background:

Some corporations take advantage of special loopholes in our tax code to avoid paying their fair share. The Governor's proposal would eliminate unfair business tax avoidance and evasion strategies to level the playing field for working Minnesotans and small businesses.

As the economy and business practices change, it can be difficult for taxes to keep pace with how corporations structure their businesses. This proposal reforms part of the tax code to ensure it keeps pace with economic and business changes.

Proposal:

1. *Preventing Tax Evasion*

Restrict transactions or organizational structures that are structured to avoid tax and do not serve a business purpose. This proposal includes a penalty for using transactions or organizational structures that do not serve a business purpose.

2. *Eliminating the Dividend Received Deduction on Debt Financed Stock*

Exclude dividends received from debt-financed stock when calculating the Dividend Received Deduction. This proposal removes an unintended additional benefit to corporations that receive dividends from debt-financed stock. Including these dividends when calculating the dividends received deduction may allow taxpayers to report a net loss when they actually realized net income.

3. *Treating Mutual Fund Manager Income Consistently*

Require all entities that manage mutual funds to apportion their income consistently, based on where the mutual fund shareholders are located. Under current law, a corporation that manages a mutual fund apportions its income based on where the shareholders are located. If another type of entity, such as a partnership or limited liability company, manages a mutual fund then its income is apportioned based on where the mutual fund is located. Taxpayers have set up organizational structures to exploit this inconsistency.

4. *Apportionment Sales Factor-Exclude Derivatives*

This proposal would add a provision to specifically exclude derivative sales from the income apportionment computation. Currently Minnesota does not have any statutes or methods that specifically address how to apportion this type of income. The dealing of derivatives is usually high volume, which skews the apportionment percentage of total income to be attributed to the state.

Equity and Inclusion:

These proposals as a whole would simplify corporate taxes and make them fairer. It would also eliminate unintended preferential tax treatments for a select few taxpayers that are able to afford and take advantage of the unintentional tax benefits, and help level the playing field for all taxpayers.

Results:

<i>Type of Measure</i>	<i>Impact</i>
Transparency, Understandability, Simplicity and Accountability	Increase
Efficiency & Compliance	Increase
Competitiveness for Business	Increase

Statutory Change(s):

1. Preventing Tax Evasion: Minnesota Statutes, Sections 270C.03, subd. 1, 270C.331, 270C.33, subd. 6, 289A.60
2. Eliminate the Dividend Received Deduction on Debt Financed Stock: Minnesota Statutes, Section 290.21, subd. 4(c)
3. Treating Mutual Fund Manager Income Consistently: Minnesota Statutes, Section 290.191, subd. 5(k)
4. Apportionment Sales Factor-Exclude Derivatives: Minnesota Statutes, Section 290.191, subd. 5(a)

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Repeal Sunset of the Provider Tax

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Tax Aids, Credits and Refunds				
Health Care Access Fund				
Expenditures	0	0	0	0
Revenues	236,777	733,429	770,784	809,287
Department of Human Services				
Health Care Access Fund				
Expenditures	11,564	27,551	45,973	39,259
Revenues	0	0	0	0
MMB Non-Operating				
Health Care Access Fund				
Transfers Out			122,000	122,000
General Fund				
Transfers In			122,000	122,000
Net Fiscal Impact = (Expenditures – Revenues)	(225,213)	(705,878)	(724,811)	(770,028)
FTEs	0	0	0	0

Recommendation:

To support essential health care services and expand access to health insurance, the Governor recommends repealing the sunset on the two percent taxes on hospitals, surgical centers, health care providers, wholesale drug distributors, and those subject to the legend drug use tax contained in Minnesota Statutes, section 295.52. This proposal increases revenues to the Health Care Access Fund by \$970 million in the FY 2020-21 biennium.

The repeal of the tax sunset restores a provider rate increase that was established in 2003 to offset the cost of paying the provider tax on Medical Assistance and MinnesotaCare covered services.

The additional revenue creates a positive projected balance in the Health Care Access Fund. This balance triggers a statutory transfer to the General Fund of \$122 million per year.

Rationale/Background:

The Provider Tax is an essential source of funding for the Health Care Access Fund which provides health care coverage through the MinnesotaCare and Medical Assistance (MA) programs and supports public health activities through the Minnesota Department of Health. The reinstatement of the Provider Tax would also enable the Health Care Access Fund to support the Health Insurance Premium Subsidy and Health Insurance Tax Credit to stabilize and make the individual health insurance market more affordable.

Minnesota levies a two percent tax on revenue from patient services at hospitals, surgical centers and health care providers. This two percent tax also applies to the gross revenue of wholesale drug distributors as well as on amounts paid for prescription drugs by entities subject to the legend drug use tax.

Under current law, the provider taxes sunset on December 31, 2019. Repealing the sunset of the provider tax provides greater funding stability for the state's initiatives to promote access to health care, improve the quality of care, and contain health care costs. This proposal raises about \$237 million and \$733 million of revenue in fiscal years 2020 and 2021 respectively.

In 2003, the state legislature removed an exemption on taxing health care provider revenue for services provided to recipients of MA and MinnesotaCare and increased provider payment rates by two percent for these services subject to this tax. The November 2016 MA and MinnesotaCare forecast accounted for the provider tax sunset by removing the value of the two percent rate increase effective January 1, 2020. Repealing the provider tax sunset reinstates the two percent rate increase in MA and MinnesotaCare, resulting in a net cost to the state of just over \$39 million in FY 2020-21.

The current tax rate is 2%, although each year the rate must be reduced if the Commissioner of Management and Budget determines that projected revenue to the Health Care Access Fund is greater than 125% of expenditures and transfers, and the cash balance in the fund is adequate.

This proposal also amends existing nexus language and treats interest on overpayments for provider taxes consistent with other taxes. While current statutory language establishes nexus under the United States Constitution, this proposal addresses the impact of the United States Supreme Court decision in *Wayfair v. South Dakota* by providing for minimum economic nexus thresholds. Regarding interest, this proposal provides 90 days from the due date of the return or the date on which the original return is filed, whichever is later, before the amount refunded begins to bear interest.

Proposal:

This proposal repeals the sunset of the two percent provider taxes contained in Minnesota Statutes, section 295.52, to ensure funding for MinnesotaCare, Medical Assistance (MA), and public health activities through the Minnesota Department of Health. The repeal also supports proposals recommended in the Governor's budget to stabilize the individual health insurance market and make insurance more affordable. The individual market stabilization and affordability proposals include the Health Insurance Premium Subsidy and a Health Insurance Premium Tax Credit.

Equity and Inclusion:

Medical assistance is the largest expenditure from the Health Care Access Fund and currently provides health insurance coverage to over 1 million Minnesotans, who meet income limits. MinnesotaCare assists those most in need that are not already covered by existing programs. To be eligible for MinnesotaCare, individuals must meet income limits, not be eligible for Medical Assistance, and satisfy other requirements related to residency and lack of access to other health insurance. MinnesotaCare coverage is available to persons with incomes greater than 133 percent of federal poverty guidelines but not exceeding 200 percent, if other program eligibility requirements are met.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Avg. monthly MinnesotaCare enrollment	115,754	86,310	FY 2016 & 2019

Statutory Change(s):

Minnesota Statutes, section 295.51, subd. 1a
 Minnesota Statutes, section 295.52, subd. 8
 Minnesota Statutes, section 295.57, subd. 3;
 Minn. Laws 2011, 1st Spec. Sess. Ch. 9, art. 6, sec. 97, subd. 6.

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: State Based Premium Tax Credit

Tax Aids, Credits and Refunds				
Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Health Care Access Fund				
Expenditures	0	0	1,037	880
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	1,037	880
FTEs	0	0	11	10.3
MNsure				
Health Care Access Fund				
Expenditures	1,241	49,206	117,158	140,100
Revenues	0	0	0	0
MNsure Enterprise Fund				
Expenditures	0	105	3,193	2,748
Revenues	0	1,188	2,503	2,696
Net Fiscal Impact = (Expenditures – Revenues)	1,241	48,123	117,848	140,152
FTEs	1.5	40.5	40	34

Recommendation:

The Governor recommends providing a state-based premium tax credit for Minnesotans who earn too much to qualify for federal assistance to increase affordability of individual market health coverage. The tax credit would be available to reduce the cost of qualified health plan (QHP) coverage starting in plan year 2021.

Rationale/Background:

The Affordable Care Act (ACA) established health insurance exchanges to assist people without health care insurance to find information about health insurance options and purchase health care insurance. Minnesota established a state-based exchange known as MNsure. Qualified Health Plans (QHP) purchased through MNsure may be eligible for a federal premium tax credit to either reduce the cost of the monthly premium or to be claimed after the end of the plan year on the tax return.

In Minnesota, the federal premium tax credit is available for individuals and households with an income above the threshold of public program health coverage, such as Medical Assistance or MinnesotaCare programs, and at or below 400% of the federal poverty level (FPL). Under the Federal Poverty Guidelines for 2019, 400% of FPL for an individual is \$49,960 and for a family of four is \$103,000.

Minnesotans who exceed the 400% FPL threshold do not qualify for federal premium tax credits. Even for many Minnesotans above 400% of FPL, premiums now exceed 10 percent of household budgets.

Proposal:

The proposal establishes a state-based tax credit (SBTC) for Minnesotans who purchase a QHP in the individual market through MNsure. SBTC will be available to any customer who applies for financial assistance through MNsure, projects their household's annual income to be above 400% FPL, meets other program eligibility requirements, and enrolls in QHP coverage.

The amount of the SBTC will be the dollar amount necessary to reduce the premium of the second lowest cost silver plan available to the household to the affordability threshold established under the ACA (9.86% of annual income in tax year 2019, but varying by federal formula each year) after application of the 20% premium subsidy, if any.

Minnesotans will be able to qualify for the credit during the enrollment period, which starts on November 1, 2020, for plan year 2021 coverage. Similar to the federal premium tax credit, the SBTC can be applied to their monthly bill from their insurance provider, during the tax year to which it relates. This allows customers to receive a monthly reduction in premiums with the SBTC amount being paid directly to the insurance company.

Customers will also have an option to decline to claim the SBTC in advance and instead claim the credit upon filing a state tax return for the applicable tax year, generally filed during the following year.

MNsure will:

- Collect pertinent information needed to determine eligibility and facilitate the application of the SBTC, when appropriate, toward the cost of QHPs offered on the exchange.
- Enable the MNsure shopping tool to calculate the proper SBTC amount so that at the point of purchase, customers will see the actual premium price they will pay.
- Provide notice to consumers confirming amount of SBTC applied toward their selected health plan, as well as other program requirements.
- Assist consumers with change to income or other eligibility criteria throughout the coverage year.
- Administer SBTC through payments to carriers reimbursing them for SBTC discounts applied to monthly premium bills sent to enrollees and conduct regular data reconciliation with health insurance carriers.
- Provide an end-of-year file to the Department of Revenue reporting SBTC payments made to customers.
- Provide an end-of-year statement to each taxpayer by January 31 reporting the amount of advance tax credit, beginning in January 2022 and each January thereafter. This statement will include the amount of SBTC received and the premium amount of the second lowest cost silver plan available to the individual or family, less any state premium subsidy received, for each coverage month.

NOTE: The administrative costs for MNsure in this proposal reflect shared investments made in the Governor's 20 percent premium subsidy proposal. The administrative impact and staffing requirements of this program are higher than reflected in this change page and premium withhold revenue is insufficient to cover expenses if considered apart from the premium subsidy proposal.

The Minnesota Department of Revenue will reconcile advanced credits paid and credits due as a part of the individual income tax filing process. The department will review income and SBTC information to determine the appropriate amount of credit. The department will issue refunds for unclaimed or underpaid credits and assess additional tax as necessary to reconcile the credit. The Minnesota Department of Revenue will provide information to MMB annually to reconcile the appropriation.

Equity and Inclusion:

MNsure's mission is to ensure all Minnesotans have the security of health insurance.

MNsure serves Minnesota individuals and families who are:

- Uninsured and underinsured
- Buying health coverage on their own
- Seeking a better option
- Qualifying for Medical Assistance (MA) or MinnesotaCare applicants and recipients

Since October 1, 2013, MNsure has processed over 2.8 million enrollments in health and dental insurance coverage. Over 75% of these enrollments resulted in a Minnesotan receiving subsidized insurance coverage, whether via a public program or federal tax credits and cost sharing reductions.

This proposal will enhance Minnesotans ability to purchase affordable health care coverage. The proposal provides relief for consumers who do not qualify for other state-based health coverage programs or do not receive employer-provided insurance, such as self-employed and small business owners.

Results:

Analysts at the Departments of Commerce and Health estimate providing this state based tax credit would mean approximately 34,880 Minnesotans currently in the individual market would receive this tax credit by 2023 and see a reduction in their health insurance premium costs. Additionally, 13,080 uninsured Minnesotans are expected to enroll in coverage and receive this insurance premium reduction.

Statutory Change(s):

Minnesota Statutes, Chapter 290

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Transportation Funding Package

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	40	130	170	180
Revenues	227,654	223,614	224,604	226,334
Highway User Tax Distribution				
Revenues	177,802	720,781	875,852	907,993
Transfers Out	177,802	720,781	875,852	907,993
Trunk Highway Fund				
Expenditures	102,373	417,547	506,628	525,076
Transfer In	102,373	417,547	506,628	525,076
County State Aid Fund				
Revenues	(3,952)	(3,340)	(2,752)	(2,284)
Expenditures	52,623	227,410	277,227	287,889
Transfer In	56,575	230,750	279,979	290,173
Municipal State Aid Fund				
Expenditures	14,861	60,612	73,543	76,221
Transfer In	14,861	60,612	73,543	76,221
Transit Assistance Fund				
Expenditures	10,350	18,900	19,800	20,500
Revenues	7,548	17,660	19,248	20,516
Transportation Fund				
Expenditures	0	(13,052)	(13,715)	(14,352)
Revenues	(13,052)	(13,715)	(14,352)	(14,859)
DNR Transfers				
Expenditures	3,826	4,172	4,341	4,377
Transfer In	3,993	11,872	15,702	16,523
Net Fiscal Impact = (Expenditures – Revenues)	(211,927)	(229,281)	(234,606)	(237,809)
FTEs (DNR)	6.25	6.25	6.25	6.25
FTEs (MnDOT)	0	50	75	100
*HUDT Transfers out include transportation funds only.				

Recommendation:

The Governor recommends the state commit to a major transportation investment plan to fund the estimated \$6 billion dollar gap that exists between funding needs and available revenues over the next 10 years. The Governor proposes filling the \$6 billion gap in road and bridge funding by:

- Initiating a 20 cent gas tax increase, including fuel in distributor storage at the start time of each increase (phased-in over two years in October and April in FY20 and FY21)
- Indexing the gas tax to inflation (beginning in FY23)
- Increasing the registration tax, effective January 1, 2020 (increase tax rate from 1.25 percent to 1.5 percent and base tax fee from \$10 to \$45; change the depreciation schedule; amend base value calculation by removing destination charge and hold harmless provision of statute)
- Increasing the motor vehicle sales tax from 6.5 percent to 6.875 percent, effective December 1, 2019
- Authorizing \$2 billion in trunk highway bonds over 8 years starting in 2022

The gas tax, registration tax, and motor vehicle sales tax increases will fund roads and bridges for the state trunk highways, county state aid highways, and municipal state aid streets. In the FY22-23 biennium, when revenue changes are completely phased in, the increased revenue from the gas tax, motor vehicle sales tax, and registration fees are forecast to increase available resources for each transportation fund by 30 percent.

To help lower- and middle-income Minnesotans pay for transportation investments, the governor proposes an increase to the Working Family Credit of \$100 for each single or head of household recipient and \$200 for each married filing jointly recipient. This proposal is described in the Tax Aids, Credits and Refunds section. In addition, while the gas tax increase would impact how our rate compares to neighboring states, the existing qualifying service station tax credit would ensure Minnesota service stations within 7.5 miles of the state border receive refunds that effectively reduce the rate to not more than three cents per gallon above the rate of the neighboring state.

Other Components:

In addition to the new funding above, the Governor recommends:

- Returning the auto parts sales tax, 9.2 percent motor vehicle rental tax, and 6.5 percent sales tax on motor vehicle rentals currently deposited into the Highway User Tax Distribution (HUTD) Fund as of FY2018 back to the General Fund beginning in FY2020. This results in an increase to the General Fund of \$395 million in FY20-21 and \$404 million in FY22-23.
- Restoring the motor vehicle lease sales tax to the pre-2018 distribution levels. This results in \$32 million returned to the General Fund, annually.
- In total, the General Fund would receive \$459 million in FY20-21 and \$468 million in FY22-23.

General fund revenues are reduced by \$8 million in the FY20-21 biennium due to increased petroleum refunds and income tax interactions with the registration tax. General fund expenditures decrease by \$170,000 for the biennium for increased aid to counties with casinos under [M.S. 270C.19](https://www.revisor.mn.gov/statutes/cite/270C.19) (<https://www.revisor.mn.gov/statutes/cite/270C.19>) due to the increase in gas tax.

Authorization for the sale of \$2 billion in trunk highway bonds over 8 years starting in 2022 (\$250 million per year). Debt service for these bonds is estimated to be \$22.2 million for the FY22-23 biennium.

Several components in this proposal require changes to the Minnesota Licensing and Registration System (MNLARS). Costs associated with changes to MNLARS will be funded through the Department of Public Safety's MNLARS budget recommendation.

Rationale/Background:

Minnesota cannot preserve and improve quality and performance of the state's transportation systems under the combined limitations of current investment levels and current lifecycle replacement practices. The consequences of underinvesting in the state's transportation system will include deterioration in service, increases in congestion, failing infrastructure and diminished ability to remain economically competitive. This is because transportation systems facilitate the efficient movement of people and goods and create the opportunity for economic development, enhanced productivity, job formation and sustainable growth. Without additional investment, the transportation system will not be able to expand to accommodate expected population and job growth. In addition, alternatives to driving alone must play a larger role in satisfying growing transportation demand - roads, transit and other transportation modes must work together as one system.

Road and Bridge Funding

The 2018 Minnesota Statewide Highway Investment Plan (MnSHIP) determined additional funding was needed for transportation, due largely to aging infrastructure and construction costs exceeding the growth of existing revenues. Overall, the department faces a \$6 billion gap in revenue over the next ten years above current fund

balance projections to fund needed investments in state road construction. Of this total gap, roughly \$4 billion is needed for preservation and modernization, and \$2 billion is needed for strategic expansion.

Without additional revenue, there will be:

- Increasing deterioration of pavement and bridges on state system. The percent of highway pavement considered in poor condition (rough driving surface) and the percent of bridge deck pavement considered in poor condition it is estimated to increase significantly in the next 20 years.
- Very little expansion to address population and economic growth
- Reductions in high priority products and service delivery

In addition, more operations and maintenance dollars are recommended, calculated at 5 percent of new Trunk Highway Fund revenues. This additional funding will be spent on snow plowing, fixing pot holes and guard rails, etc. Investing in operations and maintenance is needed due to declining asset conditions, increased snow and ice requirements, and the need for more timely maintenance.

Proposal:

Road and Bridge funding components

New revenues and bonding would be identified to help close the funding gap over the next ten years. The goal is an integrated transportation system that optimizes the movement of people and goods across the state. With new funding, we can:

- Improve asset management - preserve and modernize the existing system
- Invest in strategic mobility enhancements, including MnPASS and other intelligent transportation tools
- Complete strategic expansion on key corridors throughout the state
- Complete Main Street improvements

The benefits for Minnesotans will include:

- Reduced wear and tear on their cars
- Fewer stops at the fuel pump due to smoother roads and reduced congestion
- Fewer accidents
- More time doing what they need to do
- Reduced impacts on our environment

MnDOT has identified pavement and bridge needs as well as mobility projects that are not currently being addressed through its 10-year work plan. These unmet needs and projects will be given priority. These funds will provide for capital costs of construction as well as project development and engineering activities with contractor support, allowing the department to utilize this funding in the most efficient manner.

MnDOT proposes to utilize the increased operating appropriations for our highest-priority products and services. Some of these include:

- Snow and Ice - keeping the roads clear of snow and ice
- System Roadway Structures Maintenance – repair potholes (pavement repair)
- Bridges and Structures Inspection and Maintenance
- Intelligent transportation systems for improved safety and mobility

The Governor's proposal provides constitutionally dedicated funding increases that can be relied on over the long term and can only be used for transportation purposes. Returning auto parts and other taxes to the general fund results in the availability of funding for other state priorities.

Department of Natural Resources Funding Components

The Governor's proposal provides constitutionally dedicated funding increases that can be relied on over the long term and can only be used for transportation purposes. Returning auto parts and other taxes to the general fund results in the availability of funding for other state priorities.

The Department of Natural Resources (DNR) receives a portion of the unrefunded gasoline tax, which has supported the state's recreational motorized vehicle activities and forest roads since 1961. This funding is dedicated to the DNR with the broader goal that the unrefunded gasoline proceeds should support programs related to non-highway gasoline use.

This revenue enables additional investment in Minnesota's water recreation facilities and services. The proposal funds \$3.35 million annually for increased operations and maintenance of public water access sites and state trails (\$1.35 million) and increasing boating access site rehabilitation (\$2 million). Additionally, this proposal increases grants to local sheriff offices by \$300,000 annually to reimburse for search and rescue efforts.

This proposal also increases revenues to DNR's forest road account by \$170,000 in FY20, \$506,000 in FY21, \$670,000 in FY22, and \$705,000 in FY23. The state and counties (with a land commissioner) split this revenue 52% and 48% respectively. This increase funds additional graveling, grading, and drainage projects to maintain the state's 2,340-mile forest road network used by the forest industry, emergency responders and outdoor enthusiasts.

Transit Funding Components

Revenue from the motor vehicle sales tax is split between the HUTD (60 percent) and the Transit Assistance Fund (40 percent). The Metropolitan Council receives 90 percent of the motor vehicle sales tax revenue in the Transit Assistance Fund and MnDOT receives the remaining 10 percent for greater Minnesota transit.

Over the long-term, greater Minnesota transit revenues will increase from the proposed increased MVST rate. However, restoring the motor vehicle lease sales tax to the pre-2018 distribution levels results in a short-term reduction in revenue. To offset the decrease in revenue between FY20-23, MnDOT is amending internal accounting practices to allow additional spending of the motor vehicle lease tax revenue in the current year (current accounting practices involve carrying forward all of this revenue each year, and planning spending in the subsequent year).

Equity and Inclusion:

A safe, reliable and multimodal system of transportation is vital to ensuring equity and inclusion by connecting communities statewide. This needed funding will also provide additional contracting opportunities to certified small businesses and opportunities to work towards enterprise-wide goals of equity and inclusion.

IT Related Proposals:

N/A

Results:

Currently, Minnesota's total state gasoline taxes are 28th highest in the country, including District of Columbia. Since 2013, Minnesota has dropped from 19th highest state gasoline taxes, as a result of other states increasing their gasoline tax rate. Over a 10-year period, the inflation-adjusted tax on gasoline is projected to add an additional 28 cents to the price of a gallon of gasoline.

These investments would provide additional long-term sustainable and dedicated funding. MnDOT would plan to rehabilitate the system for the 21st century by:

- Improving an additional 1,800 miles of pavement and repair or replace an additional 300 bridges on state highways
- Accelerate progress toward the state goal of zero highway deaths with targeted installation of rumble strips, median barriers, lighting and other safety improvements. The Minnesota Toward Zero Death program has helped decrease injuries and deaths on the highway
- Keep roadside infrastructure in a state of good repair

In addition, MnDOT has operating performance measures that will be impacted by this proposal. All are anticipated to decline without additional funding; and this would reduce the decline. They include:

- Snow Plowing Performance – meet clearance targets
- Smooth Roads – percent of pavement patching addressed
- Percent of projects let in the year scheduled

Statutory Change(s):

Gasoline Tax: M.S. 296A.07 and M.S. 296A.08

Vehicle Registration Taxes: M.S. 168.013

Motor Vehicle Sales Tax: M.S. 297B.02

Motor Vehicle Lease Sales Tax: 297A.815

General Fund Transfers: M.S. 297A.94 and 297A.64

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Transit Sales Tax Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund (DOR)				
Expenditures	261	636	659	682
Revenues	261	636	659	682
Other Funds (Met Council)				
Expenditures	28,739	70,064	72,541	75,118
Revenues	28,739	70,064	72,541	75,118
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs (DOR)	3.10	7.10	7.30	7.60

Recommendation:

The Governor recommends enactment of a 1/8 cent sales tax in the seven-county metropolitan area to maintain and expand the regional bus and transitway system. Revenues from the sales tax, along with the Minnesota Department of Transportation proposal to increase the motor vehicle sales tax rate from 6.5 percent to 6.875 percent and state general obligation bonds would:

- Eliminate a structural deficit in the regional bus system
- Build out 10 Bus Rapid Transit (BRT) lines
- Increase service in the region's busiest transit corridors by 40 percent
- Increase regional transit ridership by 30-40 percent
- Begin the electrification of the regional fleet by adding at least 150 electric buses
- Improve the transit customer experience through investments in safety, shelters and technology

The Minnesota Department of Revenue will administer this tax for the Metropolitan Council, including working with retailers in the jurisdiction, updating tax collection systems, and compliance. The department will recover administrative costs from the revenue raised by the tax in its local sales tax administration account in the state special revenue fund.

Rationale/Background:

Today, more than three million people call the metropolitan region their home – 55 percent of the entire state. By 2040 the region is expected to add an additional 700,000 people and 500,000 jobs. As the region's population grows and changes, demand for reliable transit options will increase. That growing population will include more people of color, millennials, and seniors – all these cohorts use transit at higher rates than their peers.

Since 2011, the Metropolitan Council has provided 600 million transit rides, many of them connecting people to work or school. A reliable, safe and comprehensive transit system is a key part of our region's economic competitiveness, and our ability to attract and retain businesses, workers, and people. Ridership has steadily increased over the past decade; however, that trend has stagnated in the past several years. When looking more closely at ridership trends, while bus ridership is declining, ridership on rail and arterial BRT has been increasing. Put simply, when we invest in transit, ridership follows.

Over the past several years, investment in transit has failed to keep up with the growing demand for services. Further, existing revenues will not be sufficient to maintain existing service levels. In the next biennium alone, the regional bus system is facing a deficit over \$53 million and more than \$250 million over the next 10 years.

While the Council has managed some of the deficit with one-time savings, smart fiscal management, and \$70 million in onetime general funds, without new investment, our region will continue to fall behind peer regions.

Proposal:

The Metropolitan Council is proposing that the state enact an 1/8 cent sales tax in the seven-county metropolitan area and invest the revenues - \$770 Million over 10 years - to fund the structural deficit in the regional bus system, and build and operate an expanded, integrated regional transit system. An aggressive investment in BRT would mean nearly 40 percent more bus service in our region's busiest transit corridors. This would significantly increase transit access to nearly 500,000 jobs along 10 corridors.

This investment in BRT complements the expansion planned for the next 10 years in the long-term regional transportation plan including Green Line extension (SWLRT), Blue Line extension (Bottineau LRT), Orange Line BRT, Gold Line BRT, and Rush Line BRT. It would also support an additional 3-5 percent investment in regular route bus.

In total, these investments would lead to a 30-40 percent increase in regional transit ridership in the greater Minneapolis-Saint Paul region over the next 10 years.

Accomplishing this plan is dependent on:

- MnDOT's proposal to increase the motor vehicle sales tax from 6.5 percent to 6.875 percent;
- State GO Bonds;
- Continued financial support from the county transit sales tax collections in the region.

The Minnesota Department of Revenue will administer this tax for the Metropolitan Council. The administrative costs contained in this proposal are shown in the Expenditure Overview, Financing by Fund, and Change Summary fiscal reports contained in the Minnesota Department of Revenue's operating budget book.

Equity and Inclusion:

More than 30 percent of transit riders are transit dependent, meaning they can't afford a car. In addition to serving low-income populations, people of color also use transit at higher rates than white people. Investments in these transit corridors helps people who rely on public transit, giving them the ability to live and work throughout the region, and access opportunities. If everyone is going to have a seat at the table in One Minnesota, we need to properly fund transit, so everyone can get to the table.

Results:

- 10 new Bus Rapid Transit (BRT) lines
- 40 percent service increase in the region's busiest transit corridors
- 30-40 percent increase in regional transit ridership
- 150 electric buses
- Improved transit customer experience

Statutory Change(s):

MS 297B.02

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Regional Transit Bonding Authority

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	50	520	820
Revenues	0	(40)	(400)	(640)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	90	920	1,460
FTEs	0	0	0	0

Recommendation:

The Governor recommends the Metropolitan Council's authority to issue bonds under M.S. 473.39 be increased by \$92,300,000 to implement the Council's transit capital improvement program.

Rationale/Background:

The Metropolitan Council is given authority to issue general obligation bonds to implement the Council's transit capital improvement program in M.S. 473.39. Council bonding authority is used primarily for bus and paratransit vehicle replacement as a local match for Federal Appropriations. This one-time authority is subject to the volume limitations in this section and when exhausted, the Council requests additional authority. The Council is requesting \$92,300,000 in additional authority.

Proposal:

In addition to the authority previously granted in M.S. 473.446, the proposal allows the Council to issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$92,300,000 for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. Of this authorization, after July 1, 2019, the council may issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding \$45,400,000 and after July 1, 2020, the council may issue certificates of indebtedness, bonds, or other obligations in an additional amount not exceeding \$46,900,000.

Council transit bonds are repaid through a property tax authorized in M.S. 473.446. Higher levies will increase property taxes on all property. They result in higher homeowner property tax refunds, increasing costs to the state general fund. Higher levies also increase income tax deductions, reducing revenues to the state general fund. The net impact on the general fund is \$90,000 in FY 2021, and \$2.38 million in FY 2022-23. The fiscal impact is represented in the Tax Aids, Credits and Refunds budget pages.

Results:

The Council will implement its transit capital improvement program.

Statutory Change(s):

Minnesota Statutes, Section 473.446

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: School Safety Revenue

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	5,769	11,791	12,109	12,081
Revenues	0	(200)	(210)	(250)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,769	11,991	12,319	12,331
FTEs	0	0	0	0

Recommendation:

The Governor recommends providing Minnesota school districts and charter schools with additional revenue to improve student and school security. Funds may be used for building security improvements or to hire more school resource officers, counselors, or other student support staff. This recommendation provides one-time state aid to districts and charter schools equal to \$5 per pupil in fiscal year (FY) 2020. In FY 2021 and beyond this proposal will: 1) increase the Safe Schools Levy allowance from \$36 per pupil to \$50 per pupil and create a minimum revenue amount of \$20,834 per school district; 2) equalize the levy to allow districts with low property tax capacity access to this revenue; and 3) provide charter schools with \$14 per pupil in Safe Schools Aid. The Governor also recommends amending the allowable uses under the school levy to include professional development such as restorative practices, social-emotional learning, and other evidence-based practices.

This proposal seeks an allocation of \$17.8 million for the FY 2020-21 biennium and \$24.7 million for the FY 2022-23 biennium, including the cost of interactions with the property tax refund program, state individual and corporate income taxes, and the continuation of the 4,000 expiring seats for the voluntary pre-kindergarten/school readiness plus program. In addition, the safe schools levy would increase by \$5.4 million for taxes payable in 2020 and \$5.6 million for taxes payable in 2021 and later.

Rationale/Background:

Under current law a district may levy up to \$36 per adjusted pupil unit to directly fund the following purposes or reimburse cities and counties who contract with the district for these purposes:

1. to pay the costs incurred for the salaries, benefits and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;
2. to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;
3. to pay the costs for a gang resistance education training curriculum in the district's schools;
4. to pay the costs for security in the district's schools and on school property;
5. to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district;
6. to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems;
7. to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

8. to pay for costs associated with improving the school climate; or
9. to pay costs for co-locating and collaborating with mental health professionals who are not district employees or contractors.

A school district that is a member of an intermediate school district may levy an additional amount up to \$15 per adjusted pupil unit for intermediate school district programs.

The levy is not equalized by the state. Most districts levy the maximum amount, but a few districts, including those with the lowest tax base per pupil, do not levy or levy less than the maximum due to low tax capacity.

The levy formula has been increased periodically and the uses of the revenue have been broadened over time. Prior to 2001, the levy was called the crime levy, and a per capita formula was used (\$1.50 per capita from taxes payable in 1998 – 2001 and \$1 per capita before that). For taxes payable in 2001 and 2002, the rate was \$11 per pupil unit. Beginning with taxes payable in 2003, the rate was increased to \$30 per pupil unit, and beginning with taxes payable in 2014, the rate was increased to \$36 per pupil unit (\$4 of this increase was new revenue, and \$2 was to adjust for a pupil unit weighting change).

With the increase in the number of school shootings and other violence in schools in recent years, there is growing recognition of the need to significantly increase funding for student and staff safety, both for building security improvements and for more school resource officers, counselors, or other student support staff, and to extend the funding to schools that are currently excluded. To ensure that districts with little or no tax base are able to access safe schools revenue, and to provide greater equity in the tax burdens between districts with low tax base per student and districts with higher tax base per student, state aid should be provided to equalize the levy. Finally, the authority for cooperative units to access safe schools revenue should be extended from intermediate districts only to all cooperative units enrolling students.

Proposal:

For FY 2020:

- Increase the safe schools revenue allowance for school districts from \$36 to \$41, a \$5 increase, with a minimum revenue of \$17,083 per district, and provide \$5 per student for charter schools. Since the levy for FY 2020 has already been made, provide the increase all from state aid; and
- Increase the safe schools revenue allowance for intermediate districts from \$15 to \$17.08 per member district pupil unit, a \$2.08 increase, and provide \$2.08 per student for other cooperative units enrolling students. Since the levy for FY 2020 has already been made, provide the \$2.08 increase all from state aid.
- Amend the allowable uses under item (8) school climate in the school safety levy to include professional development such as restorative practices, social-emotional learning, and other evidence-based practices.

For FY 2021 and later:

- Increase the current safe schools revenue allowance for school districts from \$36 to \$50, a \$14 increase, with a minimum revenue of \$20,834 per district, and provide \$14 per student for charter schools;
- Increase the current safe schools revenue allowance for intermediate districts from \$15 to \$20.83 per member district pupil unit, a \$5.83 increase, and provide \$5.83 per student for other cooperative units enrolling students;
- Equalize the levy for school districts and the levy made by member districts of cooperatives, including intermediate districts, using an equalizing factor equal to 110 percent of the state average Adjusted Net Tax Capacity (ANTC) per pupil unit excluding 50 percent of Class 2a agricultural property valuation. This is the same measure currently used for Long Term Facilities Maintenance Revenue (LTFM), except that the equalizing factor for LTFM is 123 percent of the state average ag-modified ANTC per pupil.

For FY 2020 and later:

- Clarify that the equipment bonding under Minnesota Statute, section 123B.61 may be used for the purchase of equipment related to violence prevention and facility security, and increase the maximum amount of the annual debt service levy for facilities and equipment bonds by the amount of a district's safe schools revenue.

Because this proposal raises levy allowances, property taxes on all property will increase. Increased property taxes will result in higher homeowner property tax refunds, which are additional costs to the state general fund. The growth in property taxes will also increase income tax deductions, which reduces revenues to the state general fund.

Equity and Inclusion:

This proposal will support all students in Minnesota public schools, particularly students in charter schools, cooperatives other than intermediates, and students in low tax base school districts. Charter schools and cooperatives other than intermediates are currently excluded from eligibility for safe schools revenue; in this proposal they would be included in the program and would receive the same increase as school districts and intermediate districts, respectively. Districts with little or no tax base (e.g., Red Lake, Nett Lake), which have been effectively excluded from the program due to inability to make a tax levy, will be able to raise the same revenue per student as other districts with most of the revenue funded by the state. Districts with relatively low tax base per student will receive equalization aid to reduce disparities in the tax rate needed to raise the same safe schools revenue per student as other districts.

Results:

School districts and cooperatives will receive a much-needed boost in safe schools revenue, which can be used for building security improvements or to hire more school resource officers, counselors, or other student support staff.

Statutory Change(s):

M.S. 126C.44

Tax Aids, Credits and Refunds

FY 2020-21 Biennial Budget Change Item

Change Item Title: Soil and Water Conservation District Levy Authority

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	940	940	1,150
Revenues	0	(740)	(740)	(900)
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	1,680	1,680	2,050
FTEs	0	0	0	0

Recommendation:

The Governor recommends providing Minnesota's soil and water conservation districts (SWCDs) property tax levy authority. Levy authority for each SWCD will be capped at 0.048 percent of the estimated market value of property or \$1 million, whichever is less. The state estimates SWCDs will levy about \$26.4 million in calendar year 2020, \$26.4 million in calendar year 2021, and \$34.1 million in calendar year 2022.

Rationale/Background:

SWCDs are the front lines of the state's conservation delivery system. They use their considerable knowledge, expertise and trust to help landowners target clean water and conservation practices where they can provide the greatest benefit. SWCDs are the only unit of government with the expressed statutory charge to work with private landowners to plan and implement soil and water conservation practices, yet they currently do not have the ability to independently raise revenue to support implementation of land and water treatment practices and programs to achieve the broad goals of clean water, clean air, and abundant fish and wildlife habitat.

Stable and predictable funding is necessary in light of many of the state's current goals for clean water, which are not presently being met. These goals are articulated in many places including the Federal Government Clean Water Act and Minnesota's Clean Water Legacy Act. The state has established goals such as reducing phosphorous and nitrogen levels by 45 percent in Mississippi River Basin (MN Nutrient Reduction Strategy) and reducing sediment loading by 90 percent in the Minnesota River Basin (MN Sediment Reduction Strategy). Protecting clean waters from becoming polluted is equally important.

Proposal:

This proposal will give each SWCD authority to independently levy property taxes on property owners. This authority will allow taxpayers to deduct more property taxes against their state income tax and receive larger property tax refunds. Because of this, the net cost to the general fund will be \$1.68 million in FY 2020-21 and \$3.73 million FY 2022-23.

This levy authority will increase SWCD capacity in:

- Funding technical capability.
- Funding the cost of implementing land and water treatment practices and programs.
- Organizing, planning, and implementing soil and water conservation practices with landowners on a watershed scale.
- Leveraging federal conservation programs, such as the Environmental Quality Incentives Program and the Conservation Reserve Program.

- Prioritizing and targeting clean water fund dollars to leverage landowner and SWCD investments.
- Delivering land and water treatment projects and programs that are prioritized, targeted, and measurable.
- Measuring and reporting progress and outcomes.

Statutory Change:

Minnesota Statutes, Section 103C

Program: Refunds

Activity: Homestead Credit Refund

revenue.state.mn.us/

AT A GLANCE

For refunds based on taxes paid in 2016:

- Approximately 506,000 homeowners received refunds
- The average refund was \$853

PURPOSE & CONTEXT

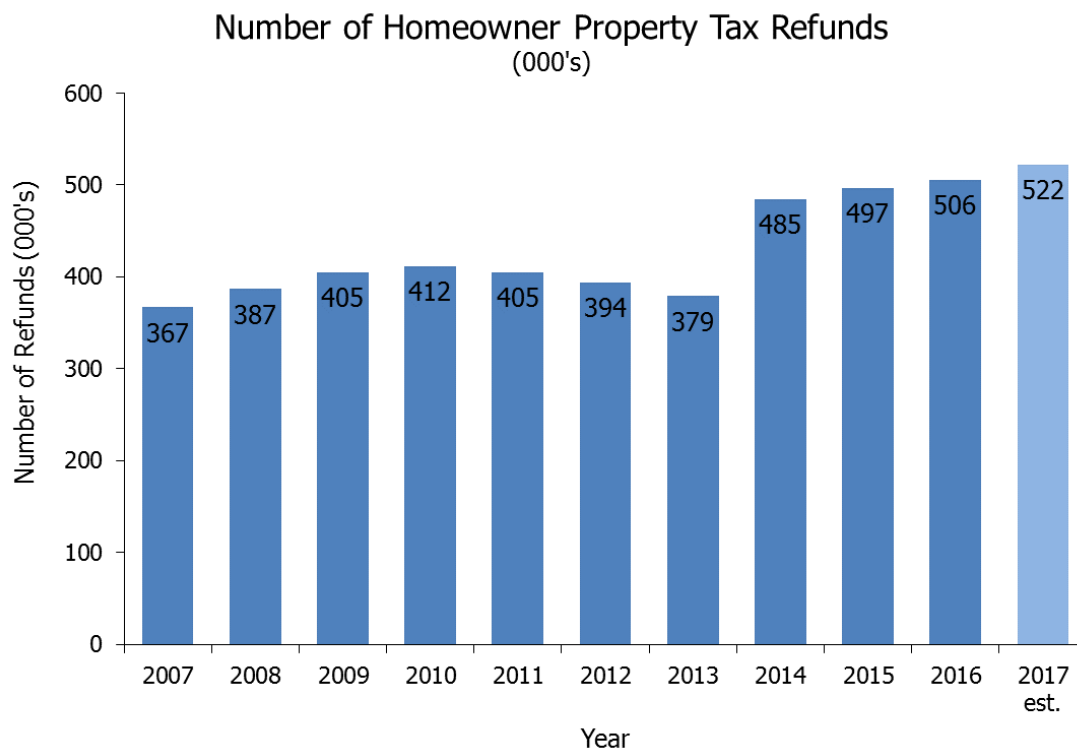
Property taxes account for a high share of household income for some taxpayers. The homestead credit refund for homeowners program is designed to provide relief to households that pay high property taxes relative to their household income.

The Homestead Credit Refund is paid from the General Fund.

SERVICES PROVIDED

The program provides property tax relief to homeowners based on an income definition of ability to pay. If property tax exceeds a threshold percentage of income, the refund equals a percentage of the tax over the threshold, up to a maximum amount.

RESULTS



The year is the taxes payable year in which refunds are based.

Property taxes are less regressive for households with lower incomes because of the property tax refunds (PTR).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Suits index - homeowner property taxes before PTR	-0.202	-0.175	2012 – 2014
Results	Suits index - homeowner property taxes after PTR	-0.161	-0.120	2012 – 2014
Results	Reduction in regressivity due to PTR	20%	31%	2012 – 2014

Performance Measure Notes:

The Suits index is a summary measure of tax progressivity or regressivity. A progressive tax is one in which the effective tax rate rises as income rises. A regressive tax is one in which the effective tax rate falls as income rises. A proportional tax has a Suits index equal to zero; a progressive tax has a positive index number in the range between 0 and +1; a regressive tax has a negative value between 0 and -1.

The Suits index compares the 2015 Tax Incidence Study based on calendar year 2012 property taxes and refunds (previous) with the most recently available 2017 Tax Incidence Study based on calendar year 2014 property taxes and refunds (current).

Homeowner property taxes become less regressive after the property tax refund.

Law changes in 2013 and 2014 increased the amount of refunds paid to homeowners by increasing the number of homeowners eligible and the average refund paid.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'property tax refund'.

Legal Citation: M.S. 290A.04 Subd. 2 establishes the Homestead Credit Refund program. It was amended by: Laws 2013, Chapter 143, Article 1; and Laws 2014, Chapter 308, Article 1, Section 16.
<https://www.revisor.mn.gov/statutes/cite/290A.04>.

Homestead Credit Refund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	401,851	419,426	447,754	490,800	515,800	541,700	515,800	542,090
Total	401,851	419,426	447,754	490,800	515,800	541,700	515,800	542,090
Biennial Change				117,277		118,946		119,336
Biennial % Change				14		13		13
Governor's Change from Base								390
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	401,668	419,228	447,541	490,575	515,569	541,467	515,569	541,857
Other Financial Transaction	184	197	213	225	231	233	231	233
Total	401,851	419,426	447,754	490,800	515,800	541,700	515,800	542,090

Homestead Credit Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	401,851	419,426	447,754	490,800	515,800	541,700	515,800	542,090
Expenditures	401,851	419,426	447,754	490,800	515,800	541,700	515,800	542,090
Biennial Change in Expenditures				117,277		118,946		119,336
Biennial % Change in Expenditures				14		13		13
Governor's Change from Base								390
Governor's % Change from Base								0

Program: Refunds

Activity: Renter Property Tax Refund

revenue.state.mn.us/

AT A GLANCE

For refunds based on taxes paid in 2016:

- Approximately 347,000 renters received refunds
- The average refund was \$637

PURPOSE & CONTEXT

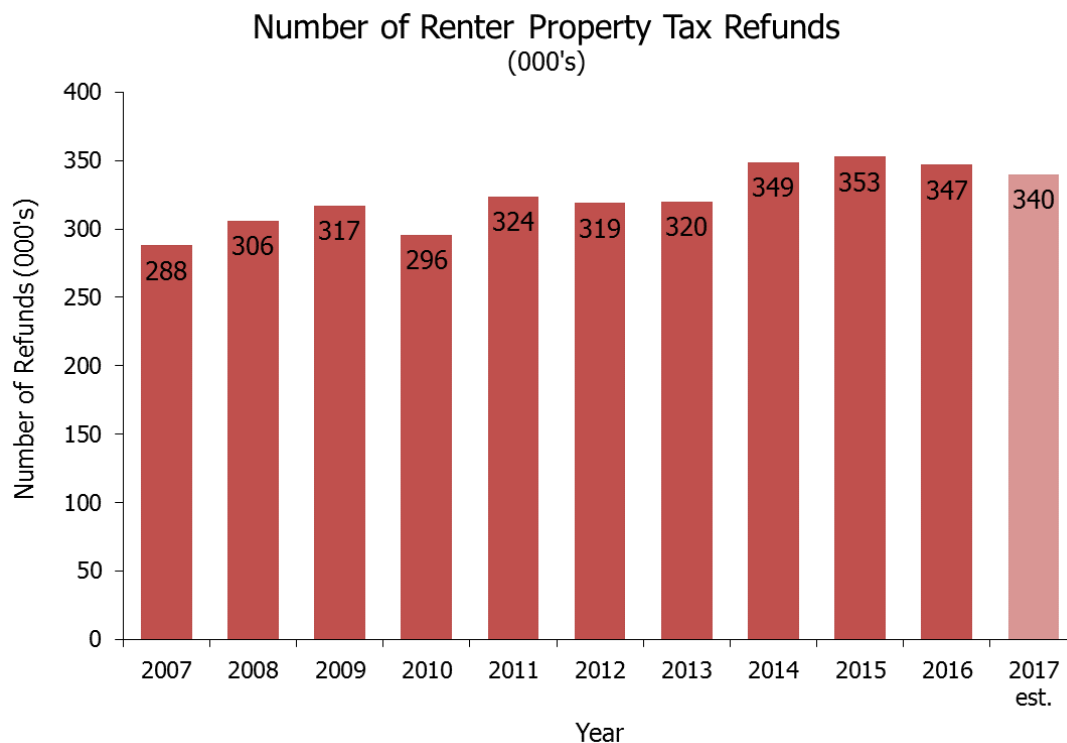
Property taxes account for a high share of income for some taxpayers. The renter property tax refund program is designed to provide relief to renters that pay high property taxes relative to their income.

The Renter Property Tax Refund is paid from the General Fund.

SERVICES PROVIDED

The program provides property tax relief to renters based on an income definition of ability to pay. If property tax exceeds a threshold percentage of income, the refund equals a percentage of the tax over the threshold, up to a maximum amount. Property tax for renters is defined as 17% of rent paid.

RESULTS



The year is the taxes payable year in which refunds are based.

Property taxes are less regressive for renters with lower incomes due to property tax refunds (PTR).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Suits index – renter property taxes before PTR	-0.282	-0.310	2012 –2014
Results	Suits index – renter property taxes after PTR	-0.118	-0.146	2012 – 2014
Results	Reduction in regressivity due to PTR	58%	53%	2012 – 2014

Performance Measure Notes:

The Suits index is a summary measure of tax progressivity or regressivity. A progressive tax is one in which the effective tax rate rises as income rises. A regressive tax is one in which the effective tax rate falls as income rises. A proportional tax has a Suits index equal to zero; a progressive tax has a positive index number in the range between 0 and +1; a regressive tax has a negative value between 0 and -1.

The Suits index compares the 2015 Tax Incidence Study based on calendar year 2012 property taxes and refunds (previous) with the most recently available 2017 Tax Incidence Study based on calendar year 2014 property taxes and refunds (current).

Rental housing property taxes become less regressive after the property tax refund.

Law changes in 2013 and 2014 increased the amount of refunds paid to homeowners by increasing the number of renters eligible and the average refund paid.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'property tax refund'.

Legal Citation: M.S. 290A.04 Subd. 2a establishes the Renter Property Tax Refund program. It was amended by: Laws 2013, Chapter 143, Article 1; and Laws 2014, Chapter 308, Article 1, Section 16.
<https://www.revisor.mn.gov/statutes/cite/290A.04>.

Renters Property Tax Refund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	219,850	218,692	222,588	223,100	228,300	234,200	228,300	234,200
Total	219,850	218,692	222,588	223,100	228,300	234,200	228,300	234,200
Biennial Change				7,146		16,812		16,812
Biennial % Change				2		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	128	127	115	116	118	118	118	118
Grants, Aids and Subsidies	219,572	218,459	222,377	222,886	228,083	233,983	228,083	233,983
Other Financial Transaction	150	106	96	98	99	99	99	99
Total	219,850	218,692	222,588	223,100	228,300	234,200	228,300	234,200

Renters Property Tax Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	219,850	218,692	222,588	223,100	228,300	234,200	228,300	234,200
Expenditures	219,850	218,692	222,588	223,100	228,300	234,200	228,300	234,200
Biennial Change in Expenditures				7,146		16,812		16,812
Biennial % Change in Expenditures				2		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Refunds

Activity: Special Property Tax Refund

revenue.state.mn.us/

AT A GLANCE

In 2017:

- Approximately 36,000 homeowners received a special refund
- The average refund was \$85

PURPOSE & CONTEXT

Large increases in property taxes can lead to financial strain for households. The special property tax refund program provides relief to property owners who have a large increase in property taxes due to economic conditions, property tax policy changes, or other factors.

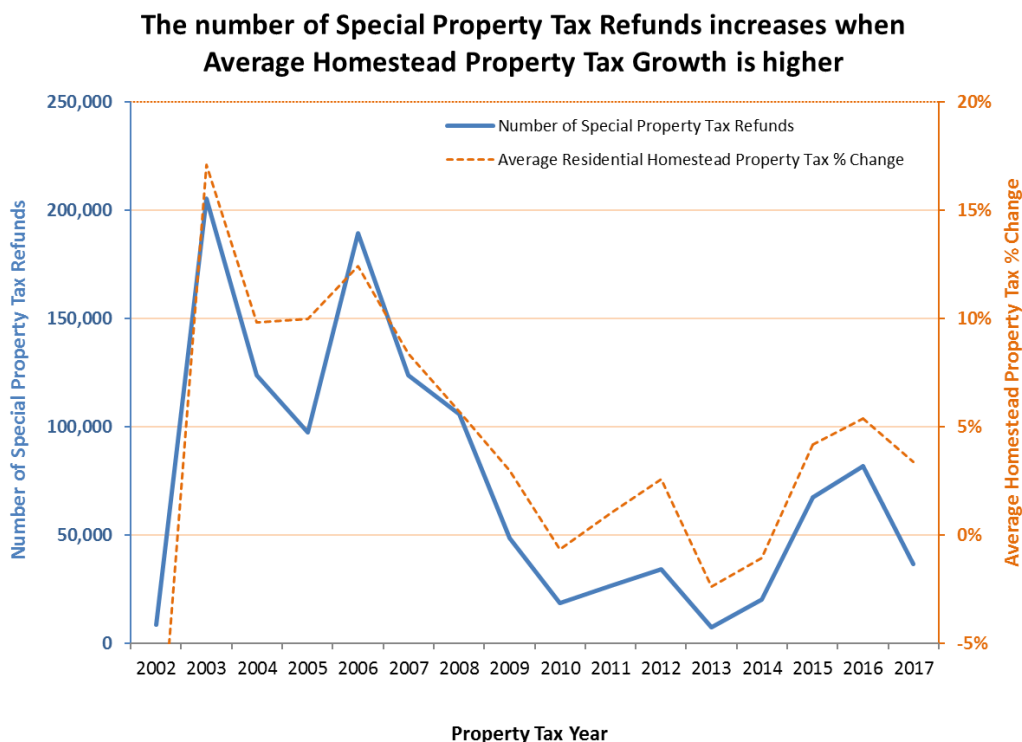
The Special Property Tax Refund is paid from the General Fund.

SERVICES PROVIDED

Homesteads experiencing an increase in property tax of at least 12% and \$100 are eligible for a refund of 60% of the increase above 12%. The maximum refund is \$1,000.

RESULTS

The chart shows that the number of special property tax refunds increases when average residential homestead property tax growth is higher.



Property taxes are more predictable and affordable for households by reducing significant annual increases.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Annual special refunds processed	67,000	36,000	2015 - 2017

Performance Measure Notes:

Results from year to year can be highly variable. Since 2008, the average annual number of special refunds processed is 45,000. The average refund has ranged from \$83 to \$152.

Annual refunds processed compares taxes payable year 2015 (previous) to 2017 (current).

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'property tax refund'.

Legal Citation: M.S. 290A.04 Subd. 2h establishes the Special Property Tax Refund program.
<https://www.revisor.mn.gov/statutes/cite/290A.04>.

Special Property Tax Refund

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	5,844	7,641	3,629	7,352	5,100	5,000	5,100	5,000
Total	5,844	7,641	3,629	7,352	5,100	5,000	5,100	5,000
Biennial Change				(2,504)		(881)		(881)
Biennial % Change				(19)		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	5,837	7,629	3,623	7,342	5,090	4,990	5,090	4,990
Other Financial Transaction	6	12	6	10	10	10	10	10
Total	5,844	7,641	3,629	7,352	5,100	5,000	5,100	5,000

Special Property Tax Refund

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation	5,844	7,641	3,629	7,352	5,100	5,000	5,100	5,000
Expenditures	5,844	7,641	3,629	7,352	5,100	5,000	5,100	5,000
Biennial Change in Expenditures				(2,504)		(881)		(881)
Biennial % Change in Expenditures				(19)		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Refunds**Activity: Sustainable Forest Incentive Payment**revenue.state.mn.us/**AT A GLANCE**

In 2017:

- 2,560 forest land owners received an incentive payment
- The average incentive payment was \$4,222

PURPOSE & CONTEXT

Property taxes can represent a significant cost for forested property that can discourage long-term forest management investments. The Sustainable Forest Incentive Act provides payments to owners of forest land to encourage sustainable forest management.

Sustainable Forest Incentive Payments are paid from the General Fund.

SERVICES PROVIDED

An owner of forest land who meets all qualifications of the Sustainable Forest Incentive Act is eligible for a payment for the enrolled acres. The annual payments are adjusted each year based on statewide average market values and tax rates.

RESULTS

The payments encourage forest land owners to make long-term commitments to sustainable forest management by reducing the costs of holding land in an undeveloped state.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Acres of forest land enrolled	756,000	989,000	2015 – 2017

Performance Measure Notes:

Acres of forest land enrolled compares calendar year 2015 (previous) to 2017 (current).

The average incentive payment increased from \$2,205 in 2015 to \$4,222 in 2017.

Law changes in 2017 modified the annual payments to forest land enrolled in the program. The annual payments are adjusted each year based on statewide average market values and tax rates, and vary based on the covenant length and total number of acres enrolled in the program. Previously, the annual payment was set by statute as \$7 per acre.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'sustainable forest'.

Legal Citation: M.S. Chapter 290C establishes the Sustainable Forest Incentive Payment. It was amended by Laws 2013, Chapter 143, Article 2, Sections 2-5; and Laws 2017 First Special Session, Chapter 1, Article 10, Sections 1-17. <https://www.revisor.mn.gov/statutes/cite/290C>.

Sustainable Forest Incentive Payments

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	5,312	5,533	10,799	10,860	11,540	11,990	11,540	11,990
Total	5,312	5,533	10,799	10,860	11,540	11,990	11,540	11,990
Biennial Change				10,814		1,871		1,871
Biennial % Change				100		9		9
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	5,312	5,533	10,799	10,859	11,539	11,989	11,539	11,989
Other Financial Transaction	0		0	1	1	1	1	1
Total	5,312	5,533	10,799	10,860	11,540	11,990	11,540	11,990

Sustainable Forest Incentive Payments

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation	5,312	5,533	10,799	10,860	11,540	11,990	11,540	11,990
Expenditures	5,312	5,533	10,799	10,860	11,540	11,990	11,540	11,990
Biennial Change in Expenditures				10,814		1,871		1,871
Biennial % Change in Expenditures				100		9		9
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Local Aids

Activity: Local Government Aid to Cities

revenue.state.mn.us/

AT A GLANCE

In 2018:

- 760 cities out of 853 receive Local Government Aid
- Payments were increased \$15 million from the previous year

PURPOSE & CONTEXT

Cities across the state have varying service needs and revenue sources. Local Government Aid payments to cities provide general support for services and reduce property tax burdens on homeowners and businesses.

Local Government Aid is paid from the General Fund.

SERVICES PROVIDED

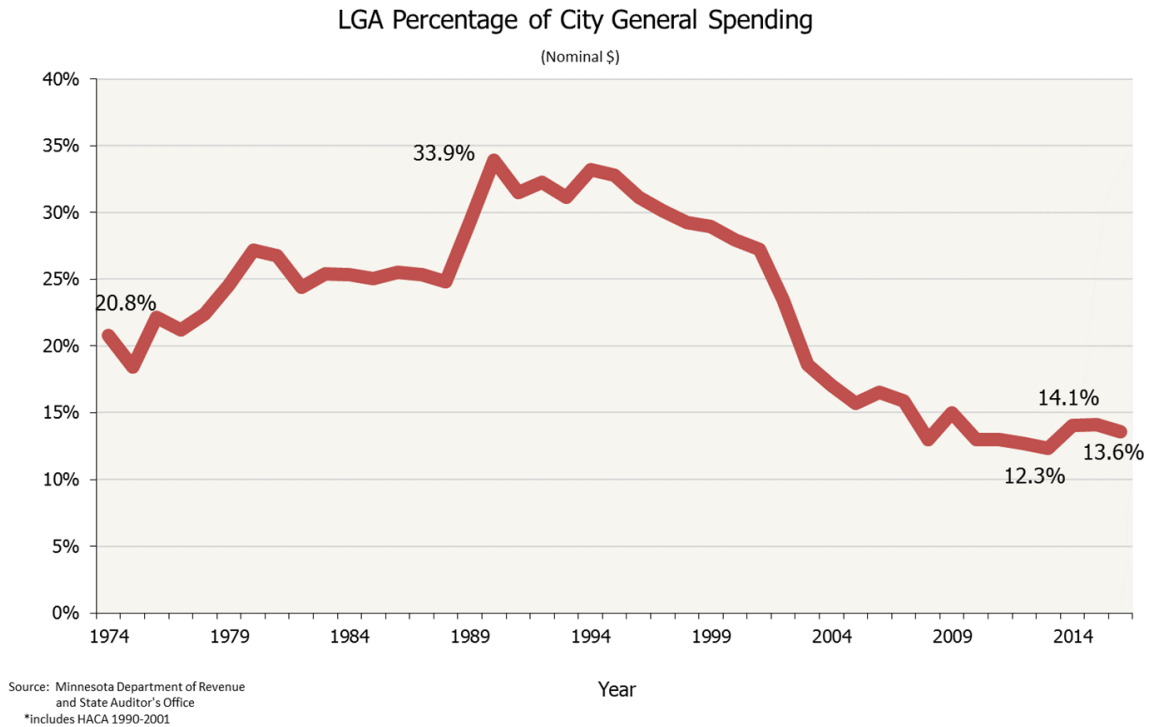
Local Government Aid (LGA) is a general purpose aid to cities that can be used for any lawful purpose. It is also used for property tax relief by reducing the amount of revenue that is collected locally.

The LGA formula has changed many times since enacted in 1971. The current formula measures city need with factors including population and age of housing and compares this to a city's ability to pay measured by local property values. The formula attempts to target aid to those cities with the lowest property values and highest need.

RESULTS

Cities across the state are more able to offer their residents comparable services at a similar tax cost.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of cities receiving LGA	90%	90%	2014 – 2016
Quantity	LGA percentage of city spending	14.1%	13.6%	2014 – 2016



Performance Measure Notes:

Percentage of cities receiving LGA compares payable year 2014 (previous) to 2016 (current).

LGA percentage of city spending is based on State Auditor city finance reports for 2014 and 2016 and computes LGA as a percentage of total current expenditures. 2016 is the most recent auditor data available.

A 2017 law change increased the city LGA appropriation by \$15 million for aids payable 2018 and thereafter.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'LGA'.

Legal Citation: M.S. Chapter 477A establishes the Local Government Aid program. It was amended by: Laws 2013, Chapter 143, Article 2, Sections 7-12 and 14-18; Laws 2014, Chapter 308, Article 1, Sections 5-6; and Laws 2017 First Special Session, Chapter 1, Article 4, Sections 10-11, 15-17, 19, and 26.

<https://www.revisor.mn.gov/statutes/cite/477A>.

Local Government Aid (City Aid)

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	516,888	519,391	519,468	612,420	456,376	534,398	456,376	564,991
Total	516,888	519,391	519,468	612,420	456,376	534,398	456,376	564,991
Biennial Change				95,609		(141,114)		(110,521)
Biennial % Change				9		(12)		(10)
Governor's Change from Base								30,593
Governor's % Change from Base								3

Expenditures by Category

Grants, Aids and Subsidies	516,888	519,391	519,468	612,420	456,376	534,398	456,376	564,991
Total	516,888	519,391	519,468	612,420	456,376	534,398	456,376	564,991

Local Government Aid (City Aid)

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	516,898	519,398	519,537	612,420	456,376	534,398	456,376	564,991
Cancellations	10	7	69					
Expenditures	516,888	519,391	519,468	612,420	456,376	534,398	456,376	564,991
Biennial Change in Expenditures				95,609		(141,114)		(110,521)
Biennial % Change in Expenditures				9		(12)		(10)
Governor's Change from Base								30,593
Governor's % Change from Base								3

Program: Local Aids
Activity: County Program Aid

revenue.state.mn.us/

AT A GLANCE

In 2018:

- All 87 counties received County Program Aid
- Payments were increased \$25 million from the previous year

PURPOSE & CONTEXT

Counties across the state have varying services needs and revenue sources. County Program Aid payments provide general support for services and reduce property tax burdens for homeowners and businesses.

County Program Aid is paid from the General Fund.

SERVICES PROVIDED

County Program Aid (CPA) is a general purpose aid to counties that can be used for any lawful purpose. It is also used for property tax relief by reducing the amount of revenue collected locally.

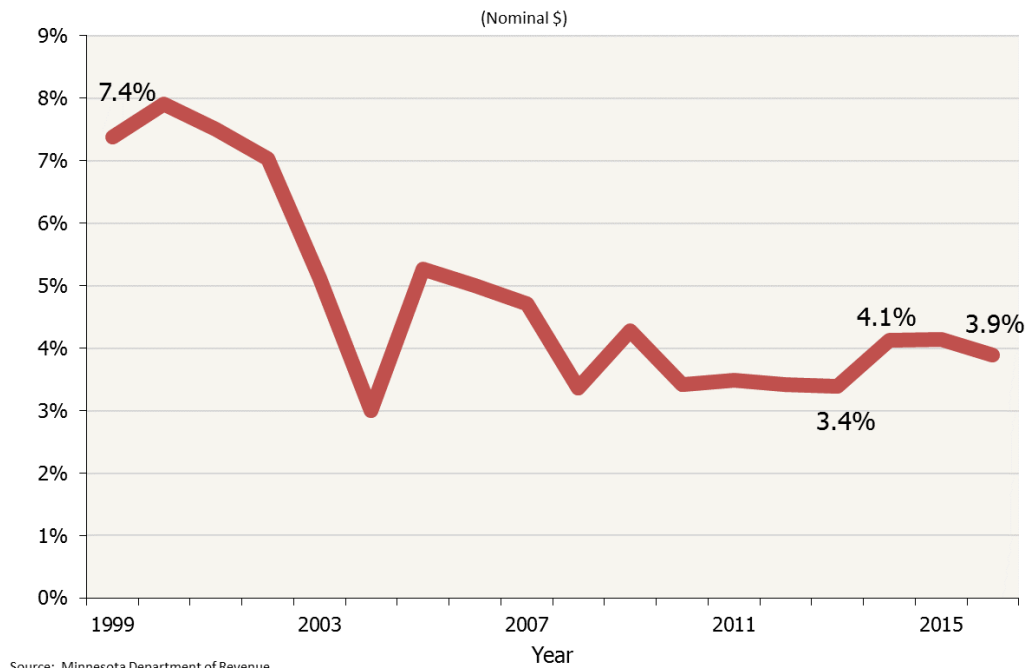
The CPA appropriation is divided into two main pots: (1) need aid and (2) tax base equalization aid. The need aid is distributed based on a county's measure of crime rate, poverty, and population. The tax base equalization aid is distributed based on a county's population and property values. The formula provides aid to those counties with the highest need and lowest property values.

RESULTS

Counties across the state are more able to offer their residents comparable services at a similar tax cost.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of counties receiving CPA - Need Aid	100%	100%	2014 – 2016
Quantity	Percentage of counties receiving CPA - Tax Base Equalization Aid	82%	69%	2014 – 2016
Quantity	CPA percentage of county spending	4.1%	3.9%	2014 – 2016

CPA Percentage of County General Spending



Performance Measure Notes:

Percentage of counties receiving CPA compares payable year 2014 (previous) to 2016 (current).

CPA percentage of county spending is based on State Auditor county finance reports for 2014 and 2016 and computes CPA as a percentage of total current expenditures. 2016 is the most recent auditor data available.

A 2017 law change increased the CPA appropriation by \$25 million for aids payable 2018 and thereafter. The law change also modified the CPA formula to increase the number of counties receiving Tax Base Equalization Aid. Beginning in 2018, all 87 counties now receive Tax Base Equalization Aid.

Prior to 2004, the previous county aid programs were Family Preservation Aid, County Criminal Justice Aid, Homestead and Agricultural Credit Aid (HACA), and Attached Machinery Aid.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'CPA'.

Legal Citation: M.S. Chapter 477A establishes the County Program Aid program. It was amended by: Laws 2013, Chapter 143, Article 2, Section 19; Laws 2014, Chapter 150, Article 4, Section 6; Laws 2014, Chapter 308, Article 1, Section 13; and Laws 2017 First Special Session, Chapter 1, Article 4, Sections 12-13, 20, and 33.

<https://www.revisor.mn.gov/statutes/cite/477A>.

County Program Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	209,969	208,563	208,457	234,091	233,958	233,958	233,958	264,314
Total	209,969	208,563	208,457	234,091	233,958	233,958	233,958	264,314
Biennial Change				24,016		25,368		55,724
Biennial % Change				6		6		13
Governor's Change from Base								30,356
Governor's % Change from Base								6

Expenditures by Category

Grants, Aids and Subsidies	209,969	208,563	208,457	234,091	233,958	233,958	233,958	264,314
Total	209,969	208,563	208,457	234,091	233,958	233,958	233,958	264,314

County Program Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	210,683	209,277	209,171	234,805	234,672	234,672	234,672	265,028
Transfers Out	714	714	714	714	714	714	714	714
Expenditures	209,969	208,563	208,457	234,091	233,958	233,958	233,958	264,314
Biennial Change in Expenditures				24,016		25,368		55,724
Biennial % Change in Expenditures				6		6		13
Governor's Change from Base								30,356
Governor's % Change from Base								6

Program: Local Aids

Activity: Disparity Reduction Aid

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 15% of 6,197 taxing areas received Disparity Reduction Aid
- The average aid payment was \$19,345

PURPOSE & CONTEXT

Tax reform in 1988 caused higher tax rates in some areas. Disparity Reduction Aid (DRA) provides aid to areas that received this aid in 1989 and continue to have a local tax rate above 90% of their net tax capacity today.

Disparity Reduction Aid is paid from the General Fund.

SERVICES PROVIDED

Disparity Reduction Aid was first paid in 1989 and continues to provide aid to some counties, school districts, and townships. Taxing areas that had a combined local tax rate above 90% of their net tax capacity in 1989 received DRA.

Today, a taxing area can only receive DRA if it received DRA in 1989, and still has a tax rate above 90%.

RESULTS

Taxing areas that received this aid in 1989 and continue to have a tax rate above 90% receive state assistance to help reduce property tax rates.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of taxing areas receiving DRA	924	932	2015 – 2017
Quantity	Number of taxing areas with a tax rate above 90%	2,778	2,872	2015 – 2017
Quantity	Percentage of taxing areas with a tax rate above 90% that receive DRA	32%	32%	2015 – 2017

Performance Measures Notes:

The percentage of taxing areas receiving DRA compares payable year 2015 (previous) to 2017 (current).

A taxing area is a geographic area that has the same county, school district, municipality, and special taxing districts. There are over 6,000 taxing areas in Minnesota.

Currently, 32% of taxing areas with a tax rate above 90% receive DRA. Only a small share of areas with tax rates above 90% receive DRA because aid distributions are based on the original 1989 calculations. If an area did not have a tax rate above 90% in 1989, they cannot receive DRA.

Fifteen percent of all taxing areas received DRA in both 2015 and 2017. The average aid payment decreased from \$19,566 in 2015 to \$19,345 in 2017.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'DRA'.

Legal Citation: M.S. 273.1398 establishes Disparity Reduction Aid.
<https://www.revisor.mn.gov/statutes/cite/273.1398>.

Disparity Reduction Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	18,072	18,063	18,035	18,036	18,141	18,148	18,141	18,148
Total	18,072	18,063	18,035	18,036	18,141	18,148	18,141	18,148
Biennial Change				(64)		218		218
Biennial % Change				(0)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	18,072	18,063	18,035	18,036	18,141	18,148	18,141	18,148
Total	18,072	18,063	18,035	18,036	18,141	18,148	18,141	18,148

Disparity Reduction Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	18,072	18,063	18,035	18,036	18,141	18,148	18,141	18,148
Expenditures	18,072	18,063	18,035	18,036	18,141	18,148	18,141	18,148
Biennial Change in Expenditures				(64)		218		218
Biennial % Change in Expenditures				(0)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Local Aids

Activity: Casino Aid to Counties

revenue.state.mn.us/

AT A GLANCE

In 2018:

- 16 counties received Casino Aid
- The average aid payment was \$96,000

PURPOSE & CONTEXT

Increased service demands from tax-exempt property can lead to financial strain for local governments. Casino Aid provides a state payment to counties where an Indian reservation is located in the county, the tribes operate a casino, and state taxes are collected under a tax agreement with the tribe.

Casino Aid to Counties is paid from the General Fund.

SERVICES PROVIDED

County Casino Aid is equal to 5% of taxes collected from the Indian reservation under a tax agreement

RESULTS

The fiscal impacts of tax-exempt tribal-owned casinos are reduced for local governments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Counties Receiving Casino Aid	15	16	2016 – 2018

Performance Measures Notes:

Number of counties receiving casino aid compares calendar year 2016 (previous) to 2018 (current).

The average aid payment decreased from \$102,000 in 2016 to \$96,000 in 2018.

Legal Citation: M.S. 270C.19 establishes Casino Aid. <https://www.revisor.mn.gov/statutes/cite/270C.19>.

Casino Aid to Counties

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,572	1,576	1,543	1,543	1,543	1,543	1,583	1,673
Total	1,572	1,576	1,543	1,543	1,543	1,543	1,583	1,673
Biennial Change				(62)		0		170
Biennial % Change				(2)		0		6
Governor's Change from Base								170
Governor's % Change from Base								6

Expenditures by Category

Grants, Aids and Subsidies	1,572	1,576	1,543	1,543	1,543	1,543	1,583	1,673
Total	1,572	1,576	1,543	1,543	1,543	1,543	1,583	1,673

Casino Aid to Counties

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	1,572	1,576	1,543	1,543	1,543	1,543	1,583	1,673
Expenditures	1,572	1,576	1,543	1,543	1,543	1,543	1,583	1,673
Biennial Change in Expenditures				(62)		0		170
Biennial % Change in Expenditures				(2)		0		6
Governor's Change from Base								170
Governor's % Change from Base								6

Program: Local Aids
Activity: Utility Transition Aid

revenue.state.mn.us/

AT A GLANCE

In 2018:

- 3 towns receive Utility Valuation Transition Aid
- The average aid payment is \$1,696

PURPOSE & CONTEXT

Large reductions to tax base can lead to financial strain for local governments. Utility Valuation Transition Aid provides aid to cities and towns that lost tax base due to a change in the rule for valuing utility property.

Utility Transition Aid is paid from the General Fund.

SERVICES PROVIDED

Utility Valuation Transition Aid was first paid in calendar year 2009 to 43 cities and towns with tax base reductions greater than 4% due to a 2007 utility valuation rule change. The aid will continue for each qualifying municipality until the current value of utility property exceeds its 2007 value under the old rule.

RESULTS

Local tax rates in jurisdictions receiving aid are lower than they would be without the aid, and the aid phases out as tax base returns to previous assessment levels.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of eligible cities and towns where the current utility tax base remains lower than the 2007 amount.	4	3	2016 – 2018

Performance Measures Notes:

Number of eligible cities and towns compares aid payable year 2016 (previous) to 2018 (current).

Due to decreases in utility property values, some cities and towns that no longer received transition aid became eligible for aid again.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'UVTA'.

Legal Citation: M.S. 477A.16 establishes Utility Value Transition Aid.
<https://www.revisor.mn.gov/statutes/cite/477A.16>.

Utility Valuation Transition Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	350	0	0	5	5	3	5	3
Total	350	0	0	5	5	3	5	3
Biennial Change				(345)		3		3
Biennial % Change				(98)		47		47
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Grants, Aids and Subsidies	350	0	0	5	5	3	5	3
Total	350	0	0	5	5	3	5	3

Utility Valuation Transition Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	350	0	0	5	5	3	5	3
Expenditures	350	0	0	5	5	3	5	3
Biennial Change in Expenditures				(345)		3		3
Biennial % Change in Expenditures				(98)		47		47
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Local Aids
Activity: State Taconite Aid

revenue.state.mn.us/

AT A GLANCE

In 2017:

- The state general fund paid 22 cents per taxable ton of iron ore concentrates produced (\$7.4 million) to the taconite production distribution fund

PURPOSE & CONTEXT

Large decreases to tax base can lead to financial strain for local governments. State Taconite Aid provides revenue to compensate for reduced taconite production occurring in certain areas since 2001.

State Taconite Aid is paid from the General Fund.

SERVICES PROVIDED

Taconite production decreased 30% in 2001 primarily due to the closure of the LTV Steel Mining Company plant in Hoyt Lakes.

Beginning in 2001, state aid was provided to the production tax fund to be distributed like production tax revenues. Production tax revenues are distributed to various local governments, development agencies and for property tax relief to taxpayers within the taconite assistance area.

The state taconite aid contribution was equal to 33 cents per taxable ton of iron ore concentrates for production year 2001, and 22 cents per taxable ton of iron ore concentrates for production years 2002 and thereafter.

RESULTS

The potential fiscal impacts of the 2001 decrease in taconite production are reduced.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Taconite Production as a Percentage of Base Year 2000 Production	70%	75%	2000 – 2016

Performance Measures Notes:

Base year 2000 production is for the calendar year.

Taconite production percentage compares calendar year 2000 (previous) to calendar year 2016 (current).

The state taconite aid contribution accounted for 7.6% of total production tax distributions in 2017.

Legal Citation: M.S. 298.285 establishes State Taconite Aid. <https://www.revisor.mn.gov/statutes/cite/298.285>.

State Taconite Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	4,804	4,514	4,263	4,158	4,291	4,347	4,291	4,347
Total	4,804	4,514	4,263	4,158	4,291	4,347	4,291	4,347
Biennial Change				(897)		217		217
Biennial % Change				(10)		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Operating Expenses	4,804	4,514	4,263	4,158	4,291	4,347	4,291	4,347
Total	4,804	4,514	4,263	4,158	4,291	4,347	4,291	4,347

State Taconite Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation	8,467	7,817	7,220	7,372	8,068	8,490	8,068	8,490
Transfers Out	3,664	3,303	2,957	3,214	3,777	4,143	3,777	4,143
Expenditures	4,804	4,514	4,263	4,158	4,291	4,347	4,291	4,347
Biennial Change in Expenditures				(897)		217		217
Biennial % Change in Expenditures				(10)		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Local Aids

Activity: Payment in Lieu of Taxes (PILT)

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 8.5 million acres of natural resources land were enrolled in Payment in Lieu of Taxes (PILT) program
- All 87 counties received a PILT payment, with 18 counties receiving payments of at least \$500,000

PURPOSE & CONTEXT

Loss of tax base when land becomes exempt can lead to financial strain for local governments. PILT payments provide compensation to local governments for the property taxes lost when the Department of Natural Resources acquires land for the state.

The PILT program is paid from the General Fund.

SERVICES PROVIDED

The state makes payments in lieu of taxes primarily to counties for certain natural resource and wildlife management lands. Counties are responsible for distributing any PILT payments to townships, cities, and schools.

RESULTS

The potential fiscal impacts of tax-exempt state-owned land are reduced for local governments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Acres of Natural Resources Land in PILT	8.52 million	8.51 million	2015 – 2017

Performance Measures Notes:

Acres of natural resources land compares calendar year 2015 (previous) to 2017 (current)

Law changes in 2017 increased the per acre payment rate from \$1.50 to \$2.00 for county-administered other natural resources land and Department of Natural Resources-administered other natural resources land, effective beginning for payments made in 2018.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us/) and search 'PILT'.

Legal Citation: M.S. 477A.11 through 477A.145 establish Payments in Lieu of Taxes. The program was amended by: Laws 2013, Chapter 143, Article 2, Sections 22-32; Laws 2014, Chapter 308, Article 1, Sections 7-9; and Laws 2017 First Special Session, Chapter 1, Article 4, Sections 22-23.
<https://www.revisor.mn.gov/statutes/cite/477A.11>.

Payment in Lieu of Taxes (PILT)

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	31,707	31,838	32,130	35,764	35,989	36,214	35,989	36,214
Total	31,707	31,838	32,130	35,764	35,989	36,214	35,989	36,214
Biennial Change				4,350		4,309		4,309
Biennial % Change				7		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	31,707	31,838	32,130	35,764	35,989	36,214	35,989	36,214
Total	31,707	31,838	32,130	35,764	35,989	36,214	35,989	36,214

Payment in Lieu of Taxes (PILT)

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Transfers In	31,707	31,838	32,130	35,764	35,989	36,214	35,989	36,214
Expenditures	31,707	31,838	32,130	35,764	35,989	36,214	35,989	36,214
Biennial Change in Expenditures				4,350		4,309		4,309
Biennial % Change in Expenditures				7		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Local Aids
Activity: Township Aid

revenue.state.mn.us/

AT A GLANCE

In 2018:

- 1,781 townships received Township Aid
- The average aid amount was \$5,615

PURPOSE & CONTEXT

Township governments received Local Government Aid from the state until 2001. A 2013 law created a new aid program to help townships fund their services.

Township Aid is paid from the General Fund.

SERVICES PROVIDED

Township Aid is a general purpose aid to townships that can be used for any lawful purpose. It is also used for property tax relief by reducing the amount of revenue collected locally. Aid payments are determined through a formula that considers the size of the township, its population, and the share of its property value that is farms and cabins.

RESULTS

Townships across the state are more able to offer their residents comparable services at a similar tax cost.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Township Aid percentage of township spending	4.0%	3.8%	2014 – 2016

Performance Measures Notes:

Township Aid percentage of township spending is based on State Auditor township finance reports for 2014 and 2016 and computes Township Aid as a percentage of total current expenditures. The most recent auditor data available is from 2016 and the first year of Township Aid was 2014.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us/) and search 'township aid'.

Legal Citation: M.S. Chapter 477A establishes the Township Aid program. Township Aid was added to M.S. 477A by: Laws 2013, Chapter 143, Article 2, Sections 13 and 20. <https://www.revisor.mn.gov/statutes/cite/477A>.

Township Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	9,997	10,000	10,000	10,191	10,000	10,000	10,000	10,000
Total	9,997	10,000	10,000	10,191	10,000	10,000	10,000	10,000
Biennial Change				194		(191)		(191)
Biennial % Change				1		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	9,997	10,000	10,000	10,191	10,000	10,000	10,000	10,000
Total	9,997	10,000	10,000	10,191	10,000	10,000	10,000	10,000

Township Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	9,997	10,000	10,000	10,191	10,000	10,000	10,000	10,000
Expenditures	9,997	10,000	10,000	10,191	10,000	10,000	10,000	10,000
Biennial Change in Expenditures				194		(191)		(191)
Biennial % Change in Expenditures				1		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Local Aids**Activity: Aquatic Invasive Species Aid**revenue.state.mn.us/**AT A GLANCE**

In 2018:

- There were 787 Minnesota waters infested with invasive species
- 83 Minnesota counties received this aid

PURPOSE & CONTEXT

Invasive species not native to Minnesota can cause harm to the environment, the economy, and human health. Aquatic Invasive Species Aid assists counties in preventing or limiting the spread of invasive species in Minnesota waters.

Aquatic Invasive Species Aid is paid from the General Fund.

SERVICES PROVIDED

Created in 2014, Aquatic Invasive Species Prevention Aid is distributed to counties based on their share of the statewide total for watercraft trailer launches and watercraft trailer parking spaces.

RESULTS

Aquatic Invasive Species Prevention Aid provides funds to limit the spread of invasive species.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Minnesota waters infested	669	787	2016 – 2018

Performance Measures Notes:

Number of infested waters compares calendar year 2016 (previous) to 2018 (current), as of January 1.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us/) and search 'invasive species'.

Legal Citation: M.S. 477A.19 establishes the Aquatic Invasive Species Prevention Aid program.

<https://www.revisor.mn.gov/statutes/cite/477A.19>.

Aquatic Invasive Species Prevention Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

Aquatic Invasive Species Prevention Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Expenditures	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Local Aids
Activity: Production Property Transition Aid

revenue.state.mn.us/

AT A GLANCE

In 2018:

- 3 cities and towns received Production Property Transition Aid
- The average aid payment is \$28,000

PURPOSE & CONTEXT

Property tax law changes can sometimes reduce the amount of tax base available to local governments. Production Property Transition Aid provides temporary aid for cities and towns that lost tax base due to a change in the method to value certain production facilities.

Production Property Transition Aid is paid from the General Fund.

SERVICES PROVIDED

Production Property Transition Aid provides transitional aid for cities and towns with tax base reductions greater than 5% due to a change in the way ethanol, dairy, brewery, wine and distillery properties are valued for property tax purposes. The aid amount is the difference in net tax capacity due to the valuation change times the local tax rate. The aid was first paid in 2016 and phases out over five years.

RESULTS

Local tax rates in jurisdictions receiving aid are compensated for their loss of tax base.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of cities and towns receiving aid	3	3	2016 - 2018

Performance Measures Notes:

Number of eligible cities and towns compares aids payable year 2016 (previous) to 2018 (current).

The total amount of aid paid in 2018 was \$85,000. This amount will decrease each year until 2021, when the aid expires.

Legal Citation: M.S 477A.18 establishes Production Property Transition Aid.
<https://www.revisor.mn.gov/statutes/cite/477A.18>.

Production Property Transition Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General		127	105	85	53	27	53	27
Total		127	105	85	53	27	53	27
Biennial Change				64		(110)		(110)
Biennial % Change						(58)		(58)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies		127	105	85	53	27	53	27
Total		127	105	85	53	27	53	27

Total Agency Expenditures		127	105	85	53	27	53	27
Expenditures Less Internal Billing		127	105	85	53	27	53	27

Production Property Transition Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation		127	105	85	53	27	53	27
Expenditures		127	105	85	53	27	53	27
Biennial Change in Expenditures				64		(110)		(110)
Biennial % Change in Expenditures						(58)		(58)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Local Aids
Activity: Small Cities Assistance

revenue.state.mn.us/

AT A GLANCE

In 2018:

- The state paid \$8 million in small cities assistance

PURPOSE & CONTEXT

The Small Cities Assistance program was established in 2015 and provides formula-based transportation aid for 705 small cities in Minnesota that do not receive municipal state-aid street funding. Qualifying cities have a population under 5,000. Funds are for construction and maintenance of roads. This program is funded through fiscal year 2019.

SERVICES PROVIDED

The funding is for the construction and maintenance of roads located within the city and can include land acquisition, environmental analysis, design, engineering, construction, reconstruction and maintenance. The aid is formula based, so that cities do not apply or compete for funds. The Commissioner of Revenue distributes the funds to cities in the same manner as local government aid. Generally, cities will receive 50% of the payment in July and 50% of the payment in December.

RESULTS

The Small Cities Assistance program increases aid to small cities to assist in the construction and maintenance of roads.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of cities eligible for small cities assistance	704	705	2016 – 2018
Quantity	Amount of state aid paid in small cities assistance	\$12.5 million	\$8 million	2016 – 2018

Performance Measures Notes:

The previous and current measures show data from fiscal year 2016 (previous) to 2018 (current).

Legal Citation: M.S 162.145, establishes the Small Cities Assistance program.

<https://www.revisor.mn.gov/statutes/2017/cite/162.145>.

Small Cities Assistance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
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Expenditures by Fund

2001 - Other Misc Special Revenue	12,496		7,979	8,025				
Total	12,496		7,979	8,025				
Biennial Change				3,508		(16,004)		(16,004)
Biennial % Change						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Grants, Aids and Subsidies	12,496		7,979	8,025				
Total	12,496		7,979	8,025				

Small Cities Assistance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2001 - Other Misc Special Revenue								
Balance Forward In		4	4	25				
Transfers In	12,500		8,000	8,000				
Balance Forward Out	4	4	25					
Expenditures	12,496		7,979	8,025				
Biennial Change in Expenditures				3,508		(16,004)		(16,004)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Local Aids

Activity: Riparian Protection Aid

revenue.state.mn.us

AT A GLANCE

In 2018, 14 watershed districts and 72 counties received Riparian Protection Aid

PURPOSE & CONTEXT

Riparian buffers – strips of vegetated land adjacent to streams, rivers, lakes, or wetlands – are used to protect and restore water quality and healthy aquatic life. State law requires riparian buffers along the shoreline of most lakes, rivers, and streams.

Created in 2017, Riparian Protection Aid provides funds to help watershed districts and counties oversee riparian protection and water quality practices.

Riparian Protection Aid is paid from the General Fund.

SERVICES PROVIDED

Riparian Protection Aid is distributed to watershed districts and counties based on their share of acres of agricultural land and miles of shoreline that require buffers.

If watershed districts and counties choose not to oversee the riparian protection and water quality practices required by law, their share of aid goes to the Board of Water and Soil Resources.

RESULTS

Riparian Protection Aid provides funds to oversee riparian protection and water quality practices.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Watershed Districts receiving aid	14	14	2017 - 2018
Quantity	Counties receiving aid	72	72	2017 - 2018

Performance Measures Notes

Watershed Districts and Counties receiving aid compares 2017 (previous) to 2018 (current).

For more information, visit our website (www.revenue.state.mn.us) and type **riparian protection aid** into the Search box.

Legal Citation: M.S. 477A.21 establishes the Riparian Protection Aid program.

<https://www.revisor.mn.gov/statutes/cite/477A.21>.

Riparian Protection Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General			7,058	9,000	9,000	9,000	9,000	9,000
Total			7,058	9,000	9,000	9,000	9,000	9,000
Biennial Change				16,058		1,942		1,942
Biennial % Change						12		12
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies			7,058	9,000	9,000	9,000	9,000	9,000
Total			7,058	9,000	9,000	9,000	9,000	9,000

Total Agency Expenditures			7,058	9,000	9,000	9,000	9,000	9,000
Expenditures Less Internal Billing			7,058	9,000	9,000	9,000	9,000	9,000

Riparian Protection Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation			8,000	10,000	10,000	10,000	10,000	10,000
Transfers Out			942	1,000	1,000	1,000	1,000	1,000
Expenditures			7,058	9,000	9,000	9,000	9,000	9,000
Biennial Change in Expenditures				16,058		1,942		1,942
Biennial % Change in Expenditures						12		12
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Local Aids**Activity:** Out of Home Placement Aidrevenue.state.mn.us/**AT A GLANCE**

In 2018:

- 2 tribes received Out of Home Placement Aid
- 65 counties received Out of Home Placement Aid

PURPOSE & CONTEXT

Payments made to provide foster care for children under the Indian Child Welfare Act can be a large expense for some tribes and local governments. Out of Home Placement Aid reduces the cost incurred by local social service agencies to provide foster care.

Out of Home Placement Aid is paid from the General Fund.

SERVICES PROVIDED

Out of Home Placement Aid is a specific-purpose aid that partially reimburses the costs incurred by counties and tribes to provide foster care for children under the Indian Child Welfare Act (ICWA).

Aid payments to counties are based on foster care payments made in the preceding calendar year. Aid payments to tribes are the greater of \$200,000 or 5 percent of the reimbursement amount received from the federal government for out-of-home placement costs for the previous calendar year.

RESULTS

Out of Home Placement Aid reduces the cost to tribes and local governments of providing ICWA foster care.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Out of Home Placement Aid percentage of county spending on ICWA foster care	0%	25.1%	2016 – 2018

Performance Measures Notes

Out of Home Placement Aid percentage of county spending on ICWA foster care is based on county expenditures on ICWA foster care as reported to the Department of Human Services. This aid was first available in 2018.

For more information, visit our website (www.revenue.state.mn.us) and type **out of home placement** into the Search box.

Legal Citation: M.S. 477A.0126 establishes reimbursements for certain out-of-home placement costs.
www.revisor.mn.gov/statutes/cite/477A.0126.

Indian Family Out of Home Placement Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General				5,000	5,000	5,000	5,000	5,000
Total				5,000	5,000	5,000	5,000	5,000
Biennial Change				5,000		5,000		5,000
Biennial % Change								
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies				5,000	5,000	5,000	5,000	5,000
Total				5,000	5,000	5,000	5,000	5,000

Total Agency Expenditures				5,000	5,000	5,000	5,000	5,000
Expenditures Less Internal Billing				5,000	5,000	5,000	5,000	5,000

Indian Family Out of Home Placement Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation				5,000	5,000	5,000	5,000	5,000
Expenditures				5,000	5,000	5,000	5,000	5,000
Biennial Change in Expenditures				5,000		5,000		5,000
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Credits**Activity: Agricultural Homestead Market Value Credit**revenue.state.mn.us/**AT A GLANCE**

In 2017:

- 96,000 farm homesteads received the credit
- The average market value agricultural land credit amount was \$396

PURPOSE & CONTEXT

For some taxpayers, property taxes are a significant cost to owning agricultural land. Agricultural credits reduce the tax for owners of homesteaded farm property.

Agricultural Homestead Market Value Credits are paid from the General Fund.

SERVICES PROVIDED

The agricultural market value credit was designed to reduce the tax on agricultural homestead land beyond the house, garage, and immediately surrounding acre of land. The credit is based on a percentage of land market value, with a maximum credit of \$490 per homestead.

RESULTS

The credit makes homesteaded farm land more affordable.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average market value agricultural land credit amount	\$433	\$396	2015 – 2017
Quantity	Effective tax rate without credit	0.40%	0.43%	2015 – 2017
Quantity	Effective tax rate with credit	0.36%	0.38%	2015 – 2017

Performance Measures Notes:

Approximately 90,000 homesteads received the credit in 2015. The number has increased slightly to 96,000 in 2017.

Average credit amount compares payable year 2015 (previous) to 2017 (current).

Effective tax rate compares property tax as a percent of market value on all agricultural homestead land before and after the credit. The average effective tax rate for all property statewide was 1.45% for taxes payable 2017.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'Agricultural Homestead Market Value Credit'.

Legal Citation: M.S 273.1384 establishes Agricultural Homestead Market Value Credit.

<https://www.revisor.mn.gov/statutes/cite/273.1384>.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	38,731	38,498	38,104	37,754	38,633	38,654	38,633	38,654
Total	38,731	38,498	38,104	37,754	38,633	38,654	38,633	38,654
Biennial Change				(1,371)		1,429		1,429
Biennial % Change				(2)		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	38,731	38,498	38,104	37,754	38,633	38,654	38,633	38,654
Total	38,731	38,498	38,104	37,754	38,633	38,654	38,633	38,654

Agricultural Homestead MV Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation	38,731	38,498	38,104	37,754	38,633	38,654	38,633	38,654
Expenditures	38,731	38,498	38,104	37,754	38,633	38,654	38,633	38,654
Biennial Change in Expenditures				(1,371)		1,429		1,429
Biennial % Change in Expenditures				(2)		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Credits**Activity: Prior Year Credit Adjustments**revenue.state.mn.us/**AT A GLANCE**

In 2017:

- Prior year credit adjustments were 0.11% of the total credits

PURPOSE & CONTEXT

Each year adjustments must be made for accounting corrections. Prior Year Credit Adjustments are paid to local governments to account for abatements, court orders, omissions, and other adjustments to credits.

Prior year credit adjustments are paid from the General Fund.

SERVICES PROVIDED

Prior Year Credit Adjustments are made for the Agricultural Preserve, Homestead Disaster, Agricultural Homestead Market Value, Local Option Disaster, and Disparity Reduction credits.

RESULTS

The potential impacts of tax-exempt state-owned land are reduced for local governments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Adjustment amounts	\$10,450	-\$294,123	2015 – 2017
Quantity	Prior year credit adjustments percentage of total credits	0.02%	0.43%	2015 – 2017

Performance Measures Notes:

Adjustment amount compares payable year 2015 (previous) to 2017 (current).

Prior Year Credit Adjustment

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
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Expenditures by Fund

1000 - General	11	160	(14)	49	1		1	
Total	11	160	(14)	49	1		1	
Biennial Change				(136)		(34)		(34)
Biennial % Change				(80)		(97)		(97)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Grants, Aids and Subsidies	11	160	(14)	49	1		1	
Total	11	160	(14)	49	1		1	

Prior Year Credit Adjustment

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation	11	160	(14)	49	1	0	1	0
Expenditures	11	160	(14)	49	1		1	
Biennial Change in Expenditures				(136)		(34)		(34)
Biennial % Change in Expenditures				(80)		(97)		(97)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Credits**Activity: Disparity Reduction Credit**revenue.state.mn.us/**AT A GLANCE**

In 2017:

- The average property tax decrease due to the Disparity Reduction Credit was \$5,789
- Approximately 2,000 parcels received the credit

PURPOSE & CONTEXT

Property taxes tend to be lower in North Dakota, putting some Minnesota businesses in bordering communities at a disadvantage. The Disparity Reduction Credit provides property tax relief for businesses in certain border cities.

Disparity Reduction Credits are paid from the General Fund.

SERVICES PROVIDED

The Disparity Reduction Credit reduces property taxes for:

- commercial/industrial property,
- public utility property, and
- apartment property.

The credit reduces property taxes to 1.6% of the property's market value. The Disparity Reduction Credit assists businesses in the border cities of Breckenridge, Dilworth, East Grand Forks, Ortonville, and Moorhead.

RESULTS

The Disparity Reduction Credit increases business competitiveness in border areas.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average property tax reduction due to credit	\$6,998	\$5,789	2015 – 2017

Performance Measures Notes:

The average credit amount compares payable year 2015 (previous) to 2017 (current).

In 2015, the tax rate threshold decreased from 1.9% to 1.6% of market value. Businesses in the City of Ortonville also became eligible to receive the credit in 2015. These changes have increased the total credits.

Legal Citation: M.S. 273.1398 establishes the Disparity Reduction Credit.

<https://www.revisor.mn.gov/statutes/cite/273.1398>.

Border City Disparity Reduction Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	9,905	11,772	11,637	11,908	13,343	13,634	13,343	13,634
Total	9,905	11,772	11,637	11,908	13,343	13,634	13,343	13,634
Biennial Change				1,868		3,432		3,432
Biennial % Change				9		15		15
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	9,905	11,772	11,637	11,908	13,343	13,634	13,343	13,634
Total	9,905	11,772	11,637	11,908	13,343	13,634	13,343	13,634

Border City Disparity Reduction Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	9,905	11,772	11,637	11,908	13,343	13,634	13,343	13,634
Expenditures	9,905	11,772	11,637	11,908	13,343	13,634	13,343	13,634
Biennial Change in Expenditures				1,868		3,432		3,432
Biennial % Change in Expenditures				9		15		15
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Credits**Activity: Supplemental Taconite Homestead Credit**revenue.state.mn.us/**AT A GLANCE**

In 2017:

- The average property tax decrease from the Supplemental Taconite Homestead Credit was \$260
- 20,000 homesteads received the credit

PURPOSE & CONTEXT

Property taxes increase the cost of owning a home. The Supplemental Taconite Homestead Credit reduces the property taxes for homesteads in the taconite relief area.

Supplemental Taconite Homestead Credits are paid from the General Fund.

SERVICES PROVIDED

The Supplemental Taconite Homestead Credit program was created in 1980. Homesteads receive a credit that is either 57% of the property tax up to \$289.80 or 66% of the property tax up to \$315.10, depending on the location of the homestead.

RESULTS

Property taxes are more affordable for residential homesteads in the taconite relief area.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Average property tax reduction due to credit	\$283	\$260	2015 – 2017

Performance Measures Notes:

Average property tax reduction compares payable year 2015 (previous) to 2017 (current).

79% of homesteads received maximum credit amount.

The effective tax rate (ETR) for a property equals the net property tax divided by its market value. The ETR can be viewed as a measure of how much property tax is paid per \$1,000 in market value.

The ETR for homesteads receiving the Supplemental Taconite Homestead Credit was 0.79% for taxes payable in 2017. Without the credit, the ETR for homesteads would have been 0.96%. The average ETR for homesteads statewide was 1.26% for taxes payable in 2017.

Legal Citation: M.S. 273.1391 establishes the Supplemental Taconite Homestead Credit.

<https://www.revisor.mn.gov/statutes/cite/273.1391>

Supplemental Taconite Homestead Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	5,302	5,293	5,304	5,339	5,392	5,446	5,392	5,446
Total	5,302	5,293	5,304	5,339	5,392	5,446	5,392	5,446
Biennial Change				47		195		195
Biennial % Change				0		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	5,302	5,293	5,304	5,339	5,392	5,446	5,392	5,446
Total	5,302	5,293	5,304	5,339	5,392	5,446	5,392	5,446

Supplemental Taconite Homestead Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	5,302	5,293	5,304	5,339	5,392	5,446	5,392	5,446
Expenditures	5,302	5,293	5,304	5,339	5,392	5,446	5,392	5,446
Biennial Change in Expenditures				47		195		195
Biennial % Change in Expenditures				0		2		2
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Credits

Activity: Agricultural Preservation Credit

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 3,196 credits were paid to agricultural land owners in the Twin Cities metropolitan area

PURPOSE & CONTEXT

For some taxpayers, property taxes are a significant cost to owning agricultural land. Agricultural preservation credits reduce the tax on homesteaded farm property that is increasing in value due to development pressure.

Agricultural Preservation Credits are paid from County Agricultural Preserve Funds, State Conservation Fund, and State General Fund.

SERVICES PROVIDED

The Metropolitan Agricultural Preserves Act, established in 1980, encourages agricultural use on land within the seven-county Twin Cities metropolitan area. Valuation for taxation is based on the land's agricultural use, irrespective of other market pressures. Unlike valuation deferments under the Green Acres law, land enrolled in this program is not required to repay any taxes or special assessments when exiting the program.

Lands in the program also receive a credit based on the difference between the local tax rate and the statewide average local tax rate for townships, but no less than \$1.50 per acre.

A \$5 fee on all mortgage registrations and deed transfers within the seven-county Twin Cities metropolitan area is split between each county's Agricultural Preserve Fund and the State Conservation Fund. If insufficient funds exist in the county fund to pay the credit, the balance is paid from the State Conservation Fund. If insufficient funds exist in the State Conservation Fund, the balance is paid from the State General Fund.

RESULTS

The credit enables land to remain in agricultural production despite rising values and development pressure.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of acres enrolled	210,000	210,000	2015 – 2017
Quantity	Average Credit	\$295	\$284	2015 – 2017

Performance Measures Notes:

Number of acres enrolled and average credit compare calendar year 2015 (previous) to 2017 (current).

For additional information, visit the Revenue Department website (www.revenue.state.mn.us/) and search 'agricultural preserve credit'.

Legal Citation: M.S. 473H.10 establishes the Agricultural Preserve Credit.

<https://www.revisor.mn.gov/statutes/cite/473H.10>.

Agricultural Preservation Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General		392	410	230	220	220	220	220
2000 - Restrict Misc Special Revenue	612	182	50	190	200	200	200	200
2001 - Other Misc Special Revenue	326	325	218	213	210	210	210	210
Total	939	899	678	633	630	630	630	630
Biennial Change				(527)		(51)		(51)
Biennial % Change				(29)		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	939	899	678	633	630	630	630	630
Total	939	899	678	633	630	630	630	630

Agricultural Preservation Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation		392	607	359	331	330	331	330
Transfers Out			197	129	111	110	111	110
Expenditures		392	410	230	220	220	220	220
Biennial Change in Expenditures				248		(200)		(200)
Biennial % Change in Expenditures						(31)		(31)
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	1,001	355	152	310	319	310	319	310
Receipts	293	304	253	283	290	290	290	290
Transfers Out	326	325	45	84	99	100	99	100
Balance Forward Out	355	152	310	319	310	300	310	300
Expenditures	612	182	50	190	200	200	200	200
Biennial Change in Expenditures				(554)		160		160
Biennial % Change in Expenditures				(70)		67		67
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	26	26	26	50	50	50	50	50
Transfers In	326	325	242	213	210	210	210	210
Balance Forward Out	26	26	50	50	50	50	50	50
Expenditures	326	325	218	213	210	210	210	210
Biennial Change in Expenditures				(220)		(11)		(11)
Biennial % Change in Expenditures				(34)		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Credits**Activity: Agricultural School Bonding Credit**revenue.state.mn.us/**AT A GLANCE**

The Agricultural School Bonding Credit became effective with taxes payable year 2018.

PURPOSE & CONTEXT

Created in 2017, the Agricultural School Bonding Credit reduces the tax for owners of agricultural land. This is a property tax credit on all property classified as agricultural, excluding the house, garage, and surrounding one acre of land of an agricultural homestead, equal to 40 percent of the tax on the property attributable to school district bonded debt levies.

Agricultural School Bonding Credits are paid from the General Fund.

SERVICES PROVIDED

This credit reduces school property taxes on agricultural, rural vacant, and managed forest land. The credit amount is 40 percent of a property's net tax capacity multiplied by the school debt tax rate.

The county calculates a school debt tax rate for each school district. The school debt tax rate is the school debt service levy divided by the total Net Tax Capacity of all taxable property in the school district. The credit equals 40% of the qualifying property's Net Tax Capacity (excluding the house, garage, and surrounding one acre of land of an agricultural homestead) multiplied by the school debt tax rate. This credit applies to all school debt levies, whether or not they are voter-approved. The School Bond Credit is subtracted from the gross taxes on a property to determine the net property taxes.

RESULTS

No properties received this credit in taxes payable year 2017; the credit became effective with taxes payable year 2018.

Legal Citation: M.S. 273.1387 establishes the Agricultural School Bonding Credit.

<https://www.revisor.mn.gov/statutes/cite/273.1387>

School Building Bond Ag Credit

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<u>Expenditures by Fund</u>								
1000 - General				32,430	39,199	40,820	39,199	40,820
Total				32,430	39,199	40,820	39,199	40,820
Biennial Change				32,430		47,589		47,589
Biennial % Change								
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Grants, Aids and Subsidies				32,430	39,199	40,820	39,199	40,820
Total				32,430	39,199	40,820	39,199	40,820
Total Agency Expenditures				32,430	39,199	40,820	39,199	40,820
Expenditures Less Internal Billing				32,430	39,199	40,820	39,199	40,820

School Building Bond Ag Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation				32,430	39,199	40,820	39,199	40,820
Expenditures				32,430	39,199	40,820	39,199	40,820
Biennial Change in Expenditures				32,430		47,589		47,589
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

G90 - Tax Aids, Credits and Refunds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								15,800
Total								15,800
Biennial Change				0		0		15,800
Biennial % Change								
Governor's Change from Base								15,800
Governor's % Change from Base								
Grants, Aids and Subsidies								15,800
Total								15,800
Total Agency Expenditures								15,800
Expenditures Less Internal Billing								15,800

Gov Rec Buffer Credit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation								15,800
Expenditures								15,800
Biennial Change in Expenditures				0		0		15,800
Biennial % Change in Expenditures								
Governor's Change from Base								15,800
Governor's % Change from Base								

Program: Pension-Related Aids

Activity: Police Aid

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 401 local jurisdictions received Police Aid

PURPOSE & CONTEXT

Public safety pensions have historically been a shared responsibility of both state and local governments. State Police Aid provides pension aid to local governments that employ police officers.

Police Aid is paid from the General Fund.

SERVICES PROVIDED

Police Aid was established in 1971 to help support retirement pensions of local police officers. Annual aid distributions to public safety departments are based on the number of months worked by each licensed officer employed by the department. The amount of aid is equal to the revenues from the auto insurance premiums tax. In fiscal year 2017 the total aid amount was \$72.6 million.

RESULTS

Police Aid helps increase affordability of local peace officer pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	404	401	2015 – 2017
Quantity	Aid as a percentage of employer pension cost	66%	63%	2015 – 2017

Performance Measures Notes:

Number of jurisdictions receiving aid compares payable year 2015 (previous) to 2017 (current).

Aid as a percentage of employer pension cost measures how much of a department's pension obligations are paid through state Police Aid. In 2017, Police Aid paid for an average of 63% of a police department's pension obligations.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'police state aid'.

Legal Citation: M.S. Chapter 69 establishes Police Aid. (<https://www.revisor.mn.gov/statutes/cite/69>).

Police State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	66,088	69,655	72,559	76,273	79,710	83,300	79,710	83,300
Total	66,088	69,655	72,559	76,273	79,710	83,300	79,710	83,300
Biennial Change				13,089		14,178		14,178
Biennial % Change				10		10		10
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	66,088	69,655	72,559	76,273	79,710	83,300	79,710	83,300
Total	66,088	69,655	72,559	76,273	79,710	83,300	79,710	83,300

Police State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	72,555	76,365	80,031	84,437	88,240	92,220	88,240	92,220
Transfers Out	6,467	6,710	7,472	8,164	8,530	8,920	8,530	8,920
Expenditures	66,088	69,655	72,559	76,273	79,710	83,300	79,710	83,300
Biennial Change in Expenditures				13,089		14,178		14,178
Biennial % Change in Expenditures				10		10		10
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Pension-Related Aids

Activity: Fire Aid

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 762 fire relief associations received state Fire Aid

PURPOSE & CONTEXT

Public safety pensions have historically been a shared responsibility of both state and local governments. State Fire Aid provides pension aid to fire relief associations that employ firefighters.

Fire Aid is paid from the General Fund.

SERVICES PROVIDED

Fire Aid was established in 1885 to help support retirement pensions of firefighters. Annual aid distributions are based on the population and property values of the department's coverage area. The amount of aid is equal to the revenues from the fire insurance premiums tax.

State fire aid helps fund:

- service pensions paid to retired firefighters
- disability benefits paid to disabled firefighters
- survivor benefits paid to the surviving spouses and children of deceased firefighters

RESULTS

Fire Aid helps increase affordability of fire service.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of fire relief associations receiving fire aid	766	762	2015 – 2017

Performance Measures Notes:

Number of fire relief associations receiving fire aid compares payable year 2015 (previous) to 2017 (current).

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'fire state aid'.

Legal Citation: M.S. Chapter 69 establishes Fire Aid. (<https://www.revisor.mn.gov/statutes/cite/69>).

Fire State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	28,315	28,547	28,757	29,572	30,460	31,340	30,460	31,340
Total	28,315	28,547	28,757	29,572	30,460	31,340	30,460	31,340
Biennial Change				1,467		3,471		3,471
Biennial % Change				3		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	28,315	28,547	28,757	29,572	30,460	31,340	30,460	31,340
Total	28,315	28,547	28,757	29,572	30,460	31,340	30,460	31,340

Fire State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation	28,315	28,547	28,757	29,572	30,460	31,340	30,460	31,340
Expenditures	28,315	28,547	28,757	29,572	30,460	31,340	30,460	31,340
Biennial Change in Expenditures				1,467		3,471		3,471
Biennial % Change in Expenditures				3		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Pension-Related Aids
Activity: Insurance Surcharge Aid

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 4 firefighter relief associations received Insurance Surcharge Aid

PURPOSE & CONTEXT

Public safety pensions have historically been a shared responsibility of both state and local governments. Insurance Surcharge Aid helps support retirement pensions of firefighters.

Insurance Surcharge Aid is paid from the General Fund.

SERVICES PROVIDED

Insurance Surcharge Aid helps pay the employer's pension costs for firefighters' relief associations in first class cities. The aid amount is based on revenue from a 2% surcharge on insurance premiums for fire, lightning, and sprinkler leakage coverage within each city.

RESULTS

Insurance Surcharge Aid helps increase affordability of fire service.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	4	4	2015 – 2017

Performance Measures Notes:

Number of jurisdictions receiving aid compares payable year 2015 (previous) to 2017 (current).

Legal Citation: M.S. 297I.10 establishes the Insurance Surcharge Aid program.

<https://www.revisor.mn.gov/statutes/cite/297I.10>

Fire Insurance Surcharge Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	4,065	4,002	3,936	4,213	4,340	4,470	4,340	4,470
Total	4,065	4,002	3,936	4,213	4,340	4,470	4,340	4,470
Biennial Change				82		661		661
Biennial % Change				1		8		8
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	4,065	4,002	3,936	4,213	4,340	4,470	4,340	4,470
Total	4,065	4,002	3,936	4,213	4,340	4,470	4,340	4,470

Fire Insurance Surcharge Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation		4,002	3,936	4,213	4,340	4,470	4,340	4,470
Transfers In	4,065							
Expenditures	4,065	4,002	3,936	4,213	4,340	4,470	4,340	4,470
Biennial Change in Expenditures				82		661		661
Biennial % Change in Expenditures				1		8		8
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Pension-Related Aids

Activity: Public Employees Retirement Association Aid

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 1,110 jurisdictions received Public Employees Retirement Association Aid

PURPOSE & CONTEXT

State law changes can increase costs to local governments by raising their pension contribution rates. Public Employees Retirement Association (PERA) Aid is paid to local governments to offset an increase to the employer-paid PERA rates that began in 1998.

PERA Aid is paid from the General Fund.

SERVICES PROVIDED

The aid is 0.35% of a jurisdiction's 1997 PERA payroll. The amounts remain the same each year, unless an employer no longer participates in PERA.

The aid will end on June 30, 2020.

RESULTS

State assistance helps increase affordability of local government employee pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	1,113	1,110	2015 – 2017

Performance Measures Notes:

Number of jurisdictions receiving aid compares payable year 2015 (previous) to 2017 (current).

Legal Citation: M.S. 273.1385 establishes PERA Aid. <https://www.revisor.mn.gov/statutes/cite/273.1385>.

PERA Pension Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
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Expenditures by Fund

1000 - General	14,090	14,068	14,065	13,919	13,860		13,860	
Total	14,090	14,068	14,065	13,919	13,860		13,860	
Biennial Change				(175)		(14,124)		(14,124)
Biennial % Change				(1)		(50)		(50)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Grants, Aids and Subsidies	14,090	14,068	14,065	13,919	13,860		13,860	
Total	14,090	14,068	14,065	13,919	13,860		13,860	

PERA Pension Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation	14,090	14,068	14,065	13,919	13,860	0	13,860	0
Expenditures	14,090	14,068	14,065	13,919	13,860		13,860	
Biennial Change in Expenditures				(175)		(14,124)		(14,124)
Biennial % Change in Expenditures				(1)		(50)		(50)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Pension-Related Aids

Activity: Amortization Aid

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 3 jurisdictions received Amortization Aid

PURPOSE & CONTEXT

Public safety pensions have historically been a shared responsibility of both state and local governments. Amortization Aid supports retirement pensions of local police officers, firefighters, and teachers.

Amortization Aid is paid from the General Fund.

SERVICES PROVIDED

Amortization Aid was established in 1980 to assist underfunded police or salaried firefighters' pension associations and teachers' retirement funds. Aid payments are determined by a combination of fixed amounts and fixed percentages.

The number of jurisdictions receiving aid is decreasing as local pensions merge with the statewide pension systems or as local pensions become fully funded and no longer qualify for aid. Also, some of the amortization aid provisions ended in 2010.

RESULTS

Amortization Aid helps increase affordability of local government employee pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	3	3	2015 – 2017

Performance Measures Notes:

Number of jurisdictions receiving aid compares calendar year 2015 (previous) to 2017 (current).

Legal Citation: M.S. 423A.02 establishes Amortization Aid. It was amended by Laws 2013, Chapter 111, Article 5, Sections 70-76. (<https://www.revisor.mn.gov/statutes/cite/423A.02>).

Amortization Aids

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	4,823	4,823	4,823	4,823	4,823	4,823	4,823	4,823
Total	4,823	4,823	4,823	4,823	4,823	4,823	4,823	4,823
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	4,823	4,823	4,823	4,823	4,823	4,823	4,823	4,823
Total	4,823	4,823	4,823	4,823	4,823	4,823	4,823	4,823

Amortization Aids

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	4,823	4,823	4,823	4,823	4,823	4,823	4,823	4,823
Expenditures	4,823	4,823	4,823	4,823	4,823	4,823	4,823	4,823
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Pension-Related Aids**Activity: Firefighter Supplemental Benefits Reimbursement**revenue.state.mn.us/**AT A GLANCE**

In 2017:

- 328 firefighter relief associations received Firefighter Supplemental Benefits Reimbursement payments

PURPOSE & CONTEXT

Public safety pensions have historically been a shared responsibility of both state and local governments. The Firefighter Supplemental Benefits Reimbursement payments provide pension aid to fire relief associations.

Firefighter Supplemental Benefits Reimbursements are paid from the General Fund.

SERVICES PROVIDED

The Firefighter Supplemental Benefits Reimbursement was established in 1988 to help support retirement pensions for local firefighters. Payments are made to volunteer firefighter relief associations to reimburse them for benefits paid in the previous year. The payment is for retirement benefits, disability benefits, or survivor benefits.

The reimbursement cannot be more than 10% of the distributions paid and cannot be more than \$1,000. The supplemental benefit for survivors cannot be more than 20% and cannot be more than \$2,000.

RESULTS

Firefighter Supplemental Benefits Reimbursement helps increase affordability of firefighter pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving aid	329	328	2015 – 2017

Performance Measures Notes:

Number of jurisdictions receiving aid compares calendar year 2015 (previous) to 2017 (current).

Legal Citation: M.S. 424A.10 establishes Firefighter Supplemental Benefits Reimbursement.

<https://www.revisor.mn.gov/statutes/cite/424A.10>.

Firefighter Supp Benefits Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	531	584	629	632	586	586	586	586
Total	531	584	629	632	586	586	586	586
Biennial Change				146		(89)		(89)
Biennial % Change				13		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	531	584	629	632	586	586	586	586
Total	531	584	629	632	586	586	586	586

Firefighter Supp Benefits Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	531	584	629	632	586	586	586	586
Expenditures	531	584	629	632	586	586	586	586
Biennial Change in Expenditures				146		(89)		(89)
Biennial % Change in Expenditures				13		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Pension-Related Aids**Activity:** Police-Fire Retirement Supplemental Aidrevenue.state.mn.us/**AT A GLANCE**

In 2017:

- 745 entities received Police-Fire Retirement Supplemental Aid

PURPOSE & CONTEXT

Public safety pensions have historically been a shared responsibility of both state and local governments. State Police-Fire Retirement Supplemental Aid provides pension aid to relief associations and retirement plans for police officers and firefighters.

Police-Fire Retirement Supplemental Aid is paid from the General Fund.

SERVICES PROVIDED

Police-Fire Retirement Supplemental Aid was established in 2013 to help support retirement pensions of police officers and firefighters. Annual aid distributions are provided to the Public Employees Retirement Association (PERA) police and fire retirement fund, State Patrol retirement fund and volunteer fire relief associations. The amount of aid is equal to a specified general fund appropriation amount in statute.

The aid provided to PERA and the State Patrol will terminate once the funding levels of the retirement plans reach 90%.

RESULTS

Police-Fire Retirement Supplemental Aid helps increase affordability of peace officer and firefighter pensions.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of entities receiving aid	752	745	2015 – 2017

Performance Measures Notes:

Number of entities receiving aid compares payable year 2015 (previous) to 2017 (current); independent firefighter associations did not begin receiving aid until 2014.

Legal Citation: M.S. 423A.022 establishes Police-Fire Retirement Supplemental Aid.

<https://www.revisor.mn.gov/statutes/cite/423A.022>

Police/Fire Retirement Supp State Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	14,498	14,473	14,498	14,500	14,500	14,500	14,500	14,500
Total	14,498	14,473	14,498	14,500	14,500	14,500	14,500	14,500
Biennial Change				27		2		2
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	14,498	14,473	14,498	14,500	14,500	14,500	14,500	14,500
Total	14,498	14,473	14,498	14,500	14,500	14,500	14,500	14,500

Police/Fire Retirement Supp State Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500
Transfers Out	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cancellations	2	27	2					
Expenditures	14,498	14,473	14,498	14,500	14,500	14,500	14,500	14,500
Biennial Change in Expenditures				27		2		2
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other Local Government Payments

Activity: Senior Property Tax Deferral Reimbursement

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 334 taxpayers were enrolled in the program
- The average amount of property taxes deferred was \$3,900

PURPOSE & CONTEXT

Property taxes account for a high share of income for some taxpayers. The Senior Citizens Property Tax Deferral program helps seniors stay in their homes by allowing them to postpone paying a portion of their property tax.

Senior Property Tax Deferral Reimbursements are paid from the General Fund.

SERVICES PROVIDED

Beginning in 1999 this voluntary program allows eligible senior citizens to postpone paying a portion of their homestead property taxes and special assessments. The state reimburses counties for the amount of property taxes deferred each year. A homestead may remain eligible until a qualifying homeowner no longer lives in the property, at which point the deferred taxes and interest must be paid to the state.

Qualified homeowners must be age 65 or older who have owned and lived in their home for at least 15 years and have household income less than \$60,000. They can postpone the portion of property taxes above 3% of their income.

RESULTS

Senior citizens can afford to stay in their homes by postponing payment of some of their property taxes.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of senior citizen taxpayers enrolled	309	334	2015 – 2017
Quantity	Average amount of property taxes deferred	\$3,800	\$3,900	2015 – 2017

Performance Measures Notes:

Number of taxpayers enrolled compares calendar year 2015 (previous) to 2017 (current).

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'senior deferral'.

Legal Citation: M.S. Chapter 290B establishes the Senior Citizens' Property Tax Deferral program.

<https://www.revisor.mn.gov/statutes/cite/290B>

Senior Property Tax Deferral Reimb

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	1,191	1,429	1,257	1,307	1,288	1,288	1,288	1,458
Net Loan Activity	(1,191)	(1,429)	(1,257)	(1,307)	(1,288)	(1,288)	(1,288)	(1,458)

Program: Other Local Government Payments

Activity: Performance Measurement Reimbursement

revenue.state.mn.us/

AT A GLANCE

In 2018:

- 28% of counties and 3% of cities participated in the Performance Measurement program.

PURPOSE & CONTEXT

Transparency in government finances is important for establishing the trust and understanding of taxpayers. The reimbursement helps local governments to develop performance measures.

Performance Measurement Reimbursements are paid from the General Fund.

SERVICES PROVIDED

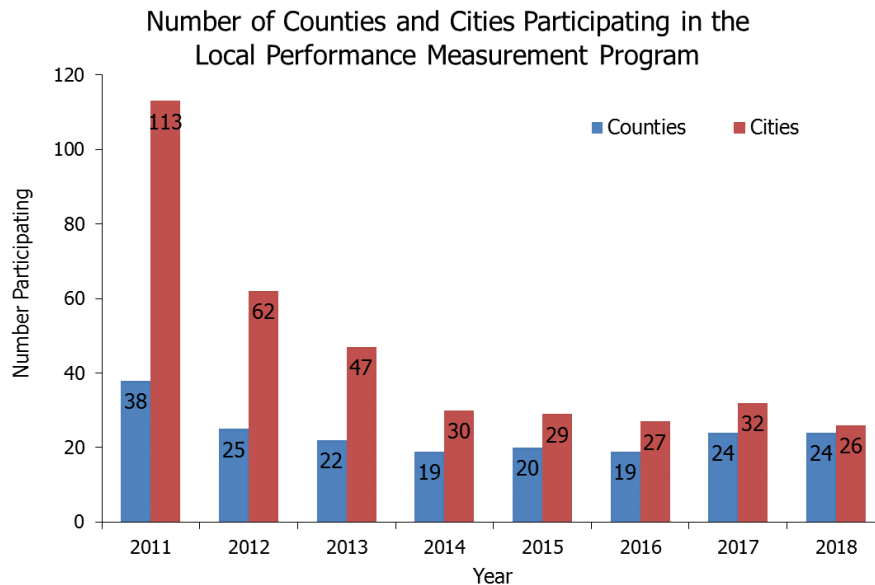
The Performance Measurement program was created in 2010 to determine the effectiveness of counties and cities in providing services. Participants use a set of 10 performance measures (for example police response time, hours to snow plow streets, citizen's rating of water quality). Participation by counties and cities is voluntary.

Counties and cities report results annually to the state auditor and to their residents. Participating jurisdictions are eligible for a 14 cents per capita reimbursement (up to \$25,000) and exemption from property tax levy limits for the following year (if levy limits are in effect).

RESULTS

Taxpayers have access to helpful information about the cost and quality of services provided by local governments.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percentage of counties participating	22%	28%	2016 – 2018
Quantity	Percentage of cities participating	3%	3%	2016 – 2018



Performance Measures Notes:

Annual participation compares calendar year 2016 (previous) to 2018 (current).

Participation in the program has decreased since the first year of the program. The decrease in participation from the first year to the second reflects additional requirements for implementing local performance measures in the second year. Many local jurisdictions elected to explore the program in the first year but decided against moving towards full implementation in the second year.

Legal Citation: M.S. 6.91 establishes the Performance Measurement Reimbursement payments.

<https://www.revisor.mn.gov/statutes/cite/6.91>

Performance Measurement Reimb

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	397	387	457	423	426	428	426	428
Total	397	387	457	423	426	428	426	428
Biennial Change				96		(26)		(26)
Biennial % Change				12		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	397	387	457	423	426	428	426	428
Total	397	387	457	423	426	428	426	428

Performance Measurement Reimb

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation	397	387	457	423	426	428	426	428
Expenditures	397	387	457	423	426	428	426	428
Biennial Change in Expenditures				96		(26)		(26)
Biennial % Change in Expenditures				12		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other Local Government Payments

Activity: Mahnomen Property Tax Reimbursement

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 3 local governments in Mahnomen County received combined payments totaling \$1.2 million

PURPOSE & CONTEXT

Large decreases in tax base can lead to financial strain for local governments. The program provides payments for the loss of property tax base due to the Shooting Star Casino becoming tax exempt.

Mahnomen Property Tax Reimbursements are paid from the General Fund.

SERVICES PROVIDED

Beginning in 2007, the Shooting Star Casino was placed into tax-exempt trust status.

The state makes annual payments to compensate for property taxes not collected on the tax exempt land:

- Mahnomen County (\$900,000)
- the City of Mahnomen (\$160,000), and
- Mahnomen School District #432 (\$140,000)

The payment was first made in 2006, became permanent in 2008, and was increased in 2013.

RESULTS

The fiscal impacts of tax exempt tribal owned property are reduced for local governments in Mahnomen County.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	City tax base percentage of pre-exemption tax base	53%	56%	2015 – 2017
Quantity	County tax base percentage of pre-exemption tax base	173%	180%	2015 – 2017
Quantity	School district tax base percentage of pre-exemption tax base	162%	169%	2015 – 2017

Performance Measures Notes:

City tax base percentage compares assessment year 2015 (previous) to assessment year 2017 (current) for the City of Mahnomen, Mahnomen County, and Mahnomen School District #432. The pre-exemption tax base is assessment year 2006.

The total tax base for the city of Mahnomen decreased to 52% of its pre-exemption tax base when the exemption began in assessment year 2007. In recent years, the city tax base percentage has grown to 56% of pre-exemption levels. The exclusion reduced the taxable value of homesteads and the tax base of local taxing jurisdictions statewide.

Legal Citation: 2008 Minn. Laws Chapter 154, Article 1 established the payments; they were amended by Laws 2013 Chapter 143 Article 2 Section 33.

Mahnomen Property Tax Reimb

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Total	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200

Mahnomen Property Tax Reimb

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Expenditures	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other Local Government Payments**Activity: Taconite Aid Reimbursement**revenue.state.mn.us/**AT A GLANCE**

In 2017:

- 1 school district received Taconite Aid Reimbursement

PURPOSE & CONTEXT

The Taconite Aid Reimbursement is paid to Deer River School District #317 in Itasca County to compensate the district for the mining occupation tax distribution received before the law was changed in 1978.

The Taconite Aid Reimbursement is paid from the General Fund.

SERVICES PROVIDED

The Deer River School District receives an annual payment of \$561,050. This payment has remained the same since 1980.

RESULTS

The fiscal impacts of a 1978 occupation tax law change are reduced for the school district.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Payment's percentage of total school district revenues	4.6%	3.8%	2015 – 2017

Performance Measures Notes:

Payment's percentage of total school district revenue compares calendar year 2015 (previous) to 2017 (current).

In FY 2017, the reimbursement payment accounted for 3.8% of total school district revenues.

Legal Citation: M.S. 477A.15 establishes this payment. <https://www.revisor.mn.gov/statutes/cite/477A.15>.

Taconite Aid Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	561	561	561	561	561	561	561	561
Total	561	561	561	561	561	561	561	561
Biennial Change				0		0		0
Biennial % Change				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	561	561	561	561	561	561	561	561
Total	561	561	561	561	561	561	561	561

Taconite Aid Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	561	561	561	561	561	561	561	561
Expenditures	561	561	561	561	561	561	561	561
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other Local Government Payments

Activity: Border City Reimbursement

revenue.state.mn.us/

AT A GLANCE

In 2017:

- 2 jurisdictions received a Border City Reimbursement payment

PURPOSE & CONTEXT

Property taxes tend to be lower in North Dakota, putting some Minnesota businesses in bordering communities at a disadvantage. The Border City Reimbursement provides property tax relief for businesses in certain border cities.

Border City Reimbursements are paid from the General Fund.

SERVICES PROVIDED

The Border City Reimbursement reduces property taxes for:

- commercial/industrial property,
- public utility property, and
- apartment property.

The reimbursement provides additional property tax relief to the border cities of Breckenridge, Dilworth, East Grand Forks, and Moorhead. Cities must request the state reimbursement, and then payments to businesses are determined by the cities.

RESULTS

Border City Reimbursement increases business competitiveness in border areas.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of jurisdictions receiving reimbursement	1	2	2015 – 2017

Performance Measures Notes:

Number of jurisdictions receiving reimbursement compares payable year 2015 (previous) to 2017 (current).

The City of Breckenridge was the only city to receive a payment in 2015. The two jurisdictions receiving reimbursement payments in 2017 were the City of Breckenridge and the City of East Grand Forks.

Legal Citation: M.S. 469.1735 establishes the Border City Reimbursement.

<https://www.revisor.mn.gov/statutes/cite/469.1735>.

Border City Reimbursement

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	17	18	103	111	106	100	106	100
Total	17	18	103	111	106	100	106	100
Biennial Change				178		(8)		(8)
Biennial % Change				506		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	17	18	103	111	106	100	106	100
Total	17	18	103	111	106	100	106	100

Border City Reimbursement

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	17	18	103	111	106	100	106	100
Expenditures	17	18	103	111	106	100	106	100
Biennial Change in Expenditures				178		(8)		(8)
Biennial % Change in Expenditures				506		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other Local Government Payments

Activity: Disaster Credits

revenue.state.mn.us/

AT A GLANCE

In 2016 and 2017:

- 917 parcels received Disaster Credits

PURPOSE & CONTEXT

Damage caused by natural disasters and other events can lead to financial strain for households and businesses. The credit provides property tax relief for property damaged in a declared disaster or emergency area.

Disaster Credits are paid from the General Fund.

SERVICES PROVIDED

Beginning in 1984, the disaster credit reduces the property tax of damaged homestead property within a declared disaster or emergency area. The damaged property is revalued, and the credit is equal to difference in tax between the original value and the value after damage. The state reimburses local governments for the credit in the year following the damage.

A county board may grant an abatement of property tax in the year in which the damage occurred if 50% of the homestead was destroyed. The county may also grant a credit for taxes payable in the year following the damage for homestead property that does not qualify for the disaster credit and non-homestead property. The state reimburses the local jurisdictions for abatements and credits for property located in a declared disaster or emergency area.

The state legislature periodically authorizes tax base replacement aid for cities that experience a tax base reduction greater than 5% due to damage caused by a natural disaster.

RESULTS

Property tax relief helps individuals, businesses and communities recover from the impacts of damage caused by a disaster.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of parcels receiving credits	121	917	2014/2015 – 2016/2017

Performance Measures Notes:

The number of parcels receiving credits compares payable years 2014 and 2015 (previous) to 2016 and 2017 (current). The amount of payment is dependent on the number and severity of disasters. In payable years 2014 and 2016, no parcels received the credit.

For additional information, visit the Revenue Department website (www.revenue.state.mn.us) and search 'disaster'.

Legal Citation: M.S. 273.1231 through 273.1235 establish these credits.

<https://www.revisor.mn.gov/statutes/cite/273.1231>.

Disaster Credits

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	23	107	278	12	98	223	98	223
Total	23	107	278	12	98	223	98	223
Biennial Change				160		31		31
Biennial % Change				123		11		11
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	23	107	278	12	98	223	98	223
Total	23	107	278	12	98	223	98	223

Disaster Credits

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	23	107	278	12	98	223	98	223
Expenditures	23	107	278	12	98	223	98	223
Biennial Change in Expenditures				160		31		31
Biennial % Change in Expenditures				123		11		11
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other Local Government Payments**Activity: Miscellaneous Payments**revenue.state.mn.us/**AT A GLANCE**

Between 2016 and 2019:

- 2 local governments received one-time relief payments

PURPOSE & CONTEXT

Unforeseen events may occur that strain local government finances. State payments provide financial assistance to help local governments through unforeseen events.

The miscellaneous payments made during the reporting period were paid from the General Fund.

SERVICES PROVIDED

Occasionally payments are authorized by law to local governments experiencing an extraordinary or unusual circumstance and where other financial assistance is unavailable. Examples include:

- \$48,152 to the city of Bluffton between 2015 and 2016 for repayment of Local Government Aid penalties, and
- \$1,200,000 to the county of Wadena between 2018 and 2019 for health care costs

The payments are made outside of existing aid distribution formulas.

RESULTS

Relief payments help communities recover from the impacts of unusual circumstances.

Performance Measures Notes:

The amount and frequency of payments is dependent on legislative approval.

Legal Citation: Laws 2014, Chapter 308, Article 1, Section 15; Laws 2017 First Special Session, Chapter 1, Article 4, Section 32.

Miscellaneous Payments

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<u>Expenditures by Fund</u>								
1000 - General			600	600				
Total			600	600				
Biennial Change				1,200		(1,200)		(1,200)
Biennial % Change						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
<u>Expenditures by Category</u>								
Grants, Aids and Subsidies			600	600				
Total			600	600				
Total Agency Expenditures			600	600				
Expenditures Less Internal Billing			600	600				

Miscellaneous Payments

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Direct Appropriation			600	600	0	0	0	0
Expenditures			600	600				
Biennial Change in Expenditures				1,200		(1,200)		(1,200)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Other Local Government Payments**Activity: Minneapolis Debt Service Aid**revenue.state.mn.us/**AT A GLANCE**

In 2017:

- The state paid \$4.12 million of Minneapolis's library referendum bonds.

PURPOSE & CONTEXT

Regional infrastructure projects often require state assistance to be affordable. This program will provide state aid to Minneapolis to pay a portion of the city's library referendum bonds.

The Minneapolis Debt Service Aid is paid from the General Fund.

SERVICES PROVIDED

The state makes annual payments to the city of Minneapolis equal to 40% of the annual levy for payments for the city's library referendum bonds. These payments began in 2016.

RESULTS

Minneapolis Debt Service Aid decreases property taxes for properties in the city of Minneapolis.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	State aid payment as a percent of the city's total property taxes paid	0.4%	0.4%	2016 – 2017

Performance Measures Notes:

The state aid payment as a percent of the city's total property taxes paid compare taxes payable year 2016 (previous) to 2017 (current).

Legal Citation: M.S. 477A.085 establishes the Minneapolis Debt Service Aid.

<https://www.revisor.mn.gov/statutes/cite/477A.085>

Minneapolis Debt Service Aid

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<u>Expenditures by Fund</u>								
1000 - General		3,720	4,120	4,120	4,120	4,120	4,120	4,120
Total		3,720	4,120	4,120	4,120	4,120	4,120	4,120
Biennial Change				4,520		0		0
Biennial % Change						0		0
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Grants, Aids and Subsidies		3,720	4,120	4,120	4,120	4,120	4,120	4,120
Total		3,720	4,120	4,120	4,120	4,120	4,120	4,120
Total Agency Expenditures		3,720	4,120	4,120	4,120	4,120	4,120	4,120
Expenditures Less Internal Billing		3,720	4,120	4,120	4,120	4,120	4,120	4,120

Minneapolis Debt Service Aid

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation		3,720	4,120	4,120	4,120	4,120	4,120	4,120
Expenditures		3,720	4,120	4,120	4,120	4,120	4,120	4,120
Biennial Change in Expenditures				4,520		0		0
Biennial % Change in Expenditures						0		0
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other Local Government Payments

Activity: Bloomington Fiscal Disparities Loan Repayment

revenue.state.mn.us/

AT A GLANCE

In 2018:

- The state paid \$4.7 million of Bloomington's loan obligation

PURPOSE & CONTEXT

Regional infrastructure projects often require state assistance to be affordable. This program will repay a portion of a loan on behalf of the city of Bloomington.

Bloomington Fiscal Disparities Loan Repayments are paid from the General Fund.

SERVICES PROVIDED

This program relieves the city of Bloomington of its obligation to repay a loan it received from the Fiscal Disparities Property Tax program for the initial construction of infrastructure for the Mall of America. For the last four years of repayment (2015 to 2018) the state will make the repayment to the fiscal disparities program on Bloomington's behalf.

RESULTS

The Bloomington Fiscal Disparities Loan Repayment program allows the City of Bloomington to use money they would have used to pay off the loan for other purposes.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of additional tax base in Bloomington due to the state payment	2.8%	2.4%	2016 – 2018
Quality	State aid payment as a percent of the city's total property taxes paid	1.7%	1.7%	2016 – 2018

Performance Measures Notes:

Percent of additional tax base available to the city of Bloomington due to the state repayment of its obligation and state aid payment as a percent of the city's total property taxes paid compare taxes payable year 2016 (previous) to 2018 (current).

Legal Citation: M.S 473F.08, subdivision 3a, establishes the Bloomington Fiscal Disparities Loan Repayment program. <https://www.revisor.mn.gov/statutes/cite/473F.08>

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20	FY21	Governor's Recommendation FY20	FY21
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Expenditures by Fund

1000 - General	4,820	4,522	4,858	4,704				
Total	4,820	4,522	4,858	4,704				
Biennial Change				219		(9,562)		(9,562)
Biennial % Change				2		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Expenditures by Category

Grants, Aids and Subsidies	4,820	4,522	4,858	4,704				
Total	4,820	4,522	4,858	4,704				

Bloomington Fiscal Disparities Loan Rpymt

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation	4,820	4,522	4,858	4,704	0	0	0	0
Expenditures	4,820	4,522	4,858	4,704				
Biennial Change in Expenditures				219		(9,562)		(9,562)
Biennial % Change in Expenditures				2		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Program: Other Taxes and Refunds

Activity: Other Taxes and Refunds

revenue.state.mn.us/

AT A GLANCE

- The Department of Revenue collects and transfers numerous taxes on behalf of other state agencies.

PURPOSE & CONTEXT

The Department of Revenue collects certain taxes on behalf of other state agencies. Those include revenue for the Highway User & Tax Distribution, Restricted Miscellaneous Special Revenue, State Airports, Environmental, and Remediation funds. That revenue is then transferred to the appropriate agencies.

SERVICES PROVIDED

For some of these funds collected and transferred by the department of revenue, the agency does provide interest on refunds to taxpayers when necessary.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Projected</i>	<i>Dates</i>
Quantity	Amount of interest on refunds on taxes for the state airport fund	\$0	\$1,000	2017 – 2019
Quantity	Amount of interest on refunds on taxes for the environmental fund	\$0	\$1,000	2017 – 2019

Performance Measures Notes:

The previous and current measures show data from fiscal year 2017 (previous) to 2019 (projected).

Other Taxes and Refunds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2720 - State Airports				1	1	1	1	1
2800 - Environmental	0	0		1	1	1	1	1
2801 - Remediation	0	0						
Total	0	0		2	2	2	2	2
Biennial Change				2		2		2
Biennial % Change				17,156				
Governor's Change from Base								0
Governor's % Change from Base								0
<u>Expenditures by Category</u>								
Other Financial Transaction	0	0		2	2	2	2	2
Total	0	0		2	2	2	2	2

Other Taxes and Refunds

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	37	48	57	70	88	106	88	106
Receipts	5,765	6,167	6,591	5,953	5,953	5,953	5,953	5,953
Transfers Out	5,753	6,158	6,578	5,935	5,935	5,935	5,935	5,935
Balance Forward Out	49	57	70	88	106	124	106	124

2710 - Highway Users Tax Distribution

Open Appropriation	22,514	22,800	23,028	23,530	23,640	23,750	27,633	35,622
Transfers Out	22,514	22,800	23,028	23,530	23,640	23,750	27,633	35,622

2720 - State Airports

Open Appropriation			1		1	1	1	1
Expenditures			1		1	1	1	1
Biennial Change in Expenditures			1		1			1
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

2800 - Environmental

Open Appropriation	0	0		1	1	1	1	1
Receipts	109	15	15	15	15	15	15	15
Cancellations	109	15	15	15	15	15	15	15
Expenditures	0	0		1	1	1	1	1
Biennial Change in Expenditures				1	1			1
Biennial % Change in Expenditures				16,187				
Governor's Change from Base								0
Governor's % Change from Base								0

2801 - Remediation

Open Appropriation	0	0						
Expenditures	0	0						
Biennial Change in Expenditures				0	0			0
Biennial % Change in Expenditures				(100)				

Other Taxes and Refunds

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Governor's Change from Base								0
Governor's % Change from Base								

Program: Other Taxes and Refunds

Activity: Political Contribution Refund

revenue.state.mn.us/

AT A GLANCE

In FY 2017:

- This program was suspended for contributions made from July 1, 2015 – June 30, 2017.

PURPOSE & CONTEXT

The Political Contribution Refund program was enacted in 1990 (Minnesota Statute 290.06, subdivision 23). The program provides funds to qualifying political candidates and parties through contributions by Minnesotans who request the refund. Only contributions to candidates that have signed an agreement with the Minnesota Campaign Finance and Public Disclosure Board to observe the state campaign spending limit law are eligible for the political contribution refund.

Individuals who make qualifying contributions to qualified candidates may receive a state refund up to a total of \$50 per person (or \$100 per couple) in any calendar year.

Political Contribution Refunds are paid from the General Fund.

SERVICES PROVIDED

The program provides refunds to individuals who make qualified contributions to candidates who agree to limit their spending by signing a Public Subsidy Agreement.

Candidates and parties provide contributors documentation about their contribution on forms. Contributors submit those forms and documentation to the Department of Revenue. The department sends a refund to contributors who apply for a refund of contributions they made to qualified Minnesota political parties or candidates for the following Minnesota offices:

- Legislature (State House or Senate)
- Governor, Lieutenant Governor, or Attorney General
- Secretary of State
- State Auditor

RESULTS

Individuals who contribute money to a qualifying party or candidate may receive a refund of up to \$50 for their contribution. The program was suspended for FY2009 – 2013. It was in effect for FY14-15. It was suspended for FY16-17.

To qualify for a refund of political contributions made during 2018, taxpayers must apply by April 15, 2019.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Political Contribution Refunds Paid	\$0	\$2,489,000	2016-2017
Quantity	Total Political Contribution Refunds	0	33,000	2016-2017

Performance Measure Notes:

Compares refunds paid in tax year 2016 (previous) to tax year 2017 (current).

Legal Citation: M.S. 290.06, subdivision 23, establishes the Political Contribution Refund program. It was amended (suspended) by Laws 2015, Chapter 77, Section 82. <https://www.revisor.mn.gov/statutes/cite/290.06>.

Political Contribution Refunds

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,251	13	3,695	3,000	3,000	4,500	3,000	4,500
Total	1,251	13	3,695	3,000	3,000	4,500	3,000	4,500
Biennial Change				5,432		805		805
Biennial % Change				430		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Grants, Aids and Subsidies	1,251	13	3,695	2,995	2,995	4,495	2,995	4,495
Other Financial Transaction	0		0	5	5	5	5	5
Total	1,251	13	3,695	3,000	3,000	4,500	3,000	4,500

Political Contribution Refunds

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	1,251	13	3,695	3,000	3,000	4,500	3,000	4,500
Expenditures	1,251	13	3,695	3,000	3,000	4,500	3,000	4,500
Biennial Change in Expenditures				5,432		805		805
Biennial % Change in Expenditures				430		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other Taxes and Refunds

Activity: Tax Refund Interest

revenue.state.mn.us/

AT A GLANCE

In Fiscal Year 2017:

- \$10.6 million in tax refund interest was paid to taxpayers who did not receive refunds within the statutory time frame
- The interest rate has been 3% since 2010.

PURPOSE & CONTEXT

The Department of Revenue must pay interest to taxpayers on certain tax refunds if they are not paid within the time frame set by statute. The interest rate has been 3% since 2010; it is the same rate taxpayers owe on underpayments.

The department calculates the interest rate based on the prime rate charged by banks and announces the rate prior to each calendar year.

Tax Refund Interest Payments are paid from the General Fund.

SERVICES PROVIDED

Interest can accrue on tax refunds for various reasons, such as disputes that are resolved in court cases, tax audits, and administrative appeals. The Department of Revenue works to minimize interest accruals, which can fluctuate greatly from year to year depending on resolution of court cases and appeals.

The date interest starts to accrue on a tax refund is specified in statute, as shown below.

<i>Type of Tax or Refund</i>	<i>Interest Starts to Accrue</i>
Individual Income Tax	90 days after the return is due or filed (whichever is later)
Corporate Franchise Tax	90 days after the return is due or filed (whichever is later)
Withholding Taxes	On the date taxes were paid to the Department of Revenue
Sales and Use Taxes	Usually on the date taxes were paid to the Department of Revenue However, interest starts to accrue 90 days after refund claims filed for: <ul style="list-style-type: none"> • Sales tax paid on exempt capital equipment or building materials • Purchaser refunds (of sales tax incorrectly charged by a retailer or vendor)

RESULTS

Taxpayers receive interest payments on any refunds that are not paid within the statutory timeline.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Tax Refund Interest Paid	\$8,660,000	\$10,610,000	2016-2017
Quantity	Returns Receiving Refund Interest	106,000	119,000	2016-2017

Performance Measure Notes:

Compares tax refund interest paid in FY2016 (previous) to FY2017 (current).

Legal Citation: M.S. 289A.56 establishes tax refund interest payments.

<https://www.revisor.mn.gov/statutes/2017/cite/289A.56>.

Tax Refund Interest

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	8,660	10,610	10,637	10,000	10,400	10,800	10,400	10,800
2360 - Health Care Access	432	576	165	214	343		183	19
2710 - Highway Users Tax Distribution	28	16	20	20	20	20	20	20
Total	9,121	11,203	10,822	10,234	10,763	10,820	10,603	10,839
Biennial Change				733		527		386
Biennial % Change				4		3		2
Governor's Change from Base								(141)
Governor's % Change from Base								(1)

Expenditures by Category

Other Financial Transaction	9,121	11,203	10,822	10,234	10,763	10,820	10,603	10,839
Total	9,121	11,203	10,822	10,234	10,763	10,820	10,603	10,839

Tax Refund Interest

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	8,660	10,610	10,637	10,000	10,400	10,800	10,400	10,800
Expenditures	8,660	10,610	10,637	10,000	10,400	10,800	10,400	10,800
Biennial Change in Expenditures				1,367		563		563
Biennial % Change in Expenditures				7		3		3
Governor's Change from Base								0
Governor's % Change from Base								0

2360 - Health Care Access

Open Appropriation	432	576	165	214	343	0	183	19
Expenditures	432	576	165	214	343		183	19
Biennial Change in Expenditures				(629)		(36)		(177)
Biennial % Change in Expenditures				(62)		(10)		(47)
Governor's Change from Base								(141)
Governor's % Change from Base								

2710 - Highway Users Tax Distribution

Open Appropriation	28	16	20	20	20	20	20	20
Expenditures	28	16	20	20	20	20	20	20
Biennial Change in Expenditures				(5)		0		0
Biennial % Change in Expenditures				(11)		1		1
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Other Taxes and Refunds**Activity: Discontinued Programs**revenue.state.mn.us/**PURPOSE & CONTEXT**

Effective July 1, 2017 the Greater Minnesota Internship Credit was repealed. Starting in tax year 2018 taxpayers can no longer claim the credit. The program required the Office of Higher Education to administer an internship program through public and private nonprofit institutions to provide tax credits to employers who hired interns under the program.

The Volunteer Retention Stipend was established in 2014 as a three year pilot program to help recruit and retain volunteer firefighters, ambulance attendants, and medical responders. The stipend was \$500 for each qualified volunteer in the pilot area, which includes 14 counties. The final year of the three year pilot program was in 2017.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Projected</i>	<i>Dates</i>
Quantity	Transfer from department of revenue to office of higher education to administer Greater Minnesota Internship Credit	\$20,000	\$0	2017 – 2019
Quantity	Aid paid to volunteer firefighters, ambulance attendants, and medical responders	\$1,559,000	\$0	2017 – 2019

Performance Measures Notes:

The previous and current measures show data from fiscal year 2017 (previous) to 2019 (projected).

Discontinued Programs

Activity Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,552	1,553	1,558					
Total	1,552	1,553	1,558					
Biennial Change				(1,547)		(1,558)		(1,558)
Biennial % Change				(50)				
Governor's Change from Base								0
Governor's % Change from Base								
<u>Expenditures by Category</u>								
Grants, Aids and Subsidies	1,552	1,553	1,558					
Total	1,552	1,553	1,558					

Discontinued Programs

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Open Appropriation	1,572	1,573	1,558	0	0	0	0	0
Transfers Out	20	20						
Expenditures	1,552	1,553	1,558					
Biennial Change in Expenditures				(1,547)		(1,558)		(1,558)
Biennial % Change in Expenditures				(50)				
Governor's Change from Base								0
Governor's % Change from Base								

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mn.gov/tax-court

AT A GLANCE

- Nine full-time staff: three judges, three administrative staff, and three judicial law clerks.
- Approximately 3,200 cases were filed annually between 2014 and 2018. Ninety-eight percent were appeals from property tax assessments; the remainder were appeals from orders of the Commissioner of Revenue.
- A property tax appeal is filed with the district court administrator in the county in which the property is located and then transferred to the tax court; an appeal from an order of the Commissioner of Revenue is filed directly with the Tax Court.
- Generates approximately \$900,000 per year in filing fees deposited into the General Fund.
- FY 2017 base budget of \$1,248,000, along with \$609,000 in one-time money for the acquisition and implementation of a new case-management system.
- Judges travel throughout Minnesota to hear cases where taxpayers reside.
- The Court files written findings of fact, conclusions of law, and an explanatory memorandum in each case within three months of submission.

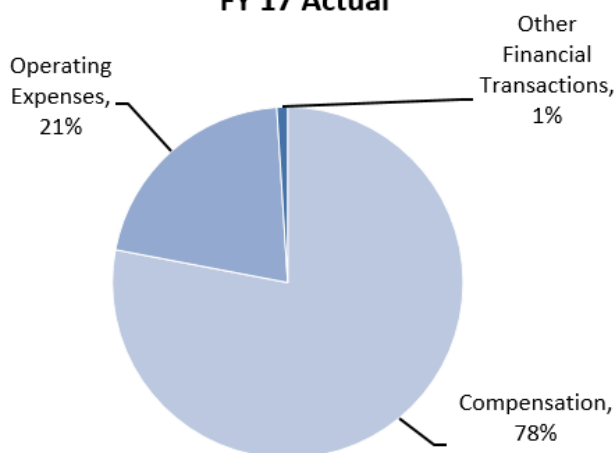
PURPOSE

The Minnesota Tax Court is a specialized trial court in the executive branch with statewide jurisdiction. By statute, it is “the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state” (Minnesota Statutes section 271.01, subdivision 5).

The Tax Court resolves disputes between property owners and counties concerning the correct value and classification of real property and adjudicates taxpayer appeals from orders of the Minnesota Commissioner of Revenue. By ensuring that property is correctly classified and valued and that taxpayers are correctly taxed, the court helps provide efficient and accountable government services. The Court’s three judges strive to ensure that the Court is managed according to best practices by working closely with the Department of Administration’s Small Agency Resource Team (SmART) and with MN.IT.

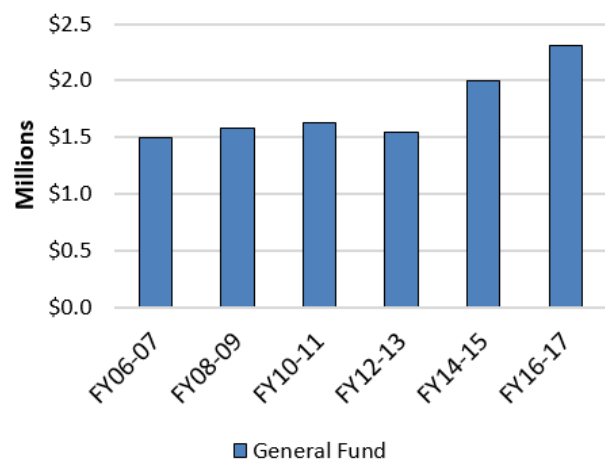
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The Minnesota Tax Court generates approximately \$900,000 annually in non-dedicated revenue from filing fees, which are deposited into the General Fund. All funding for Tax Court operations, in turn, comes from General Fund appropriations. The Tax Court's FY 16-17 biennial budget included a base amount of approximately \$2.5 million and a one-time appropriation of approximately \$1.4 million for the acquisition and implementation of a new electronic case-management system.

STRATEGIES

The Tax Court is a specialized trial court. Tax Court actions are governed by the Minnesota Rules of Civil Procedure and of Evidence, and proceed in largely the same manner as civil actions filed in the Minnesota District Courts. Like other trial courts, the Tax Court resolves discovery and trial-management disputes, decides dispositive and non-dispositive motions, and conducts bench trials (jury trials are not available in Tax Court). The Tax Court files written findings of fact, conclusions of law, and an explanatory memorandum in each case heard.

Harness Available Resources: To ensure the Court is managed according to best practices, we work closely with the Department of Administration's Small Agency Resource Team (SmART) and with MN.IT. SmART assists the Court with human resources and budgeting. The Court's budget now includes line-items for statutorily mandated services such as judicial travel to conduct hearings, the purchase of transcripts for indigent taxpayers, and translators for court proceedings. MN.IT assists the Court in maintaining its existing infrastructure and in helping to guarantee that the Court's technology will meet its future needs.

Active Case Management: Filings in the Tax Court increased from approximately 1,200 in calendar year 2000 to almost 6,000 in 2010. Filings for the last five years (2014 through 2018) have averaged approximately 3,200 cases per year. Although the court had a significant backlog for many years, that is no longer so. Since 2013, the Court has filed a scheduling order in each case to ensure that matters that do not settle are ready for trial in approximately 16 months. As a result of this active case management (and a modest decrease in filings), the Court has significantly reduced the number of open and pending cases on its docket. In addition, to facilitate settlements in Commissioner of Revenue and particularly in property tax cases (in which counties would otherwise have to request special funds to pay for an outside mediator), the judges of the Court have all completed training as civil mediators. This enables parties to mediate appropriate cases (at no cost to the parties) in hopes of resolving them short of trial. Finally, the court has implemented streamlined procedures that reduce the time (and cost to the parties) of trying cases that cannot otherwise be resolved.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Aug. 25, 2015</i>	<i>Aug. 15, 2016</i>	<i>Aug. 15, 2017</i>	<i>Aug. 15, 2018</i>
Quantity	Open/Pending Cases	7,740	4,003	N/A	3,080
Quality	Average Age of Open/Pending Cases	N/A	N/A	N/A	20 mos.

1. The number of open and pending cases represents the cases awaiting disposition by the Court. As used here, "Open and Pending Cases" refers to matters that have been entered into the Tax Court's electronic case-management system, but have not yet been settled or tried.
2. The Court's new case-management system allows it, for the first time, to track the average age of open and pending cases.

The Minnesota Tax Court is authorized by Minnesota Statutes Chapter 271 (<https://www.revisor.mn.gov/statutes/?id=271>).

Tax Court

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	1,049	1,258	1,432	1,926	1,682	1,682	1,807	1,808
Total	1,049	1,258	1,432	1,926	1,682	1,682	1,807	1,808
Biennial Change				1,052		6		257
Biennial % Change				46		0		8
Governor's Change from Base								251
Governor's % Change from Base								7

Expenditures by Program

Tax Court	1,049	1,258	1,432	1,926	1,682	1,682	1,807	1,808
Total	1,049	1,258	1,432	1,926	1,682	1,682	1,807	1,808

Expenditures by Category

Compensation	865	983	965	1,060	1,082	1,094	1,207	1,220
Operating Expenses	181	268	467	866	600	588	600	588
Other Financial Transaction	3	7						
Total	1,049	1,258	1,432	1,926	1,682	1,682	1,807	1,808

Full-Time Equivalents

8.01	8.68	8.46	9.00	9.00	9.00	10.00	10.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		847	0	247				
Direct Appropriation	2,068	1,857	1,679	1,679	1,682	1,682	1,807	1,808
Transfers Out	180	1,336						
Cancellations		110						
Balance Forward Out	839		247					
Expenditures	1,049	1,258	1,432	1,926	1,682	1,682	1,807	1,808
Biennial Change in Expenditures				1,052		6		257
Biennial % Change in Expenditures				46		0		8
Governor's Change from Base								251
Governor's % Change from Base								7
Full-Time Equivalents	8.01	8.68	8.46	9.00	9.00	9.00	10.00	10.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	1,679	1,679	1,679	3,358
Base Adjustments				
Pension Allocation		3	3	6
Forecast Base	1,679	1,682	1,682	3,364
Change Items				
E-filing and Remote Online Access Helpline Employee		125	126	251
Total Governor's Recommendations	1,679	1,807	1,808	3,615
Revenue Change Summary				
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	30	30	30	60
Total Governor's Recommendations	30	30	30	60

Tax Court

FY 2020-21 Biennial Budget Change Item

Change Item Title: E-filing and Remote Online Access Helpline Employee

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	125	126	126	126
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	125	126	126	126
FTEs	1	1	1	1

Recommendation:

The Governor recommends \$125,000 in FY 2020, and \$126,000 annually thereafter, from the general fund for a new staff person to manage the Tax Court's new e-filing system. The Tax Court has received funding since FY 2016 for the IT costs of a new case management system. Effective July 1, 2019, a component of that system will, for the first time, allow parties to file court documents electronically and provide parties and the public remote, online access to documents. The court seeks to create a staff position to oversee these new features and provide dedicated assistance to those using the system. This recommendation represents a 7.5% increase to the Tax Court's base budget, which totals \$3.364 million in FY 2020-21.

Rationale/Background:

In this technological age, taxpayers increasingly expect to file documents electronically, rather than incur the effort and expense of filing paper documents by U.S. Mail. In addition, taxpayers expect to receive documents electronically (rather than paper copies) and to electronically access documents filed in their court cases.

In July 2017, the Tax Court began using C-Track, an electronic case-management system supplied by Thomson Reuters, which has the capacity to accept electronic filings and to make court documents remotely viewable by the public. MN.IT and Thompson Reuters estimate that the Tax Court can implement e-filing and public access during fiscal year 2020.

Courts with e-filing must maintain competently staffed helplines to assist customers in e-filing and accessing documents. Users commonly need help with setting up accounts; creating and updating usernames and passwords; and accessing and navigating the system. Those attempting to file documents electronically also commonly need help with properly naming documents to be filed; selecting the correct descriptors; and using acceptable document types and file sizes. In addition, courts with remote access to court documents also face questions from users and the general public concerning how to view documents, as well as which documents are viewable and why others are not.

Other courts that have implemented e-filing frequently underestimated the amount of time court staff spend assisting users with e-filing. In addition, before electronic documents can be added to C-Track, they must be reviewed to ensure that they are in proper format, will be filed in the correct case, and have had any confidential information (such as social security numbers and financial account identifiers) redacted. Given the workload of the court's existing staff (which will continue even after e-filing is implemented), the court lacks the workflow capacity

to fulfill these needs, nor can the court shift work among existing staff to free-up the equivalent of one full-time position.

Proposal:

The Governor recommends funds of \$125,000 in fiscal year 2020 (\$126,000 in fiscal year 2021) for the addition of one full-time employee to assist taxpayers with e-filing and citizens with public access. The recommendation is for salary and benefits only; the court will absorb additional expenses (e.g., for office space and necessary training). The court will fund other costs associated with implementation of e-filing and public access (such as the creation of training materials) from its base appropriation.

Equity and Inclusion:

The implementation of e-filing will make filing and serving documents easier and less expensive for all taxpayers and other Tax Court customers by eliminating the need to copy paper documents and to mail them to the court and the opposing party. It will especially benefit persons with disabilities, however, who will be able to send documents to, and receive documents from, the court and other parties without leaving their homes, and to receive individualized assistance in e-filing, also without leaving their homes. The addition of electronic access to tax court records will particularly benefit those with disabilities and those who reside outside the Twin Cities metropolitan area.

Results:

Using C-Track analytic tools, the court will be able to track the number of documents that are e-filed annually once e-filing is implemented. In addition, the court will track the number of e-filer inquiries concerning various filing tasks, with the goal of clarifying its e-filing procedures to reduce such inquiries. Finally, the court will track citizens' use of public access.

Statutory Change(s):

None

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Teachers Retirement Association

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AT A GLANCE

Who We Serve:

- 130,000 active/inactive teachers
- 65,000 benefit annuitants
- 593 employer units

Revenue sources: (Over 28 years)

- 74% investment income
- 12% member contributions
- 14% employer unit contributions

Direct Aid and Supplemental Employer Contributions:

- General Fund appropriation of approximately \$16.5 million annually for merger of Minneapolis Teachers Retirement Fund Association (MTRFA) in 2006.
- \$2.25 million annually from the City of Minneapolis and \$2.25 million annually from the Minneapolis School District in direct contributions related to the MTRFA merger.
- General Fund appropriation of approximately \$14.4 million annually for the merger with the Duluth Teachers Retirement Fund Association in 2015.

Staff:

- 85 FTE

PURPOSE

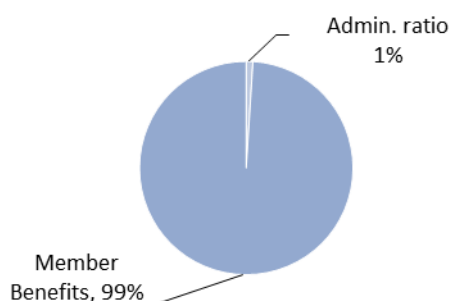
- Provide retirement, disability, and survivor benefits to Minnesota public educators, assisting them in achieving future income security.
- Strive to provide benefits that attract and retain competent teachers who serve communities throughout the state, building a stronger education system.
- Commit to safeguarding the financial integrity of the fund and take pride in providing exceptional, innovative services to our members.

TRA contributes to the following statewide outcomes:

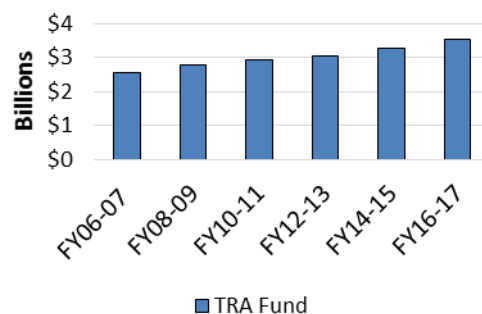
- A thriving economy that encourages business growth and employment opportunities;
- Minnesotans have the education and skills needed to achieve their goals;
- Efficient and accountable government services.

BUDGET

**Spending by Program
FY 17 Actual**



Historical Spending



Source: TRA Comprehensive Annual Financial Reports (FY 2006-2017)

TRA was established by the Minnesota legislature in 1931 and is primarily governed by Minnesota Statutes Chapters 354 and 356. The Association is administered by an eight member board of trustees. TRA is funded through member contributions, employer contributions, and investment earnings on fund assets. Over long periods of time, approximately 74 percent of fund revenues are generated by investment earnings. TRA members contribute 7.50% of their covered salary to TRA. Beginning July 1, 2018, the employer contribution was increased from 7.50% to 7.71%. The employer contribution rate will increase annually in stages and on July 1, 2023, will be 8.75% of member covered salary. The member contribution rate is scheduled to increase from 7.50% to 7.75% of member pay on July 1, 2023.

The TRA expenditure budget consists largely (over 99%) of monthly retirement, survivor, and disability payments to members or other benefit recipients. In fiscal year 2019, TRA expects to pay \$153 million/month in benefits to over 65,000 individuals.

TRA's main office is in St. Paul. Satellite offices are located in Detroit Lakes, Duluth, Mankato and St. Cloud.

STRATEGIES

The TRA Management Team is committed to safeguarding the financial integrity of the fund, which requires continual monitoring of actuarial funding reporting. Core operational functions include: collecting, recording and maintaining the accounting of retirement contributions; collecting and managing member information; issuing benefit and refund payments; and educating members and employers about TRA plan features.

RESULTS

During fiscal year 2018, 3,633 members were served with individual pre-retirement counseling services. Another 2,025 members were served during group counseling and other ad-hoc presentations. In fiscal year 2018, TRA generated 25,830 benefit estimates for members preparing for retirement. TRA members may also securely generate benefit estimates online. TRA members requested 24,041 benefit estimates online during fiscal year 2018. The TRA Contact Center received 43,302 telephone calls and responded to 1,494 emails during fiscal year 2018.

The 2018 Legislature enacted significant pension reform by increasing member and employer contributions and trimming plan features including the lowering of the annual COLA to 1.0% for five years through 2023. Thereafter the COLA will increase by 0.1% each year until it reaches 1.5% on January 1, 2027. The bill also modified TRA's investment earnings assumption from 8.5% annually to 7.5% annually. Other economic assumptions such as total covered payroll, inflation, and individual salary increases were also modified. Incorporating all these reforms, TRA's 30-year projected funding ratio is 104% by 2048.

Another performance measure is the funded ratio of the plan, which is an indication of the ability to meet current and future benefit obligations.

<i>Type of Measure</i>	<i>Performance Measures</i>	<i>Previous 6/30/2017</i>	<i>Current 6/30/2018</i>
Quality	TRA Plan Funding Ratio (Market Value)	77.5%	78.1%
Quality	TRA Plan Contribution Sufficiency (percent of covered payroll- Market Value and after full implementation of contribution rate increases)	-2.2%	0.2%
Quantity	TRA Plan Unfunded Actuarial Liability (Market Value)	\$6.2 billion	\$6.3 billion

Legal authority for the Teachers Retirement Association comes from Minnesota Statutes Chapter 354 (<https://www.revisor.mn.gov/statutes/?id=354>).

Teachers Retirement Association

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

7300 - Teachers Retirement	1,742,268	1,791,381	1,846,988	1,917,916	1,954,104	1,988,704	1,954,104	1,988,704
Total	1,742,268	1,791,381	1,846,988	1,917,916	1,954,104	1,988,704	1,954,104	1,988,704
Biennial Change				231,255		177,904		177,904
Biennial % Change				7		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Teachers Retirement Assoc	1,742,268	1,791,381	1,846,988	1,917,916	1,954,104	1,988,704	1,954,104	1,988,704
Total	1,742,268	1,791,381	1,846,988	1,917,916	1,954,104	1,988,704	1,954,104	1,988,704

Expenditures by Category

Compensation	8,308	8,644	8,944	9,578	9,968	10,368	9,968	10,368
Operating Expenses	7,180	5,802	5,793	5,802	6,000	5,800	6,000	5,800
Grants, Aids and Subsidies	3	2	21	36	36	36	36	36
Capital Outlay-Real Property			7		200		200	
Other Financial Transaction	1,726,777	1,776,934	1,832,224	1,902,500	1,937,900	1,972,500	1,937,900	1,972,500
Total	1,742,268	1,791,381	1,846,988	1,917,916	1,954,104	1,988,704	1,954,104	1,988,704

Full-Time Equivalents

86.07	84.64	85.07	88.38	88.38	88.38	88.38	88.38
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Teachers Retirement Association

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
7300 - Teachers Retirement								
Open Appropriation	1,743,017	1,792,130	1,847,737	1,918,670	1,954,855	1,989,460	1,954,855	1,989,460
Transfers Out	749	748	749	754	751	756	751	756
Expenditures	1,742,268	1,791,381	1,846,988	1,917,916	1,954,104	1,988,704	1,954,104	1,988,704
Biennial Change in Expenditures				231,255		177,904		177,904
Biennial % Change in Expenditures				7		5		5
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	86.07	84.64	85.07	88.38	88.38	88.38	88.38	88.38

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Open				
Fund: 7300 - Teachers Retirement				
FY2019 Appropriations	1,918,670	1,918,670	1,918,670	3,837,340
Base Adjustments				
Forecast Open Appropriation Adjustment		36,185	70,790	106,975
Forecast Base	1,918,670	1,954,855	1,989,460	3,944,315
Total Governor's Recommendations	1,918,670	1,954,855	1,989,460	3,944,315
Revenue Change Summary				
Non-Dedicated				
Fund: 7300 - Teachers Retirement				
Forecast Revenues	2,727,000	2,782,000	2,858,000	5,640,000
Total Governor's Recommendations	2,727,000	2,782,000	2,858,000	5,640,000

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dot.state.mn.us/

AT A GLANCE

- Over 143,000 centerline miles (single roadway, regardless of the number of lanes) including trunk highways and local roads
- 5th largest state highway system in the nation
- 4,860 bridges
- More than 95 million vehicle miles driven everyday on the state highway system
- 50% of state highways and 35% of state bridges are more than 50 years old
- 503 construction projects planned in the 18-19 biennium
- \$21 billion in planned investments for state highways over the next 20 years (MnSHIP)
- 4,979 full time equivalent employees as of FY18
- Truck freight traffic projected to increase 30% by 2030

We work with our partners to support:

- 3 active Lake Superior and 4 Mississippi River system ports
- Transit services in all 80 non-metro counties
- Greater MN transit ridership needs are projected to increase 45% by 2025
- 135 publicly owned state-funded airports
- 4,420 track miles serving 21 railroad companies, Northstar commuter, and Amtrak passenger service

PURPOSE

Transportation today is about providing access to critical connections for all Minnesotans through managing an efficient, safe, reliable and accessible system of interconnected modes. Transportation supports a robust quality of life through various modes working together to link people to education, healthcare, jobs and recreation. Transportation supports a healthy economy, providing for the efficient shipping of raw and finished goods as well as access to jobs. Transportation also plays an important role in the stewardship of our environment by ensuring compliance with environmental laws and policies. The Minnesota Department of Transportation's (MnDOT's) work with connected and automated technology is also helping the agency gain experience and knowledge of new technologies to prepare for the future of transportation. Therefore, MnDOT has adopted the following:

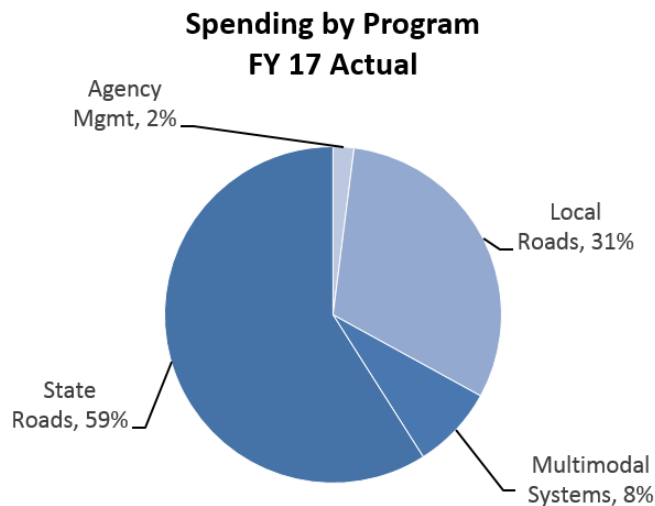
Vision: Minnesota's multimodal transportation system maximizes the health of people, the environment, and the economy.

Mission: To plan, build, operate, and maintain a safe, accessible, efficient, and reliable multimodal transportation system that connects people to destinations and markets throughout the state, regionally, and around the world.

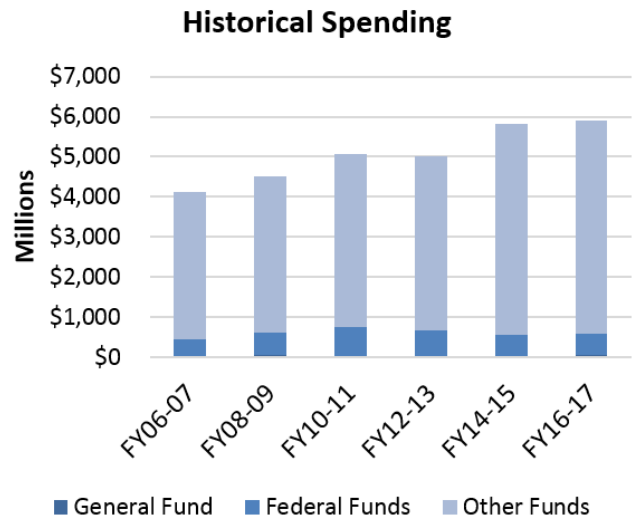
Funding is provided in four programs with 12 budget activities:

Multimodal Systems	State Roads	Local Roads	Agency Management
Aeronautics	Program Planning & Delivery	County State Aid Roads	Agency Services
Transit	State Road Construction	Municipal State Aid Roads	Building Services
Freight and Rail Safety	Debt Service		
	Operations and Maintenance		
	Statewide Radio		
	Communications		

BUDGET



Note: Spending includes Trunk Highway fund debt service transfer



Note: Spending includes Trunk Highway fund debt service transfer

The primary source of financing for state-owned highways is the trunk highway fund, which is supported by motor fuel taxes, motor vehicle registration fees, and motor vehicle sales taxes. Other sources of transportation funding include federal, transit assistance, county state aid highway, municipal state aid street, state airport, and special revenue funds. Beginning in FY 2018 a portion of transportation-related revenues, historically deposited in the general fund, are now dedicated to fund transportation purposes. The additional funding is from (1) general sales tax revenue from sales of automotive repair and replacement parts, (2) general sales tax revenue from short-term vehicle rentals, (3) collections from a separate vehicle rental tax, and (4) motor vehicle lease sales tax revenue. In total, less than one percent of the agency's operating budget in FY 2017 was directly from the general fund, which supports non-highway modes such as greater Minnesota transit, ports, and rail. Starting in FY 2018, as a result of transferring the additional General Funds, the portion of the agency's operating budget from the General Fund increases to approximately 3 percent.

STRATEGIES

As stewards of the transportation system, we're committed to the following objectives:

1. **Open Decision Making:** Make transportation system decisions through processes that are inclusive, engaging, and supported by data and analysis. Provide for and support coordination, collaboration, and innovation. Ensure efficient and effective use of resources.
2. **Transportation Safety:** Safeguard transportation users as well as the communities the systems travel through. Apply proven strategies to reduce fatalities and serious injuries for all modes. Foster a culture of transportation safety in Minnesota (<http://www.minnesotatzd.org/>).
3. **Critical Connections:** Maintain and improve multimodal transportation connections essential for Minnesotans' prosperity and quality of life. Strategically consider new connections that help meet performance targets and maximize social, economic and environmental benefits.
4. **System Stewardship:** Strategically build, manage, maintain, and operate all transportation assets. Rely on system data and analysis, performance measures and targets, agency and partners' needs, and public expectations to inform decisions. Use technology and innovation to get the most out of investments and maintain system performance. Increase the resiliency of the transportation system and adapt to changing needs.

5. **Healthy Communities:** Make fiscally-responsible decisions that respect and complement the natural, cultural, social, and economic context. Integrate land uses and transportation systems to leverage public and private investments.

MnDOT seeks to advance three goal areas identified in the Strategic Operating Plan (2018-2022): operational excellence, customer trust and workforce excellence. Over the next two years, we intend to focus on the following four risk-based priorities outlined in the Strategic Operating Plan:

- Be nimble and responsive
- Strengthen relationships
- Ensure the safety and security of MnDOT's employees and assets
- Plan MnDOT's future workforce (recruitment, engagement, retention)

The Minnesota Department of Transportation requires that the principles of "Complete Streets" be considered at all phases of planning and project development in the establishment, development, operation, and maintenance of a comprehensive, integrated, and connected multimodal transportation system (<http://www.dot.state.mn.us/policy/operations/op004.html>).

The Department of Transportation's legal authority comes from:

Minnesota Constitution, Article XIV, Public Highway System (<https://www.revisor.mn.gov/constitution>)

Powers of Road Authorities, M.S. 160 (<https://www.revisor.mn.gov/statutes/?id=160>)

Trunk Highways, M.S. 161 (<https://www.revisor.mn.gov/statutes/?id=161>)

Administration of State Aid Road Systems, M.S. 162 (<https://www.revisor.mn.gov/statutes/?id=162>)

Responsibilities Related to Bridges, M.S. 165 (<https://www.revisor.mn.gov/statutes/?id=165>)

Trunk Highway Bonds, M.S. 167 (<https://www.revisor.mn.gov/statutes/?id=167>)

Traffic Regulation, M.S. 169 (<https://www.revisor.mn.gov/statutes/?id=169>)

Signs and Billboards Along Highways, M.S. 173 (<https://www.revisor.mn.gov/statutes/?id=173>)

Department of Transportation, M.S. 174 (<https://www.revisor.mn.gov/statutes/?id=174>)

Enforcement of Prevailing Wage, M.S. 177.44 (<https://www.revisor.mn.gov/statutes/?id=177.44>)

Rail Transportation, M.S. 218 (<https://www.revisor.mn.gov/statutes/?id=218>)

Railroad Safety, M.S. 219 (<https://www.revisor.mn.gov/statutes/?id=219>)

Regulation of Motor Carriers, M.S. 221 (<https://www.revisor.mn.gov/statutes/?id=221>)

Rail Service Improvement and Rail Bank, M.S. 222 (<https://www.revisor.mn.gov/statutes/?id=222>)

Aeronautics, M.S. 360 (<https://www.revisor.mn.gov/statutes/?id=360>)

Transportation

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	29,289	24,521	7,875	28,200	19,325	19,325	19,555	19,560
1050 - Transit Assistance	44,946	64,473	88,389	74,983	77,447	75,193	77,447	75,193
2000 - Restrict Misc Special Revenue	111,867	96,305	98,801	110,377	105,484	105,977	106,234	107,477
2001 - Other Misc Special Revenue	3,258	5,753	4,444	5,233	5,100	5,153	5,100	5,153
2050 - Environment & Natural Resources			46	299				
2400 - Endowment					225	226	225	226
2500 - Municipal State Aid Street	187,988	151,854	193,623	197,421	215,536	220,038	229,898	280,156
2600 - County State Aid Highway	631,544	652,424	731,088	789,123	857,158	876,175	907,883	1,101,706
2700 - Trunk Highway	1,307,532	1,624,366	1,640,971	1,775,071	1,600,144	1,575,897	1,777,229	2,092,563
2710 - Highway Users Tax Distribution	96	117	117	135	135	135	135	135
2720 - State Airports	28,324	23,318	30,079	29,790	20,680	20,680	25,380	25,380
2721 - Hanger Loan Revolving			800	(800)				
2722 - Air Transportation Revolving	749	589	888	982	982	982	982	982
3000 - Federal	288,948	238,074	253,279	705,205	528,616	516,470	528,616	516,470
3520 - Transportation-Loc Bridge&Road				12,576	12,714	13,052	12,714	0
4900 - 911 Emergency	9,128	10,238	9,359	9,937	9,675	9,675	9,675	9,675
6000 - Miscellaneous Agency	1							
Total	2,643,669	2,892,033	3,059,760	3,738,532	3,453,221	3,438,978	3,701,073	4,234,676
Biennial Change				1,262,590		93,907		1,137,457
Biennial % Change				23		1		17
Governor's Change from Base								1,043,550
Governor's % Change from Base								15

Expenditures by Program

Multimodal Systems	226,942	231,712	258,333	401,663	351,627	334,692	357,141	341,135
State Roads	1,360,734	1,640,030	1,660,284	1,856,745	1,664,260	1,645,395	1,819,360	2,133,812
Local Roads	991,733	944,607	1,071,990	1,381,437	1,352,248	1,373,805	1,417,335	1,646,402
Agency Management	64,260	75,684	69,153	98,687	85,086	85,086	107,237	113,327
Total	2,643,669	2,892,033	3,059,760	3,738,532	3,453,221	3,438,978	3,701,073	4,234,676

Expenditures by Category

Compensation	407,644	415,928	440,853	459,039	473,202	480,154	492,955	521,836
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Transportation

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Operating Expenses	306,301	396,303	378,434	548,843	458,193	445,971	548,488	681,996
Grants, Aids and Subsidies	1,150,070	1,092,112	1,252,699	1,580,036	1,554,725	1,570,871	1,621,481	1,840,393
Capital Outlay-Real Property	769,567	971,224	978,461	1,123,949	948,042	924,535	1,016,590	1,170,504
Other Financial Transaction	10,088	16,465	9,313	26,665	19,059	17,447	21,559	19,947
Total	2,643,669	2,892,033	3,059,760	3,738,532	3,453,221	3,438,978	3,701,073	4,234,676

<u>Full-Time Equivalents</u>	4,599.96	4,756.41	4,965.04	4,962.81	4,971.20	4,975.36	5,032.30	5,086.46
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Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	2,500	6,400	1,892	3,734				
Direct Appropriation	44,115	21,058	19,783	34,516	19,375	19,375	19,605	19,610
Transfers In	8,362	400	4,038	1,299	1,001	1,009	1,001	1,009
Transfers Out	20,862	420	14,104	11,349	1,051	1,059	1,051	1,059
Cancellations	0	1,621						
Balance Forward Out	4,826	1,297	3,734					
Expenditures	29,289	24,521	7,875	28,200	19,325	19,325	19,555	19,560
Biennial Change in Expenditures				(17,736)		2,575		3,040
Biennial % Change in Expenditures				(33)		7		8
Governor's Change from Base								465
Governor's % Change from Base								1
Full-Time Equivalents	6.57	7.13	11.72	12.84	12.84	12.84	14.34	14.34

1050 - Transit Assistance

Balance Forward In	56,511	72,063	73,495	52,723	47,551	42,607	47,551	39,805
Receipts	57,738	63,558	67,650	69,828	72,520	76,654	69,718	75,414
Transfers In	416	416	416	416	416	416	416	416
Transfers Out	418	456	449	433	433	433	433	433
Balance Forward Out	69,300	71,109	52,723	47,551	42,607	44,051	39,805	40,009
Expenditures	44,946	64,473	88,389	74,983	77,447	75,193	77,447	75,193
Biennial Change in Expenditures				53,953		(10,732)		(10,732)
Biennial % Change in Expenditures				49		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.95	3.57	3.55	3.25	3.09	3.05	3.09	3.05

2000 - Restrict Misc Special Revenue

Balance Forward In	46,142	54,784	57,392	59,753	54,010	50,796	54,010	50,796
Direct Appropriation				1,000	0	0	0	0
Receipts	116,899	76,798	99,972	102,354	102,270	104,969	103,020	106,469
Transfers In	213	13	611	605				
Transfers Out	213	69	10	3				
Net Loan Activity	483	616	591	678				

Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	51,657	35,837	59,757	54,010	50,796	49,788	50,796	49,788
Expenditures	111,867	96,305	98,801	110,377	105,484	105,977	106,234	107,477
Biennial Change in Expenditures				1,006		2,283		4,533
Biennial % Change in Expenditures				0		1		2
Governor's Change from Base								2,250
Governor's % Change from Base								1
Full-Time Equivalents	38.17	45.80	52.50	45.82	48.10	52.64	48.10	52.64

2001 - Other Misc Special Revenue

Balance Forward In	521	1,170	3,167	2,581	2,432	2,433	2,432	2,433
Receipts	3,652	6,670	3,859	5,084	5,101	5,154	5,101	5,154
Balance Forward Out	914	2,086	2,582	2,432	2,433	2,434	2,433	2,434
Expenditures	3,258	5,753	4,444	5,233	5,100	5,153	5,100	5,153
Biennial Change in Expenditures				665		576		576
Biennial % Change in Expenditures				7		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.04	2.25	2.34	9.96	11.15	11.03	11.15	11.03

2050 - Environment & Natural Resources

Balance Forward In				299				
Direct Appropriation			345					
Balance Forward Out			299					
Expenditures			46	299				
Biennial Change in Expenditures				345		(345)		(345)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.37	1.00				

2400 - Endowment

Balance Forward In	7,527	7,578	7,654	7,771	7,966	7,993	7,966	7,993
Receipts	51	77	116	195	252	281	252	281

Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	7,578	7,654	7,771	7,966	7,993	8,048	7,993	8,048
Expenditures					225	226	225	226
Biennial Change in Expenditures				0		451		451
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents					1.00	1.00	1.00	1.00

2500 - Municipal State Aid Street

Balance Forward In	169,877	158,215	182,918	184,593	184,593	184,593	184,593	184,593
Direct Appropriation	173,000	177,585	196,866	197,445	215,560	220,062	229,922	280,180
Transfers In	4,403						287	1,274
Transfers Out	10	9	16	24	24	24	311	1,298
Cancellations	1,115	1,039	1,552					
Balance Forward Out	158,166	182,897	184,593	184,593	184,593	184,593	184,593	184,593
Expenditures	187,988	151,854	193,623	197,421	215,536	220,038	229,898	280,156
Biennial Change in Expenditures				51,201		44,530		119,010
Biennial % Change in Expenditures				15		11		30
Governor's Change from Base								74,480
Governor's % Change from Base								17
Full-Time Equivalents	18.62	17.82	17.11	17.24	17.24	17.24	17.24	17.24

2600 - County State Aid Highway

Balance Forward In	500,229	569,140	621,979	674,380	676,380	676,380	676,380	676,380
Direct Appropriation	690,392	708,347	786,424	789,199	857,234	876,251	907,959	1,101,782
Transfers In	14,071		2,000	2,000			1,094	4,851
Transfers Out	35	30	51	76	76	76	1,170	4,927
Cancellations	4,131	3,120	4,885					
Balance Forward Out	568,982	621,913	674,380	676,380	676,380	676,380	676,380	676,380
Expenditures	631,544	652,424	731,088	789,123	857,158	876,175	907,883	1,101,706
Biennial Change in Expenditures				236,243		213,122		489,378
Biennial % Change in Expenditures				18		14		32
Governor's Change from Base								276,256

Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Governor's % Change from Base								16
Full-Time Equivalents	47.41	48.18	47.97	48.26	48.26	48.26	48.26	48.26

2700 - Trunk Highway

Balance Forward In	80,150	214,048	49,025	179,273	41,400	38,237	41,400	38,237
Direct Appropriation	1,577,534	1,678,770	1,973,481	1,808,391	1,780,210	1,768,652	1,958,567	2,290,437
Open Appropriation	7,354	7,535	8,632	9,360	9,360	9,360	9,360	9,360
Receipts	28,206	31,118	43,681	34,350	34,350	34,350	34,350	34,350
Transfers In	149,821	189,635	375,402	356,113	324,834	326,898	334,834	336,898
Transfers Out	329,243	381,814	584,262	569,712	550,469	566,865	561,741	581,984
Cancellations	14,840	69,397	45,710	1,304	1,304	1,299	1,304	1,299
Balance Forward Out	191,451	45,529	179,276	41,400	38,237	33,436	38,237	33,436
Expenditures	1,307,532	1,624,366	1,640,971	1,775,071	1,600,144	1,575,897	1,777,229	2,092,563
Biennial Change in Expenditures				484,145		(240,001)		453,750
Biennial % Change in Expenditures				17		(7)		13
Governor's Change from Base								693,751
Governor's % Change from Base								22
Full-Time Equivalents	4,363.88	4,505.45	4,704.98	4,697.22	4,632.71	4,632.60	4,692.31	4,742.20

2710 - Highway Users Tax Distribution

Open Appropriation	96	117	117	135	135	135	135	135
Expenditures	96	117	117	135	135	135	135	135
Biennial Change in Expenditures				39		18		18
Biennial % Change in Expenditures				18		7		7
Governor's Change from Base								0
Governor's % Change from Base								0

2720 - State Airports

Balance Forward In	1,581	1,942	1,075	6,852				
Direct Appropriation	28,109	22,109	35,812	22,921	20,632	20,632	25,332	25,332
Open Appropriation	36	37	45	48	48	48	48	48
Transfers In	80	712	12,703					
Transfers Out	81	712	12,703	31				

Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Cancellations		120						
Balance Forward Out	1,402	650	6,852					
Expenditures	28,324	23,318	30,079	29,790	20,680	20,680	25,380	25,380
Biennial Change in Expenditures				8,227		(18,509)		(9,109)
Biennial % Change in Expenditures				16		(31)		(15)
Governor's Change from Base								9,400
Governor's % Change from Base								23
Full-Time Equivalents	32.18	35.41	32.56	35.00	35.00	35.00	35.00	35.00

2721 - Hanger Loan Revolving

Balance Forward In	2,074	2,323	2,728	2,272	2,672	3,072	2,672	3,072
Net Loan Activity	246	405	344	(400)	400	400	400	400
Balance Forward Out	2,320	2,728	2,272	2,672	3,072	3,472	3,072	3,472
Expenditures			800	(800)				
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2722 - Air Transportation Revolving

Balance Forward In	574	533	573	597	515	433	515	635
Receipts	705	629	912	900	900	900	1,102	1,102
Balance Forward Out	530	573	597	515	433	351	635	755
Expenditures	749	589	888	982	982	982	982	982
Biennial Change in Expenditures				532		94		94
Biennial % Change in Expenditures				40		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	1,220	527	2,454	172	167	167	167	167
Receipts	288,316	238,735	251,844	705,200	528,616	516,470	528,616	516,470
Internal Billing Receipts	285	397	351					

Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Transfers Out	205	14	845					
Balance Forward Out	382	1,173	172	167	167	167	167	167
Expenditures	288,948	238,074	253,279	705,205	528,616	516,470	528,616	516,470
Biennial Change in Expenditures				431,462		86,602		86,602
Biennial % Change in Expenditures				82		9		9
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	42.98	47.05	44.16	44.44	114.03	113.92	114.03	113.92

3520 - Transportation-Loc Bridge&Road

Balance Forward In			12,576	12,714	13,052	12,714	0
Receipts			12,576	12,714	13,052	13,715	0
Balance Forward Out			12,576	12,714	13,052	13,715	0
Expenditures			12,576	12,714	13,052	12,714	0
Biennial Change in Expenditures				12,576		13,190	138
Biennial % Change in Expenditures							
Governor's Change from Base							(13,052)
Governor's % Change from Base							(51)

4900 - 911 Emergency

Balance Forward In		588		291				
Transfers In	9,650	9,650	9,650	9,662	9,675	9,675	9,675	9,675
Transfers Out	1			16				
Cancellations		0						
Balance Forward Out	521		291					
Expenditures	9,128	10,238	9,359	9,937	9,675	9,675	9,675	9,675
Biennial Change in Expenditures				(69)		54		54
Biennial % Change in Expenditures				(0)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	44.16	43.75	47.78	47.78	47.78	47.78	47.78	47.78

6000 - Miscellaneous Agency

Transportation

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward In	2	1	1					
Receipts	0	0	0	2				
Transfers Out			1	2				
Balance Forward Out	1	1						
Expenditures	1							
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Transportation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	34,516	34,516	34,516	69,032
Base Adjustments				
Current Law Base Change		(15,150)	(15,150)	(30,300)
Pension Allocation		9	9	18
Forecast Base	34,516	19,375	19,375	38,750
Change Items				
Tribal Training		311	316	627
Passenger Rail Base Reduction		(81)	(81)	(162)
Total Governor's Recommendations	34,516	19,605	19,610	39,215
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	1,000	1,000	1,000	2,000
Base Adjustments				
One-Time Capital Appropriations		(1,000)	(1,000)	(2,000)
Forecast Base	1,000	0	0	0
Total Governor's Recommendations	1,000	0	0	0
Fund: 2500 - Municipal State Aid Street				
FY2019 Appropriations	202,487	202,487	202,487	404,974
Base Adjustments				
November Forecast Adjustment	(2,942)	11,348	14,450	25,798
February Forecast Adjustment	(2,100)	1,725	3,125	4,850
Forecast Base	197,445	215,560	220,062	435,622
Change Items				
Transportation Funding Package		14,861	60,612	75,473
Impact on Transportation Funds for DPS Funding Recommendations		(499)	(494)	(993)
Total Governor's Recommendations	197,445	229,922	280,180	510,102
Fund: 2600 - County State Aid Highway				
FY2019 Appropriations	806,239	806,239	806,239	1,612,478
Base Adjustments				
November Forecast Adjustment	(8,556)	44,857	58,523	103,380
February Forecast Adjustment	(8,484)	6,138	11,489	17,627
Forecast Base	789,199	857,234	876,251	1,733,485
Change Items				
Transportation Funding Package		52,623	227,410	280,033
Impact on Transportation Funds for DPS Funding Recommendations		(1,898)	(1,879)	(3,777)
Total Governor's Recommendations	789,199	907,959	1,101,782	2,009,741

Transportation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2700 - Trunk Highway				
FY2019 Appropriations	1,826,313	1,826,313	1,826,313	3,652,626
Base Adjustments				
Current Law Base Change		(41,389)	(67,274)	(108,663)
Pension Allocation		1,172	1,172	2,344
November Forecast Adjustment	(17,922)	(4,906)	9,434	4,528
February Forecast Adjustment		(980)	(993)	(1,973)
Forecast Base	1,808,391	1,780,210	1,768,652	3,548,862
Change Items				
Transportation Funding Package		102,373	417,547	519,920
Trunk Highway Operating Pressures		22,400	43,442	65,842
Cyber Security and Agency Priority Initiatives		2,502	1,814	4,316
Tribal Training		100	100	200
Career Pathways Program Growth and Succession Planning		2,200	2,255	4,455
Connected & Automated Vehicles		6,200	5,500	11,700
Salt Solutions and Sustainability		5,110	5,065	10,175
Pavement Preservation		10,000	10,000	20,000
Safety Culture		1,335	650	1,985
Road Equipment Fund		10,000	10,000	20,000
Building Services		13,280	18,700	31,980
Strategic IT Initiatives		1,585	1,593	3,178
Capital Investment Bill Debt Service		1,272	5,119	6,391
Total Governor's Recommendations	1,808,391	1,958,567	2,290,437	4,249,004
Fund: 2720 - State Airports				
FY2019 Appropriations	20,921	20,921	20,921	41,842
Base Adjustments				
Current Law Base Change		(300)	(300)	(600)
Pension Allocation		11	11	22
November Forecast Adjustment	2,000			
Forecast Base	22,921	20,632	20,632	41,264
Change Items				
Aeronautics Base Budget Increase		4,700	4,700	9,400
Total Governor's Recommendations	22,921	25,332	25,332	50,664
Open				
Fund: 2700 - Trunk Highway				
Base Adjustments				
Forecast Open Appropriation Adjustment	9,360	9,360	9,360	18,720

Transportation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Base	9,360	9,360	9,360	18,720
Total Governor's Recommendations	9,360	9,360	9,360	18,720
Fund: 2710 - Highway Users Tax Distribution				
Base Adjustments				
Forecast Open Appropriation Adjustment	135	135	135	270
Forecast Base	135	135	135	270
Total Governor's Recommendations	135	135	135	270
Fund: 2720 - State Airports				
Base Adjustments				
Forecast Open Appropriation Adjustment	48	48	48	96
Forecast Base	48	48	48	96
Total Governor's Recommendations	48	48	48	96
Dedicated				
Fund: 1050 - Transit Assistance				
Planned Spending	74,983	77,447	75,193	152,640
Forecast Base	74,983	77,447	75,193	152,640
Total Governor's Recommendations	74,983	77,447	75,193	152,640
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	109,377	105,484	105,977	211,461
Forecast Base	109,377	105,484	105,977	211,461
Change Items				
Rail Grade Crossing Safety		750	1,500	2,250
Total Governor's Recommendations	109,377	106,234	107,477	213,711
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	5,233	5,100	5,153	10,253
Forecast Base	5,233	5,100	5,153	10,253
Total Governor's Recommendations	5,233	5,100	5,153	10,253
Fund: 2400 - Endowment				
Planned Spending		225	226	451
Forecast Base		225	226	451
Total Governor's Recommendations		225	226	451
Fund: 2700 - Trunk Highway				
Planned Spending	11,673	12,513	13,481	25,994

Transportation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Base	11,673	12,513	13,481	25,994
Total Governor's Recommendations	11,673	12,513	13,481	25,994
Fund: 2721 - Hanger Loan Revolving				
Planned Spending	(800)			
Forecast Base	(800)			
Total Governor's Recommendations	(800)			
Fund: 2722 - Air Transportation Revolving				
Planned Spending	982	982	982	1,964
Forecast Base	982	982	982	1,964
Total Governor's Recommendations	982	982	982	1,964
Fund: 3000 - Federal				
Planned Spending	705,205	528,616	516,470	1,045,086
Forecast Base	705,205	528,616	516,470	1,045,086
Total Governor's Recommendations	705,205	528,616	516,470	1,045,086
Fund: 3520 - Transportation-Loc Bridge&Road				
Planned Spending	12,576	12,714	13,052	25,766
Forecast Base	12,576	12,714	13,052	25,766
Change Items				
Transportation Funding Package			(13,052)	(13,052)
Total Governor's Recommendations	12,576	12,714	0	12,714
Revenue Change Summary				
Dedicated				
Fund: 1050 - Transit Assistance				
Forecast Revenues	69,828	72,520	76,654	149,174
Change Items				
Transportation Funding Package		(2,802)	(1,240)	(4,042)
Total Governor's Recommendations	69,828	69,718	75,414	145,132
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	102,354	102,270	104,969	207,239
Change Items				
Rail Grade Crossing Safety		750	1,500	2,250
Total Governor's Recommendations	102,354	103,020	106,469	209,489

Transportation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	5,084	5,101	5,154	10,255
Total Governor's Recommendations	5,084	5,101	5,154	10,255
Fund: 2400 - Endowment				
Forecast Revenues	195	252	281	533
Total Governor's Recommendations	195	252	281	533
Fund: 2700 - Trunk Highway				
Forecast Revenues	34,350	34,350	34,350	68,700
Total Governor's Recommendations	34,350	34,350	34,350	68,700
Fund: 2722 - Air Transportation Revolving				
Forecast Revenues	900	900	900	1,800
Change Items				
State Airplane Rate Changes		202	202	404
Total Governor's Recommendations	900	1,102	1,102	2,204
Fund: 3000 - Federal				
Forecast Revenues	705,200	528,616	516,470	1,045,086
Total Governor's Recommendations	705,200	528,616	516,470	1,045,086
Fund: 3520 - Transportation-Loc Bridge&Road				
Forecast Revenues	12,714	13,052	13,715	26,767
Change Items				
Transportation Funding Package		(13,052)	(13,715)	(26,767)
Total Governor's Recommendations	12,714	0	0	0
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	2			
Total Governor's Recommendations	2			
Non-Dedicated				
Fund: 2300 - Outdoor Heritage				
Forecast Revenues	81	85	88	173
Total Governor's Recommendations	81	85	88	173
Fund: 2301 - Arts & Cultural Heritage				
Forecast Revenues	49	51	53	104

Transportation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	49	51	53	104
Fund: 2302 - Clean Water				
Forecast Revenues	81	85	88	173
Total Governor's Recommendations	81	85	88	173
Fund: 2303 - Parks and Trails				
Forecast Revenues	35	37	38	75
Total Governor's Recommendations	35	37	38	75
Fund: 2500 - Municipal State Aid Street				
Forecast Revenues	3,989	4,932	5,256	10,188
Total Governor's Recommendations	3,989	4,932	5,256	10,188
Fund: 2600 - County State Aid Highway				
Forecast Revenues	50,892	55,292	58,406	113,698
Change Items				
Transportation Funding Package		(3,952)	(3,340)	(7,292)
Total Governor's Recommendations	50,892	51,340	55,066	106,406
Fund: 2700 - Trunk Highway				
Forecast Revenues	494,705	471,749	509,244	980,993
Total Governor's Recommendations	494,705	471,749	509,244	980,993
Fund: 2710 - Highway Users Tax Distribution				
Forecast Revenues	4,896	5,781	6,123	11,904
Total Governor's Recommendations	4,896	5,781	6,123	11,904
Fund: 2720 - State Airports				
Forecast Revenues	7,945	8,248	8,482	16,730
Change Items				
Drone Enforcement and Regulation		(26)	(32)	(58)
Total Governor's Recommendations	7,945	8,222	8,450	16,672

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Transportation Funding Package

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	40	130	170	180
Revenues	227,654	223,614	224,604	226,334
Highway User Tax Distribution				
Revenues	177,802	720,781	875,852	907,993
Transfers Out	177,802	720,781	875,852	907,993
Trunk Highway Fund				
Expenditures	102,373	417,547	506,628	525,076
Transfer In	102,373	417,547	506,628	525,076
County State Aid Fund				
Revenues	(3,952)	(3,340)	(2,752)	(2,284)
Expenditures	52,623	227,410	277,227	287,889
Transfer In	56,575	230,750	279,979	290,173
Municipal State Aid Fund				
Expenditures	14,861	60,612	73,543	76,221
Transfer In	14,861	60,612	73,543	76,221
Transit Assistance Fund				
Expenditures	10,350	18,900	19,800	20,500
Revenues	7,548	17,660	19,248	20,516
Transportation Fund				
Expenditures	0	(13,052)	(13,715)	(14,352)
Revenues	(13,052)	(13,715)	(14,352)	(14,859)
DNR Transfers				
Expenditures	3,826	4,172	4,341	4,377
Transfer In	3,993	11,872	15,702	16,523
Net Fiscal Impact = (Expenditures – Revenues)	(211,927)	(229,281)	(234,606)	(237,809)
FTEs (DNR)	6.25	6.25	6.25	6.25
FTEs (MnDOT)	0	50	75	100
*HUDT Transfers out include transportation funds only.				

Recommendation:

The Governor recommends the state commit to a major transportation investment plan to fund the estimated \$6 billion dollar gap that exists between funding needs and available revenues over the next 10 years. The Governor proposes filling the \$6 billion gap in road and bridge funding by:

- Initiating a 20 cent gas tax increase, including fuel in distributor storage at the start time of each increase (phased-in over two years in October and April in FY20 and FY21)
- Indexing the gas tax to inflation (beginning in FY23)
- Increasing the registration tax, effective January 1, 2020 (increase tax rate from 1.25 percent to 1.5 percent and base tax fee from \$10 to \$45; change the depreciation schedule; amend base value calculation by removing destination charge and hold harmless provision of statute)
- Increasing the motor vehicle sales tax from 6.5 percent to 6.875 percent, effective December 1, 2019
- Authorizing \$2 billion in trunk highway bonds over 8 years starting in 2022

The gas tax, registration tax, and motor vehicle sales tax increases will fund roads and bridges for the state trunk highways, county state aid highways, and municipal state aid streets. In the FY22-23 biennium, when revenue changes are completely phased in, the increased revenue from the gas tax, motor vehicle sales tax, and registration fees are forecast to increase available resources for each transportation fund by 30 percent.

To help lower- and middle-income Minnesotans pay for transportation investments, the governor proposes an increase to the Working Family Credit of \$100 for each single or head of household recipient and \$200 for each married filing jointly recipient. This proposal is described in the Tax Aids, Credits and Refunds section. In addition, while the gas tax increase would impact how our rate compares to neighboring states, the existing qualifying service station tax credit would ensure Minnesota service stations within 7.5 miles of the state border receive refunds that effectively reduce the rate to not more than three cents per gallon above the rate of the neighboring state.

Other Components:

In addition to the new funding above, the Governor recommends:

- Returning the auto parts sales tax, 9.2 percent motor vehicle rental tax, and 6.5 percent sales tax on motor vehicle rentals currently deposited into the Highway User Tax Distribution (HUTD) Fund as of FY2018 back to the General Fund beginning in FY2020. This results in an increase to the General Fund of \$395 million in FY20-21 and \$404 million in FY22-23.
- Restoring the motor vehicle lease sales tax to the pre-2018 distribution levels. This results in \$32 million returned to the General Fund, annually.
- In total, the General Fund would receive \$459 million in FY20-21 and \$468 million in FY22-23.

General fund revenues are reduced by \$8 million in the FY20-21 biennium due to increased petroleum refunds and income tax interactions with the registration tax. General fund expenditures decrease by \$170,000 for the biennium for increased aid to counties with casinos under [M.S. 270C.19](https://www.revisor.mn.gov/statutes/cite/270C.19) (<https://www.revisor.mn.gov/statutes/cite/270C.19>) due to the increase in gas tax.

Authorization for the sale of \$2 billion in trunk highway bonds over 8 years starting in 2022 (\$250 million per year). Debt service for these bonds is estimated to be \$22.2 million for the FY22-23 biennium.

Several components in this proposal require changes to the Minnesota Licensing and Registration System (MNLARS). Costs associated with changes to MNLARS will be funded through the Department of Public Safety's MNLARS budget recommendation.

Rationale/Background:

Minnesota cannot preserve and improve quality and performance of the state's transportation systems under the combined limitations of current investment levels and current lifecycle replacement practices. The consequences of underinvesting in the state's transportation system will include deterioration in service, increases in congestion, failing infrastructure and diminished ability to remain economically competitive. This is because transportation systems facilitate the efficient movement of people and goods and create the opportunity for economic development, enhanced productivity, job formation and sustainable growth. Without additional investment, the transportation system will not be able to expand to accommodate expected population and job growth. In addition, alternatives to driving alone must play a larger role in satisfying growing transportation demand - roads, transit and other transportation modes must work together as one system.

Road and Bridge Funding

The 2018 Minnesota Statewide Highway Investment Plan (MnSHIP) determined additional funding was needed for transportation, due largely to aging infrastructure and construction costs exceeding the growth of existing revenues. Overall, the department faces a \$6 billion gap in revenue over the next ten years above current fund

balance projections to fund needed investments in state road construction. Of this total gap, roughly \$4 billion is needed for preservation and modernization, and \$2 billion is needed for strategic expansion.

Without additional revenue, there will be:

- Increasing deterioration of pavement and bridges on state system. The percent of highway pavement considered in poor condition (rough driving surface) and the percent of bridge deck pavement considered in poor condition it is estimated to increase significantly in the next 20 years.
- Very little expansion to address population and economic growth
- Reductions in high priority products and service delivery

In addition, more operations and maintenance dollars are recommended, calculated at 5 percent of new Trunk Highway Fund revenues. This additional funding will be spent on snow plowing, fixing pot holes and guard rails, etc. Investing in operations and maintenance is needed due to declining asset conditions, increased snow and ice requirements, and the need for more timely maintenance.

Proposal:

Road and Bridge funding components

New revenues and bonding would be identified to help close the funding gap over the next ten years. The goal is an integrated transportation system that optimizes the movement of people and goods across the state. With new funding, we can:

- Improve asset management - preserve and modernize the existing system
- Invest in strategic mobility enhancements, including MnPASS and other intelligent transportation tools
- Complete strategic expansion on key corridors throughout the state
- Complete Main Street improvements

The benefits for Minnesotans will include:

- Reduced wear and tear on their cars
- Fewer stops at the fuel pump due to smoother roads and reduced congestion
- Fewer accidents
- More time doing what they need to do
- Reduced impacts on our environment

MnDOT has identified pavement and bridge needs as well as mobility projects that are not currently being addressed through its 10-year work plan. These unmet needs and projects will be given priority. These funds will provide for capital costs of construction as well as project development and engineering activities with contractor support, allowing the department to utilize this funding in the most efficient manner.

MnDOT proposes to utilize the increased operating appropriations for our highest-priority products and services. Some of these include:

- Snow and Ice - keeping the roads clear of snow and ice
- System Roadway Structures Maintenance – repair potholes (pavement repair)
- Bridges and Structures Inspection and Maintenance
- Intelligent transportation systems for improved safety and mobility

The Governor's proposal provides constitutionally dedicated funding increases that can be relied on over the long term and can only be used for transportation purposes. Returning auto parts and other taxes to the general fund results in the availability of funding for other state priorities.

Department of Natural Resources Funding Components

The Governor's proposal provides constitutionally dedicated funding increases that can be relied on over the long term and can only be used for transportation purposes. Returning auto parts and other taxes to the general fund results in the availability of funding for other state priorities.

The Department of Natural Resources (DNR) receives a portion of the unrefunded gasoline tax, which has supported the state's recreational motorized vehicle activities and forest roads since 1961. This funding is dedicated to the DNR with the broader goal that the unrefunded gasoline proceeds should support programs related to non-highway gasoline use.

This revenue enables additional investment in Minnesota's water recreation facilities and services. The proposal funds \$3.35 million annually for increased operations and maintenance of public water access sites and state trails (\$1.35 million) and increasing boating access site rehabilitation (\$2 million). Additionally, this proposal increases grants to local sheriff offices by \$300,000 annually to reimburse for search and rescue efforts.

This proposal also increases revenues to DNR's forest road account by \$170,000 in FY20, \$506,000 in FY21, \$670,000 in FY22, and \$705,000 in FY23. The state and counties (with a land commissioner) split this revenue 52% and 48% respectively. This increase funds additional graveling, grading, and drainage projects to maintain the state's 2,340-mile forest road network used by the forest industry, emergency responders and outdoor enthusiasts.

Transit Funding Components

Revenue from the motor vehicle sales tax is split between the HUTD (60 percent) and the Transit Assistance Fund (40 percent). The Metropolitan Council receives 90 percent of the motor vehicle sales tax revenue in the Transit Assistance Fund and MnDOT receives the remaining 10 percent for greater Minnesota transit.

Over the long-term, greater Minnesota transit revenues will increase from the proposed increased MVST rate. However, restoring the motor vehicle lease sales tax to the pre-2018 distribution levels results in a short-term reduction in revenue. To offset the decrease in revenue between FY20-23, MnDOT is amending internal accounting practices to allow additional spending of the motor vehicle lease tax revenue in the current year (current accounting practices involve carrying forward all of this revenue each year, and planning spending in the subsequent year).

Equity and Inclusion:

A safe, reliable and multimodal system of transportation is vital to ensuring equity and inclusion by connecting communities statewide. This needed funding will also provide additional contracting opportunities to certified small businesses and opportunities to work towards enterprise-wide goals of equity and inclusion.

IT Related Proposals:

N/A

Results:

Currently, Minnesota's total state gasoline taxes are 28th highest in the country, including District of Columbia. Since 2013, Minnesota has dropped from 19th highest state gasoline taxes, as a result of other states increasing their gasoline tax rate. Over a 10-year period, the inflation-adjusted tax on gasoline is projected to add an additional 28 cents to the price of a gallon of gasoline.

These investments would provide additional long-term sustainable and dedicated funding. MnDOT would plan to rehabilitate the system for the 21st century by:

- Improving an additional 1,800 miles of pavement and repair or replace an additional 300 bridges on state highways
- Accelerate progress toward the state goal of zero highway deaths with targeted installation of rumble strips, median barriers, lighting and other safety improvements. The Minnesota Toward Zero Death program has helped decrease injuries and deaths on the highway
- Keep roadside infrastructure in a state of good repair

In addition, MnDOT has operating performance measures that will be impacted by this proposal. All are anticipated to decline without additional funding; and this would reduce the decline. They include:

- Snow Plowing Performance – meet clearance targets
- Smooth Roads – percent of pavement patching addressed
- Percent of projects let in the year scheduled

Statutory Change(s):

Gasoline Tax: M.S. 296A.07 and M.S. 296A.08

Vehicle Registration Taxes: M.S. 168.013

Motor Vehicle Sales Tax: M.S. 297B.02

Motor Vehicle Lease Sales Tax: 297A.815

General Fund Transfers: M.S. 297A.94 and 297A.64

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Trunk Highway Operating Pressures

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	22,400	43,442	43,442	43,442
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	22,400	43,442	43,442	43,442
FTEs	0	0	0	0

Recommendation:

The Governor recommends a base increase in the Trunk Highway Fund operating appropriations of \$65.8 million for FY20-21 to offset a portion of the cumulative decreases in buying power due to inflation on commodity purchases, compensation cost increases including steps and insurance, and rate and volume increases in IT services.

Rationale/Background:

MnDOT purchases a significant amount of commodities each year to help deliver core products and services including fuel, salt, sand, bituminous, and utilities. While costs range significantly from year to year, over the past five years most commodities have remained relatively flat and in some cases decreased. However, over the next five years, MnDOT estimates the costs of all commodities to increase anywhere from two percent per year for electricity to six percent per year for salt and sand.

MnDOT requested funding in the FY18-19 biennial budget request to relieve operating pressures of commodity inflation and salary increases. Although the specific request was not enacted, MnDOT did receive funding increases in most trunk highway operating appropriations that were used in part to help offset increasing costs. However, the majority of this funding was one-time, and operating pressures will continue in future years. Over the past five years, compensation costs for MnDOT employees have increased an average of three percent per year, due to collectively bargained cost-of-living increases, annual step increases, and insurance cost increases.

Proposal:

The increased operating appropriations will help maintain the highest-priority products and services and necessary support functions. Some of these include:

- Snow and Ice – includes activities such anti-icing treatment before storms, snow plowing and ice removal during storms and clean-up of snow and ice after storms have passed. Snow plowing on Minnesota's 12,000 miles of roads is expensive, labor intensive, and critical.
- System Roadway Structures Maintenance – patch potholes, seal cracks, pave road surfaces, remove debris, repair or replace culverts, maintain roadway shoulders, and respond to flooding.
- Bridges and Structures Inspection and Maintenance – 4,860 state highway bridges are inspected in accordance with state and federal requirements. In addition, MnDOT performs preventive maintenance such as sealing cracks, joints and railings, spot painting, lubrication of expansion bearings, and flushing with water. Reactive maintenance is also needed when a vehicle damages a bridge or deterioration is discovered. This proposal includes a \$1 million base increase for the Bridge Office.

- Develop Highway Improvement Projects – includes activities such as scoping, environmental review, public involvement, and designing. Designing performs engineering studies and analysis, prepares construction plans, uses performance based practical design and flexible design standards to ensure road designs meet project goals while minimizing costs. This proposal includes a base increase of \$1.4 million for major projects staffing. It will provide base budget staffing levels to manage project development and construction of upcoming major projects.
- Highway Construction Management Oversight – includes managing overall progress, coordinating the early stages, and overseeing quality management, material testing, etc.

This proposal covers increasing costs of compensation including steps and insurance, and IT across the agency.

Below is a summary of the components of the request (amounts in \$1,000s):

Component (% Increase)	FY 2020	FY 2021	FY 2022	FY 2023
Compensation (~3%)	13,600	30,400	30,400	30,400
Commodities (5%)	4,000	8,200	8,200	8,200
IT Rates/Volume (5%)	2,400	2,400	2,400	2,400
Major Projects Staffing	1,400	1,442	1,484	1,530
Bridge Office	1,000	1,000	1,000	1,000
Total	22,400	43,442	43,484	43,530

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

Of the total request, \$2.4 million per year is to cover the additional costs needed for IT services based on projected rates charged by MNIT and volumes of services utilized by MnDOT. In the FY20-21 Biennium, MnDOT will transition from a local to an enterprise service delivery model for workstation management (laptop/desktop computer support and refresh) and service/help desk support. Regular replacement of workstations will be included as part of the service rate, in order to ensure the security and supportability of state agency computers. The agency will also transition to the enterprise service/help desk, which provides 24/7 support to agency staff.

In addition, for the FY20-21 biennium, MnDOT's portion of MNIT administrative overhead expenses is projected to increase. MNIT overhead expenses include HR, finance, procurement, enterprise project management, and security activities. These expenses are allocated to agencies based on their total IT spend and total number of dedicated MNIT staff as of fiscal year 2017.

Results:

This funding will allow MnDOT to maintain its existing levels of service. If this funding is not received, MnDOT would be forced to reduce service levels in some areas.

Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Cyber Security and Agency Priority Initiatives

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	2,502	1,814	498	498
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,502	1,814	498	498
FTEs	1	1	1	1

Recommendation:

The Governor recommends an increase to the Trunk Highway Fund appropriations for cyber security, risk management and protection of the state's sensitive data assets and technology investments. The request includes a \$500,000 base increase beginning in FY20 and onetime funds of \$2 million in FY20 and \$1.3 million in FY21. The total request includes \$2.5 million in FY20, \$1.8 million in FY2021, and \$500,000 ongoing.

Rationale/Background:

MnDOT seeks support for the critical technology systems that enable the agency to successfully plan, build, operate, and maintain the state's multimodal transportation system. These investments secure critical state technology and data assets while also creating opportunities for more modern and innovative technology solutions to meet our customer's needs. Investments include:

Cyber Security, Risk Management

In partnership, MnDOT and MNIT at DOT have identified a backlog of IT risk management efforts in need of base and one-time investment to bring all of MnDOT's IT systems to a consistent and reasonable level of security. The request will support needed modernization efforts designed to update MnDOT's IT systems to a fully supported state and keep already gained IT security levels consistent. This proposal includes a request for a base increase of \$300,000 and one-time increases of \$500,000 in FY20 and \$200,000 in FY21 for a total of \$1.3 million to fund a total of 3 permanent and 4 temporary full-time MNIT positions.

Agency Priority Initiatives

MnDOT's priority technology initiatives are designed to enable MnDOT to maintain technology systems critical to supporting Minnesota's multimodal transportation system.

Motor Carrier Information System – Replace an outdated, customer-facing system used for processing applications and issuing operating credentials to commercial motor carriers of property and passengers. The new system will provide a fully automated, web-based accessible system that is compatible with newer technologies, customizable, and intuitive to users. Customers will be able to enter information online at a time that is convenient for them instead of having to physically visit a MnDOT location during business hours. Customers can receive notifications when action is required on their carrier file. Carriers will be able to check status of their requests and verify if vehicles are registered and active in the system.

Oversized/Overweight Permitting System (Route Builder) – Replace outdated, customer-facing permitting and routing software used to analyze and approve routing of oversized and overweight loads on MN state highways. The new system will offer an improved customer experience, with increased accuracy, a better payment tool, improved monitoring and reporting components, and more accurate routing.

Software Asset Management – In partnership, MnDOT and MNIT at DOT designed and tested a software asset management approach that will provide a comprehensive inventory of all agency software assets, a defined structure for managing that inventory, and ongoing strategies to fully leverage existing investments in software.

This proposal requests a base increase of \$200,000 and one-time increases of \$1.5 million in FY20 and \$1.1 million FY21, for a total of \$3.0 million. Agency priority initiatives would require a mix of full time and temporary positions for this proposal, 1 MnDOT and 1 MNIT FTE.

Proposal:

MnDOT is the primary state user of “Internet of Things” (IoT) technology- physical devices that can connect to networks. Examples include dynamic overhead signs, roadway sensors, and bridge de-icing systems. Emerging technologies in connected and automated vehicles will substantially increase MnDOT’s role in maintaining these highway infrastructure assets on behalf of the State. As a result, a critical need for FY20-21 is to ensure that these systems are supported and secured to avoid potentially costly service outages.

Beyond these physical devices, MnDOT utilizes IT systems for a majority of the agency business functions. IT tools are used to determine the amount of salt to disperse in a given weather condition, to calculate funds distributed to local government, and to analyze crash and safety statistics. To ensure uninterrupted and effective operational status, MnDOT applications must be upgraded, secured, and managed. In FY2018-19, MnDOT deployed a new program to analyze current IT systems, identify out-of-date or vulnerable components, and resolve technical issues. With additional capacity, MnDOT could more quickly address these critical risks to security and business continuity.

MnDOT has identified several key customer-facing applications that are operating on outdated technology and need to be fully replaced. With these replacement projects, MnDOT will be able to offer the public a more user-friendly experience, more modern functionality and notification capabilities, and flexibility in accessing MnDOT services.

Equity and Inclusion:

IT investments provide significant opportunities to both attract skilled and diverse employees, as well as contracting with Disadvantaged Business Enterprises and Targeted Group Businesses.

IT Related Proposals:

<i>Category</i>		<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll		105	108	108	108	108	108
Professional/Technical Contracts		375	275	-	-	-	-
Infrastructure		-	-	-	-	-	-
Hardware		-	-	-	-	-	-
Software		1,125	825	-	-	-	-
Training		-	-	-	-	-	-
Enterprise Services		-	-	-	-	-	-

<i>Category</i>		<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Staff costs (MNIT)		897	607	391	391	391	391
Total		2,502	1,814	498	498	498	498
MNIT FTEs		8	8	4	4	4	4
Agency FTEs		1	1	1	1	1	1

Results:

The proposal will allow us to better protect the state from cyber-security risks through one-time and base investments. In addition, it will provide necessary enhancements for our critical IT initiatives. It is paramount as an agency that we keep pace with technology to allow us to better inform agency stakeholders, to provide a more user-friendly and mobile experience for the public, and to ensure that critical State assets are maintained.

Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Tribal Training Funding

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	311	316	316	316
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	100	100	100	100
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	411	416	416	416
FTEs	1.5	1.5	1.5	1.5

Recommendation:

The Governor recommends fully funding the Governor's Executive Order 13-10 (directing state agencies to engage in consultation, coordination, and cooperation with tribal governments) for tribal training for state agencies. Currently, MnDOT is absorbing the majority of the cost of the training for all the agencies.

The request also includes funding for additional staff to support the activities of the tribal liaison. The success of the tribal affairs program and the tribal training have greatly expanded the demand for the tribal liaison position. The additional funding for this request would fund positions under the direction of the liaison to expand the capacity of that role.

If this funding is not appropriated it is likely that MnDOT will need to bill agencies for attending the training to recover costs that are not benefitting the trunk highways.

Rationale/Background:

Funding the proposal allows MnDOT to carry out its mission which involves adhering to Federal laws specific to Indian Country, compliance with Executive Order 13-10 and the agency's Tribal Nations Policy, and taking positive action to address priority transportation issues of mutual interest between MnDOT and tribal governments in Minnesota. This training informs employees about consultation and coordination and equips them with the knowledge and tools they need to implement such consultation.

This training won the State Government Innovation Award and is designed to educate state employees on how to more appropriately interact, communicate, and collaborate with tribes and tribal governments. This proposal will allow the training to continue without MnDOT bearing the sole cost.

Proposal:

This proposal will fund MnDOT's tribal training for other state agencies. As part of this request, the trunk highway funding will provide staff to continue to provide five, two-day sessions at tribal locations per year. Part of the funding request is also to develop on-line training to expand access to the core curriculum and develop more narrowly focused on-line courses for specific topics and individual tribes.

Equity and Inclusion:

Strengthening authentic relationships and collaboration with tribal members helps reduce disparities for tribal members within MnDOT and also helps expand the cultural competency skills necessary for working with tribal governments across the state.

IT Related Proposals:

There is not an anticipated IT impact, though there is a potential for a software license cost to develop the online training so it is compliant with the system at MMB.

Results:

This investment will increase partnership and customer engagement between the state and Tribal Nation. This can be measured by the number of attendees, the survey results, and the number of agencies that have attended. To continue providing this effective training, an appropriation would cover the cost, enabling MnDOT to continue to have more sessions and to create online e-training.

Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Aeronautics Base Budget Increase

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Airport Fund				
Expenditures	4,700	4,700	4,700	4,700
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,700	4,700	4,700	4,700
FTEs	0	0	0	0

Recommendation:

The Governor recommends an ongoing base appropriation increase of \$4.7 million per year. The base increase would include \$3.3 million for Airport Development and Assistance and \$1.4 million for Aviation Support and Service Assistance appropriations. This is a 23 percent increase in FY20-21 to the current \$15.298 million Airport Development and Assistance and \$5.231 million Aviation Support and Services Assistance appropriations.

Rationale/Background:

The state's airports allow for critical connections to destinations for people, products, and businesses of Minnesota. It is a key component of our multimodal transportation system within the state. The state's 135 airports and the aero operations currently exceed the base funding available. An increase in the base budget would assist in replacements of aging infrastructure, relieve increasing operating pressures, and support needed building costs for the Office of Aeronautics.

Aeronautics has not received a base increase in 20 years and will face organizational restructuring without additional funding. A replacement of the Office of Aeronautics' IT customer application system is critical to support the complexities of the tax structures. Additionally, the existing Aviation Support and Services building will begin to pose safety issues if needed work is not completed. This work includes modifying bathrooms to be ADA compliant.

Proposal:

Approval of this proposal will cover operational pressures, fund much needed capital improvements, improve critical systems, and allow more critical airport projects to be completed. In addition, this will increase aviation support and services for aeronautics building repairs, IT spending and aeronautics operations. MnDOT's Aeronautics Office has the statutory authority to annually set the percent of state match for federal grants. When the match can be kept at a higher percentage, the participation rates by local governments is lower. This results in a greater number of local airports being able to move forward on needed projects and a greater amount of federal dollars spent in the state. This base increase would enable MnDOT to keep state participation rates at a higher level for improvement projects at airports. This proposal would be paid from the existing State Airport Fund balance.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

This proposal includes three system improvements: aircraft registration system, capital improvement system, and DOS-based IT systems to monitor navigational systems. This will allow more airport projects, create less down-time for navigational systems, lower maintenance costs, and decrease security risks.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software	600,000	600,000				
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	600,000	600,000				
MNIT FTEs						
Agency FTEs						

Results:

As the state agency charged with overseeing aviation safety in Minnesota, we run and maintain statewide navigation systems. MnDOT's Aeronautics Office has the statutory authority to annually set the percent of state match for federal grants. This funding will allow MnDOT to keep state participation rates at a higher level for improvement projects at airports. If this funding is not approved, some navigational systems will be retired. The funding will provide a means to have more airport projects, less down-time for navigational systems and lower maintenance costs. For Aviation Support and Services, the increase will allow them to maintain existing, and in some instances, provide better service to customers.

MnDOT also distributes state funds to public airports (with the exception of the Minneapolis-Saint Paul International airport) for maintenance and operation activities, such as keeping runways free of snow and ice, equipment purchases, building utilities, and upkeep. Grants distributed to public airports for maintenance and operation activities met nearly a fourth of the funds expended to operate and maintain public airports in 2016 and 2017. Larger airports have a greater gap in reimbursements, with 29 smaller airports having all maintenance and operation needs met in 2016 and 26 airports in 2017.

State participation in airport Maintenance and Operation (M&O) expenses was capped in 2009 and has remained unchanged since, even though across the state airports have been adding needed infrastructure. One example is Owatonna-Degner Regional Airport where a new 3000 foot crosswind runway was constructed increasing the length of runway to be maintained by 50 percent. No additional state funding was provided to maintain and operate the new pavement and necessary lighting infrastructure. Due to the one-time appropriations all 135 system airports received additional M&O funds. This proposal would allow the increase to be sustained.

Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Career Pathways Program Growth and Succession Planning

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	2,200	2,255	2,255	2,255
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,200	2,255	2,255	2,255
FTEs	33.6	33.6	33.6	33.6

Recommendation:

The Governor recommends an increase in the Trunk Highway Fund base appropriation for recruitment and retention for the Career Pathways Program, which is comprised of the Civil Engineering Internship Program, Phoenix Internship Program, Seeds Student Worker Program, Grad Engineer and Land Surveyor Program, and Retaining Our Workforce (MnROW) programs. This will also provide additional support for labor relations activities, staffing activities, and technical training to maintain existing demand and account for workload increases over the past few years for Human Resource activities that MnDOT invested in with FY18-19 funds.

Rationale/Background:

MnDOT continues to be at risk without dedicated or increased funding to fill critical positions. Retirements are on the rise, and we'll need to conduct recruitment efforts as a standard practice to become an employer of choice in a competitive market. Current resources have not kept pace with the demands for supervisory support in performance management, staffing, and training needs. Currently, the Seeds Student Worker Program and the Phoenix Internship Program receive federal reimbursement to help offset costs. MnDOT is experiencing staffing shortages and further support of these programs will help facilitate the growth needed to mitigate shortages.

Some of MnDOT's best recruitment and retention comes from workforce programs such as Civil Engineering Internship Programs, Phoenix Internship Program, Seeds Student Worker Program, Grad Engineer and Land Surveyor Program, and the MnROW program. MnDOT has had limited opportunity to utilize these programs as value has been realized in "growing our own" talent, but the needs are greater than what the current funding will provide. These have been identified as critical positions to build bench strength in the agency. MnDOT has funded these over the past biennium with one-time funds. This request will provide stable funding for these programs.

Proposal:

The funding would cover part/full-time positions within the programs, including 13 graduate engineers, 11 civil engineer internships, 10 Phoenix internships, 7 Seeds workers, and 1 full-time position to help manage the increase in these recruitment programs. The additional support positions will also assist supervisors and managers in labor relations, performance management, and training activities. This advances MnDOT's Strategic Operating Plan (SOP) of Customer Trust as MnDOT is better able to engage customers while listening and understanding the diverse balance of needs to achieve all best possible outcomes. This also advances MnDOT's SOP of Workforce Excellence as this funding will attract and retain a workforce for MnDOT to be successful and better reflect the communities we serve. Historically, these programs have a high level of success both in recruitment and retention. Together, these programs comprise a career pathway within MnDOT.

Equity and Inclusion:

The funding will provide additional recruitment opportunities to work towards enterprise-wide goals of equity and inclusion. Data illustrates that this program assists in attracting and retaining a workforce that better reflects the communities we serve. These programs are recruiting and retaining minorities, people with disabilities, females, and veterans at higher rates than our overall employee hiring and rehiring efforts are achieving.

IT Related Proposals:

N/A

Results:

MnDOT strives to focus on customer satisfaction. To that end, our workforce is the driving factor for our success in this area. This proposal advances MnDOT's SOP of customer trust as MnDOT is better able to engage customers while listening and understanding the diverse balance of needs to achieve all best possible outcomes. This proposal also advances MnDOT's SOP of Workforce Excellence as this funding will attract and retain a workforce for MnDOT to be successful and better reflect the communities we serve.

Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Rail Grade Crossing Safety

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	0	0	0	0
Revenues (DPS)	(750)	(1,500)	(1,500)	(1,500)
Special Revenue Fund				
Expenditures	750	1,500	1,500	1,500
Revenues	750	1,500	1,500	1,500
Net Fiscal Impact = (Expenditures – Revenues)	750	1,500	1,500	1,500
FTEs	0	0	0	0

Recommendation:

The Governor recommends increasing the funding for the rail grade crossing safety account from \$1 million to \$2.5 million per year in response to increasing needs for rail safety improvements on the trunk highway and local road system. This will be phased in over two years: \$750,000 increase in FY20 and \$1.5 million in subsequent years. This account is derived from a portion of State Patrol fine revenues (deposited in a Department of Public Safety account), and the increase in grade crossing funding would result in an equivalent decrease in the Trunk Highway Fund.

Rationale/Background:

There is an increasing need for safety improvements at rail grade crossings. Safety improvements at highway and rail grade crossings help motorists and pedestrians make safe decisions about crossing railroad tracks. These funds will allow for a significant increase in the number of small safety projects that can be programmed and delivered rapidly, such as sign replacements, crossing closures, roadway enhancements and signal circuitry upgrades. The funds can be used at any of Minnesota's rail crossings of public roadways.

Proposal:

The fine structure will not change; the increase of \$750,000 and then \$1.5 million will result in a corresponding reduction in the amount of fines deposited in the Trunk Highway Fund. This funding source is used statewide on an as-needed basis.

Equity and Inclusion:

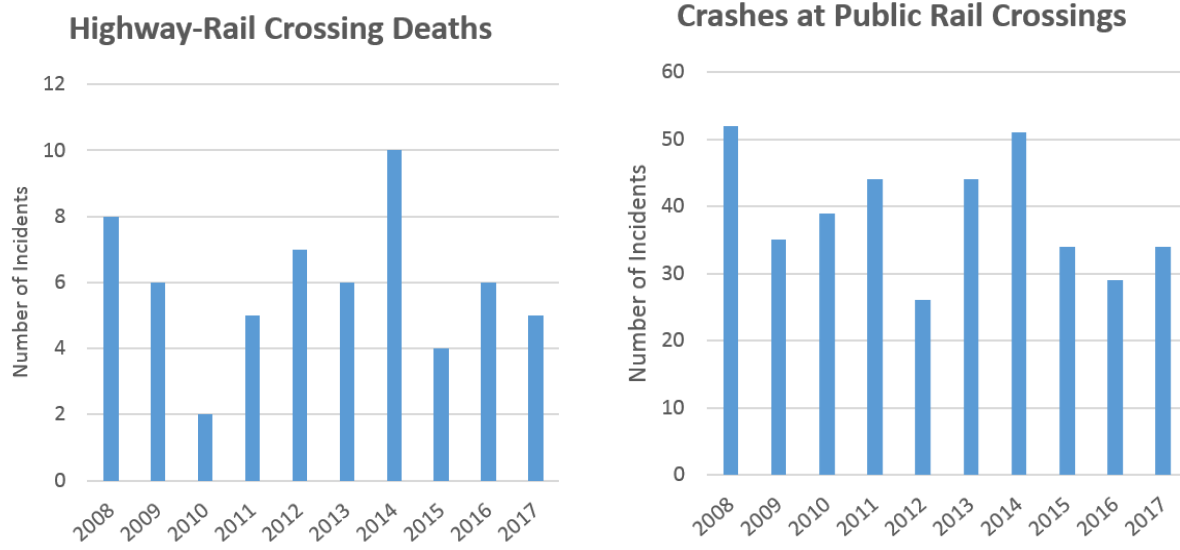
This proposal is not expected to impact equity or inclusion. However, this investment may provide additional contracting opportunities to certified small businesses.

IT Related Proposals:

N/A

Results:

This initiative would be measured through increases in rail safety and will be documented to provide before and after measurements.



Source: Federal Railroad Administration Office of Safety Analysis

Statutory Change(s):

[M.S. 299D.03 subd. 5\(a\)\(1\)](https://www.revisor.mn.gov/statutes/cite/299D.03) (<https://www.revisor.mn.gov/statutes/cite/299D.03>)

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: State Airplane Rate Changes

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	0	0	0	0
Revenues	202	202	202	202
Net Fiscal Impact = (Expenditures – Revenues)	(202)	(202)	(202)	(202)
FTEs	0	0	0	0

Recommendation:

The Governor recommends amending Minnesota Statutes 360.024 so that pilot salary, aircraft replacement, or aircraft leasing costs can be included in the charge for air transportation services. It would also delete the reference to “direct” operating costs in statute. There are indirect fixed costs that should be considered such as insurance and hanger lease costs. This amendment allows MnDOT a funding mechanism to replace aircraft.

Rationale/Background:

Per Minnesota Statutes 360.024, MnDOT provides air transportation services for conducting state business. Agencies pay for this service based on a rate allowable in statute. Money is placed into a revolving account and used for operating costs and maintenance. Current state law does not allow this fund to be used to replace aircraft.

The aircraft used for this service is aging. The King Air C90 is 38 years old and as aircraft age, they cost more to maintain. A 30-year old airplane can have more than double the maintenance costs of a 5-year old airplane. In addition, time spent on the ground while being maintained reduces the number of days the aircraft are available. For example, in the past year the 38 year old airplane has been in maintenance 17 percent more days than the 26 year old airplane. By age 30, aircraft typically spend nearly half their time in maintenance.

MnDOT recommends replacement of this aircraft due to age and the coming expenses. MnDOT hired Conklin and de Decker (a consultant firm) to verify our assessment, assess current usage, and make recommendations for the number and type of aircraft we should own. They recommended replacing the aircraft with a new/newer aircraft.

Proposal:

This request allows MnDOT to begin including the costs of leasing aircraft in the rate charged to those using the plane. MnDOT proposes increasing the flying rate per mile, which would raise an additional \$202,000 per year and would be used to replace the aging aircraft over time. MnDOT would finance a lease-to-own for one new aircraft and sell the King Air C90. The final aircraft type would be determined through the request for proposal and subsequent procurement process. The estimated cost of leasing a new aircraft should be no more than \$3.8 million.

Over time, the request allows MnDOT to collect revenue for the full estimated annual leasing costs of \$433,000. In addition, MnDOT would include the sale of the old aircraft to cover a portion of the leasing costs. The plane would be sold through the State of Minnesota Surplus Services process. MnDOT estimates the plane will sell for \$500,000.

There will be maintenance cost savings as a result leasing a new plane. We have not included those savings as we plan to apply the savings to maintenance on the other aircraft.

Equity and Inclusion:

Replacing the aircraft gives MnDOT a more efficient way to move around the state to build relationships and collect feedback from all corners of the state to ensure greater inclusion in MnDOT's operations.

IT Related Proposals:

N/A

Results:

As the state agency charged with overseeing aviation safety in Minnesota, we are able to fly and visits airports to monitor the condition and their compliance with State Rules and Federal Aviation Regulations. Our pilots have backgrounds as airport inspectors; we are able to interact with airport officials to resolve any existing or future concerns that the airport sponsor may have.

In addition, MnDOT Aeronautics has managed this air transportation service for decades. Air transportation saves the state money by making efficient use of staff time by offering the option to fly. For example, driving round-trip to Bemidji would require 8 hours of travel time and an overnight stay, including meal reimbursements, ultimately requiring two full business days. Flying is only two hours round-trip. Most of the state of Minnesota is within one hour fly time of the Saint Paul Downtown Airport. MnDOT uses a fly vs. drive calculator to help evaluate whether a trip is cost effective.

Statutory Change(s):

[M.S. 360.024](https://www.revisor.mn.gov/statutes/cite/360.024) (<https://www.revisor.mn.gov/statutes/cite/360.024>)

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Connected and Automated Vehicles

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Trunk Highway Fund				
Expenditures	6,200	5,500	5,500	5,500
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,200	5,500	5,500	5,500
FTEs	4	4	4	4

Recommendation:

The Governor recommends an appropriation increase of \$6.2 million in FY20, and \$5.5 million in subsequent years from the trunk highway fund to advance Connected and Automated Vehicles (CAV) policy, planning, testing, and implementation. This technology has significant potential to impact safety, mobility, equity, and the Minnesota economy. Funds are needed to ensure Minnesota is prepared for this transformative technology.

CAV includes automated (potentially driverless) vehicles operating on the surface transportation system, connected vehicle sharing information with infrastructure and/or other vehicles, truck platooning, the impact of electric automated vehicles, and how automated shared mobility transportation may impact traffic operations and safety.

An initial amount of \$1 million per year in FY18-19 has been invested, and MnDOT is working to identify additional trunk highway funds to invest in this effort for FY19, but ongoing funding is necessary.

Rationale/Background:

The private industry is rapidly advancing this technology, and our current laws, policies, planning, and infrastructure need to catch up. Much of the testing and deployments are occurring in urban and warm weather climates, which do not replicate Minnesota conditions. MnDOT and other state agencies need to continue planning and utilizing these advances for our preparedness of this emerging technology. This proposal allows Minnesota to be a leader with the diverse climates of our state in regards to CAV.

By properly planning, testing, and piloting this technology, we have an opportunity to make strategic investments in our assets now, so we are ready for this technology as it evolves. In particular, this proposal could help:

- Advance CAV technology in winter weather conditions
- Develop corridors and test tracks for industry to test and validate technology
- Utilize CAV technology to improve mobility for those with transportation challenges (e.g. person with disabilities, low income, aging populations, communities of color, rural Minnesota, Tribal communities)
- Utilize CAV technology to improve the safety and operations of work zones
- Utilize CAV technology to improve bike and pedestrian safety
- Build public trust in CAV through public outreach, education and demonstrations.
- Share data between government and third parties to advance CAV applications that improve safety and mobility
- Utilize data to help manage infrastructure and operations to support CAV
- Utilize CAV technology to grow Minnesota businesses and attract new business and talent
- Strategically plan for policy, infrastructure, and operational risk

Limited or no investment may expose the State of Minnesota and MnDOT to additional infrastructure costs, decrease in public trust, and increased IT costs by reacting to the technology. There are several unknowns with this technology, such as when it will come, what exactly will it be, and in which areas the private industry will focus their priorities. This is an evolving technology that could likely create systems-wide changes not only in transportation, but in the way people live, work, and play.

Proposal:

This funding will support several CAV efforts:

- Implement the recommendations from the Governor's Advisory Council on Connected and Automated Vehicles as part of Executive Order 18-04. The recommendations include investment priorities such as: preparing our infrastructure, planning, policy, research, advancing public private partnerships, cyber security, public engagement and education, testing and deployment corridors, pilot/demonstration projects, economic and workforce development, equity, and insurance and liability. In addition, MnDOT is responsible for leading recommended policy changes at the legislature.
- Support an innovative public-private-partnership concept called the "Minnesota CAV Challenge". This allows public and private institutions to submit CAV concepts to solve our transportation challenges (e.g. improve work zone operations, improve safety, reduce transportation barriers in low-income areas, implement CAV in rural Minnesota, data sharing, planning, policy, and building public trust in CAV).
- Implement recommendations from MnDOT's CAV Strategic Plan (to be completed in spring 2019). This Strategic Plan will identify specific capital investment strategies, long-term planning, staffing, IT, public outreach, communications, regulatory impacts, operations and infrastructure needs specific to MnDOT.
- Fund the Office of Connected and Automated Vehicles (CAV-X) staff to implement CAV programming and projects.
- Fund connected vehicle technology advancement, including testing and deployment of this technology on signal systems, fleet vehicles, and other roadway elements to improve safety and traffic flow.
- Implement cyber security and data privacy measures to collect and share data between vehicles, infrastructure, and private partners.
- Provide opportunities for public input, public education, and public demonstration and testing projects.

Funding would also be used to complete operational and infrastructure efforts from the Traffic Incident Management and Operations (TSMO) plan.

Equity and Inclusion:

Persons with disabilities, aging population, tribal nations, and other groups with current transportation challenges will be impacted by this technology. MnDOT CAV-X staff has done extensive outreach to these groups. Persons with disabilities strongly support the rapid deployment of these technologies to provide more job opportunities and personal freedom options. Other groups with transportation challenges want to make sure Minnesota is proactive, so this technology does not increase transportation barriers. They have also requested more opportunities to learn about the technology through public demonstrations and education.

With proper planning, this technology has the potential to benefit groups experiencing transportation barriers. This includes creating regulation that supports safe development and testing, and ensuring that the applications are used properly to benefit Minnesota residents and businesses. Failure to implement proactive policies could have an adverse effect, by having CAV applications that only benefit a few.

As stated above, there could be positive or negative impacts. For example, automated vehicles could provide more transportation options (e.g., bring unemployed and persons with disabilities to job markets and more access to education, health care and other items to improve quality of life). Automated vehicles can also greatly reduce the number of traffic related deaths and serious injury by minimizing human error in driving. However, the

technology could create additional transportation barriers if not everyone has access to the technology, or the technology costs become prohibitive for low income homes.

The private industry is going to continue developing this technology at a rapid pace. Ongoing funding is required to keep pace with the advancements in technology.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware	\$100	\$100	\$100	\$100		
Software	\$250	\$250	\$250	\$250		
Training						
Enterprise Services	\$25	\$25	\$25	\$25		
Staff costs (MNIT or agency)						
Total	\$375	\$375	375	\$375		
MNIT FTEs						
Agency FTEs						

Results:

During the implementation phases, we will measure success by implementing the action items within the Governor's Advisory Council report and MnDOT CAV Strategic Plan recommendations.

Once the technology is deployed and connected and automated vehicles reach a statistically significant market penetration rate, we can measure success in the reduction of traffic related fatalities and serious injuries and congestion management.

Statutory Change(s):

Not applicable.

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Salt Solutions and Sustainability

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	5,110	5,065	3,070	1,576
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,110	5,065	3,070	1,576
FTEs	4	4	4	4

Recommendation:

The Governor recommends Trunk Highway funding to address sustainability efforts the agency is prioritizing. A significant portion of this request is to invest in strategies that result in less salt use for snow and ice activities, saving money and limiting the impact salt has on the environment, while still effectively minimizing snow and ice on the roads Minnesotans travel. Funding would also be used for sustainability strategies that reduce the environmental impact of other agency functions, including investing in telematics systems and equipping MnDOT's fleet with equipment that tracks data to help the agency reduce fuel use, save money, and achieve sustainability goals.

On average, MnDOT spends approximately \$75 million on snow and ice management activities. Of this amount, a portion is allocated for various activities, materials, and equipment that reduces the amount of salt used to manage snow and ice.

Rationale/Background:

MnDOT is required to take actions to conserve energy and water, reduce waste, lower transportation energy use, save money, and reduce emissions. In response, MnDOT continues to develop and adopt targeted strategies to make progress in all these areas.

MnDOT is a national leader in winter maintenance. The agency continues to find and apply new methods of intelligent chemical applications to meet public and economic demands for safe winter driving, while striving to limit environmental impacts. Salt used during snow and ice activities is toxic to the environment and MnDOT continues to build on past success in reducing the chlorides that leave the roadway and enter the environment.

In addition, MnDOT's fleet consists of a variety of vehicles that perform maintenance, snow plowing, delivery, and various employee duties across the state. By installing telematics systems, the agency can track vehicle engine performance, route selection, and provide other data to increase the efficiency of MnDOT operations. One example is that telematics can support new efforts to reduce unnecessary vehicle idling to avoid wasting fuel. MnDOT is implementing a new anti-idling policy and this funding will provide the tools to track this data and support implementation of the policy.

Proposal:

Sustainability at MnDOT means reducing environmental impacts and being more efficient. Best practices are always improving and resources are required to keep up with the technology and opportunities that enhance MnDOT's ability to sustain the current level of service without compromising the environment, including:

Road Surface Liquid Deicing & Chemical Storage & Equipment (One-time request): Salt and liquid deicers/anti-icers are the most commonly used in snow fighting due to their quick action, economic cost, and ease of use. Having multiple chemicals, larger storage units and the proper equipment, such as slurry systems, located throughout the state will allow MnDOT District personnel to choose the proper chemical for each individual, unique event. The result is that less salt is spread, minimizing environmental impacts.

The use of liquid deicers can help reduce the effect on Minnesota's natural environment and water quality. For instance, the process of spraying deicing salt with a solution of liquid chemical before spreading the salt on the roadway helps the salt work more effectively by keeping more of the chemical on the road surface and by activating the chemical more quickly.

Data Driven Decisions (Base request): Data driven decisions are made daily in snow and ice operations and data provides confidence when making decisions in the field in real time scenarios and helps supervisors make informed decisions. MnDOT has been using Maintenance Decision Support System (MDSS) for many years. MnDOT has made great strides in applying MDSS data to all areas of maintenance. The system provides real-time weather, road conditions and maintenance information to supervisors and snowplow operators to help them make decisions about salt, sand, and chemical use.

However, there are areas that need improvements. For instance, enhancements to the system's front end would include improving reporting opportunities for operators, supervisors, and managers. Near real time reporting of field data would help decision maker's correct behavior and actions of operators in a real time setting.

Operations Support/Technology/GIS (Base request): MnDOT is continually moving forward with new technology to track and implement best practices with infrastructure inventories, system size tracking and salt sustainability initiatives. These systems rely on Transportation Asset Management System (TAMS) and Geographic Information System (GIS) mapping technologies to assure data is accurately collected, maintained, analyzed, and reported. This proposal would also include additional MnDOT employee to assist with the support, training, and maintenance of technology systems vital to maintenance operations.

Road and Weather Information System (RWIS) (One-time request): MnDOT proposes adding an additional 62 RWIS sites throughout the state. RWIS is an automated information system that collects, processes, and distributes current and forecasted weather and road surface information. RWIS sites are located on the right-of-way next to the highway and have sensors imbedded in the pavement. They collect road surface and atmospheric information, including air and pavement temperatures, relative humidity, wind speed/direction, subsurface temperatures, and depth of precipitation and salt concentration on the roadway. This information is used by operators and supervisors to aid in determining what material to use, when to use it, and at what rate. The end result is faster and more efficient response to keep Minnesotans moving safely.

Telematics (Base request): MnDOT proposes equipping light duty fleet vehicles with telematics devices to gather data for sustainability and fuel reduction guidelines. Installing this technology allows MnDOT to evaluate a vehicle's engine performance, fuel consumption, and other parameters.

Chief Sustainability Office (Base request): Funding would support staff to continue to measure, track, and report benefits and costs of agency sustainability efforts to save money and reduce agency environmental impacts. The work supports effort in each functional area within the agency's organization structure and strategies that support agency compliance with state law and executive direction.

Equity and Inclusion:

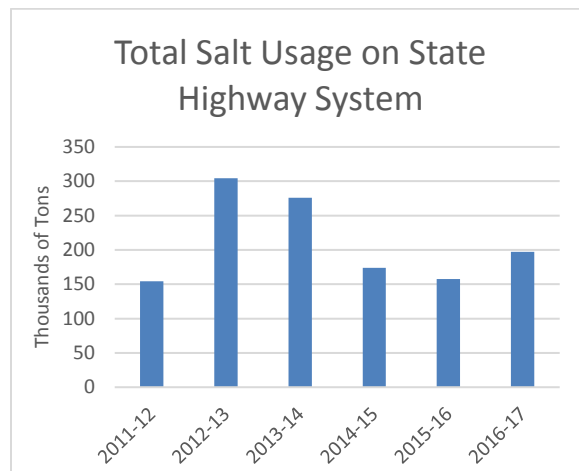
Equity is a key component of a sustainability and efforts to promote equity and inclusion will have an important role in the Chief Sustainability Office.

IT Related Proposals:

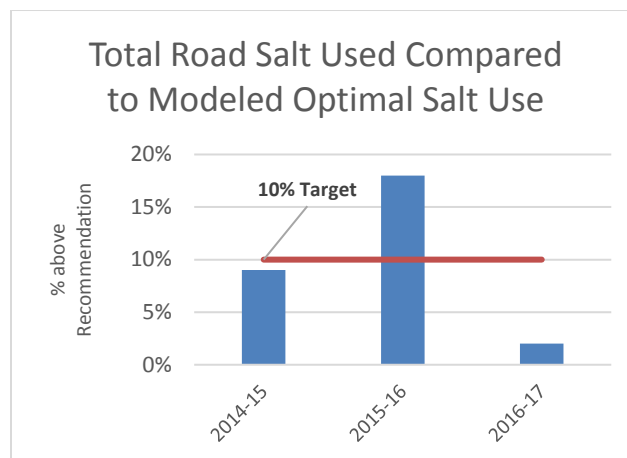
There is not an anticipated IT impact, though there is a potential cost related to equipping MnDOT staff and the vehicles they operate with the necessary tools and technology to implement the sustainability strategies discussed in this proposal.

Results:

MnDOT has set a five year goal of reducing the amount of salt used in snow and ice activities. As illustrated in the graph below, overall, salt usage has been declining. There are several factors that influence the amount of salt used, including wind speed, gusts and direction, and precipitation type, duration, and amount. Due to salt's reduced effectiveness at low temperatures salt use and winter severity do not correlate.



MnDOT is working toward meeting the salt use recommendation of the MDSS. MnDOT is working to reduce salt usage to within 10 percent of the recommended MDSS usage. While MnDOT has moved toward MDSS recommendations, MDSS testing and analysis suggests that salt use still exceeds the level recommended by MDSS (incomplete data may contribute to the significant decrease between 2015-16 and 2016-17).



Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Pavement Preservation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	10,000	10,000	10,000	10,000
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	10,000	10,000	10,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends a base increase of \$10 million from the Trunk Highway Fund to provide additional funding for pavement preservation, allowing the agency to strategically plan repairs and utilize durable pavement preservation techniques.

Expenditures for pavement preservation were \$50 million in FY17 and \$51 million in FY18. Past legislative sessions have provided one-time funding, including \$10 million in FY14 and \$2 million in FY15.

Rationale/Background:

Overall, MnDOT expects that the miles of pavement in poor condition will increase significantly by the end of the 20-year planning period. Pavement condition is expected to decline due to two key factors: limited funding and the age of Minnesota's roadways, many of which were constructed more than 40-years ago and require more expensive fixes. This trend requires an increase in preventive pavement maintenance. Durable pavement preservation techniques are used for preventive pavement surface treatment repairs to positively impact customer satisfaction through smoother rides and extended pavement life.

Proposal:

A base increase dedicated to pavement preservation will allow MnDOT to conduct more preventive pavement maintenance. The funding will be dedicated for equipment and materials to conduct work across the state road system. Due to recent innovative efforts, MnDOT has successfully implemented other techniques to provide longer lasting durable pavements as a cost-effective way of keeping roads in good condition. Applying these treatments before roads deteriorate not only provides the traveling public with roads in better condition, but also reduces overall life-cycle costs. Examples of these longer lasting pavement preservation techniques are: mastic patching, micro-surfacing, and slurry seals.

Equity and Inclusion:

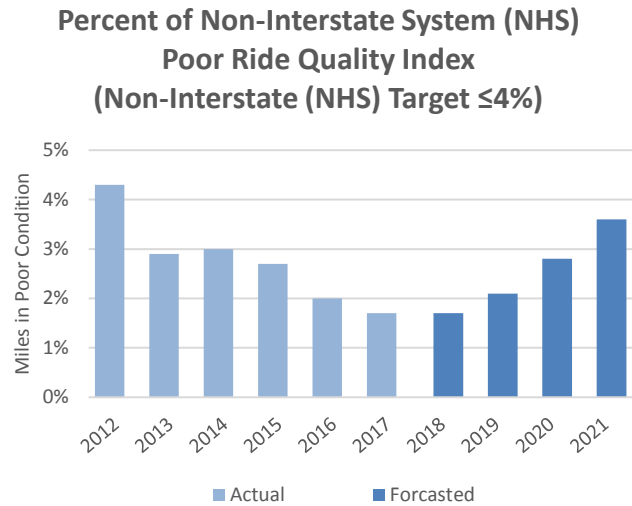
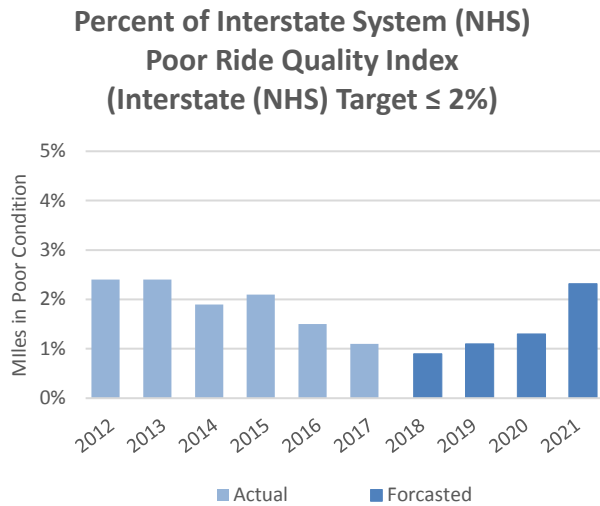
This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

Pavement condition is measured by the percent of miles of highway in poor condition. The system condition is projected to be declining after 2018.



Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Safety Culture

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	1,335	650	650	650
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,335	650	650	650
FTEs	3	3	3	3

Recommendation:

The Governor recommends a Trunk Highway Fund base appropriation increase of \$650,000 starting in FY20. This funding request includes \$685,000 in one time funding in FY20.

Rationale/Background:

MnDOT highly values its employees, their personal safety, and the safety of the traveling public. Safety is a core value of MnDOT and therefore, additional investments in safety are needed to lower our injury/accident rates. These investments will provide dedicated and additional safety professionals to properly train, equip, monitor, and protect MnDOT employees and ultimately, the traveling public.

Proposal:

This request would include two trainers and a data analyst. They would provide safety compliance training throughout the districts. The training will include data and information that emphasize the need to work safe, provide information on how to remain safe, and help celebrate this success. This will reduce injury and accident rates with a direct impact on our claim rates and improving the work environment for all employees. Accurate and real time data is also needed to forecast where our resources would be best utilized. The balance of the request is needed for training, equipment, and tools to manage the safety program and achieve outcomes that align with the Strategic Operating Plan.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

MnDOT has set a self-imposed goal of reducing OSHA recordable injuries by 25 percent. Additional investments in training and equipment will provide the organizational structure and programming needed to reach that goal. In meeting the goal, the number of personal injury and property (damage to equipment) claims will be reduced and productivity will increase. Furthermore, MnDOT will have an engaged and healthy workforce that provides high levels of service to the traveling public.

Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Road Equipment Fund

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	10,000	10,000	10,000	10,000
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	10,000	10,000	10,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends a base increase of \$10 million in the Trunk Highway Fund for an enhanced fleet replacement plan. The goal is to meet the performance measure target of 90 percent of our fleet within lifecycle. Currently, the agency allocates \$20 million from the Trunk Highway Fund. This amount falls short of covering actual need and meeting lifecycle targets.

Rationale/Background:

MnDOT's operations and maintenance activities are dependent on a large fleet of equipment with varying lifecycles. Road equipment funding is not able to keep up with the need to replace fleet equipment at the end of their economic lifecycle. This results in a severe backlog on equipment replacements. For instance, MnDOT currently has 181 plow trucks out of lifecycle, based on a 14 year standard with a replacement value of approximately \$40 Million. The 14 year cycle is based on funding and a commitment to build 57 plow trucks annually. Increased funding of equipment will allow for an enhanced fleet replacement plan, with equipment being replaced at or near their scheduled retirement dates.

Equipment past its lifecycle is more expensive to keep operational and therefore less productive. MnDOT has been unable to meet its performance measure target of having 90 percent of its fleet within lifecycle since its inception in 2002. Currently 27 percent of MnDOT's fleet (3,000 units) is past its established lifecycle. The estimated value of replacing these units is approximately \$100 million.

Proposal:

MnDOT proposes increasing the current level of funding to eliminate the existing fleet equipment lifecycle gap. This request will allow MnDOT to replace equipment on schedule, reducing equipment repair costs, unscheduled downtime, and the need for reserve equipment. Current road equipment fleet replacement value is over \$500 million. The current budget only allows for the replacement of less than 4 percent annually.

Equity and Inclusion:

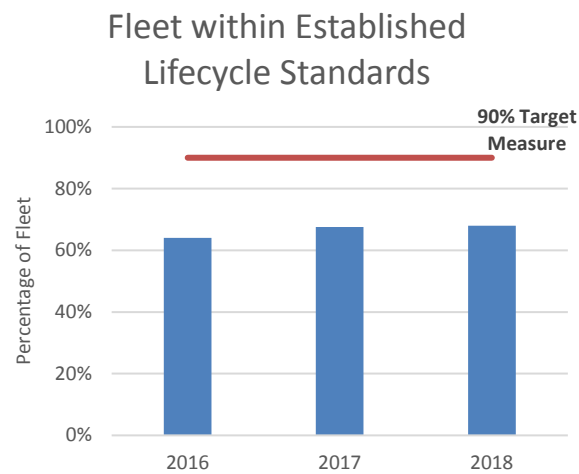
MnDOT makes every effort to purchase fleet equipment from as diverse a group of vendors as possible. Increasing the purchasing levels can open up additional opportunities for targeted vendors to participate in this process.

IT Related Proposals:

N/A

Results:

MnDOT has several internal fleet performance metrics that it uses to manage its fleet. This follows with established recommendations for state DOTs nationally. One of those metrics is the measurement of the percentage of fleet within established lifecycle standards.



Statutory Change(s):
N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Building Services Preservation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	13,280	18,700	10,000	10,000
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	13,280	18,700	10,000	10,000
FTEs	6	6	3	3

Recommendation:

The Governor recommends a base increase to the Trunk Highway Fund for the Building Services appropriation to maintain the critical statewide facilities that support department operations. The direct appropriation amount was \$28.531 million in FY18 and \$29.385 million in FY19 from the Trunk Highway Fund and \$54,000 from the General Fund in each of these years. Aside from this, larger building projects (typically over \$2 million) are funded by Trunk Highway Bond authorizations in the legislative session.

Rationale/Background:

Many of MnDOT's facilities have already reached the end of their useful life and many more will follow in the next 20 years. This proposal is intended to provide MnDOT staff and visiting public with facilities designed for modern equipment and technology that continues to ensure a safe and secure environment for all. Investing in MnDOT facilities will result in safe and accessible workplaces for MnDOT staff, with increased efficiencies and lower costs.

Each year, construction costs increase due to rising costs for labor, materials, equipment, and other factors. Although the appropriation has increased in recent years, the current funding allocation is inadequate to address the current needs, which will only increase as the building stock ages and costs rise.

Proposal:

Facilities Maintenance Program (FMP):

FMP funds are distributed to offices and districts with buildings for maintenance. Increased funding for the FMP would enable MnDOT to upgrade its current buildings to an acceptable level. MnDOT recently updated its statewide Facility Condition Assessment (FCA). This initiative, directed by the Department of Administration, is a formal and comprehensive analysis of all MnDOT facilities which is updated every three years on a rolling basis. In the most current assessment, 263 MnDOT buildings are rated fair, 58 are rated poor, and 19 have a rating of crisis/emergency – meaning they are considered unsafe to use and require major repair or replacement to restore function. The FCA data also revealed that MnDOT has significantly underfunded building maintenance, resulting in a considerable deferred maintenance backlog. FMP funding is for projects less than \$2 million.

Small Capital Program:

As part of its mission to provide service to the traveling public across the state, MnDOT owns and maintains nearly 1,075 buildings (of which 187 are radio equipment shelters) at 269 sites. This includes more than 150 truck stations and regional offices in addition to many storage buildings for salt, materials, and equipment. Small Capital Program funding is for projects over \$2 million. Additional funding for MnDOT's small capital building projects would improve our ability to plan projects across years and take advantage of better letting times to improve bids.

The goal of these programs is to put the MnDOT building replacement program on a 50-year lifecycle; the typical lifecycle of an industrial/commercial building. In addition, the building construction program will focus on the entire facility campus instead of singular building replacements. This work complements and enhances the building services construction program planning that is already occurring. Additionally the increase in maintenance funds will help to keep the current buildings at an acceptable level.

The Department of Administration and the State Designer Selection Board assist MnDOT in replacing outdated and obsolete MnDOT buildings. MnDOT currently has delegated purchasing authority for projects up to a bid amount of \$2 million to the Department of Administration. The current cost of one MnDOT truck stations is now approaching this delegated authority, and as result the Department of Administration will be required to assist MnDOT on more projects.

Land Acquisition:

Create a readily accessible base funding source for land acquisition to support the additional projects identified in the 10-year Capital Facilities Investment Plan (CFIP). The CFIP provides the framework for project delivery for the next four years. Land acquisition is a priority when a capital building project is programmed. Acquisition activities are needed at least four years in advance to meet building delivery schedules (scoping, design selection board process, legislative design & construction funding requests, construction phase). Current funding sources cannot sustain land acquisition costs due to the demand for capital improvement and preservation maintenance projects.

Security Upgrades to Facilities:

Safety and security is a priority for the agency and this funding ensures upgrades are realized at facilities state-wide. Facility upgrades are based on security assessments showing that current configurations have associated risks. Upgrades to MnDOT's Central Office built in 1957, at 395 John Ireland Boulevard, include; securing entry points from unauthorized access, limiting lobby elevators to staff and authorized associates, and installing bullet resistant and tinted windows. In addition, current assessments are being completed to analyze and determine security enhancement at other MnDOT facilities throughout the state.

Other Building Enhancements:

MnDOT is focused on optimizing facilities to meet the needs of a mobile workforce. Projects would provide employees with the space they need to be efficient, deliver modern and appropriate infrastructure for staff, and create spaces that improves inclusivity to all workers. Alternatives, such as renting separate facilities, have been evaluated and far surpass the cost of these office space enhancements. Other building enhancements and accommodations would include truck station pavement, roofing, ADA compliance, single user restrooms, and lactation or quiet rooms.

The Building Services program is delivered by a staff of architects, engineers, planners, and technicians. An increase in the construction program will require approximately three new FTEs or a combination of FTEs and consultants to manage scoping, design, bidding, and construction. In addition, three FTEs for FY20-21 would be required to manage and oversee the proposed security and building enhancement projects.

Equity and Inclusion:

In addition to complying with the Americans with Disabilities Act, this will provide better accessibility for MnDOT employees and the general public. Investments in MnDOT's building program will provide additional contracting opportunities to certified small businesses.

IT Related Proposals:

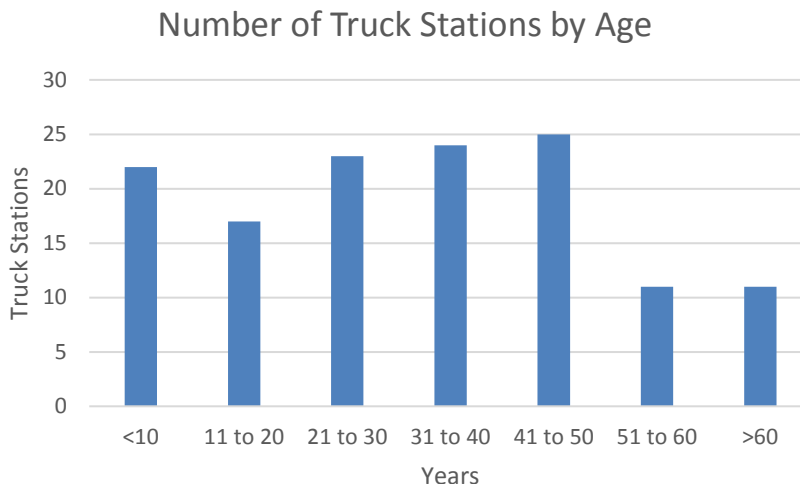
N/A

Results:

Benefits will be directly measured by improved scores on the periodic FCA and a subsequent decrease in the estimated value of deferred maintenance. Deferred maintenance is the total of essential, but unfunded, facilities maintenance work necessary to bring facilities and collateral equipment to the required acceptable facilities maintenance standards. This is the total work that should be accomplished in order to maintain the facilities but cannot be achieved within available resources.

The Facility Condition Index (FCI) is a ratio comparing the total deferred maintenance for a building to its estimated replacement value. The current replacement value of all MnDOT buildings is approximately \$1.27 billion and the FCA algorithmically derived deferred maintenance is approximately \$186 million. The average condition of all buildings in the MnDOT portfolio is “fair” on the tiered condition scale. The goal is to make strategic investments to improve the portfolio average, and then continue to apply necessary resources to maintain them at that level.

The graph below indicates, many of our buildings have already exceeded their expected service life of 50 years. Currently, 22 MnDOT truck stations exceed that number. In the next 20 years 49 more truck stations will be 50 years old. In certain locations, replacement of a facility is warranted functional obsolescence to accommodate snow fighting equipment. 20 MnDOT facilities are now too small to safely accommodate the plow trucks they must house.



Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Strategic IT Initiatives

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Funds				
Expenditures	1,585	1,593	1,593	1,593
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,585	1,593	1,593	1,593
FTEs	8	8	8	8

Recommendation:

The Governor recommends an increase to the Trunk Highway Fund appropriations for engineering application and technology rapid response support to deliver technology investments to the state's customers. The request includes an approximate \$1.6 million base increase beginning in FY2020.

Rationale/Background:

MnDOT's priority technology initiatives are designed to enable MnDOT to implement new, modern, and supported technology systems critical to supporting Minnesota's multimodal transportation system. These investments create opportunities for more modern and innovative technology solutions for a more efficient transportation system.

Engineering Application Support – Provide expert support and guidance for critical engineering and construction specific technical software. Increased program capacity will enable business coordination and analysis of future 3D implementation and related computer-aided design and drafting standards, policies, and development. MnDOT will move from traditional document-based project delivery and asset management to a system based upon leveraging data. This initiative and related technology will advance MnDOT's ability to collaborate with industry partners and other governmental entities.

Technology Rapid Response Support – In partnership, MnDOT and MNIT at DOT are seeking to improve MnDOT's ability to address new technology needs and leverage emerging technology opportunities with a nimble and responsive IT review team. MnDOT employees are continually identifying opportunities to partner with private industry to implement enhanced tools and systems, however MnDOT must ensure due diligence with the State's data, technology, and cybersecurity standards. MnDOT's ability to innovate, modernize, and respond to opportunities is dependent on the agency's capacity to perform critical technical and security analyses.

Proposal:

MnDOT is striving to identify, develop, and implement innovative ways of delivering products and services to the state's customers. To achieve this goal, MnDOT is proposing support for critical advancements in engineering design technology, upgraded technology management and compliance, and increased capacity to explore and launch new innovations to serve MnDOT's constituents.

Equity and Inclusion:

IT investments provide significant opportunities to both attract skilled and diverse employees, as well as contracting with Disadvantaged Business Enterprises and Targeted Group Businesses.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll	1,016	1,016	1,016	1,016	1,016	1,016
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT)	569	577	577	577	577	577
Total	1,585	1,593	1,593	1,593	1,593	1,593
MNIT FTEs	5	5	5	5	5	5
Agency FTEs	8	8	8	8	8	8

Results:

With this proposal, MnDOT would have increased capacity to fully leverage new and emerging technology, ensuring efficient and modern transportation development and delivery. Specifically, this proposal will advance MnDOT's engineering and construction technology to create increased opportunities for industry collaboration and data-driven decision making.

Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Snow and Ice Contingency

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Trunk Highway Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends amending the snow and ice appropriation contingency statute to allow access to the contingency when 100 percent of the spending target is reached for direct snow and ice management costs, instead of 110 percent. The statute would also be amended to make the contingency apply to each fiscal year instead of the biennium.

Rationale/Background:

MnDOT received new statutory language in 2017 (M.S. 174.57) which authorized MnDOT to spend unappropriated Trunk Highway Fund balances on snow and ice activities in any fiscal year where snow and ice spending exceeds 110 percent of the biennial budget for snow and ice activities. This contingency language allows for MnDOT to spend additional resources on snow and ice during harsh winters, without having to reduce spring and summer maintenance activities or request additional funding from the Legislature.

Since the contingency spending cannot be triggered until the biennial target is met, the language provides no help in the first year of a biennium if it's an expensive winter. Also, requiring MnDOT to exceed 110 percent of the target requires MnDOT to identify and reserve that 10 percent portion from other activities, which is counter to the intent of the legislation.

Proposal:

The proposal would amend statute so that the contingency language would be based on each fiscal year rather than the biennium. It would make the fund balance available when spending exceeds 100 percent of the target, so that MnDOT would not have to identify the additional 10 percent each year.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

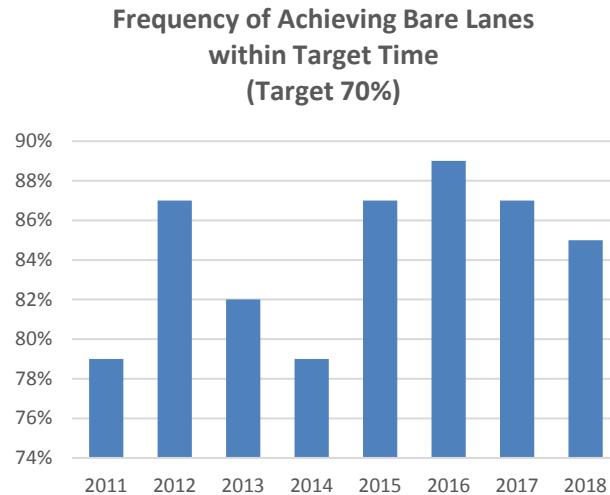
N/A

Results:

Amending this statute will allow MnDOT as an agency to better plan maintenance activities that are currently dependent upon the severity of the winter. The agency will have the option to draw from the unappropriated fund balance to fund amounts that cannot be covered from the existing budget. With the ability to utilize the unappropriated fund balance, the agency could continue to plan for maintenance work in the spring and summer

by ordering needed materials and getting staff on board to be ready when the season arrives. This will provide a more constant source of funding for all MnDOT's services, allow better planning, allow the timely purchase of materials and equipment to gain better price points and maintain a constant staffing complement.

To assess plowing performance, MnDOT evaluates each snow plow route after each snowstorm. The goal is to return the road to an acceptable driving condition in a prescribed amount of time ("time to bare lane"). The target time varies by the amount of traffic on the road. MnDOT's goal is to meet the plowing target for each roadway 70 percent of the time in a season. MnDOT has met this goal in nine of the last ten seasons (FY 2009 was 67 percent). Winter weather severity varies significantly from year to year and from region to region.



Statutory Change(s):

[M.S. 174.57](https://www.revisor.mn.gov/statutes/cite/174.57) (<https://www.revisor.mn.gov/statutes/cite/174.57>)

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Utility Relocation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends revising M.S. 161.46, Subd. 2, so that utilities on Interstate right-of-way must be relocated at the utility company's expense. This would only apply to utilities placed after passage of this change, grandfathering in all existing utilities. The expectation is that no benefit to the Trunk Highway Fund would occur until after the forecast period.

Rationale/Background:

When the Interstates were first being constructed it was not uncommon to encounter utilities already located within the proposed right-of-way. This requirement continues to apply, even when utilities are placed within existing Interstate right-of-way with the understanding that they may be required to move in the future.

Proposal:

This proposal would no longer require the state pay for utilities relocation when the relocation is necessary due to a construction project within the right-of-way where the utility facility is located. The number of permits to locate within the right-of-way is increasing. Compared to 2011, the number of permits tripled in 2017, approximately 110.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

This change in statute and practice would result in more dollars available for highways and bridges. Since this would only apply to utilities placed after the passage of this change, we assume no relocations will be required during the budget timeframe, so no cost savings would occur.

The cost of the current approach can be significant. On the Hwy 169/I-494 project, utility relocations added up to about 10 percent of the project costs (about \$14 million). In the last 14 years, it has averaged approximately \$4.2 million per year.

Statutory Change(s):

M.S. 161.46, subd. 2

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Drone Enforcement and Regulation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
State Airport Fund				
Expenditures	0	0	0	0
Revenues	(26)	(32)	(41)	(51)
Net Fiscal Impact = (Expenditures – Revenues)	(26)	(32)	(41)	(51)
FTEs	0	0	0	0

Recommendation:

The Governor recommends creating new provisions in law related to unmanned aircraft systems (drones). One relates to a change in fees by reducing the registration fee for small drones from \$100 to \$25 annually. It is anticipated this will result in a large increase in the number of drones registered, which will result in greater compliance with state statutes.

Rationale/Background:

There is substantial non-compliance with existing drone registration requirements. The Federal Aviation Administration (FAA) registration database has 2,558 non-hobbyist drones registered to Minnesota addresses, but the MnDOT database has only 574 drones registered. The state registration structure imposes a minimum annual registration fee of \$100. Although this may be appropriate for manned aircraft, as even the least expensive new aircraft cost tens of thousands of dollars, some commercial operators are using drones with retail prices of as little as \$600. Additionally, some commercial operators report not registering portions of their fleet and not using those aircraft in Minnesota to avoid registration fees.

While manned aircraft benefit from the investment of MnDOT in airports and navigational aids, operators of small unmanned aircraft do not operate from airports or use the navigational aids funded by MnDOT. Reducing the registration fee better reflects the investment of MnDOT into supporting the drone community. This proposal only decreases the registration fee for small drones (those between 0.55 and 55 pounds) since it is expected the larger drones of the future will use more of the existing aviation infrastructure.

Increased compliance with registration requirements will allow the agency to better understand how drones are being used in Minnesota. Having an accurate database of drone operators would allow MnDOT to disseminate safety critical information to drone operators when necessary. Overall, these regulations will help to ensure aviation safety.

This proposal seeks to harmonize state and federal aviation law, and reduce barriers to commercial operation of drones in Minnesota. Current statute imposes requirements on drone operators that were developed for manned aircraft. This can interfere with the implementation of drone technology. Although Minnesota is 15th in the nation in the number of manned aircraft pilots, Minnesota is 40th in the ratio of remote pilots to manned pilots, which suggests that Minnesota is lagging in adoption of this new technology.

Proposal:

The portion of the proposal related to fees would make minor edits to Minnesota Statutes Chapter 360 to more explicitly allow MnDOT to regulate use of drones through aircraft registration and commercial operator licensing. It will also allow commercial drone operators to use on-demand insurance to meet the insurance requirements of M.S. 360.59. One of the changes would require small drones to be registered for a fee of \$25. Currently, a drone is considered an aircraft and subject to, typically, an annual \$100 registration fee. An estimated decreased revenue has been calculated by utilizing FAA estimates of drone growth, and a very rough estimate of the increased percentage of drones to be registered in Minnesota (growing from about 20 percent currently to 60 percent).

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

For the fee portion of the changes, increased compliance would be indicated by an increase in the ratio of the number drones registered with the state of Minnesota to the number of non-hobbyist drones registered with the FAA using Minnesota addresses. Overall, reduction of barriers to commercial drone operation would be indicated by a shift in the ratio of remote pilots to manned aircraft pilots.

Statutory Change(s):

The fee change would be in M.S.360.55; other M.S. 360 changes are also proposed.

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Capital Investment Bill Debt Service

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
<i>Debt Service – GO Bonds</i>	15,954	58,199	65,064	61,677
<i>Debt Service – Appropriation Bonds</i>	0	0	0	4,800
<i>Cash-Financed Projects</i>	1,920	0	0	0
Expenditures	17,784	58,199	65,064	66,477
Trunk Highway Fund				
Expenditures	1,272	5,119	7,944	8,504
Net Fiscal Impact = (Expenditures – Revenues)	19,146	63,318	73,008	74,981
FTEs	0	0	0	0

Request:

The Governor recommends \$82.464 million in FY 2020-2021 to support his 2019 capital budget recommendations. Of this total:

- \$76.073 million is from the general fund to pay for cash-financed projects and debt service on \$1.018 billion in general obligation bonds and \$120 million in appropriation bonds.
- \$6.391 million is from the trunk highway fund for debt service on \$92 million in trunk highway bonds.

Rationale/Background:

The Governor recommended a total of \$1.27 billion in capital projects. Both general fund cash and debt service are needed to finance these projects.

Proposal:

More information about the Governor's 2019 capital budget recommendations can be found in the "Current Capital Budget" section of MMB's website.

Equity and Inclusion:

The Governor's 2019 capital budget includes 73 individual projects. Of those, 37 are statutory programs that impact projects across the state, 20 projects are located in the metro-area, and 16 projects are located in greater Minnesota.

Results:

This recommendation will allow the state to meet its financial obligations with respect to debt service and the financing of capital projects.

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Passenger Rail Appropriation Reduction

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(81)	(81)	(81)	(81)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(81)	(81)	(81)	(81)
FTEs	(0.5)	(0.5)	(0.5)	(0.5)

Recommendation:

The Governor recommends decreasing the MnDOT Passenger Rail general fund appropriation by \$81,000 each year. This would result in a decrease in compensation, approximately 0.5 FTEs.

Rationale/Background:

Passenger rail works in partnership with local governments and regional rail authorities, neighboring state Departments of Transportation, community groups and corridor advocates to deliver passenger rail services that are federally compliant, environmentally friendly and sustainable to connect Minnesota with the national passenger rail system. Currently, staff is working on the development of priority passenger rail corridor projects identified in the Statewide Freight and Passenger Rail Plan, specifically the Twin Cities to Duluth (Northern Lights Express or NLX) and the second train between the Twin Cities and Chicago. Corridor development activities include environmental review, preliminary engineering, and design.

Proposal:

Currently the MnDOT Passenger Rail Office base budget is sufficient for 2.5 FTEs and related needs. This proposal would eliminate 0.5 FTEs from the budget.

Equity and Inclusion:

This proposal is not expected to impact equity or inclusion.

IT Related Proposals:

N/A

Results:

The resulting change in General Funds is expected to be minimal. The two existing FTEs would continue to perform planning and development activities for the priority projects identified in the Statewide Freight and Passenger Rail Plan. However, if additional funding was provided for these projects in the future, the reduction may limit or delay services required in planning, developing and overseeing these passenger rail corridors.

Statutory Change(s):

N/A

Transportation

FY 2020-21 Biennial Budget Change Item

Change Item Title: Impact on Transportation Funds for DPS Funding Recommendations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Highway User Tax Distribution				
Expenditures (DPS)	5,831	5,772	5,772	5,772
Transfer Out (MnDOT)	(5,831)	(5,772)	(5,772)	(5,772)
Trunk Highway				
Expenditures	0	0	0	0
Transfer In	(3,434)	(3,399)	(3,399)	(3,399)
County State Aid Highway				
Expenditures	(1,898)	(1,879)	(1,879)	(1,879)
Transfer In	(1,898)	(1,879)	(1,879)	(1,879)
Municipal State Aid Street				
Expenditures	(499)	(494)	(494)	(494)
Transfer In	(499)	(494)	(494)	(494)
Net Fiscal Impact (MnDOT) = (Expenditures – Revenues)	(3,434)	(3,399)	(3,399)	(3,399)
FTEs	0	0	0	0

Recommendation:

The Governor recommends an \$11.6 million appropriation increase in the Highway User Tax Distribution (HUTD) Funds in FY20-21 for multiple Department of Public Safety (DPS) transportation related change items.

Rationale/Background:

Per the Minnesota State Constitution, Article XIV and Minnesota Statutes 161.081, transportation tax revenues are deposited in the HUTD Fund. From there, HUTD Fund revenues are allocated to the Trunk Highway (TH), County State Aid Highway (CSAH), and Municipal State Aid Street (MSAS) Funds. These transfers are allocated after reducing the available revenues for appropriations for Departments of Revenue and Public Safety. As a result of the proposed HUTD funding increases for DPS, the corresponding transfers to the TH, CSAH, and MSAS Funds would be proportionally reduced at the following percentages:

Fund	Agency	Percentage	Overall Percentage
Trunk Highway	MnDOT	62% of 95%	58.90%
County State Aid Highway	MnDOT	29% of 95% + 5%	32.55%
Municipal State Aid Street	MnDOT	9% of 95%	8.55%

Also, because the funds in CSAH and MSAS are statutorily appropriated, any reductions in transfers also correspondingly reduces expenditures.

Proposal:

The Governor's FY20-21 Biennial Budget request includes the following DPS requests: Driver and Vehicle Services division staffing initiative; an HUTD Fund allocation increase; and an application server migration. Each of the

requests are funded from the HUTD Fund, and will correspondingly reduce the available net revenues to transfer to the transportation funds, as explained above.

Below is a summary of the revenue impacts by fund for each change item:

Driver and Vehicle Services Division Staffing initiative				
Fund	FY 2020	FY 2021	FY 2022	FY 2023
HUTD	<u>(471)</u>	<u>(456)</u>	<u>(456)</u>	<u>(456)</u>
TH	(277)	(269)	(269)	(269)
CSAH	(153)	(148)	(148)	(148)
MSAS	(40)	(39)	(39)	(39)

HUTD Fund Allocation Increase				
Fund	FY 2020	FY 2021	FY 2022	FY 2023
HUTD	<u>(5,226)</u>	<u>(5,226)</u>	<u>(5,226)</u>	<u>(5,226)</u>
TH	(3,078)	(3,078)	(3,078)	(3,078)
CSAH	(1,701)	(1,701)	(1,701)	(1,701)
MSAS	(447)	(447)	(447)	(447)

Application Server Migration				
Fund	FY 2020	FY 2021	FY 2022	FY 2023
HUTD	<u>(134)</u>	<u>(90)</u>	<u>(90)</u>	<u>(90)</u>
TH	(79)	(53)	(53)	(53)
CSAH	(44)	(29)	(29)	(29)
MSAS	(12)	(8)	(8)	(8)

Equity and Inclusion:

N/A

IT Related Proposals:

N/A

Results:

N/A

Statutory Change(s):

N/A

Program: Multimodal Systems

Activity: Aeronautics

dot.state.mn.us/aero/

AT A GLANCE

- 75th year as the state aviation agency
- More than 375 airports in Minnesota:
 - 135 publicly owned airports that receive state funds
 - Six privately owned airports for public use, 67 privately owned for private use
 - 30 key airports capable of supporting business jets, airfreight, and airlines
 - Nine airports provide scheduled airline service: Minneapolis-St. Paul, Rochester, Duluth, St. Cloud, Brainerd, International Falls, Thief River Falls, Bemidji, and Hibbing
 - Numerous seaplane bases and heliports, including hospital heliports
- More than 70% of Minnesota public airports receive Federal Aviation Administration (FAA) Airport Improvement Program (AIP) funds
- 55% of public airports are owned by a city with a population less than 5,000 people
- 7,000 registered aircraft
- More than 12,000 licensed pilots
- The numbers of unmanned aircraft systems (UAS i.e. “drones”) and pilots are increasing rapidly
- More than 350 commercial operators provide: agricultural spraying, aerial photography, UAS services, flight instruction, aircraft maintenance and emergency response
- Statewide navigational systems include:
 - 40 Instrument Landing Systems (ILS)
 - 36 Very High Frequency Omni-Directional Radio-Range Systems and Distance Measuring Equipment (VOR/DME)
 - 100 automated weather observation stations (AWOS)

PURPOSE & CONTEXT

Aviation allows time critical connection to destinations for the people, products, and businesses of Minnesota. It is a key component of our multimodal transportation system within the state, regionally, and around the world.

Aviation in Minnesota is more than passenger airline travel. General aviation is vital to communities across the state. Farming communities reap benefits from agricultural spraying, increasing crop yields through more efficient fertilizing. Aerial firefighting, mapping, and patrolling of utility lines help protect forested regions. In addition, mail and package deliveries, emergency response, and patient transport services benefit all Minnesota residents and businesses.

Aviation taxes support the state aviation system; these include aircraft registration taxes, sales and lease taxes on aircraft, airline flight property taxes, and aviation fuel taxes. More details are included in the [2016 Aviation Tax Report](https://www.dot.state.mn.us/govrel/reports/2016/2016-aviation-tax-report.pdf) (<https://www.dot.state.mn.us/govrel/reports/2016/2016-aviation-tax-report.pdf>).

MnDOT continues to engage and work closely with stakeholders throughout the state in developing the goals of our aviation system and identifying the needs of airports. Our aviation system is essential to communities throughout the state and through this work we ensure the effective and efficient use of the system’s resources.

SERVICES PROVIDED

As the state aviation agency, MnDOT:

- Collects aviation taxes and safeguards the long-term viability of the state airports fund
- Distributes state airport and federal funds to ensure a robust, well-balanced aviation system
- Offers technical resources and expertise to communities to preserve the utility of airports
- Plans and promotes a coordinated, cost-effective statewide system of airports
- Provides navigational systems to increase the safety and efficiency of our airspace
- Enforces state and federal safety standards through airport licensure and inspection
- Promotes aeronautics through information, education, and outreach to pilots and the public

Airports

MnDOT provides statewide aviation system planning. The [State Aviation System Plan](http://www.dot.state.mn.us/aero/planning/sasp.html) (SASP) (<http://www.dot.state.mn.us/aero/planning/sasp.html>) serves to benchmark the state of aviation in Minnesota, establish the current condition of the airport system, and provide investment guidance by identifying performance gaps, quantifying needs, and promoting efficiency in operations. The SASP is currently being drafted and statewide public outreach is underway.

Construction projects and infrastructure improvements ensure continued safety, reliability and access to the transportation system. MnDOT partners with airport sponsors and the FAA to maximize federal dollars applied to projects in Minnesota. State construction funds are awarded based on a statewide prioritization system that considers: project purpose, airport classification, airport component, and type of project.

Generally projects that provide for safety and essential air navigation and are physically on the airfield score higher than projects that enhance ground-side services such as fueling and baggage loading equipment. Federal construction funds are awarded based on FAA AIP eligibility and nationwide competition. Starting in FY 2015, FAA projects were supported with 90 percent FAA, 5 percent state and 5 percent local funds. The 5 percent state match enables our smallest communities to be eligible for an FAA grant to afford the local share.

MnDOT also distributes state funds to public airports (with the exception of the Minneapolis-Saint Paul International airport) for maintenance and operation activities, such as keeping runways free of snow and ice, equipment purchases, building utilities, and upkeep. Maintenance and operation funds are distributed based on a formula that considers the area of runway and taxiway, the size of lighting systems, and available funding. Each grant has a state and local cost share and a maximum reimbursement amount. Maintenance and operation values for each eligible airport were recalculated for the 2016-17 biennium after remaining at a constant level since 2009.

Aviation Safety, Operation and Regulation

MnDOT provides the inspection and licensing of airports, permitting of tall towers, licensing of commercial operators, registering aircraft, and ensuring regulatory compliance. Each year MnDOT inspects a third of the public use airports for compliance with minimum safety standards and airport licensing requirements. Inspection results help airport managers identify areas for improvement, including needed investments. Information from the inspection is also provided to the FAA and published in airport directories to enhance safe use of the aviation system. During inspections MnDOT discusses needed safety improvements, best practices in operations and maintenance, and economic development opportunities.

UAS, also known as drones, are generally defined as aircraft under state and federal law. MnDOT's regulatory and tax collection roles in aviation extend to UAS as well. How the aircraft is used is the determining factor in which regulations must be followed. For example, regulations for recreational users vary from those for commercial users. An on-going challenge is the large number of UAS users that are new to aviation and are therefore unaware of aviation regulations and the consequences of non-compliance. The current national fleet of 1 million drones is

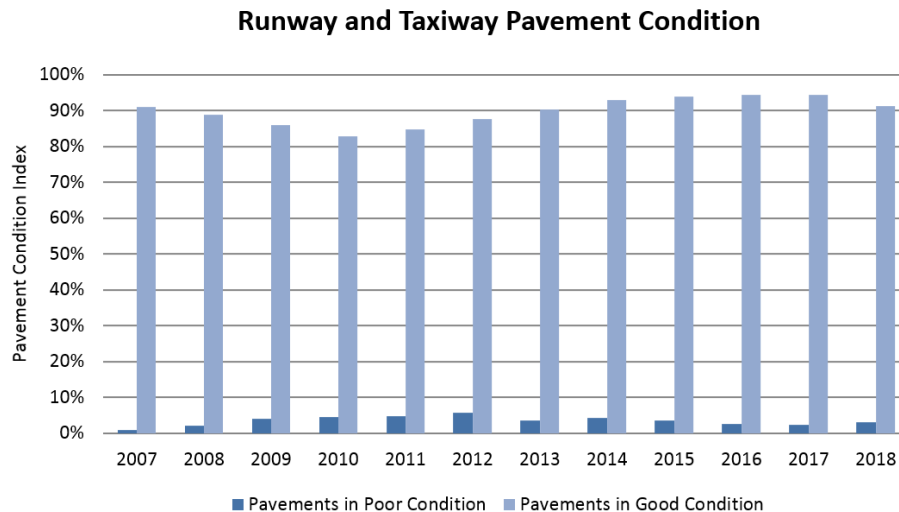
expected to double by 2022. In Minnesota, we see similar trends with continued growth in recreational, commercial, and government use of UAS for a wide variety of activities. We continue to partner with FAA, UAS organizations, and others to increase education efforts.

Education and training programs (Airport Technical Assistance Program (AirTAP), Maintenance Technicians Conference, etc.), pilot safety, and information services (airport directory and navigational chart) also enhance the overall safety of the aviation system. For more than 25 years, Aviation Career Education (ACE) camps have been held annually and co-hosted by MnDOT and the FAA. These camps serve to prepare the next generation of aviation professionals for careers in a wide variety of aviation fields.

RESULTS

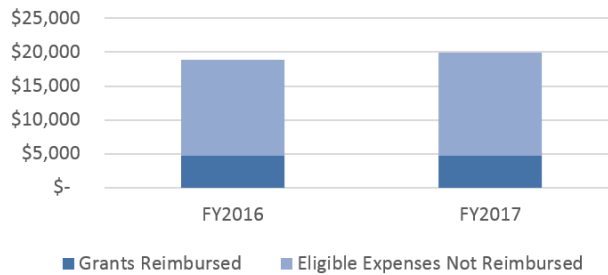
Airports

A measure of the quality of the airport system is the Runway Pavement Condition Index (PCI). A score between a scale of zero and 100 is assigned based on a physical inspection of runway and parallel taxiway pavements. The scale ranges from zero (indicating the worst possible condition) to 100 (considered the best condition). Targets are set with a goal of 84 percent of runway pavements in good or better condition and no more than four percent of pavements in poor condition. Pavement condition tends to be cyclical over time, related to available funding programs. Percent of pavements in good condition peaked between 2015 and 2017, while percent of pavements in poor condition were around three percent.



As illustrated below, grants distributed to public airports for maintenance and operation activities met nearly a fourth of the funds expended to operate and maintain public airports in 2016 and 2017. Larger airports have a greater gap in reimbursements, with 29 smaller airports having all maintenance and operation needs met in 2016 and 26 airports in 2017.

Maintenance & Operation Grants (\$ in thousands)



In addition, one of the most common causes of aviation accidents is continued flight in deteriorating weather conditions. Providing weather stations at multiple airports creates a reliable network of weather information available along any flight route, enhancing safety. Ground based navigation systems provide pilots better access to airports in weather conditions when visibility is limited by clouds, fog, rain, or snow.

MnDOT owns, operates, and maintains a system of navigational aids and weather stations that enhances federally owned systems. Additionally, pilots can check weather conditions, get updated airport information, and file flight plans at MnDOT provided computers at airports. The 2012 SASP reports 100 percent of system airports meet the target of having weather reporting stations on-site or are within 30 nautical miles of an airport that has weather reporting on-site.

Chapter 360 Airports and Aeronautics M.S. 360.011-360.93 (<https://www.revisor.mn.gov/statutes/?id=360>) provides the legal authority for this activity.

Aeronautics

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	14							
2700 - Trunk Highway	1,214	1,226	1,463	1,639	1,623	1,623	1,635	1,650
2720 - State Airports	28,288	23,281	30,035	29,742	20,632	20,632	25,332	25,332
2721 - Hanger Loan Revolving			800	(800)				
2722 - Air Transportation Revolving	749	589	888	982	982	982	982	982
3000 - Federal	47,386	46,815	52,719	147,961	120,000	120,000	120,000	120,000
Total	77,651	71,910	85,905	179,524	143,237	143,237	147,949	147,964
Biennial Change				115,868		21,045		30,484
Biennial % Change				77		8		11
Governor's Change from Base								9,439
Governor's % Change from Base								3

Expenditures by Category

Compensation	3,666	3,892	3,768	4,201	4,310	4,366	4,322	4,393
Operating Expenses	5,701	4,270	4,819	5,432	4,624	4,579	6,274	6,229
Grants, Aids and Subsidies	66,949	62,805	76,290	168,639	133,244	133,244	136,294	136,294
Capital Outlay-Real Property	1,081	900	942	1,150	950	950	950	950
Other Financial Transaction	254	43	87	102	109	98	109	98
Total	77,651	71,910	85,905	179,524	143,237	143,237	147,949	147,964

Full-Time Equivalents

35.38	38.86	36.24	38.50	38.50	38.50	38.50	38.50
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Aeronautics

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Receipts	14							
Expenditures	14							
Biennial Change in Expenditures				(14)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2700 - Trunk Highway

Balance Forward In		136		16				
Direct Appropriation	1,350	1,350	1,479	1,623	1,623	1,623	1,635	1,650
Cancellations		260						
Balance Forward Out	136		16					
Expenditures	1,214	1,226	1,463	1,639	1,623	1,623	1,635	1,650
Biennial Change in Expenditures				662		144		183
Biennial % Change in Expenditures				27		5		6
Governor's Change from Base								39
Governor's % Change from Base								1
Full-Time Equivalents	3.20	3.45	3.68	3.50	3.50	3.50	3.50	3.50

2720 - State Airports

Balance Forward In	1,581	1,942	1,075	6,852				
Direct Appropriation	28,109	22,109	35,812	22,921	20,632	20,632	25,332	25,332
Transfers In	80	712	12,703					
Transfers Out	81	712	12,703	31				
Cancellations		120						
Balance Forward Out	1,402	650	6,852					
Expenditures	28,288	23,281	30,035	29,742	20,632	20,632	25,332	25,332
Biennial Change in Expenditures				8,208		(18,513)		(9,113)
Biennial % Change in Expenditures				16		(31)		(15)
Governor's Change from Base								9,400
Governor's % Change from Base								23
Full-Time Equivalents	32.18	35.41	32.56	35.00	35.00	35.00	35.00	35.00

Aeronautics

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

2721 - Hanger Loan Revolving

Balance Forward In	2,074	2,323	2,728	2,272	2,672	3,072	2,672	3,072
Net Loan Activity	246	405	344	(400)	400	400	400	400
Balance Forward Out	2,320	2,728	2,272	2,672	3,072	3,472	3,072	3,472
Expenditures			800	(800)				
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2722 - Air Transportation Revolving

Balance Forward In	574	533	573	597	515	433	515	635
Receipts	705	629	912	900	900	900	1,102	1,102
Balance Forward Out	530	573	597	515	433	351	635	755
Expenditures	749	589	888	982	982	982	982	982
Biennial Change in Expenditures				532		94		94
Biennial % Change in Expenditures				40		5		5
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Receipts	47,386	46,815	52,719	147,961	120,000	120,000	120,000	120,000
Expenditures	47,386	46,815	52,719	147,961	120,000	120,000	120,000	120,000
Biennial Change in Expenditures				106,480		39,320		39,320
Biennial % Change in Expenditures				113		20		20
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Multimodal Systems

Activity: Transit

dot.state.mn.us/transit/

dot.state.mn.us/saferoutes/index.html

dot.state.mn.us/bike/

dot.state.mn.us/peds/

AT A GLANCE

- All 80 counties in Greater Minnesota served
- 37 Greater Minnesota public bus systems funded in FY18
- 147 wheelchair-accessible buses funded for public and non-profit run systems in FY18
- 9 Regional Transportation Coordinating Council project development grants funded in FY18
- 41 Safe Routes to Schools projects funded for \$2.8 million in FY18
- Completed the designation of the North Star Bicycle Route, United States Bicycle Route 41.
- Partnered with the Minnesota Department of Health and completed the Minnesota Walks Plan in 2016

PURPOSE & CONTEXT

The Office of Transit and Active Transportation (OTAT) supports transit services to all 80 non-metro counties to meet the needs of transit users and support walking and bicycling statewide. MnDOT continues to work to increase the use of transit, bicycling, and walking as a percentage of all trips statewide. OTAT also works closely with the Metropolitan Council on the planning, development, design, and construction of major transit projects in the Twin Cities metro area.

MnDOT engages our customers to provide planning and policy direction for transit, walking, and bicycling routes on a statewide basis. This includes the needs of our partners and implementing best practices in planning for and investing in transit facilities and pedestrian infrastructure.

SERVICES PROVIDED

Transit Planning and Grants

OTAT provides funding grants, planning support and technical assistance to:

- Public bus service outside the Twin Cities metro area, including grants to purchase buses and bus facilities: [Public Transit Participation Program](http://www.dot.state.mn.us/transit/grants/5311/index.html) (<http://www.dot.state.mn.us/transit/grants/5311/index.html>). Grants are issued to: public, private, and nonprofit operators, as well as local, state, and tribal governments.
- Programs for travel options focused on seniors and persons with disabilities: [Enhanced Mobility of Seniors and Individuals with Disabilities Program](http://www.dot.state.mn.us/transit/grants/5310/index.html) (<http://www.dot.state.mn.us/transit/grants/5310/index.html>).
- InterCity Bus services: [Section 5311f Minnesota Intercity Bus Program](http://www.dot.state.mn.us/transit/grants/5311f/index.html) (<http://www.dot.state.mn.us/transit/grants/5311f/index.html>), includes State and Federal funding to support intercity bus transportation service to non-urbanized communities within Minnesota.
- [Regional Transportation Coordinating Council](http://www.dot.state.mn.us/transit/grants/RTCC/index.html) (<http://www.dot.state.mn.us/transit/grants/RTCC/index.html>), coordinates transportation providers, service agents, and the private sector with the goal to fill transportation gaps, streamline access to transportation, and provide individuals more options of where and when to travel.

Bicycle and Pedestrian Planning and Grants

OTAT walking and bicycling services and programs include:

- Providing planning for bicycle transportation and pedestrian infrastructure that promotes bicycling as an energy-efficient and healthy transportation alternative. [The Statewide Bicycle System Plan](http://www.dot.state.mn.us/bike/system-plan/pdfs/statewide-bicycle-system-plan.pdf) (<http://www.dot.state.mn.us/bike/system-plan/pdfs/statewide-bicycle-system-plan.pdf>).
- Delivering programs and resources that encourage walking and bicycling as a part of the Trunk Highway and local transportation network (e.g., Share the Road, State Bicycle Map, State Bicycle Routes, [Minnesota Walks Plan](http://www.dot.state.mn.us/peds/plan/) (<http://www.dot.state.mn.us/peds/plan/>)).
- Coordinating the statewide [Non-Motorized Traffic Monitoring Program](http://www.dot.state.mn.us/bike/research/research.html) (<http://www.dot.state.mn.us/bike/research/research.html>).
- Delivering Safe Routes to Schools Program grants for planning, education, and related projects,
- Providing strategic direction for the MnDOT-owned ABC parking ramps in downtown Minneapolis to encourage carpooling, transit, and bicycle commuting. The parking ramps serve as bridges over Interstate 394 which surrounds Target Field. The ramps are managed by the city of Minneapolis on MnDOT's behalf.

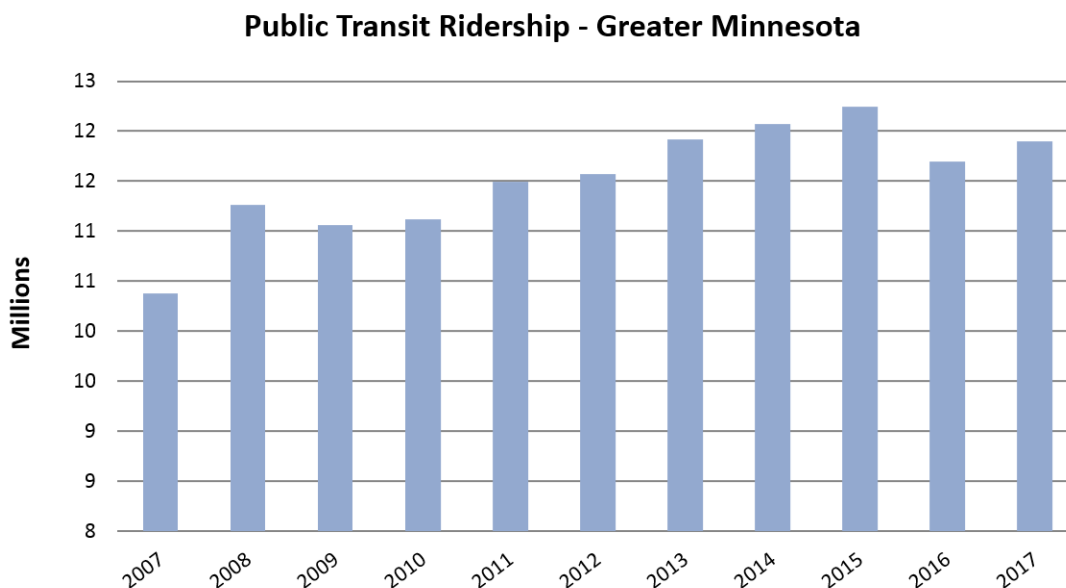
Light and Commuter Rail

OTAT assists the Metropolitan Council with planning, design, and construction of light rail transit and commuter rail. This includes operating the Northstar commuter rail and Blue Line and Green Line light rail. Work continues on the Green Line Extension and Blue Line Extension light rail projects under development.

RESULTS

Public Transit in Greater Minnesota

There are 37 public transit systems serving at least a portion of all 80 counties in Greater Minnesota, delivering 11.7 million rides in 2016 and 11.9 million rides in 2017.

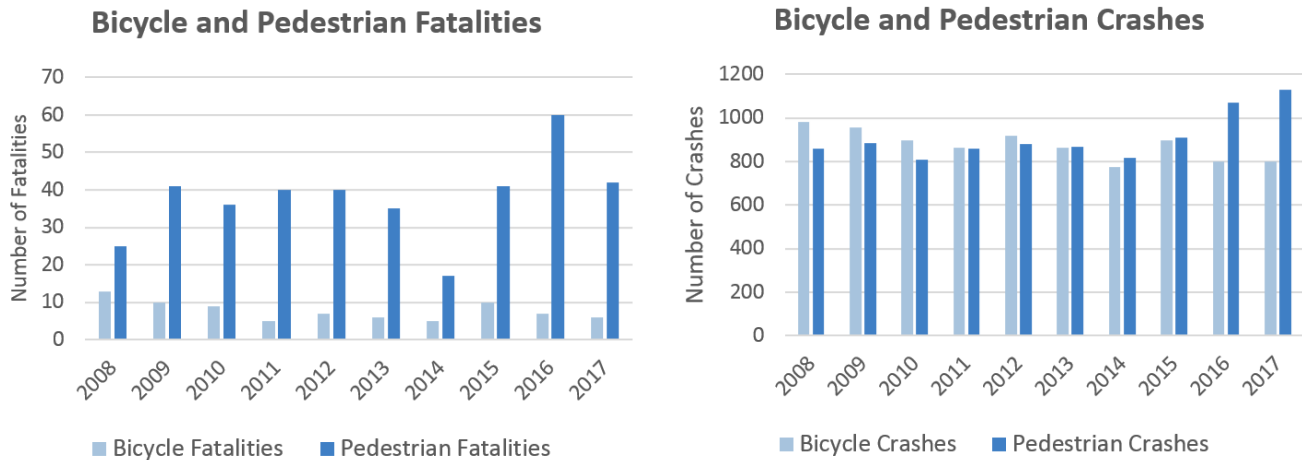


During the last decade, Greater Minnesota public transit ridership has increased 12 percent. Service has expanded so that every non-metro county (80 counties) has at least some public bus service. [Minnesota Statute 174.24](https://www.revisor.mn.gov/statutes/cite/174.24) (<https://www.revisor.mn.gov/statutes/cite/174.24>) requires MnDOT to develop a transit investment plan that contains a goal of meeting at least 80 percent of total transit needs in Greater Minnesota by July 1, 2015 and 90 percent by 2025. Based on the new model developed for the [2017 Greater Minnesota Transit Investment Plan](http://www.dot.state.mn.us/transitinvestment/) (<http://www.dot.state.mn.us/transitinvestment/>), in 2017 public transit systems met approximately 88 percent of

the estimated total transit demand in Greater Minnesota. This model predicts Greater Minnesota public transit demand will increase 45 percent from 2015 to 2025, primarily due to the rapid increase in people reaching age 65.

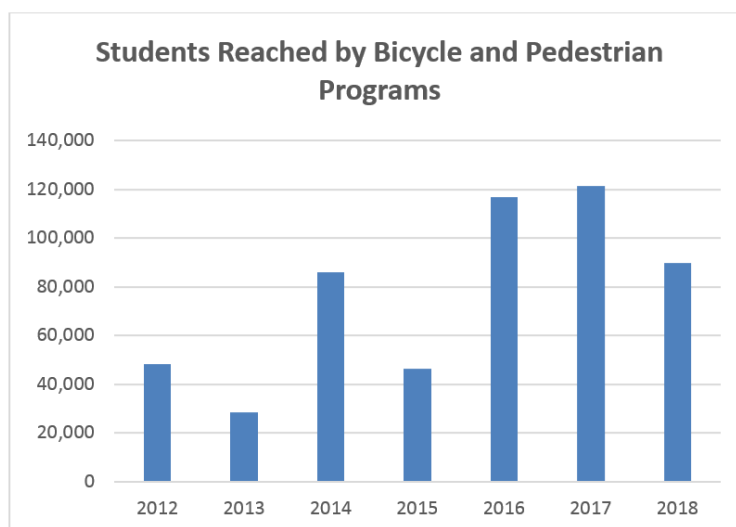
Bicycle and Pedestrian Programs

In 2017, Minnesota was named the second most bike-friendly state in the United States by the League of American Cyclists. As bicycling has increased in Minnesota, the rate of bicycle crashes has been declining consistently over the past ten years (with the exception of 2015 that saw a slight increase). However, data in 2017 shows that although participation in walking as a form of transportation has remained relatively flat, pedestrian fatalities have begun to increase over the past two years.



*2017 is preliminary data collected by Minnesota Department of Public Safety Office of Traffic Safety

The United States Congress created the Safe Routes to School Program in 2005 with the goal of getting more children to walk or bicycle to school safely. In 2012, the Minnesota Legislature created a state-level program with similar goals. Since 2005, MnDOT has provided more than \$30 million in grants that reach more than 700 schools across Minnesota for infrastructure improvements, education and planning activities. The Safe Routes to School Program reached an average of 10,000 students per year from 2006 to 2011. Funding increased in 2012 with the availability of state funds, peaking in 2013 when both federal and state funds were available. OTT continues to improve its collection methods and develop more complete and detailed data that provides a more accurate depiction of each program's impact. The table below illustrates the number of students who participate in these programs and benefit from these resources.



The legal authority for the Transit activity comes from:

Public Transit Participation Program, M.S. 174.24 (<https://www.revisor.mn.gov/statutes/?id=174.24>)

Construction of Light Rail, M.S. 174.35 (<https://www.revisor.mn.gov/statutes/?id=174.35>)

Transportation Alternatives Projects, M.S. 174.42 (<https://www.revisor.mn.gov/statutes/?id=174.42>)

Safe Routes to School Programs, M.S. 174.40 (<https://www.revisor.mn.gov/statutes/?id=174.40>)

Minnesota Council on Transportation Access, M.S. 174.285 (<https://www.revisor.mn.gov/statutes/?id=174.285>)

Construction of Commuter Rail, M.S. 174.82 (<https://www.revisor.mn.gov/statutes/?id=174.82>)

Metropolitan Council authority on light rail transit and commuter rail, M.S. 473.3993-4057
(<https://www.revisor.mn.gov/statutes/?id=473.3993>)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<i>Expenditures by Fund</i>								
1000 - General	19,800	20,693	880	18,086	17,749	17,749	17,749	17,749
1050 - Transit Assistance	44,946	64,473	88,389	74,983	77,447	75,193	77,447	75,193
2000 - Restrict Misc Special Revenue	15,928	35,353	35,620	20,796	20,010	20,205	20,010	20,205
2001 - Other Misc Special Revenue	22	45	23					
2700 - Trunk Highway	776	844	725	996	877	877	902	932
3000 - Federal	47,155	17,441	32,025	55,353	47,498	42,614	47,498	42,614
Total	128,627	138,851	157,662	170,214	163,581	156,638	163,606	156,693
Biennial Change				60,399		(7,657)		(7,577)
Biennial % Change				23		(2)		(2)
Governor's Change from Base								80
Governor's % Change from Base								0
<i>Expenditures by Category</i>								
Compensation	5,410	6,238	6,218	6,155	7,953	8,185	7,953	8,185
Operating Expenses	14,284	33,026	34,265	23,249	22,593	19,937	22,618	19,992
Grants, Aids and Subsidies	107,106	98,143	116,694	140,383	132,617	128,098	132,617	128,098
Capital Outlay-Real Property	1,063	1,022	125	69	60	60	60	60
Other Financial Transaction	763	421	358	358	358	358	358	358
Total	128,627	138,851	157,662	170,214	163,581	156,638	163,606	156,693
<i>Full-Time Equivalents</i>								
	55.09	60.01	59.83	54.48	56.27	52.78	56.27	52.78

Transit

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		448		189				
Direct Appropriation	20,245	20,245	1,070	17,897	17,749	17,749	17,749	17,749
Transfers In	217	400	918	595	500	500	500	500
Transfers Out	217	400	918	595	500	500	500	500
Cancellations		0						
Balance Forward Out	445		190					
Expenditures	19,800	20,693	880	18,086	17,749	17,749	17,749	17,749
Biennial Change in Expenditures			(21,527)		16,532		16,532	
Biennial % Change in Expenditures			(53)		87		87	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	0.84	2.42	2.32	3.44	3.44	3.44	3.44	3.44

1050 - Transit Assistance

Balance Forward In	56,511	72,063	73,495	52,723	47,551	42,607	47,551	39,805
Receipts	57,738	63,558	67,650	69,828	72,520	76,654	69,718	75,414
Transfers In	416	416	416	416	416	416	416	416
Transfers Out	418	456	449	433	433	433	433	433
Balance Forward Out	69,300	71,109	52,723	47,551	42,607	44,051	39,805	40,009
Expenditures	44,946	64,473	88,389	74,983	77,447	75,193	77,447	75,193
Biennial Change in Expenditures				53,953		(10,732)		(10,732)
Biennial % Change in Expenditures				49		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.95	3.57	3.55	3.25	3.09	3.05	3.09	3.05

2000 - Restrict Misc Special Revenue

Balance Forward In	18,720	20,738	23,163	6,451	2,795	1,745	2,795	1,745
Receipts	17,880	17,494	18,908	17,140	18,960	19,250	18,960	19,250
Balance Forward Out	20,672	2,878	6,452	2,795	1,745	790	1,745	790
Expenditures	15,928	35,353	35,620	20,796	20,010	20,205	20,010	20,205
Biennial Change in Expenditures				5,135		(16,201)		(16,201)
Biennial % Change in Expenditures				10		(29)		(29)

Transit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	19.77	21.76	24.29	17.63	19.69	16.27	19.69	16.27

2001 - Other Misc Special Revenue

Balance Forward In	22	22						
Receipts	22	23	23					
Balance Forward Out	22							
Expenditures	22	45	23					
Biennial Change in Expenditures				(44)		(23)		(23)
Biennial % Change in Expenditures				(65)				
Governor's Change from Base								0
Governor's % Change from Base								

2700 - Trunk Highway

Balance Forward In		22		121				
Direct Appropriation	798	822	846	875	877	877	902	932
Transfers In			982	6				
Transfers Out			979	6				
Cancellations			4					
Balance Forward Out	22		121					
Expenditures	776	844	725	996	877	877	902	932
Biennial Change in Expenditures				101		33		113
Biennial % Change in Expenditures				6		2		7
Governor's Change from Base								80
Governor's % Change from Base								5
Full-Time Equivalents	6.76	7.57	6.39	7.00	7.00	7.00	7.00	7.00

3000 - Federal

Balance Forward In	831	153	1,063	87	82	82	82	82
Receipts	46,577	17,350	31,053	55,348	47,498	42,614	47,498	42,614
Internal Billing Receipts	218	262	217					
Transfers Out	205	14	4					

Transit

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward Out	48	48	87	82	82	82	82	82
Expenditures	47,155	17,441	32,025	55,353	47,498	42,614	47,498	42,614
Biennial Change in Expenditures				22,781		2,734		2,734
Biennial % Change in Expenditures				35		3		3
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	23.77	24.69	23.28	23.16	23.05	23.02	23.05	23.02

Program: Multimodal Systems
Activity: Freight and Rail Safety

dot.state.mn.us/cvo

dot.state.mn.us/ofrw/railroad

AT A GLANCE

- \$5 million in Port Development Assistance Program grants provided for public port authority infrastructure improvements in FY2018
- 70 highway/rail grade crossing safety improvements completed on state and local roads in FY 2017
- More than 77,000 motor carrier oversize/overweight permits issued in calendar year 2017
- 400 limousine, 258 special transportation service, 123 property carrier, 112 household goods movers, and 10 building mover credentials issued in calendar year 2017
- More than 11,000 interstate carriers registered through the United Carrier Registration Program in calendar year 2017
- 3,715 special transportation service and 676 limousine inspections conducted in calendar year 2017

PURPOSE & CONTEXT

The Office of Freight and Commercial Vehicle Operation's (OFCVO) purpose is to improve the safety and performance of the state's multimodal freight transportation system through:

- Ensuring railroad compliance with state and federal safety standards and improving safety for the traveling public at highway-rail grade crossings
- Planning and delivering freight infrastructure projects
- Enforcing state and federal laws and rules that govern carriers and transportation service providers
- Conducting investigations of carriers that operate in interstate commerce to ensure sound safety management practices
- Coordinating with the State Patrol to conduct safety inspections of commercial motor vehicles
- Delivering training and technical assistance to motor carriers, drivers, and shippers
- Providing web access, information, and e-government transaction services for commercial vehicles

OFCVO programs enhance Minnesota's economic competitiveness by improving access to regional, national, and global markets through safe and efficient transport of goods and people. Through these efforts we are able to implement strategies that advance freight mobility, safety, and economic competitiveness.

SERVICES PROVIDED

Freight System Planning: Develop plans and support legislative and other initiatives that improve Minnesota's freight transportation system. Plans include [Statewide Freight System and Investment Plan](http://www.dot.state.mn.us/planning/freightplan/pdf/statewidefreightplanrevised2018.pdf) (<http://www.dot.state.mn.us/planning/freightplan/pdf/statewidefreightplanrevised2018.pdf>) and the [State Rail Plan](http://www.dot.state.mn.us/planning/railplan/) (<http://www.dot.state.mn.us/planning/railplan/>).

Minnesota Freight Advisory Committee: Oversee the Minnesota Freight Advisory Committee (MFAC), which includes membership of 40 businesses and organizations representing the freight industry. The MFAC membership meets quarterly to discuss current issues and trends.

Minnesota Highway Freight Program (MHFP): Provide funding to eligible construction projects on public roads that provide measurable freight transportation benefits and intermodal impact, and have statewide planning

purposes. MnDOT had a solicitation for this program from June through August 2017 and received 36 applications and two planning requests. MHFP allocated \$99 million for highway, intermodal, and statewide planning projects in October 2017.

Port Development Assistance Program (PDAP): Improve port infrastructure and access to waterways in response to the needs of the commercial waterway navigation system. The program provides grants that help to ensure the continued commercial effectiveness of the Great Lakes and Mississippi River navigation terminals. Projects awarded in January 2018 include: 1) the Duluth Seaway Port Authority's Berth 10 Rehabilitation, to provide for additional vessel mooring and storage at the Clure Terminal Expansion; 2) a Direct Barge-Rail-Truck Intermodal Facility at the St. Paul Port Authority's Southport Terminal; 3) a new barge terminal construction for the Wabasha Port Authority; and 4) storm water improvements at the Port Authority of Winona.

Minnesota Rail Service Improvement Program (MRSI): Administer loans and grants that improve the condition and capacity of rail infrastructure. In 2017, the Legislature created a grant program to provide funding for freight rail economic development projects.

Passenger Rail: Partner with local governments and regional rail authorities, neighboring state Departments of Transportation, community groups and corridor advocates to deliver passenger rail services that are federally compliant, environmentally friendly, and sustainable to connect Minnesota with the national passenger rail system. The most recent 2015 [Statewide Freight and Passenger Rail Plan](http://www.dot.state.mn.us/planning/railplan/2015report/DraftMNStateRailPlan.pdf) (<http://www.dot.state.mn.us/planning/railplan/2015report/DraftMNStateRailPlan.pdf>) identifies priority passenger rail corridors for development by MnDOT.

Rail Safety Inspection Program: Inspect rail track, rail cars, locomotives, and hazardous materials to ensure railroad compliance with federal and state safety standards. In FY 2018, MnDOT state rail inspectors and Federal Railroad Administration inspectors documented 11,532 defects and 217 more serious violations. MnDOT works with the appropriate railroads to ensure that all defects and violations are corrected.

Rail Crossing Safety Program: Monitor the safety performance of more than 4,100 rail grade crossings along Minnesota's public road system and develop the Department's Railroad Highway Grade Crossing Safety Improvement Program. A risk based assessment is used to identify at risk locations and determine the proper level of warning at each crossing.

Trunk Highway-Rail Coordination: Coordinate the involvement of railroads directly affected by MnDOT trunk highway construction projects. In FY 2018, 45 rail agreements were executed for Trunk Highway construction projects.

State Interagency Rail Group and State Rail Director: Housed at MnDOT and serves as the primary expert and point of contact for the management of cross-agency railroad issues in Minnesota, to the USDOT Federal Railroad Administration, Minnesota Congressional delegates, and the legislature. The Rail Director coordinates the interagency rail team consisting of Met Council, DPS, PCA, DEED, IRRB, Commerce, Health, Ag, and MnDOT.

Weigh Stations: Play a key part of Minnesota's federally required and approved weight enforcement program. Weight enforcement is a key role in protecting the state's roadway and bridge infrastructure and motorists from unsafe vehicles and unqualified drivers. These facilities are built, owned, and maintained by MnDOT and operated by the Minnesota State Patrol's Commercial Vehicle Enforcement Division. OFCVO continues to invest in weigh stations and related technologies to maximize the safety benefits and minimize delays for the industry. In 2017, the six fixed weigh scale facilities weighed 1.4 million trucks.

Oversize and Overweight Vehicle Permitting and Routing: Issue oversize/overweight truck permits to protect the infrastructure and promote safety. Using either an automated system or working with staff, carriers are assigned routes that are adequate for the size and weight of their loads.

Commercial Truck and Bus Credentials: Oversee the proper identification and licensing/registration of motor carriers. In addition to issuing licenses for Freight (property) carriers, Household Goods Movers, Building Movers, Motor Carriers of Passengers, Limousine Operators and Special Transportation Service Providers (also known as Non-emergency Medical Transportation), the office registers MN based interstate carriers through the Unified Carrier Registration Program.

Motor Carrier Safety Assistance Program (MCSAP): Participate in the federal grant program administered by the United States Department of Transportation's Federal Motor Carrier Safety Administration, which defines uniform enforcement of safety rules, regulations and standards for both interstate and intrastate motor carriers and drivers. This work improves the safety performance of passenger carriers, including special transportation service (STS) providers serving the elderly and disabled, limousine operators, and motor carriers of property and passengers. In 2017, OFCVO conducted 212 motor carrier safety compliance reviews, 523 audits on newly established motor carriers, and 37 safety talks to industry on safety regulations and requirements.

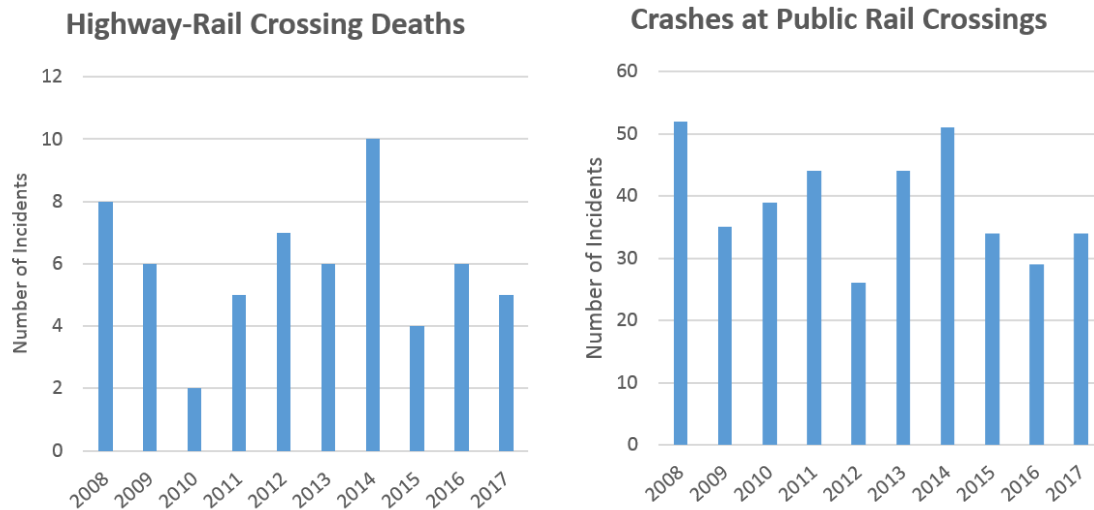
Hazardous Materials: Assist local authorities by providing technical guidance to incident commanders and recommending mitigation measures necessary to protect life, property and the environment. During 2017, OFCVO assisted in 144 incidents where hazardous materials were involved. OFCVO also provided educational outreach to transporters and shippers of hazardous materials to promote the safe transportation of these products.

Medical Waivers: Process medical waivers for commercial vehicle drivers who are not permitted to drive with a variety of medical conditions that potentially create safety risks. Waivers are based on physician evaluations of the impact of the condition and the success of ongoing medical management. For the driver, the waiver allows continued employment with minimal safety risks. In 2017, 413 medical waivers were processed.

Special Transportation Service Complaint Reporting and Resolution: Operate an enhanced complaint intake and reporting system to accept complaints from the public and industry regarding unsafe or improper operation by motor carriers and providers of special transportation services for the elderly and disabled. The improvements include promoting a dedicated phone line specific for accepting complaints, a dedicated web link to file complaints online, and a new tracking system database to monitor progress on complaint investigations and resolution. OFCVO handled 12 and 17 complaints in 2016 and 2017, respectively.

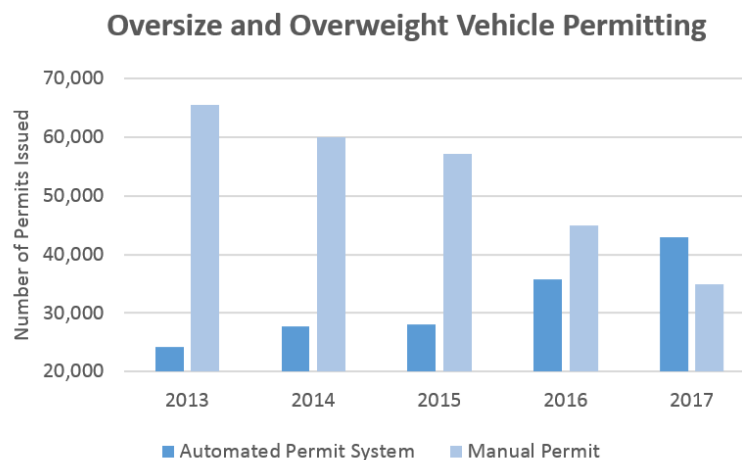
RESULTS

Rail Crossing Safety Program: Through improvements in infrastructure and public education, grade crossing incidents have declined substantially, from a high of 392 in 1970 to 34 in 2017. Of the 34 incidents in 2017, there were five grade crossing fatalities. Approximately one-third of Minnesota's 4,100 public road grade crossings have gates and/or flashing lights. 70 highway/rail grade crossing safety improvements were completed on state and local roads in FY 2018.



Source: Federal Railroad Administration Office of Safety Analysis

Oversize and Overweight Vehicle Permitting and Routing: Use of the online oversize/overweight permitting system has seen increased usage over the past five years. As a result, a replacement system is currently being developed to keep up with increased demand of online permits.



The legal authority for the Freight and Commercial Vehicle Operations activity comes from:
 Oversize/overweight permits, M.S. 169.80-86 (<https://www.revisor.mn.gov/statutes/?id=169.80>)
 Motor Carrier Credentials, Motor Carrier Education, and Safety Reviews, M.S. 174.30 (<https://www.revisor.mn.gov/statutes/?id=174.30>) and M.S. 221 (<https://www.revisor.mn.gov/statutes/?id=221>)
 Port Development Assistance Program, M.S. 457A (<https://www.revisor.mn.gov/statutes/?id=457A>)
 Minnesota Rail Service Improvement (MRSI) Program and Rail Bank Program, M.S. 222 (<https://www.revisor.mn.gov/statutes/?id=222>)
 Railroad Safety (including grade crossing safety), M.S. 219 (<https://www.revisor.mn.gov/statutes/?id=219>)
 Nonemergency Medical Transportation M.S. 174.29-30 (<https://www.revisor.mn.gov/statutes/?id=174.29>)
 Passenger Rail activity M.S. 174.632 (<https://www.revisor.mn.gov/statutes/?id=174.632>)

Freight

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	7,595	3,771	1,937	5,057	1,519	1,519	1,438	1,438
2000 - Restrict Misc Special Revenue	1,532	2,244	3,058	3,333	2,346	2,353	3,096	3,853
2001 - Other Misc Special Revenue	20	108	25					
2700 - Trunk Highway	4,442	5,183	4,678	6,664	5,746	5,746	5,854	5,988
3000 - Federal	7,075	9,646	5,068	36,871	35,198	25,199	35,198	25,199
Total	20,664	20,951	14,766	51,925	44,809	34,817	45,586	36,478
Biennial Change				25,075		12,935		15,373
Biennial % Change				60		19		23
Governor's Change from Base								2,438
Governor's % Change from Base								3

Expenditures by Category

Compensation	6,920	7,135	6,717	6,937	7,079	7,161	7,106	7,322
Operating Expenses	2,467	5,130	2,904	31,607	30,225	20,151	30,225	20,151
Grants, Aids and Subsidies	1,443	735		1,600				
Capital Outlay-Real Property	9,804	7,901	5,141	11,713	7,432	7,432	8,182	8,932
Other Financial Transaction	30	50	4	68	73	73	73	73
Total	20,664	20,951	14,766	51,925	44,809	34,817	45,586	36,478

Full-Time Equivalents

75.02	74.06	69.13	68.73	68.38	68.28	68.38	68.28
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Freight

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	2,500	5,377	1,892	3,545				
Direct Appropriation	8,901	756	3,656	1,562	1,569	1,569	1,488	1,488
Transfers In	8,145		3,120	704	501	509	501	509
Transfers Out	8,145	20	3,186	754	551	559	551	559
Cancellations		1,046						
Balance Forward Out	3,806	1,297	3,544					
Expenditures	7,595	3,771	1,937	5,057	1,519	1,519	1,438	1,438
Biennial Change in Expenditures				(4,372)		(3,956)		(4,118)
Biennial % Change in Expenditures				(38)		(57)		(59)
Governor's Change from Base								(162)
Governor's % Change from Base								(5)
Full-Time Equivalents	5.70	4.71	9.40	9.40	9.40	9.40	9.40	9.40

2000 - Restrict Misc Special Revenue

Balance Forward In	4,907	5,939	7,054	6,482	7,100	6,427	7,100	6,427
Direct Appropriation				1,000	0	0	0	0
Receipts	2,041	2,695	1,294	1,673	1,673	1,673	2,423	3,173
Transfers In			600	600				
Net Loan Activity	483	616	591	678				
Balance Forward Out	5,899	7,006	6,482	7,100	6,427	5,747	6,427	5,747
Expenditures	1,532	2,244	3,058	3,333	2,346	2,353	3,096	3,853
Biennial Change in Expenditures				2,615		(1,692)		558
Biennial % Change in Expenditures				69		(26)		9
Governor's Change from Base								2,250
Governor's % Change from Base								48
Full-Time Equivalents	6.36	6.98	5.66	5.66	5.66	5.66	5.66	5.66

2001 - Other Misc Special Revenue

Balance Forward In			12	125	125	125	125	125
Receipts	20	120	138					
Balance Forward Out		12	125	125	125	125	125	125
Expenditures	20	108	25					
Biennial Change in Expenditures				(103)		(25)		(25)

Freight

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Biennial % Change in Expenditures				(81)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.58	0.27	0.27	0.27	0.27	0.27	0.27

2700 - Trunk Highway

Balance Forward In	30	664	82	960	30	30	30	30
Direct Appropriation	5,044	5,196	5,350	5,534	5,546	5,546	5,654	5,788
Receipts		148	207	200	200	200	200	200
Transfers In	950	613	5,223	2,931	2,218	2,240	2,218	2,240
Transfers Out	950	613	4,381	2,931	2,218	2,240	2,218	2,240
Cancellations		742	841					
Balance Forward Out	632	82	961	30	30	30	30	30
Expenditures	4,442	5,183	4,678	6,664	5,746	5,746	5,854	5,988
Biennial Change in Expenditures				1,717		150		500
Biennial % Change in Expenditures				18		1		4
Governor's Change from Base								350
Governor's % Change from Base								3
Full-Time Equivalents	52.51	51.20	48.49	47.06	47.01	46.99	47.01	46.99

3000 - Federal

Balance Forward In	285	336	545	36	36	36	36	36
Receipts	7,088	9,951	5,400	36,871	35,198	25,199	35,198	25,199
Internal Billing Receipts	67	136	134					
Transfers Out		1	841					
Balance Forward Out	297	641	36	36	36	36	36	36
Expenditures	7,075	9,646	5,068	36,871	35,198	25,199	35,198	25,199
Biennial Change in Expenditures				25,218		18,458		18,458
Biennial % Change in Expenditures				151		44		44
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	10.45	10.59	5.31	6.34	6.04	5.96	6.04	5.96

Program: State Roads

Activity: Program Planning and Delivery

dot.state.mn.us/planning/program/plans.html

AT A GLANCE

- 376 construction projects let during calendar years 2016-17
- \$1.8 billion in construction projects were developed for calendar years 2016-17 lettings
- \$21 billion in planned investments for state highways over the next 20 years
- \$195 million in contracts awarded to small businesses in FY2016-17
- The 20-year Minnesota State Highway Investment Plan (MnSHIP) is updated every five years with the new release in January 2022
- The 10-year Capital Highway Investment Plan and four year State Transportation Improvement Program (STIP) are updated every year
- 50 or more research projects start each year with about 200 in progress at any time

PURPOSE & CONTEXT

The transportation infrastructure is aging; a large portion of the existing infrastructure was built during the 'Interstate Era' of the 1960's and early 1970's and is nearing the end of its useful life. Aging infrastructure requires more involved and frequent rehabilitation or complete replacement.

Program Planning and Delivery of the Trunk Highway system requires thoughtful and efficient short, mid- and long-range plans to fit the diverse needs of the system's stakeholders. This activity includes: developing investment plans, conducting data analysis, reviewing performance outcomes, managing the capital program, creating construction plans and construction project oversight, goal setting, as well as research and development.

We must efficiently use the resources available to plan and preserve infrastructure, while also providing oversight for the replacement and limited expansion of the system. In addition, we must meet the need for safety, mobility, reliable freight movement, and bicyclists and pedestrian improvements.

In the planning of the Trunk Highway system, MnDOT's objective is to enhance our customer's trust by listening to their needs, engaging them in creating plans and communicating effectively about our programs and projects. By doing so, we will plan and deliver projects to get the most out of our investments and optimize system performance.

SERVICES PROVIDED

Highway System Planning

Highway planning includes assessing statewide infrastructure conditions; determining future needs for all highway users, including automobiles as well as trucks, buses, bicycles and pedestrians; and then making planning decisions based on projected available funding. We strive to make policy and planning decisions that provide the greatest return on Minnesota's transportation system investment.

The [Minnesota State Highway Investment Plan](http://www.dot.state.mn.us/planning/mnship/) (MnSHIP) (<http://www.dot.state.mn.us/planning/mnship/>) is completed every five years and establishes capital investment priorities for the next 20 years. MnSHIP draws on performance management systems to establish investment scenarios which optimize the highway system

performance based on projected available funding. MnSHIP ensures that performance targets set by the federal government for interstate pavements and National Highway System bridges are met.

The [Capital Highway Investment Plan](http://www.dot.state.mn.us/planning/10yearplan/) (CHIP) (<http://www.dot.state.mn.us/planning/10yearplan/>) is a ten year list of financially constrained projects that are selected to meet the investment priorities and performance targets established by MnSHIP. Preservation projects are selected based upon the projected condition of the pavement or bridge available from the pavement and bridge management systems. The CHIP is updated annually.

The [State Transportation Improvement Program](http://www.dot.state.mn.us/planning/program/stip.html) (STIP) (<http://www.dot.state.mn.us/planning/program/stip.html>) includes the first four years of the CHIP. These projects are considered funded and committed for delivery. The last six years of the CHIP are priorities based upon the MnSHIP investment criteria, but may change as project scope and revised revenue forecasts become available.

Develop Highway Improvement Projects

Development of highway improvement projects involves several steps:

- **Scoping** determines the elements of a project that are needed to meet project goals and sets preliminary cost estimates and schedules.
- **Environmental Review** considers impacts of proposed projects to ensure compliance with environmental laws and policies and avoids, minimizes, or mitigates environmental impacts.
- **Public Involvement and Engagement** includes public participation through meetings, media, local government, technology, and social media. The public is involved throughout the entire life of the project, including planning, design, scoping, environmental review, and construction.
- **Design** includes engineering studies and analysis, preparing construction plans, using performance based practical design and flexible design standards to ensure road designs meet project goals while minimizing costs.

MnDOT employs Shared Service Centers to provide centralized technical expertise to districts and for agency efficiency. A Shared Service Center will maintain an expertise that the districts can draw upon when needed and functions much like an internal consultant by bringing expertise and resources to a project that a district doesn't have available. Shared Service Centers exist for project scheduling, sign design, signal and lighting design, design of living snow fences, implementing all contracting methods, and right-of-way staff needed to address the additional parcels necessary to meet American's with Disability Act (ADA) standards.

Highway Construction Management Oversight

MnDOT monitors construction projects to ensure that the final product meets all specifications by doing the following:

- **Managing** the overall progress of State Highway projects from project letting through construction completion and final project documentation.
- **Coordinating** the early stages of projects with unique features.
- **Providing** opportunities for small business participation and employment opportunities to minorities and women to work on MnDOT contracts.
- **Overseeing** quality management, material testing, project scheduling, and compliance with specifications.
- **Providing** sound fiscal management, financial tracking, and regulatory compliance.
- **Ensuring** that construction traffic control provides the most efficient and safest movement possible through work zones.

Research and Development

MnDOT develops and utilizes new technologies for Trunk Highway projects, such as newer, more cost-effective pavement designs, accelerated bridge construction techniques, and methods to improve highway safety.

Recently, MnDOT developed the Connected and Automated Vehicle (CAV) strategic plan that will address short term goals (testing and early deployments) and long term strategies that will address how to design and operate our roadways for CAV technology. MnDOT also conducts additional research in the areas of maintenance, pavements, and intelligent transportation systems. This includes the MnROAD program, which is a pavement test track made up of various materials and pavements. The program finds ways to make roads last longer, perform better, cost less to build and maintain, be built faster, and have minimal impact on the environment. Research Services manages research projects that serve as a resource for staff as well as city and county engineers.

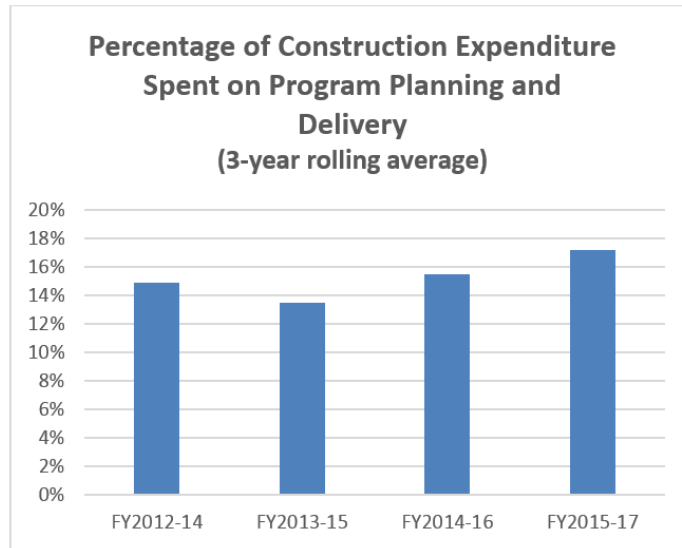
RESULTS

Project Delivery

To help ensure projects are delivered within budget and on time, we continue to place a greater emphasis on project scheduling and monitoring. In 2014, the department began striving to better balance lettings throughout the year. This initiative is designed to increase the number of projects let during better bidding environments (October through March) to maximize competition between bids and more evenly distribute the design work throughout the year, lessening the need for overtime.



Highway projects are much more complicated than even 20 years ago. Management of traffic in a work zone, permitting regulations, and innovative design all take more design resources in order to minimize traffic disruptions, comply with state and federal rules, and reduce the cost to construct. Currently, based on most recent data, program planning and delivery activities cost approximately 17 percent of construction costs.



* Throughout this measure, expenditures reflect budgetary commitments (expenditures and encumbrances) and include consultant-led program planning and delivery.

The Department of Transportation's Program Planning and Delivery legal authority comes from:
Roads General Provisions M.S.160 (<https://www.revisor.mn.gov/statutes/?id=160>)
Trunk Highway M.S.161 (<https://www.revisor.mn.gov/statutes/?id=161>)
Department of Transportation M.S.174 (<https://www.revisor.mn.gov/statutes/?id=174>)

Program Planning & Delivery

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	8,588	13,154	9,538	32,059	31,080	32,105	31,080	32,105
2001 - Other Misc Special Revenue	31	328	81	1,050	1,206	1,356	1,206	1,356
2700 - Trunk Highway	210,111	251,453	234,734	286,916	248,359	243,712	273,816	327,340
3000 - Federal	7,222	11,491	16,932	52,526	54,110	54,960	54,110	54,960
6000 - Miscellaneous Agency	1							
Total	225,952	276,427	261,284	372,551	334,755	332,133	360,212	415,761
Biennial Change				131,456		33,053		142,138
Biennial % Change				26		5		22
Governor's Change from Base								109,085
Governor's % Change from Base								16

Expenditures by Category

Compensation	170,821	164,083	174,618	180,447	183,812	186,218	191,401	206,132
Operating Expenses	40,351	88,794	69,328	130,649	98,616	98,057	116,484	161,771
Grants, Aids and Subsidies	1,146	3,751	9,066	16,283	17,040	16,938	17,040	16,938
Capital Outlay-Real Property	11,804	16,411	6,832	37,409	31,924	29,057	31,924	29,057
Other Financial Transaction	1,830	3,388	1,440	7,763	3,363	1,863	3,363	1,863
Total	225,952	276,427	261,284	372,551	334,755	332,133	360,212	415,761

Full-Time Equivalents

1,778.27	1,727.77	1,847.15	1,829.53	1,815.42	1,811.64	1,826.42	1,872.64
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Program Planning & Delivery

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	852	10,329	8,163	5,470	4,315	3,602	4,315	3,602
Receipts	17,485	10,989	6,855	30,905	30,367	32,374	30,367	32,374
Transfers In	100		1	2				
Transfers Out	13	69	10	3				
Balance Forward Out	9,835	8,095	5,472	4,315	3,602	3,871	3,602	3,871
Expenditures	8,588	13,154	9,538	32,059	31,080	32,105	31,080	32,105
Biennial Change in Expenditures				19,855		21,588		21,588
Biennial % Change in Expenditures				91		52		52
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.33	4.34	4.67	5.37	5.59	13.66	5.59	13.66

2001 - Other Misc Special Revenue

Balance Forward In	12	254	1,816	1,931	1,912	1,912	1,912	1,912
Receipts	20	1,891	197	1,031	1,206	1,356	1,206	1,356
Balance Forward Out	1	1,816	1,932	1,912	1,912	1,912	1,912	1,912
Expenditures	31	328	81	1,050	1,206	1,356	1,206	1,356
Biennial Change in Expenditures				772		1,431		1,431
Biennial % Change in Expenditures				215		127		127
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.02	0.35	7.97	9.16	9.04	9.16	9.04

2700 - Trunk Highway

Balance Forward In	11,036	33,742	4,788	36,568	8,093	9,418	8,093	9,418
Direct Appropriation	237,529	231,252	263,255	255,740	246,983	242,324	272,440	325,952
Receipts	3,535	5,611	3,260	2,701	2,701	2,701	2,701	2,701
Transfers In	15,166	14,108	151,207	150,066	131,650	132,297	131,650	132,297
Transfers Out	15,166	21,052	151,207	150,066	131,650	132,297	131,650	132,297
Cancellations	9,917	7,422						
Balance Forward Out	32,072	4,785	36,570	8,093	9,418	10,731	9,418	10,731
Expenditures	210,111	251,453	234,734	286,916	248,359	243,712	273,816	327,340
Biennial Change in Expenditures				60,085		(29,579)		79,506

Program Planning & Delivery

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				13		(6)		15
Governor's Change from Base							109,085	
Governor's % Change from Base							22	
Full-Time Equivalents	1,767.86	1,713.17	1,828.14	1,802.83	1,717.31	1,705.58	1,728.31	1,766.58

3000 - Federal

Balance Forward In	101	38	3	32	32	32	32	32
Receipts	7,159	11,456	16,963	52,526	54,110	54,960	54,110	54,960
Balance Forward Out	38	3	32	32	32	32	32	32
Expenditures	7,222	11,491	16,932	52,526	54,110	54,960	54,110	54,960
Biennial Change in Expenditures				50,745		39,612		39,612
Biennial % Change in Expenditures				271		57		57
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	7.08	10.24	13.99	13.36	83.36	83.36	83.36	83.36

6000 - Miscellaneous Agency

Balance Forward In	2	1	1					
Receipts	0	0	0	2				
Transfers Out			1	2				
Balance Forward Out	1	1						
Expenditures	1							
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base							0	
Governor's % Change from Base								

Program: State Roads

Activity: State Road Construction

minnesotago.org/

dot.state.mn.us/planning/program/stip.html

dot.state.mn.us/planning/mnship/

dot.state.mn.us/planning/10yearplan/index.html

dot.state.mn.us/projectselection/

AT A GLANCE

- 436 construction projects started in the 16-17 biennium
- 503 construction projects planned in the 18-19 biennium
- Corridors of Commerce and Transportation Economic Development (TED) projects were also selected:
 - 9 TED projects received funding in 2017
 - 7 Corridors of Commerce projects received funding in 2017 and 2018 (for construction between 2019 and 2024)
- Funded through direct appropriations from the Trunk Highway Fund, Federal Highway Trust Funds and Trunk Highway Bond proceeds

PURPOSE & CONTEXT

The State Road Construction budget activity is the capital investment program for the construction, reconstruction, and improvement on the 12,000 miles of state managed roads and bridges. State managed roads include the National Highway System (NHS), along with 7,600 miles of non-NHS Trunk Highways.

Investments on these roads are primarily in the areas of system preservation, improvements, and expansion. MnDOT staff administers and provides oversight to hundreds of projects each season. Investment decisions are made based on priorities and policies identified in the planning documents developed by the agency.

MnDOT's objective is to demonstrate effective and efficient stewardship of state road construction resources and to make long-term investments that respond effectively to evolving needs of highway users.

SERVICES PROVIDED

MnDOT selects, designs, and manages construction projects to advance the objectives and performance measures in the Statewide Multimodal Transportation Plan. The investment priorities and direction are set in the [20-year Minnesota State Highway Investment Plan](http://www.dot.state.mn.us/planning/mnship) (MnSHIP) (<http://www.dot.state.mn.us/planning/mnship>). Individual construction projects are prioritized and selected by category of project within special funding programs, such as TED or Corridors of Commerce. Beginning in 2019, MnDOT will use more comprehensive, objective, and transparent scoring methods to evaluate and prioritize candidate projects based on the new legislatively required Project Selection Policy. The annual construction program provides work for contractors across the state and opportunities for small business participation and employment to minorities and women to work on MnDOT contracts.

Trunk Highway System Preservation Construction

Trunk Highway preservation construction includes:

- Repairing and reconstructing highways and bridges to maintain the existing transportation system.

- Planning for the preservation of highway and bridge investments in a timely and cost-effective manner, allowing MnDOT to maintain the state's existing vital connections.
- Selecting preservation projects that provide a safe and reliable riding surface for travelers while minimizing life-cycle costs.

Trunk Highway System Expansion

Trunk Highway expansion includes:

- Adding capacity to the transportation system with new lanes, bridges, interchanges, and in rare cases adding additional centerline miles.
- Creating safer roadways with new turn lanes, wider shoulders, and roundabouts.
- Completing critical connections through special legislation and bonding programs, such as the Corridors of Commerce program.

Other Trunk Highway System Improvements

Investing in areas within the right of way but outside of the traditional highway footprint, including:

- Multimodal investments, including bike paths and pedestrian bridges
- Intelligent Traffic Systems, including ramp meters and changeable message signs
- Truck weigh stations and scales
- Travel center and safety rest areas

RESULTS

MnSHIP Outcomes (2018 to 2037)

MnSHIP identifies the investment priorities for the State Road and Bridge Construction Program and the outcomes of those investments. Based upon the estimated available funding during this time period, MnDOT will focus on the following outcomes:

- System Stewardship:
 - **Strengths:** MnDOT focuses a majority of investment on maintaining the condition of roads, bridges, and roadside infrastructure. Federal targets for pavement and bridge condition are likely to be met.
 - **Drawbacks:** Conditions of roads, bridges and roadside infrastructure decline on NHS and non-NHS routes.
- Transportation Safety:
 - **Strengths:** MnDOT will continue to focus on lower cost, proactive treatments aimed at preventing fatalities and serious injuries.
 - **Drawbacks:** Only a limited number of locations with a sustained crash history will be addressed.
- Critical Connections:
 - **Strengths:** MnDOT commits to achieving substantial compliance with the Americans with Disabilities Act no later than 2037. MnDOT also commits to planned mobility investments in the Twin Cities metro area through 2023.
 - **Drawbacks:** The number and scope of mobility improvements decreases substantially, potentially reducing the ability to maintain reliable travel times in the Twin Cities area and Greater Minnesota. Resources are not available to address growing areas of the state.
- Healthy Communities:
 - **Strengths:** Through the Transportation and Economic Development program, investments will be made to address local concerns through partnerships, design add-ons and a few stand-alone projects to support economic competitiveness and quality of life.
 - **Drawbacks:** The investment direction limits MnDOT's ability to address local concerns.

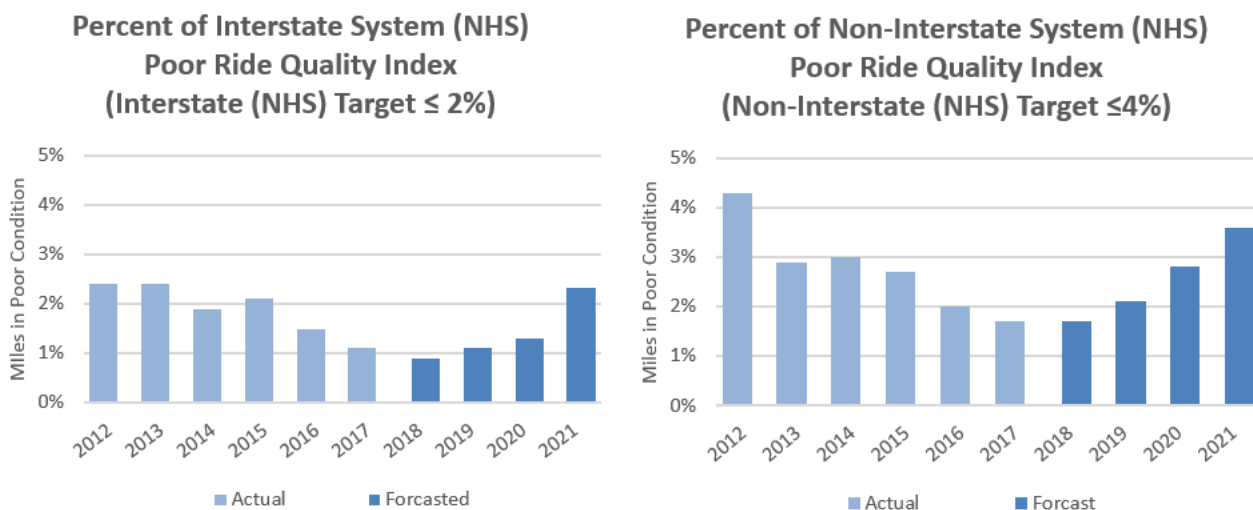
Efficiencies

While MnDOT has always worked to be good stewards of public funds, the department continues to take a more targeted approach to identify and quantify efficiencies as well as find new areas for greater efficiencies. When MnDOT identifies savings on current projects, we release those funds to advance additional projects. MnDOT uses a best practice case-analysis approach to evaluate and measure efficiency. Best practice evaluation reviews dimensions of efficiency in quality, time and cost. MnDOT analyzes each case for implementation of cost saving strategies, designs, and processes. Efficiencies identified in fiscal year 2017 came throughout the project development process for each project worth more than \$10 million, as well as any regionally significant project let in FY 2017. In FY 2017 there were approximately \$70 million in savings identified on major projects. There were also an estimated \$12 million in efficiencies identified in other areas of the department such as administration, maintenance, and operations. MnDOT efficiencies are reported in the [Major Highway Projects Report](https://www.dot.state.mn.us/govrel/reports/2017/mhpr-report.pdf) (<https://www.dot.state.mn.us/govrel/reports/2017/mhpr-report.pdf>).

Performance Indicators

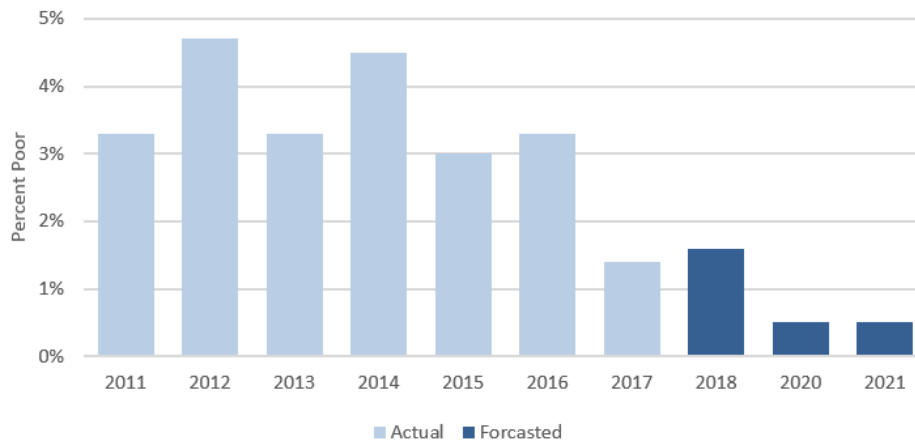
MnDOT tracks the performance of the Trunk Highway system with a number of different performance measures, many of which are published on the [transportation performance website](https://performance.minnesotago.org/) (<https://performance.minnesotago.org/>). MnDOT prioritizes infrastructure improvements on NHS routes and holds these roads to a higher performance standard than non-NHS routes. This approach allows MnDOT to comply with federal law and manage risks related to statewide travel.

Pavement condition is measured by the percent of miles of highway in poor condition. The system condition is projected to be declining after 2018.



Bridge condition is measured by percent of bridge deck area in poor condition. This graph illustrates that bridges on the NHS are meeting percent poor target through 2021. Projections indicate conditions will start to decline in 2024 and then more significantly toward the end of 2028.

**Percent of NHS Bridges in Poor Condition as a Percent of
Total NHS Bridge Deck Area
(Target ≤ 2%)**

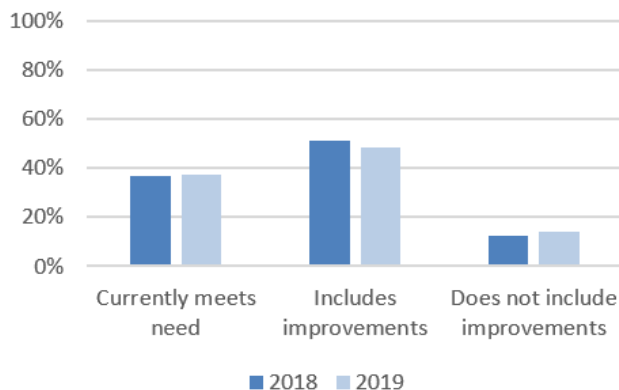


*FY 2019 was not included in the current yearly condition forecast due to data and timing issues.

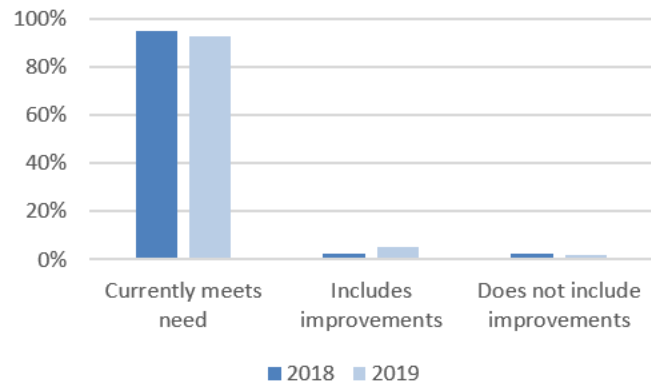
MnDOT's Complete Street Policy considers the needs of pedestrians, bicyclists, transit, motorists and commercial and emergency vehicles in all phases of planning, project development, operation and maintenance activities. MnDOT documents how each user group (e.g. pedestrian, bicycle, transit, freight) has been considered using both categories defined in MnDOT's Complete Streets Policy and then described in a written explanation for each type of use. In the graph below you will see we are making improvements in the majority of projects where we identified needs. However, in some cases the desired improvements are not feasible or cost effective so are not included in the final plan. Percentages, in the graph below, exclude projects where the use is legally prohibited according to [Minnesota Statutes 169.305](https://www.revisor.mn.gov/statutes/cite/169.305) (<https://www.revisor.mn.gov/statutes/cite/169.305>) or where there is no evidence of a current need to provide for the user group, no plans identify the project corridor for future use or land use trends suggest an absence of future need over the life of the project.

For FY2018-19, overall 70 percent of projects have documented considerations for each type of use. All projects are required to complete the documentation during the project scoping process, though some projects are not yet fully scoped or have yet to complete their analysis.

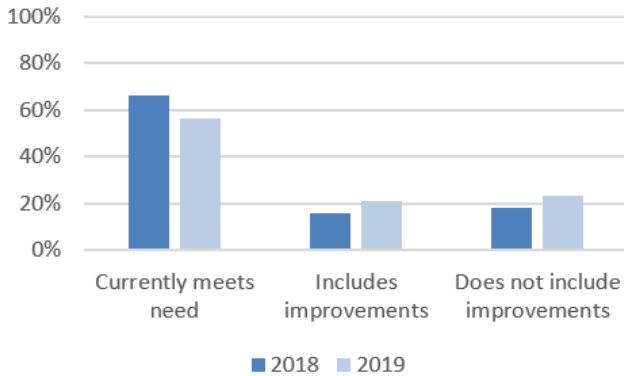
**State Road Construction Projects with
Identified Pedestrian Needs**



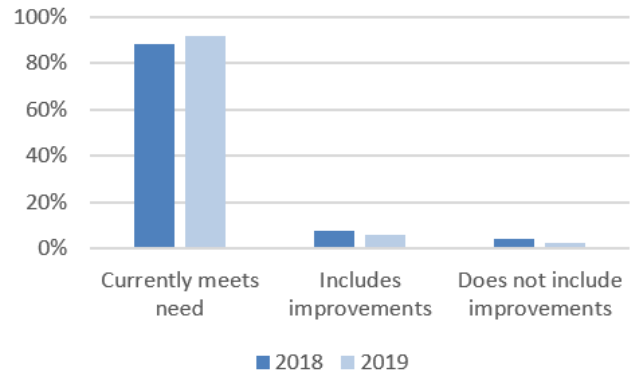
**State Road Construction Projects with
Identified Transit Needs**



State Road Construction Projects with Identified Bicycle Needs

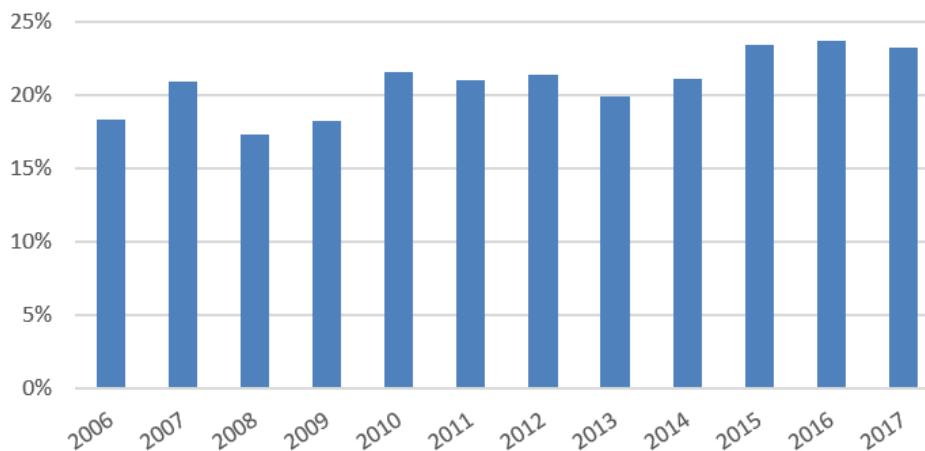


State Road Construction Projects with Identified Freight Needs



Mobility is measured by the speed that users can travel on Metro freeways. The performance is stable at the current investment level, although the percentage of congested miles is expected to increase in the future as traffic volumes continue to grow. Congestion is defined as freeway traffic flowing at speeds less than 45 miles per hour (mph) and does not include delays that may occur at speeds greater than 45 mph.

Percent of Metro Freeway Miles Below 45 mph in AM or PM Peak



The Department of Transportation's State Road Construction legal authority comes from:

Roads, General Provisions M.S.160 (<https://www.revisor.mn.gov/statutes/?id=160>)

Trunk Highways M.S.161 (<https://www.revisor.mn.gov/statutes/?id=161>)

Complete Streets M.S. 174.75 (<https://www.revisor.mn.gov/statutes/?id=174.75>)

TED M.S. 174.12 (<https://www.revisor.mn.gov/statutes/cite/174.12>)

Corridors of Commerce M.S. (<https://www.revisor.mn.gov/statutes/cite/161.088>)

State Road Construction

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	70,090	28,461	33,129	30,306	29,666	29,666	29,666	29,666
2700 - Trunk Highway	744,278	956,502	1,010,590	991,776	914,445	900,102	995,165	1,229,338
3000 - Federal	9,908	13,136	4,036	32,360	3,902	8,462	3,902	8,462
Total	824,277	998,098	1,047,755	1,054,442	948,013	938,230	1,028,733	1,267,466
Biennial Change				279,822		(215,954)		194,002
Biennial % Change				15		(10)		9
Governor's Change from Base								409,956
Governor's % Change from Base								22

Expenditures by Category

Compensation	3,359	12,382	13,223	15,267	17,750	19,150	17,750	19,150
Operating Expenses	98,900	97,575	102,582	95,910	83,535	88,495	107,751	187,266
Grants, Aids and Subsidies	4	1						
Capital Outlay-Real Property	721,544	887,516	931,259	943,265	846,728	830,585	903,232	1,061,050
Other Financial Transaction	469	623	691					
Total	824,277	998,098	1,047,755	1,054,442	948,013	938,230	1,028,733	1,267,466

Full-Time Equivalents

25.90	141.92	141.67	159.40	180.60	192.30	180.60	192.30
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State Road Construction

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	9,793	5,416	3,783	24,755	24,755	24,755	24,755	24,755
Receipts	65,713	26,818	54,101	30,306	29,666	29,666	29,666	29,666
Balance Forward Out	5,416	3,773	24,755	24,755	24,755	24,755	24,755	24,755
Expenditures	70,090	28,461	33,129	30,306	29,666	29,666	29,666	29,666
Biennial Change in Expenditures			(35,116)		(4,103)		(4,103)	
Biennial % Change in Expenditures			(36)		(6)		(6)	
Governor's Change from Base							0	
Governor's % Change from Base							0	

2700 - Trunk Highway

Balance Forward In	59,214	129,436	36,131	82,463	19,838	14,738	19,838	14,738
Direct Appropriation	779,664	849,166	1,028,010	909,101	889,295	874,282	970,015	1,203,518
Receipts	16,600	16,532	28,912	20,050	20,050	20,050	20,050	20,050
Transfers In	102,377	132,822	59,828	49,412	47,750	49,150	47,750	49,150
Transfers Out	102,377	132,822	59,828	49,412	47,750	49,150	47,750	49,150
Cancellations	3,620	5,359						
Balance Forward Out	107,580	33,273	82,463	19,838	14,738	8,968	14,738	8,968
Expenditures	744,278	956,502	1,010,590	991,776	914,445	900,102	995,165	1,229,338
Biennial Change in Expenditures				301,586		(187,819)		222,137
Biennial % Change in Expenditures				18		(9)		11
Governor's Change from Base								409,956
Governor's % Change from Base								23
Full-Time Equivalents	25.90	141.92	141.67	159.40	180.60	192.30	180.60	192.30

3000 - Federal

Balance Forward In			84					
Receipts	9,908	13,216	3,952	32,360	3,902	8,462	3,902	8,462
Balance Forward Out		80						
Expenditures	9,908	13,136	4,036	32,360	3,902	8,462	3,902	8,462
Biennial Change in Expenditures				13,352		(24,032)		(24,032)
Biennial % Change in Expenditures				58		(66)		(66)
Governor's Change from Base								0
Governor's % Change from Base								0

Program: State Roads

Activity: Debt Service

dot.state.mn.us/policy/financial/fm007.html

AT A GLANCE

Trunk Highway General Obligation Bonds:

- \$4.3 billion authorized since 2000
- \$2.9 billion sold since 2000
- \$229 million three-year average expenditures of bond-funded projects
- Debt service payments have grown from 7% of state revenues in Trunk Highway Fund in FY 2009 to 16% in FY 2018
- \$4.6 billion in remaining debt service payments on all current bond authorizations

PURPOSE & CONTEXT

The state of Minnesota is authorized to issue General Obligation bonds for trunk highway purposes under Article XIV, section 11 of the constitution. Bonds are purchased to advance construction projects beyond what the State Road Construction and Federal funding programs can support in a given period. The Minnesota Department of Transportation is also authorized to enter into loan agreements using the Transportation Revolving Loan Fund and to enter into local government advance agreements. The debt service activity is funded by a direct appropriation from the Trunk Highway Fund. The Trunk Highway Fund, rather than the State's General Fund, pays all of the debt service for Trunk Highway bonds.

SERVICES PROVIDED

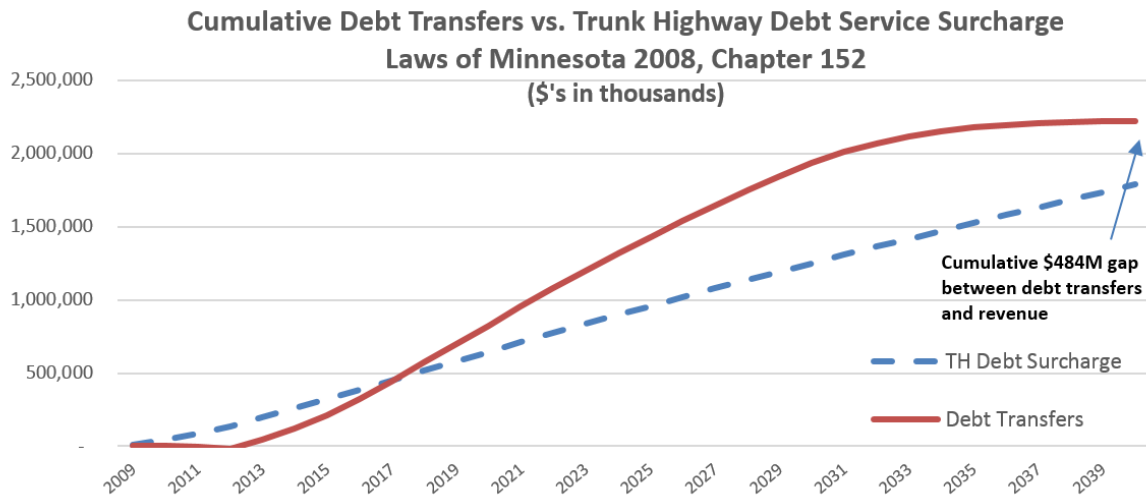
This activity encompasses repayment of all debt related to the Trunk Highway System. This includes the required annual payment of the principal and interest on Trunk Highway bonds to the State Debt Service Fund from the Trunk Highway Fund, as well as payments to the Transportation Revolving Loan Fund for Trunk Highway loan agreements and repayments of advances from local governments. We work closely with Minnesota Management and Budget to coordinate activities related to selling bonds and forecasting both debt cash flow and debt service payments.

This activity also includes significant funding for the Corridors of Commerce program, established in [Minnesota Statute 161.088](https://www.revisor.mn.gov/statutes/cite/161.088) (<https://www.revisor.mn.gov/statutes/cite/161.088>), to be used for projects focused on capacity development or freight improvement that meet specific criteria. Since 2013, \$1.0 billion in Trunk Highway bonds have been authorized for the Corridors of Commerce program.

Trunk Highway bonds have become an increasingly common financing tool in recent years, especially since the \$1.8 billion approved in Minnesota Laws of 2008, Chapter 152. The total cost of repaying the bonds generally ranges between \$1.3-\$1.5 for every \$1 of bonds authorized (depending on prevailing interest rates), and are repaid over 20 years.

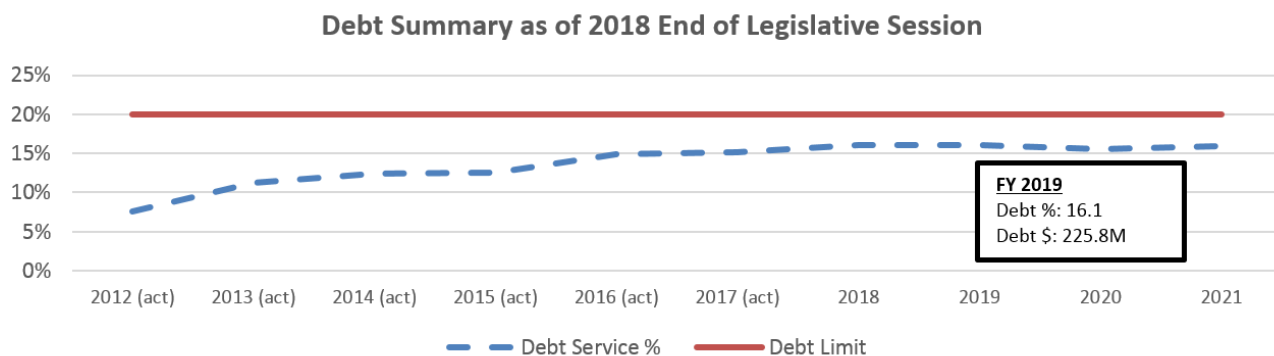
The current gas tax rate of 28.5 cents per gallon includes 3.5 cents dedicated to the debt service on the \$1.8 billion of trunk highway bonds authorized in Laws of Minnesota 2008, Chapter 152. MnDOT prepares an annual analysis of the gas tax debt service surcharge required in [Minnesota Statute 296A.083](https://www.revisor.mn.gov/statutes/cite/296A.083) (<https://www.revisor.mn.gov/statutes/cite/296A.083>). From FY2009 to 2017, the debt surcharge revenue was greater than the debt service amounts – resulting in a positive amount transferred to the Trunk Highway Fund. Beginning in FY 2018 and thereafter, the debt service payments become larger than the surcharge revenues, which will reduce the Trunk Highway Fund balance. In total, this imbalance is projected to result in a cumulative reduction to the Trunk Highway Fund balance of \$244 million by the end of the FY2020-21

biennium. This imbalance grows to \$484 million by FY 2039. The full 3.5 cent tax will continue to be collected but falls short of recovering the debt service forecast amount of \$2.2 billion from FY 2009 through FY 2039.



RESULTS

Minnesota's goals for the transportation system are established in the Minnesota State Highway Investment Plan (MnSHIP). Bond debt, particularly when interest rates are low, is an important strategy for funding transportation projects. The key goal for the debt service activity is to balance the needs of the transportation system by maximizing the funding resources available within a financially sound debt management policy. In 2010, statutory language was enacted that required MnDOT to develop a debt management policy, [Minnesota Statute 167.60](https://www.revisor.mn.gov/statutes/cite/167.60) (<https://www.revisor.mn.gov/statutes/cite/167.60>). The policy is important to ensure that debt obligations do not materially impact funding levels for other budget activities. MnDOT policy states that debt service cannot exceed 20 percent of annual projected state revenues to the Trunk Highway Fund. The graph below depicts the most current debt service estimates compared with the policy limit. The debt service peaks at 16.1 percent in FY 2019.



The Department of Transportation's Debt Service activity legal authority comes from:
 Minnesota Constitution Article XIV, Section 6 and 11
https://www.revisor.leg.state.mn.us/constitution/#article_14
 Trunk Highway Revolving Loan Account, M.S. 161.04, Subd. 3 and 4
<https://www.revisor.leg.state.mn.us/statutes/?id=161.04>
 Advance Funding for Trunk Highway Projects, M.S. 161.361
<https://www.revisor.leg.state.mn.us/statutes/?id=161.361>

Debt Service

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2700 - Trunk Highway	2,431	2,166	403	9,500	9,500	9,500	9,500	9,500
Total	2,431	2,166	403	9,500	9,500	9,500	9,500	9,500
Biennial Change				5,306		9,097		9,097
Biennial % Change				115		92		92
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Other Financial Transaction	2,431	2,166	403	9,500	9,500	9,500	9,500	9,500
Total	2,431	2,166	403	9,500	9,500	9,500	9,500	9,500

Debt Service

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
2700 - Trunk Highway								
Balance Forward In		14,225						
Direct Appropriation	197,381	231,199	254,974	224,403	236,439	250,766	237,711	255,885
Transfers Out	180,725	193,539	211,009	214,903	226,939	241,266	228,211	246,385
Cancellations		49,719	43,561					
Balance Forward Out	14,225							
Expenditures	2,431	2,166	403	9,500	9,500	9,500	9,500	9,500
Biennial Change in Expenditures				5,306		9,097		9,097
Biennial % Change in Expenditures				115		92		92
Governor's Change from Base								0
Governor's % Change from Base								0

Program: State Roads

Activity: Operations and Maintenance

dot.state.mn.us/

dot.state.mn.us/maintenance/

AT A GLANCE

We maintain:

- 12,000 state highway miles (29,000 certified lane miles), including the National Highway System (NHS)
- 3,360 traffic management systems (signals, ramp meters, changeable message signs, cameras and road weather information stations)
- 591 miles of cable median barrier
- 28,913 highway lighting fixtures
- 4,860 bridges greater than 10 feet in length on Trunk Highway routes (including rail road, pedestrian and other structures)
- 40,709 highway culverts
- 256,714 acres of highway right of way (including wetlands and ponds)
- 840 snowplows
- 1,075 individual buildings (including 187 radio equipment shelters)

PURPOSE & CONTEXT

State managed roads makes up only 8.4 percent of Minnesota's roads, but carries nearly 60 percent of total traffic volume with more than 95 million vehicle miles driven every day. Safety and efficiency is integral to the work we perform daily.

MnDOT maintenance:

- Clears snow and debris from Minnesota roadways
- Repairs and improves highways, bridges, shoulders, safety devices, and traffic management systems
- Maintains the fleet, equipment, and buildings necessary to perform maintenance activities
- Performs striping, signage, and roadway lighting structure activities
- Preserves and optimizes investments while delivering faster, smoother, and more reliable trips
- Respond to emergencies 24 hours per day, 365 days per year and provides services regardless of snow, rain, floods, construction, or emergencies

MnDOT prepares for and adapts to the challenges and opportunities that enable us to advance our objective of operational excellence by getting the best performance out of the roadways. Our operations address changing traffic and environmental conditions in a cost effective manner, providing effective stewardship of public resources.

SERVICES PROVIDED

Bridges and Structures Maintenance

MnDOT inspects 4,860 state highway bridges in accordance with state and federal requirements, as well as additional inspections due to unforeseen events. Federal rules require that all bridges are inspected on a one or two year cycle. See the [Bridge Office website](http://www.dot.state.mn.us/bridge/inspection.html) (<http://www.dot.state.mn.us/bridge/inspection.html>) for more information on bridge inspection.

MnDOT performs preventive maintenance to extend the service life of state managed bridges by protecting these assets from exposure to moisture and corrosive agents like salt. Preventive routine maintenance includes sealing cracks, joints, and railings; spot painting; lubrication of expansion bearings and flushing of the bridge deck; and superstructure and substructure elements with water to remove winter residue to reduce the frequency and scope of future repairs.

Reactive maintenance repairs are prioritized as high, medium or low priority and is a response to a condition discovered during an inspection or maintenance or when a vehicle damages a bridge. High priority includes deficiencies that could affect safe function of the bridge or result in deterioration to a critical condition. See our Bridge Office website for more information on [Bridge Construction and Maintenance](http://www.dot.state.mn.us/bridge/maintenance.html) (<http://www.dot.state.mn.us/bridge/maintenance.html>).

Traffic Devices Operation and Maintenance

To increase freeway and arterial efficiency, reduce crashes and provide travelers with information we operate the [Regional Transportation Management Center](http://www.dot.state.mn.us/rtmc) (RTMC) (<http://www.dot.state.mn.us/rtmc>), support the Southern Regional Communication Center (SRCC), operate a central traffic signal control system, staff district traffic engineering offices, and provide an Electrical Services section and the Freeway Incident Response Safety Team. These activities provide travelers with current travel times and critical roadway information, including Amber Alerts and road condition information from our Roadway Weather Information System. We relay this information using changeable message signs, the Internet and telephones. We also maintain traffic signals statewide, install and repair signs and lights, stripe roads, install and repair guardrails, and maintain cable median barriers. See our websites for more information on [MnDOT Traffic Engineering](http://www.dot.state.mn.us/trafficing) (<http://www.dot.state.mn.us/trafficing>) and [MN 511](http://www.511mn.org) (<http://www.511mn.org>).

In order to gain the best outcomes from the existing transportation infrastructure we implement Transportation System Management and Operations (TSMO) strategies. These are operational strategies that increase safety by reducing the frequency, severity and clearance times of crashes that improve reliability, mobility, and efficiency by maximizing the existing roadway capacity and reducing recurring and non-recurring congestion. Examples of TSMO strategies include traffic incident management, traveler information, safety service patrols, ramp metering, optimizing traffic signal timing, work zone management, and road weather management.

Road and Roadside Maintenance

To keep roads safe and in good operating condition, we patch potholes, seal cracks, pave road surfaces, remove debris (including the Adopt-a-Highway program), repair or replace culverts, maintain roadway shoulders, and respond to flooding. Inspection programs help in reducing infrastructure risk as well as improved planning. We also measure highway smoothness and remaining pavement life to inform and prioritize our work. This information helps us make timely investments to prolong pavement life.

Maintenance crews mow, control noxious weeds, remove trees and brush, issue permits for public roadway activities like utility work, and maintain rest areas and weigh stations. See our websites for more information on [roadway vegetation management](http://www.dot.state.mn.us/roadsides/vegetation/index.html) (<http://www.dot.state.mn.us/roadsides/vegetation/index.html>) and [rest areas](http://www.dot.state.mn.us/restareas/) (<http://www.dot.state.mn.us/restareas/>). The state also owns more than 256,714 acres of right of way that is managed within the operations and maintenance activity.

In FY2018, MnDOT drafted a [Transportation Asset Management Plan](http://www.dot.state.mn.us/assetmanagement/tamp.html) (TAMP) (<http://www.dot.state.mn.us/assetmanagement/tamp.html>). The plan describes asset inventory and condition information, performance measures and targets, risks, financial plans, and life cycle cost assessments. These assessments help MnDOT evaluate the cost effectiveness of existing management and investment practices, and identify areas where process improvements can be made. The plan also acts as a vehicle for better integration between MnDOT's Capital Investment and Maintenance programs.

MnDOT collects operations and maintenance cost data and a broader range of asset inventory and condition information with the implementation of a statewide Transportation Asset Management System (TAMS). The software has been implemented for several of MnDOT's asset classes and operational activities and is functioning as expected. In the fall of 2017, MnDOT performed a statewide asset survey. The automated data collection and subsequent processing resulted in additional asset inventory information for numerous asset classes and will allow us to more actively manage a fuller range of assets; reducing risks, prioritizing high return services, and fully reflecting costs. The benefits of TAMS are seen in areas such as storing information on asset inventories and condition assessments or capturing labor, equipment and material quantities and costs via work orders for maintenance and operations work activities.

Snow and Ice

MnDOT's snow and ice activities include pre-storm preparation (including stockpile set up, equipment preparations and pre-treatment of roads and bridges), snow plowing and ice removal during storm events and post storm clean-up of snow and ice. For snow events, snowfighters are deployed across all areas of the storm.

Snow plowing on Minnesota's 12,000 miles of roads is expensive, labor intensive, and extremely tough on equipment. MnDOT maintains a flexible and responsive workforce to fight winter storms. During the winter, some employees may be reassigned from other areas of the department (such as construction or program planning and delivery) to plowing duties, or serve in a back-up snowfighter status. During harsh winters, MnDOT has historically found it necessary to redirect funds to the snow and ice effort from other maintenance functions like drainage, roadside maintenance and pothole patching.

In 2017, MnDOT received new statutory language that allows using unreserved Trunk Highway fund balance, instead of reducing other maintenance activities, for additional snow and ice needs in biennia where expenditures exceed 110 percent of biennial snow and ice expenditure estimates ([Minnesota Statute 174.57](https://www.revisor.mn.gov/statutes/cite/174.57) (<https://www.revisor.mn.gov/statutes/cite/174.57>)). In compliance with this statute, MnDOT has developed estimated biennial expenditure levels for snow and ice management for the FY 2018-19 and FY 2020-21 biennia of \$150 million (\$75 million/year). These estimates are based on historical average snow and ice management expenditures. In FY 2018, MnDOT expended approximately \$72 million on snow and ice management activities.

MnDOT maximizes its winter resources through proactive implementation of new technology. Snow plows are equipped with automated vehicle location (AVL) technologies, as well as a decision support tool which helps snowfighters make optimal decisions as to the plowing process and chemical usage. MnDOT's snow and ice performance measures are customer driven and based on extensive customer market research. See our website for more information on [snow and ice](http://www.dot.state.mn.us/maintenance/) (<http://www.dot.state.mn.us/maintenance/>) which includes the most current "Annual At - a Glance Winter report 2017-2018."

RESULTS

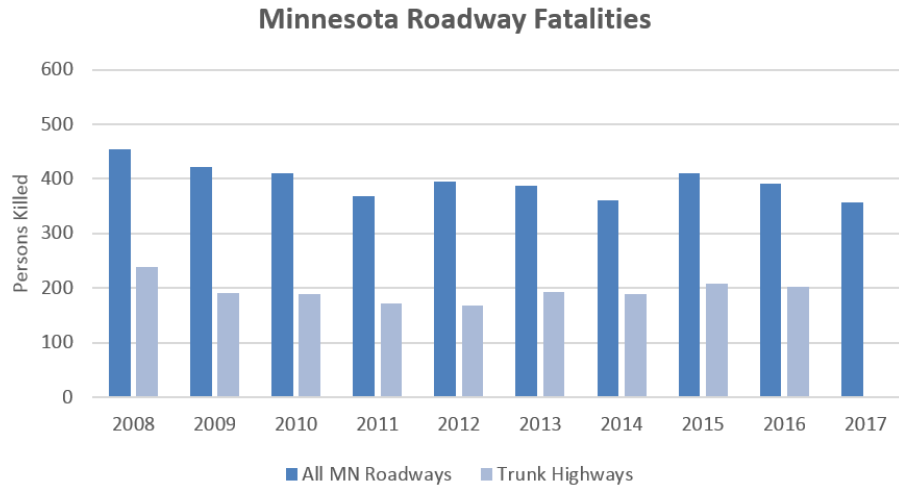
Bridges and Structures Maintenance Performance

MnDOT measures the timeliness of bridge inspections and of completing high priority reactive maintenance. The bridge fracture critical inspection goal is to complete 100 percent of inspections on time (98 percent for routine inspections). This goal exceeds the 95 percent target established in the National Bridge Inspection Standards.

The bridge maintenance goal is to complete 100 percent of high priority reactive maintenance on time. MnDOT has met this goal the last four years. Achieving this performance measure on time will ensure the safe function and structural health of the bridge, along with extending the service life of the bridge, saving time and money in the long run, and enhancing safety for the traveling public.

Traffic Devices Operation and Maintenance

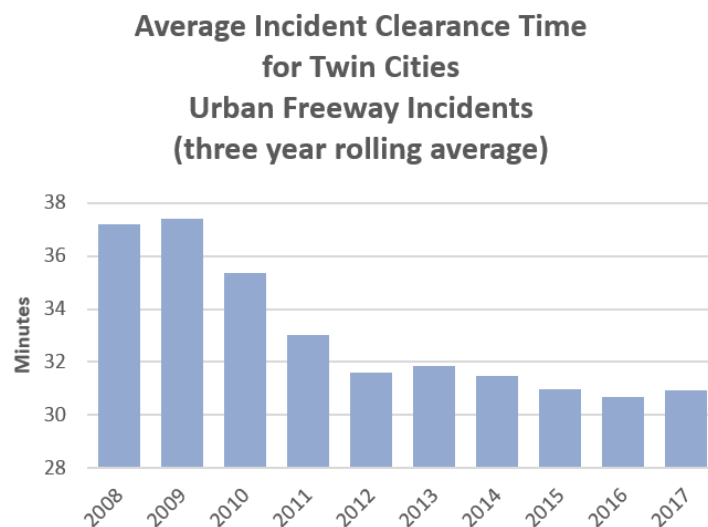
MnDOT is a partner in the [Toward Zero Deaths Initiative](http://www.minnesotatzd.org/) (<http://www.minnesotatzd.org/>) to help reduce injuries and deaths on the highway.



**2017 Trunk Highway data is not complete as of July, 2018.*

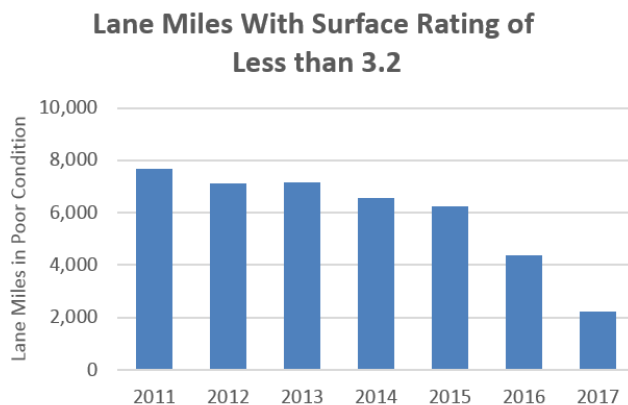
Recurring congestion is minimized through a sophisticated traffic management system, while non-recurring congestion (crashes, stalls) is reduced through quick clearance response. MnDOT expects congestion to remain the same or increase as the region continues to grow. Since 2010, MnDOT's strategy has shifted away from reducing congestion toward providing alternatives to congested travel. MnPASS Express Lanes provide for cost-effectively improving the efficiency and sustainability of the region's highway and transit systems. MnPASS uses market-based, congestion pricing principles to manage travel demand during peak-travel times and provide a congestion-free option for transit, carpools, motorcycles and a fee-based option to solo motorists. Eighty percent of MnPASS users are either riding on buses or in a carpool. The typical MnPASS lane operates as a regular lane open to all traffic nearly 90 percent of the time.

Traffic incidents, like crashes, cause major congestion on the Twin Cities Metro area freeway system. Incident clearance time is measured on the system between 6 a.m. and 7 p.m. on weekdays. The target is incident clearance within 35 minutes to minimize delays. MnDOT has met this target for the past seven years.



Road and Roadside Maintenance Performance

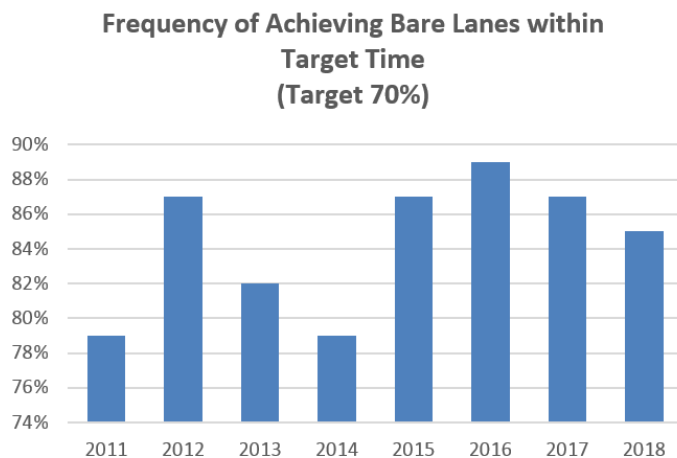
MnDOT is committed to protecting, maintaining, and preserving our roads. In doing so, we maximize taxpayers' investments in better, longer-lasting roads for smoother, safer, and more efficient travel. MnDOT measures pavement cracking based on a surface ranking index that has a zero to four scale, with a four meaning no cracks. Typically, a rating of 3.2 or lower receives some sort of patching.



With the introduction of the asset management system, MnDOT will begin to accumulate more comprehensive asset, cost, and performance data. The availability of this information will allow development of additional performance measures and targets for roadside asset maintenance.

Snow and Ice Performance

To assess plowing performance, MnDOT evaluates each snow plow route after each snowstorm. The goal is to return the road to an acceptable driving condition in a prescribed amount of time (“time to bare lane”). The target time varies by the amount of traffic on the road. MnDOT’s goal is to meet the plowing target for each roadway 70 percent of the time in a season. MnDOT has met this goal in nine of the last ten seasons (FY 2009 was 67 percent). Winter weather severity varies significantly from year to year and from region to region.



The Department of Transportation’s Maintenance and Operations activity legal authority comes from:
Roads General Provisions M.S.160 (<https://www.revisor.mn.gov/statutes/?id=160>)
Trunk Highway M.S.161 (<https://www.revisor.mn.gov/statutes/?id=161>)

Operations and Maintenance

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	14,904	11,908	13,061	15,553	14,052	13,348	14,052	13,348
2001 - Other Misc Special Revenue	572	504	391	677	519	422	519	422
2050 - Environment & Natural Resources			46	299				
2400 - Endowment					225	226	225	226
2700 - Trunk Highway	275,655	326,094	314,183	371,905	327,666	322,409	376,451	397,654
3000 - Federal	423	442	567	4,117	2,368	1,995	2,368	1,995
Total	291,553	338,948	328,248	392,551	344,830	338,400	393,615	413,645
Biennial Change				90,297		(37,569)		86,461
Biennial % Change				14		(5)		12
Governor's Change from Base								124,030
Governor's % Change from Base								18

Expenditures by Category

Compensation	171,175	177,440	188,049	195,543	200,609	202,748	208,095	218,166
Operating Expenses	98,196	105,934	110,396	146,203	116,800	112,478	150,599	164,805
Grants, Aids and Subsidies		1	11	401				
Capital Outlay-Real Property	18,563	46,040	23,790	42,082	22,137	17,984	27,137	22,984
Other Financial Transaction	3,619	9,533	6,001	8,322	5,284	5,190	7,784	7,690
Total	291,553	338,948	328,248	392,551	344,830	338,400	393,615	413,645

Full-Time Equivalents

2,186.50	2,273.90	2,354.40	2,354.01	2,353.87	2,353.81	2,361.87	2,361.81
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Operations and Maintenance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	9,884	7,419	8,883	9,307	7,757	6,979	7,757	6,979
Receipts	9,806	12,234	13,480	14,000	13,274	13,706	13,274	13,706
Transfers In	113	13	6	3				
Balance Forward Out	4,900	7,758	9,308	7,757	6,979	7,337	6,979	7,337
Expenditures	14,904	11,908	13,061	15,553	14,052	13,348	14,052	13,348
Biennial Change in Expenditures				1,802		(1,214)		(1,214)
Biennial % Change in Expenditures				7		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	8.49	12.49	17.77	17.05	17.05	17.05	17.05	17.05

2001 - Other Misc Special Revenue

Balance Forward In	177	89	112	127	127	127	127	127
Receipts	482	527	406	677	519	422	519	422
Balance Forward Out	87	112	127	127	127	127	127	127
Expenditures	572	504	391	677	519	422	519	422
Biennial Change in Expenditures				(8)		(127)		(127)
Biennial % Change in Expenditures				(1)		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.07	0.13	0.13	0.13	0.13	0.13	0.13

2050 - Environment & Natural Resources

Balance Forward In			299					
Direct Appropriation			345					
Balance Forward Out			299					
Expenditures			46	299				
Biennial Change in Expenditures				345		(345)		(345)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.37	1.00				

Operations and Maintenance

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2400 - Endowment

Balance Forward In	7,527	7,578	7,654	7,771	7,966	7,993	7,966	7,993
Receipts	51	77	116	195	252	281	252	281
Balance Forward Out	7,578	7,654	7,771	7,966	7,993	8,048	7,993	8,048
Expenditures					225	226	225	226
Biennial Change in Expenditures				0		451		451
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents					1.00	1.00	1.00	1.00

2700 - Trunk Highway

Balance Forward In	7,082	28,115	7,161	43,729	12,143	12,985	12,143	12,985
Direct Appropriation	288,405	290,916	340,475	329,956	318,145	311,932	366,930	387,177
Receipts	7,331	7,867	10,275	10,363	10,363	10,363	10,363	10,363
Transfers In	30,024	40,788	156,857	152,394	141,912	141,912	151,912	151,912
Transfers Out	30,024	33,788	156,857	152,394	141,912	141,912	151,912	151,912
Cancellations		1,268						
Balance Forward Out	27,163	6,535	43,728	12,143	12,985	12,871	12,985	12,871
Expenditures	275,655	326,094	314,183	371,905	327,666	322,409	376,451	397,654
Biennial Change in Expenditures				84,338		(36,013)		88,017
Biennial % Change in Expenditures				14		(5)		13
Governor's Change from Base								124,030
Governor's % Change from Base								19
Full-Time Equivalents	2,177.91	2,261.34	2,336.13	2,335.83	2,335.69	2,335.63	2,343.69	2,343.63

3000 - Federal

Balance Forward In	3		15	17	17	17	17	17
Receipts	419	457	569	4,117	2,368	1,995	2,368	1,995
Balance Forward Out		15	17	17	17	17	17	17
Expenditures	423	442	567	4,117	2,368	1,995	2,368	1,995
Biennial Change in Expenditures				3,819		(321)		(321)

Operations and Maintenance

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
Biennial % Change in Expenditures				442		(7)		(7)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.10							

Program: State Roads

Activity: Statewide Radio Communications

dot.state.mn.us/oec

dps.mn.gov/divisions/ecn/programs/armer/

AT A GLANCE

- ARMER System
 - More than 81,000 subscribers to the Allied Radio Matrix for Emergency Response (ARMER)
 - 333 of the planned 335 ARMER towers constructed and on the air
 - Systems availability is 97% (percent of time all sites are on the air and in service)
 - 550 tower leases with partners
- Radio/Electronic System Maintenance
 - 17 radio repair facilities statewide
 - 9,900 mobile and portable radios maintained for state agencies
 - 3,708 base station radios maintained for state agencies
 - 87 Road Weather Information System sites maintained across the state

PURPOSE & CONTEXT

Statewide Radio Communications builds, maintains, owns, and operates the Allied Radio Matrix for Emergency Response (ARMER) backbone. This is Minnesota's shared public safety radio communication system that provides around the clock interoperable radio communication service to multiple federal, state, and local agencies.

ARMER serves the day-to-day and emergency communication needs of MnDOT, the Department of Public Safety (DPS) and other state agencies, as well as the majority of local and regional law enforcement agencies. This includes fire, emergency medical, and public works services.

The system is a network of radio towers, equipment shelters, and radio transmission equipment which is shared by network users throughout the state. This is identified in the Statewide Radio Communication Plan maintained by the Statewide Emergency Communications Board (SECB).

Statewide Radio Communications strengthens relationships with all operating entities and stakeholders, including all 87 counties and their emergency services through meetings with the Regional Advisory Committees. We strive for operational excellence by providing wide area network coverage of the Interoperable system to its customers, of which there are more than 82,000 push to talk (where a radio initiates a call on the system) users/subscribers on ARMER.

SERVICES PROVIDED

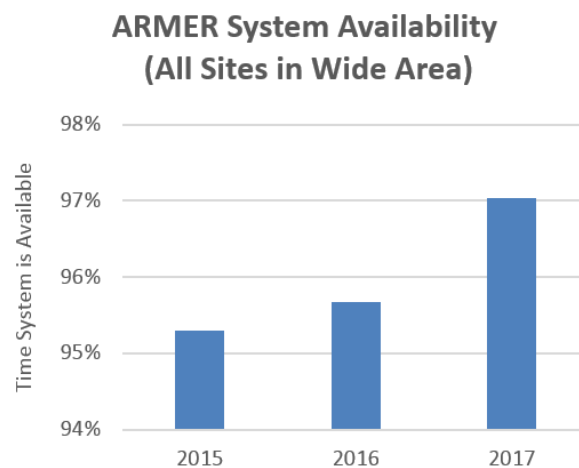
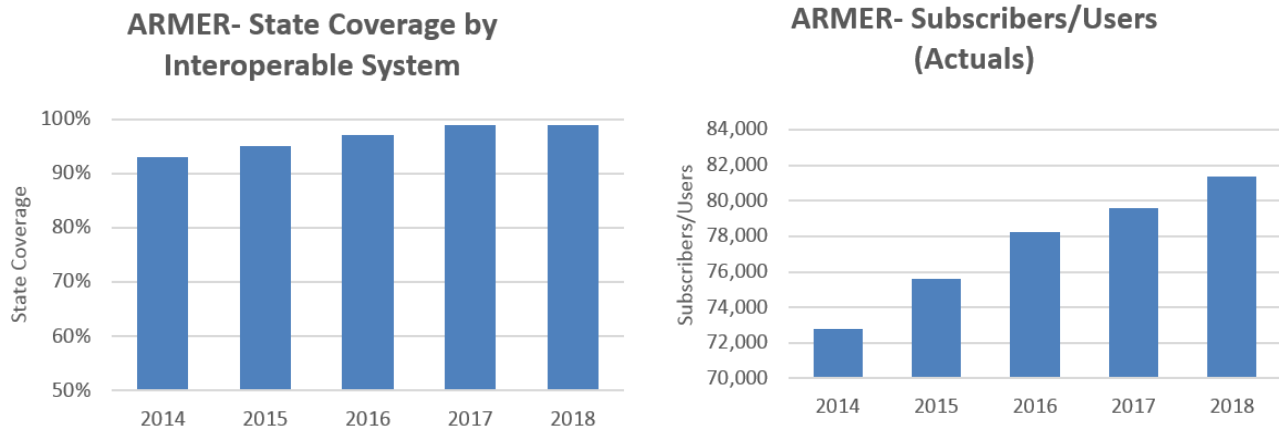
Part of Statewide Radio Communications' investment and planning function is to provide overall electrical engineering direction for the strategic and tactical planning of wireless, voice and data systems for ARMER and other public safety or transportation applications (Road and Weather Information System (RWIS), automatic vehicle location (AVL), dispatcher console systems, audio loggers, remote site data connections, and camera systems). This includes electronic communication system engineering, design and construction expertise to offices and districts and other state and local agencies. Statewide Radio Communications also serve as public safety radio spectrum frequency advisor for the state of Minnesota.

Management of the system requires us to monitor, repair, upgrade and replace the radio communications infrastructure, facilities, base stations, and mobile and portable radios. The agency also provides maintenance for electronic equipment, such as road weather information systems. We manage private and public tower lease/rental space for antenna use statewide.

In working with other state and local agencies, including the Department of Public Safety and the Department of Natural Resources, we provide emergency service response for public safety electronic communications systems and shared expertise and technical services. As the lead agency, we provide Minnesota with the infrastructure and resources to allow its emergency responders to communicate with each other at any time regardless of the nature or scope of an event.

The ARMER system build-out is on schedule and on budget. Of 335 planned towers, 333 are complete. Land acquisition of the two remaining sites has been challenging. Construction is planned to be completed in 2019. The system is designed to provide 95 percent mobile level coverage by county (with the exception of the Boundary Waters and Lake of the Woods area as noted in the original plan). Mobile level coverage are radio mounted in a vehicle (typically a higher range) and Portable radios (handhelds) have a lesser range.

RESULTS



* Prior to 2015 system was under construction

The legal authority for the Statewide Radio Communications activity comes from:
 Public Safety Radio Communications, M.S. 174.70 (<https://www.revisor.mn.gov/statutes/?id=174.70>)
 M.S. 403 (<https://www.revisor.mn.gov/statutes/?id=403>)

Statewide Radio Communications

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	35	3	3	3	3	3	3	3
2000 - Restrict Misc Special Revenue	46	3,955	4,048	7,030	7,030	7,000	7,030	7,000
2001 - Other Misc Special Revenue	2,271	3,355	3,332	3,472	3,341	3,341	3,341	3,341
2700 - Trunk Highway	5,042	6,840	5,851	7,259	7,113	7,113	7,251	7,421
4900 - 911 Emergency	9,128	10,238	9,359	9,937	9,675	9,675	9,675	9,675
Total	16,521	24,391	22,594	27,701	27,162	27,132	27,300	27,440
Biennial Change				9,383		3,999		4,445
Biennial % Change				23		8		9
Governor's Change from Base								446
Governor's % Change from Base								1

Expenditures by Category

Compensation	7,749	8,120	8,665	9,103	9,227	9,313	9,365	9,621
Operating Expenses	8,012	7,832	7,771	12,529	12,476	12,381	12,476	12,381
Capital Outlay-Real Property	635	8,395	5,947	5,719	5,289	5,275	5,289	5,275
Other Financial Transaction	125	44	212	350	170	163	170	163
Total	16,521	24,391	22,594	27,701	27,162	27,132	27,300	27,440

Full-Time Equivalents

85.15	85.51	90.06	90.06	90.06	89.95	90.06	89.95
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Statewide Radio Communications

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	0	0	0					
Direct Appropriation	35	3	3	3	3	3	3	3
Cancellations	0	0						
Expenditures	35	3	3	3	3	3	3	3
Biennial Change in Expenditures			(32)		0		0	
Biennial % Change in Expenditures			(84)		0		0	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	0.03							

2000 - Restrict Misc Special Revenue

Balance Forward In	16	2,732	3,999	4,026	4,026	4,026	4,026	4,026
Receipts	2,762	5,222	4,075	7,030	7,030	7,000	7,030	7,000
Balance Forward Out	2,732	3,999	4,026	4,026	4,026	4,026	4,026	4,026
Expenditures	46	3,955	4,048	7,030	7,030	7,000	7,030	7,000
Biennial Change in Expenditures				7,078		2,952		2,952
Biennial % Change in Expenditures				177		27		27
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.19	0.18	0.11	0.11	0.11		0.11	

2001 - Other Misc Special Revenue

Balance Forward In	58	91	1,199	134	34	65	34	65
Receipts	2,303	3,383	2,268	3,372	3,372	3,372	3,372	3,372
Balance Forward Out	91	119	134	34	65	96	65	96
Expenditures	2,271	3,355	3,332	3,472	3,341	3,341	3,341	3,341
Biennial Change in Expenditures				1,178		(122)		(122)
Biennial % Change in Expenditures				21		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.04	1.55	1.57	1.57	1.57	1.57	1.57	1.57

2700 - Trunk Highway

Statewide Radio Communications

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	222	1,253	863	1,683	1,296	1,066	1,296	1,066
Direct Appropriation	5,323	5,483	5,645	5,837	5,848	5,848	5,986	6,156
Receipts	740	958	1,027	1,035	1,035	1,035	1,035	1,035
Cancellations		0						
Balance Forward Out	1,243	853	1,684	1,296	1,066	836	1,066	836
Expenditures	5,042	6,840	5,851	7,259	7,113	7,113	7,251	7,421
Biennial Change in Expenditures				1,229		1,116		1,562
Biennial % Change in Expenditures				10		9		12
Governor's Change from Base								446
Governor's % Change from Base								3
Full-Time Equivalents	38.73	40.03	40.60	40.60	40.60	40.60	40.60	40.60

4900 - 911 Emergency

Balance Forward In		588		291				
Transfers In	9,650	9,650	9,650	9,662	9,675	9,675	9,675	9,675
Transfers Out	1			16				
Cancellations		0						
Balance Forward Out	521		291					
Expenditures	9,128	10,238	9,359	9,937	9,675	9,675	9,675	9,675
Biennial Change in Expenditures				(69)		54		54
Biennial % Change in Expenditures				(0)		0		0
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	44.16	43.75	47.78	47.78	47.78	47.78	47.78	47.78

Program: Local Roads

Activity: County State Aid Roads

dot.state.mn.us/stateaid/

AT A GLANCE

- 87 counties
- 30,739 miles of County State Aid Highways make up approximately 20% of all Minnesota roadways
- 5,781 bridges on the CSAH system
- 55,403 township road miles eligible for funding
- 6,220 township bridges eligible for funding
- Annually approved on average:
 - 495 CSAH projects
 - 200 federal aid projects
 - 70 bridge bond projects
 - 65 township bridge projects

PURPOSE & CONTEXT

State Aid for Local Transportation (SALT) provides customer service to Minnesota counties through distribution of the annual allocation from the Highway User Tax Distribution Fund (HUTD), general obligation bonding for local bridges and road improvements, and Federal Highway Administration funds.

A portion of funds from the HUTD are for construction and system maintenance on the County State Aid Highways (CSAH) system, with a small portion available to townships for maintenance and bridge replacement. The other funding sources are primarily for construction on the CSAH system.

Counties select construction projects and perform maintenance activities within their jurisdictions, which include identified roads within cities with a population of less than 5,000. SALT reviews and approves local individual construction plans for compliance with state and federal laws, standards, and rules.

In engaging our customers, we are able to assist in planning for, constructing, and maintaining the CSAH system. Through this work we are able to ensure the effective and efficient use of public resources for long-term investments that respond to the evolving needs of counties throughout the state.

SERVICES PROVIDED

Customer Service:

SALT builds relationships with county highway departments to plan, build, operate and maintain Minnesota's multimodal transportation system to maximize investments and optimize system performance. SALT administers local bridge and road improvement bond funds on a priority basis to supplement costly bridge replacement and improve safety and mobility on local roads. We also provide counties with technical resources and materials, such as crash record data. Financial customer service includes processing payments for construction projects, annual maintenance allotments, providing training, and procedural guidance. SALT maximizes resources by collaborating across jurisdictional boundaries and connecting agencies on common issues and improvements.

SALT reviews and approves construction plans along with project funding requests to ensure consistency with rules for State Aid operation. We collaborate with counties on construction, maintenance, and project delivery

costs, as well as project activities to provide the best value with limited resources. A small portion of the HUTD is used to support a research board made up of county engineers and State Aid employees. This board researches methods and materials for innovation and economical improvements for maintenance and construction.

Federal Aid:

SALT also acts as an agent for the local authorities in the administration of their federal construction contracts to fulfill the state's obligations for federal oversight of all local federal aid projects. We assist local agencies in completing the requirements for federal aid, including public involvement, small business participation and documentation to comply with environmental and historic preservation requirements.

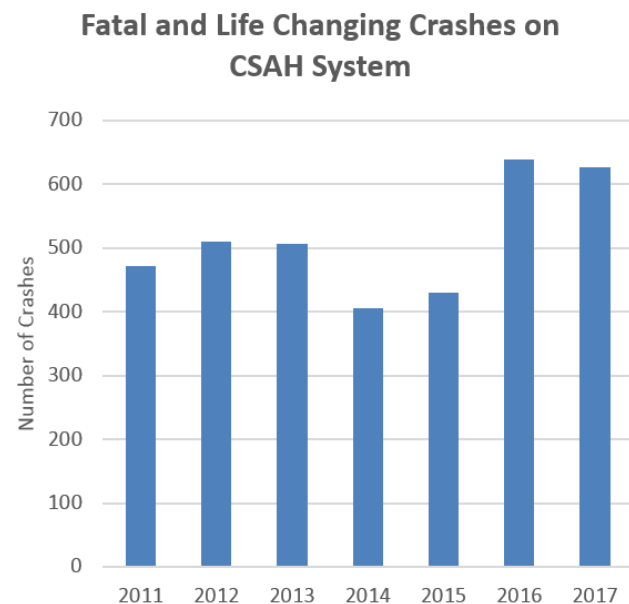
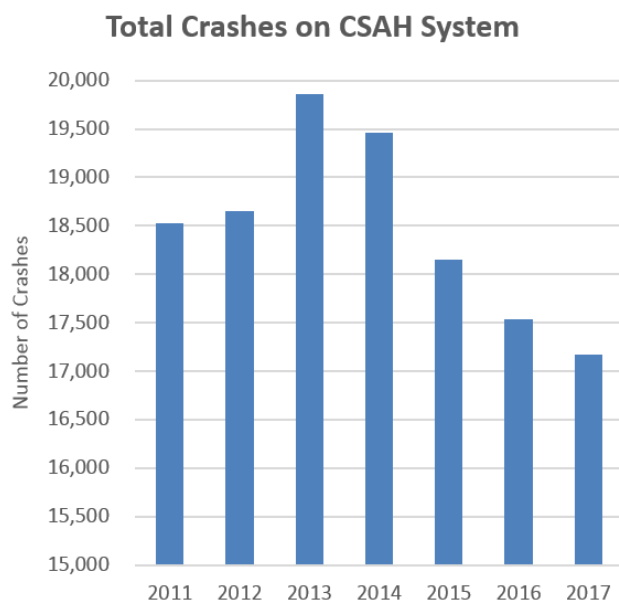
Other HUTD Funding:

- Administration functions are funded from an allocation from the HUTD Fund established in statute at two percent of available funds.
- One percent of available funds are set aside for a disaster account to assist counties with extraordinary disaster costs when they arise.
- The State Park Road Account is an account that provides funding for access roads to state parks and recreational areas. These projects are selected by the Department of Natural Resources.
- The Town Road Account identified in statute is distributed from the HUTD Fund through the counties to township governments for maintenance of township roads.
- The Town Bridge Account is distributed to counties for the replacement of deficient township bridges through the five percent set aside from the HUTD Fund.

RESULTS

Safety

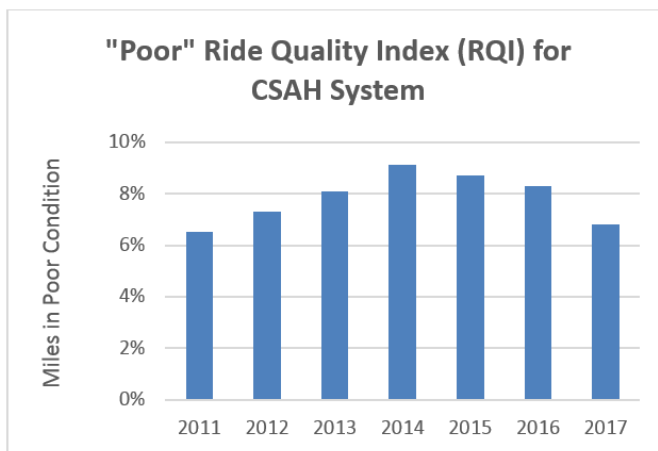
Safety on the CSAH system is measured in both the total number of crashes that occur and the number of serious crashes (fatalities and life changing crashes).



Note: In 2016, Minnesota revised the crash reporting system. The new system modified the classifications and definitions of injury severity bringing the State of Minnesota in compliance with the Federal Standards. As a result the 2016 Crash Facts saw a spike in the number of serious injuries. Due to the change in injury severity definitions, direct comparisons to historical data cannot be made.

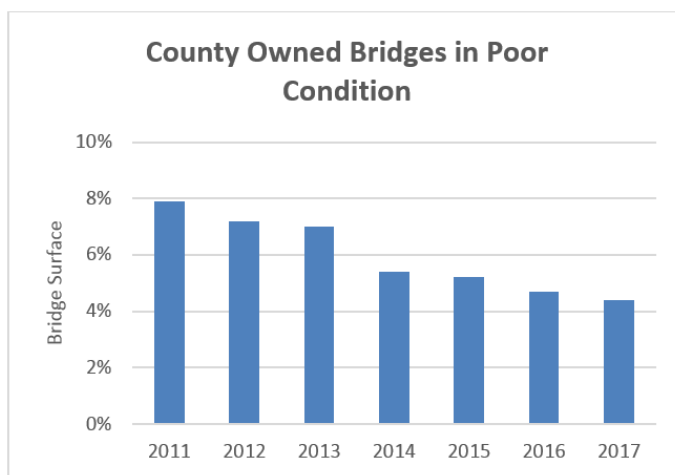
Pavement Condition

Over the past six years, Pavement Condition – Ride Quality Index (RQI) has been on a downward trend in the percentage of pavement on the CSAH system that is rated in “Poor” condition based on the RQI.



Bridge Condition

The percentage of bridges rated in “Poor” condition has been decreasing since 2011.



The legal authority for the County State Aid Highways activity comes from:

Distribution of State Aid funds to counties and cities, Constitution of MN, Article XIV

(https://www.revisor.mn.gov/constitution/#article_14)

Legal authority for the State Aid system, M.S. 162 (<https://www.revisor.mn.gov/statutes/?id=162>)

County State Aid Roads

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	1,805		5,000	5,000				
2000 - Restrict Misc Special Revenue	617	1,225	347	1,300	1,300	1,300	1,300	1,300
2600 - County State Aid Highway	631,544	652,424	731,088	789,123	857,158	876,175	907,883	1,101,706
3000 - Federal	169,779	139,104	141,932	376,017	265,540	263,240	265,540	263,240
3520 - Transportation-Loc Bridge&Road				12,576	12,714	13,052	12,714	0
Total	803,745	792,752	878,367	1,184,016	1,136,712	1,153,767	1,187,437	1,366,246
Biennial Change				465,885		228,096		491,300
Biennial % Change				29		11		24
Governor's Change from Base								263,204
Governor's % Change from Base								11

Expenditures by Category

Compensation	5,524	6,311	7,249	7,584	7,781	7,881	7,781	7,881
Operating Expenses	7,602	7,439	6,877	47,379	46,683	47,167	47,777	52,018
Grants, Aids and Subsidies	788,663	777,999	860,255	1,060,191	1,061,533	1,078,004	1,111,164	1,285,632
Capital Outlay-Real Property	1,954	1,000	3,984	68,861	20,714	20,714	20,714	20,714
Other Financial Transaction	2	3	2	1	1	1	1	1
Total	803,745	792,752	878,367	1,184,016	1,136,712	1,153,767	1,187,437	1,366,246

Full-Time Equivalents

49.02	49.74	49.55	49.84	49.84	49.84	49.84	49.84
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County State Aid Roads

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		575						
Direct Appropriation	2,380		7,000	7,000	0	0	0	0
Transfers Out			2,000	2,000				
Cancellations		575						
Balance Forward Out	575							
Expenditures	1,805		5,000	5,000				
Biennial Change in Expenditures				8,195		(10,000)		(10,000)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2000 - Restrict Misc Special Revenue

Balance Forward In	1,610	2,194	2,330	3,241	3,241	3,241	3,241	3,241
Receipts	1,191	1,342	1,258	1,300	1,300	1,300	1,300	1,300
Balance Forward Out	2,184	2,311	3,241	3,241	3,241	3,241	3,241	3,241
Expenditures	617	1,225	347	1,300	1,300	1,300	1,300	1,300
Biennial Change in Expenditures				(195)		953		953
Biennial % Change in Expenditures				(11)		58		58
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.03	0.03						

2600 - County State Aid Highway

Balance Forward In	500,229	569,140	621,979	674,380	676,380	676,380	676,380	676,380
Direct Appropriation	690,392	708,347	786,424	789,199	857,234	876,251	907,959	1,101,782
Transfers In	14,071		2,000	2,000			1,094	4,851
Transfers Out	35	30	51	76	76	76	1,170	4,927
Cancellations	4,131	3,120	4,885					
Balance Forward Out	568,982	621,913	674,380	676,380	676,380	676,380	676,380	676,380
Expenditures	631,544	652,424	731,088	789,123	857,158	876,175	907,883	1,101,706
Biennial Change in Expenditures				236,243		213,122		489,378
Biennial % Change in Expenditures				18		14		32
Governor's Change from Base								276,256

County State Aid Roads

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Governor's % Change from Base								16
Full-Time Equivalents	47.41	48.18	47.97	48.26	48.26	48.26	48.26	48.26

3000 - Federal

Balance Forward In	0		745					
Receipts	169,779	139,490	141,188	376,017	265,540	263,240	265,540	263,240
Balance Forward Out		386						
Expenditures	169,779	139,104	141,932	376,017	265,540	263,240	265,540	263,240
Biennial Change in Expenditures				209,066		10,831		10,831
Biennial % Change in Expenditures				68		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.58	1.53	1.58	1.58	1.58	1.58	1.58	1.58

3520 - Transportation-Loc Bridge&Road

Balance Forward In			12,576		12,714	13,052	12,714	0
Receipts			12,576	12,714	13,052	13,715	0	0
Balance Forward Out			12,576	12,714	13,052	13,715	0	0
Expenditures				12,576	12,714	13,052	12,714	0
Biennial Change in Expenditures				12,576		13,190		138
Biennial % Change in Expenditures								
Governor's Change from Base								(13,052)
Governor's % Change from Base								(51)

Program: Local Roads**Activity: Municipal State Aid Roads**dot.state.mn.us/stateaid/**AT A GLANCE**

- 148 cities with a population greater than 5,000
- 3,752 miles of Municipal State Aid Streets (MSAS)
- 517 bridges on the MSAS system
- 223 MSAS projects approved on average per year
- 67 bridge bond projects approved on average per year

PURPOSE & CONTEXT

State Aid for Local Transportation (SALT) provides customer service to Minnesota cities with populations greater than 5,000 through distribution of the annual allocation from the Highway User Tax Distribution Fund (HUTD), general obligation bond proceeds for local bridges, and Federal Highway Administration funds. Primarily, HUTD funds are used for construction and system maintenance on the municipal state aid street system.

Cities select construction projects and perform maintenance activities. SALT reviews and approves individual local agency construction plans for compliance with state and federal laws, standards, and rules.

In engaging our customer we are able to assist in planning for, constructing, and maintaining the MSAS system. Through this work we are able to ensure the effective and efficient use of public resources for long-term investments that respond to the evolving needs of cities throughout the state.

SERVICES PROVIDED**Customer Service**

SALT builds strong relationships with municipalities to plan, build, operate, and maintain Minnesota's multimodal transportation system to maximize investment and optimize system performance. Minnesota's transportation system is vital for moving people and freight throughout the state. We administer local bridge bond funds on a priority basis to supplement costly bridge replacement on local roads.

SALT provides cities with technical resources and materials to deliver effective and efficient system improvements. Financial customer service includes processing payments for construction projects, annual maintenance allotments, providing training, and procedural guidance. We provide customer service through collaboration of agencies on common transportation system questions, concerns, and improvements.

Construction plans along with project funding requests are reviewed and approved to ensure consistency with the rules for State Aid Operation. State Aid collaborates with cities on their construction, maintenance, and project delivery costs, as well as project activities to provide the best value with limited resources. We provide assistance with identification of innovative and economical methods and materials to improve the transportation system.

Federal Aid

State Aid acts as an agent for the local authorities to administer the local federal construction contracts to fulfill the state's obligations for federal oversight of all local federal aid projects. We assist local agencies in completing the requirements for federal aid, including public involvement, small business participation, and documentation to comply with environmental, and historic preservation requirements.

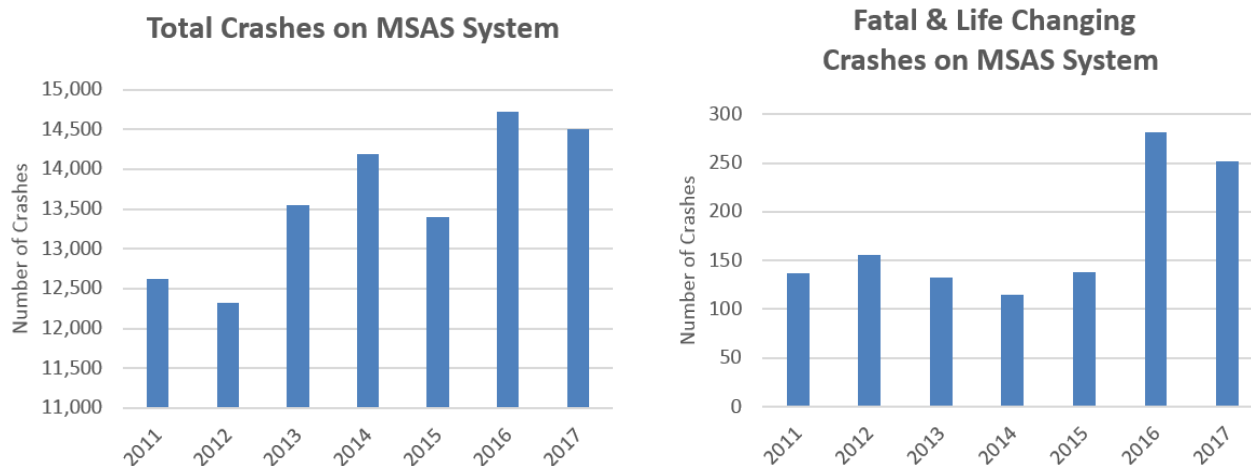
Other HUTD Funding:

- Administrative functions are funded from an allocation from the HUTD Fund established in statute at two percent of available funds.
- Two percent of available funds are set aside for a disaster account to assist cities with extraordinary disaster costs when they arise.

RESULTS

Safety

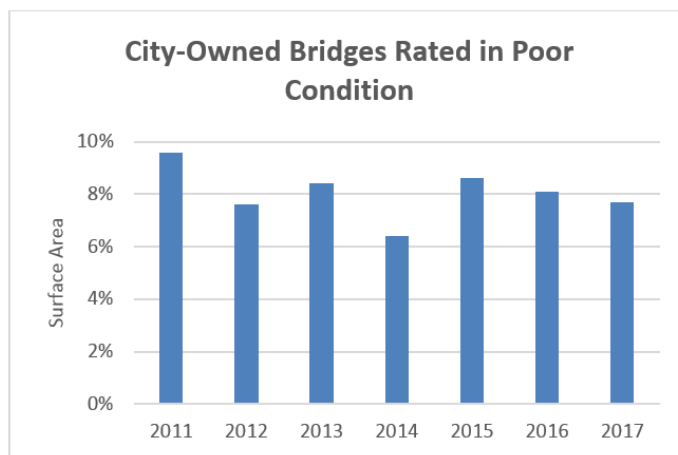
Safety on the MSAS system is measured in both the total number of crashes that occur and the number of serious crashes (fatalities and life changing crashes).



Note: In 2016, the Department of Public Safety revised the crash reporting system. The new system modified the classifications and definitions of injury severity bringing Minnesota in compliance with the Federal Standards. As a result the 2016 Crash Facts saw a spike in the number of serious injuries. Due to the change in injury severity definitions, direct comparisons to historical data cannot be made.

Bridges

The percentage of bridges rated in “Poor” condition has decreased slightly since 2011.



The legal authority for the Municipal State Aid Streets activity comes from:
Distribution of State Aid funds to counties and cities, Constitution of MN, Article XIV
(https://www.revisor.mn.gov/constitution/#article_14)

Legal authority for the State Aid system, M.S. 162 (<https://www.revisor.mn.gov/statutes/?id=162>)

Municipal State Aid Roads

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2500 - Municipal State Aid Street	187,988	151,854	193,623	197,421	215,536	220,038	229,898	280,156
Total	187,988	151,854	193,623	197,421	215,536	220,038	229,898	280,156
Biennial Change				51,201		44,530		119,010
Biennial % Change				15		11		30
Governor's Change from Base								74,480
Governor's % Change from Base								17

Expenditures by Category

Compensation	2,026	2,118	2,324	2,438	2,502	2,534	2,502	2,534
Operating Expenses	1,210	1,046	921	2,447	2,746	2,920	3,033	4,194
Grants, Aids and Subsidies	184,751	148,677	190,378	192,535	210,287	214,583	224,362	273,427
Capital Outlay-Real Property		12						
Other Financial Transaction	0	1	1	1	1	1	1	1
Total	187,988	151,854	193,623	197,421	215,536	220,038	229,898	280,156

Full-Time Equivalents

18.62	17.82	17.11	17.24	17.24	17.24	17.24	17.24
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Municipal State Aid Roads

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	12,500		8,000	8,000	0	0	0	0
Transfers Out	12,500		8,000	8,000				
2500 - Municipal State Aid Street								
Balance Forward In	169,877	158,215	182,918	184,593	184,593	184,593	184,593	184,593
Direct Appropriation	173,000	177,585	196,866	197,445	215,560	220,062	229,922	280,180
Transfers In	4,403						287	1,274
Transfers Out	10	9	16	24	24	24	311	1,298
Cancellations	1,115	1,039	1,552					
Balance Forward Out	158,166	182,897	184,593	184,593	184,593	184,593	184,593	184,593
Expenditures	187,988	151,854	193,623	197,421	215,536	220,038	229,898	280,156
Biennial Change in Expenditures				51,201		44,530		119,010
Biennial % Change in Expenditures				15		11		30
Governor's Change from Base								74,480
Governor's % Change from Base								17
Full-Time Equivalents	18.62	17.82	17.11	17.24	17.24	17.24	17.24	17.24

Program: Agency Management

Activity: Agency Services

dot.state.mn.us/funding/index.html

dot.state.mn.us/about/index.html

dot.state.mn.us/jobs/students.html

AT A GLANCE

- Accounts for 1.5% of MnDOT's directly appropriated operating budget in FY18
- Processed 224,000 payments to all agency vendors in FY18
- Processed more than \$837 million in Construction & Right of Way payments in FY18
- Completed 322 data practice requests in FY18
- Administered 2,130 contracts in FY18
- Audited 434 contracts totaling \$169 million in FY17 and 465 contracts totaling \$127 million in FY18
- Resolved more than 1,000 cases by the Ombudsman's Office since the office was established in 2008
- 12.8 million unique visitors to the MnDOT website and more than 126,000 email subscribers in FY18
- More than 44,000 Facebook followers and 50,000 followers of agency's two primary Twitter accounts in FY18

PURPOSE & CONTEXT

Agency Services directs the department's administrative, financial, technology, human and capital resources, audit, public engagement, policy, and legal compliance and counsel for the agency. Agency Services ensures that activities are based on sound policy, federal and state compliance measures are in place, and proper accounting procedures are used in handling federal, state, and local funds. This activity also includes all aspects of planning for, employing, and servicing a diverse and talented workforce of 4,979 full time equivalent employees (as of FY18).

SERVICES PROVIDED

Human Resources/Workforce Development services provide a full range of human resource management and staffing services, workforce development and training, recruitment and retention, labor relations, policy development, employee insurance and benefits, consultation, planning, and oversight of human resources services.

General Administrative Support incorporates a range of services including emergency management and continuity of operations, occupational safety and health services, workers compensation, materials management, business improvement process, publishing and design, business services, building and facilities operations, purchasing and payables, employee services, mobile device management, security, mail, document services, and administrative business rules.

Financial services include statewide financial planning, accounting, payroll services, forecasting, analysis, budgeting, and management of federal, state, local, and bond funds. Financial services also include management of our internal control program, Safeguarding MnDOT.

Technology Investment Management provides leadership and management of agency wide information technology plans, resources and investments, in addition to assuring collaboration with the Chief Business Technology Officer (CBTO) for IT staff and services at MnDOT.

Organizational Planning and Management (OPM) provides leaders with tools and practices that advance the strategic management of operating resources. OPM is focused on delivering and supporting implementation of the 5-Year Strategic Operating Plan and district and office business plans.

Audit includes internal auditing of our operations, external auditing of contracts and coordinating with the Office of the Legislative Auditor. Audit ensures costs are paid in compliance with laws, rules, and regulations, and that contracts are administered properly and efficiently.

Legal services includes providing legal counsel to the commissioner, transactional legal assistance to all offices and districts, and coordinating legal support from the Office of the Attorney General. Legal Services manages agency compliance with the data practices act, the official records act and the open meeting law. It also produces documents for litigation, and reviews and approves MnDOT contracts.

Public Engagement and Constituent Services promotes continuity across the department's statewide public participation efforts by monitoring engagement practices, cultivating partnerships, capturing customer feedback and aligning resources to ensure a positive customer experience. This allows those served and impacted by MnDOT's work to have a participatory role in shaping decisions and identifying priorities to advance transportation policies and projects.

Communications provides clear, reliable, and timely information to diverse audiences about transportation projects, initiatives, and policies. This is accomplished across a variety of communication channels, including traditional news media, email, websites, events, video and print publications, and through messages in plain language with a consistent MnDOT brand.

Diversity & Inclusion includes compliance with non-discrimination laws, affirmative action programming, organizational development, building inclusive work environments, and training for increased cultural competence.

Ombudsman services provide a neutral, informal, and independent resource to help the public and MnDOT resolve over 100 cases annually by focusing on common interests, generating issue-specific options, and making recommendations for resolution.

Government Affairs facilitates communication between the department and elected officials, ensuring policy changes and legal authority are enacted to enable efficient operation of the department and the transportation system. This also includes close coordination with tribal governments and training for state officials in tribal/state relations.

RESULTS

MnDOT leadership is in the process of implementing our Strategic Operating Plan (SOP), which will translate long-term policy plan objectives into actionable strategies. These strategies reflect our highest priority goals, align our long-range vision with near-term actions and identify performance metrics to monitor progress. The SOP will also guide resource decisions and better align efforts across the agency to achieve our vision and mission. Priorities identified in the Strategic Operating Plan are intended to advance three broad goal areas:

- Customer Trust
- Operational Excellence
- Workforce Excellence

Safeguarding MnDOT, the agency's internal control program, ensures agency goals are achieved while avoiding fraud, waste, and abuse of resources. Minnesota Management and Budget has approved our internal control certification annually since FY10.

We continue to work on strategic staffing and workforce development plans to identify skills and competencies needed for our future workforce. With a 5.8 percent turnover rate for fulltime permanent employees, we are far below the industry standard of 10 percent. Some of our strategies for building a more diverse workforce include targeted recruitment efforts, internships and student worker positions, and Employee Resource Groups.

The Office of Public Engagement and Constituent Services (PECS) provides market research services for MnDOT to capture the voice of the customer and share insights with policymakers and technical staff to better understand:

- the experiences and perceptions of MnDOT’s customers and stakeholders;
- community members’ perceptions of agency communication, engagement, and project management efforts during large construction projects; and
- public opinions about MnDOT’s performance in delivering key transportation services such as building and maintaining roads and bridges; removing snow and ice from roads; making roadways safe; and communicating reliable and accurate information about transportation planning and projects.

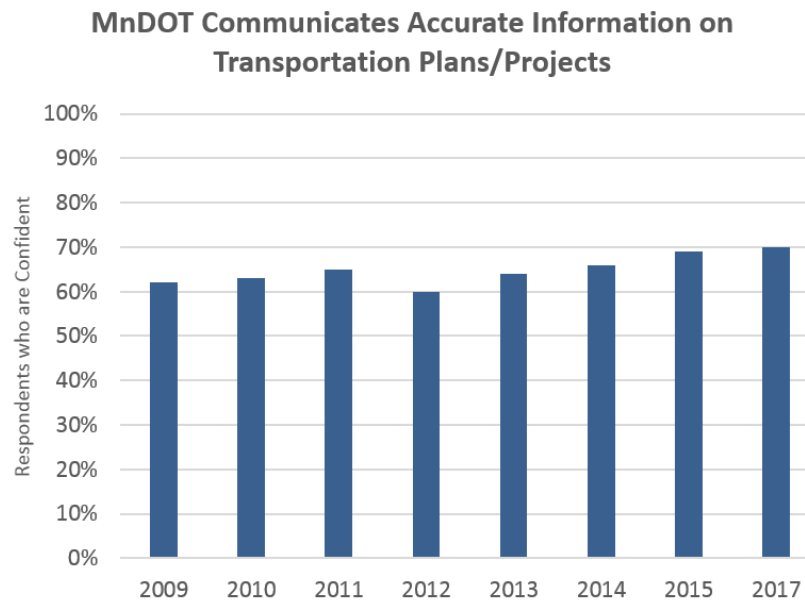
Results from MnDOT’s most recent statewide public opinion tracking study in 2017 of over 1,400 Minnesotans indicate that seven in ten Minnesotans rate MnDOT’s performance of delivering our mission favorably. Additionally, trust in MnDOT has remained strong over the years, particularly for prioritizing roadway users’ safety and delivering Minnesota’s transportation system - with 88 percent and 87 percent (respectively) agreeing that MnDOT prioritizes roadway users’ safety and can be relied upon to deliver Minnesota’s transportation system.

**Trust in MnDOT -2017 Public Opinion Study
(Agree Somewhat and/or Agree Strongly)**



In addition to the public opinion tracking study, PECS also administers MnDOT’s customer experience survey to those who have requested general information from MnDOT and/or specific assistance from the Ombudsman program. In 2017, 78 percent of customer experience survey respondents rated MnDOT’s time for initially responding to their inquiry as meeting or exceeding their expectations for timeliness. In addition, 85 percent rated the responses from MnDOT as meeting or exceeding their expectations for quality.

Since the function was enacted in statute in 2013, Ombudsman staff have consistently gathered and provided information to the general public while also facilitating discussions and mediating conflicts when appropriate. Common topics for investigation include construction, maintenance, traffic signals, signage, and noise.



One of the ways we build public trust and confidence is through sound financial management practices. Our Office of Financial Management ensures adherence to legislatively approved budget and internal policies that promote effective stewardship of transportation dollars. These policies relate to:

[Advance construction](http://www.dot.state.mn.us/policy/financial/fm008.html) (<http://www.dot.state.mn.us/policy/financial/fm008.html>)
[Trunk Highway Fund balance](http://www.dot.state.mn.us/policy/financial/fm006.html) (<http://www.dot.state.mn.us/policy/financial/fm006.html>)
[Trunk Highway Fund cash balance](http://www.dot.state.mn.us/policy/financial/fm005.html) (<http://www.dot.state.mn.us/policy/financial/fm005.html>)
[State Airport Fund balance](http://www.dot.state.mn.us/policy/financial/fm012.html) (<http://www.dot.state.mn.us/policy/financial/fm012.html>)
[Debt service](http://www.dot.state.mn.us/policy/financial/fm007.html) (<http://www.dot.state.mn.us/policy/financial/fm007.html>)
[Greater Minnesota Transit Account Balance](http://www.dot.state.mn.us/policy/financial/fm022.html) (<http://www.dot.state.mn.us/policy/financial/fm022.html>)

The legal authority for the Agency Services activity comes from:
 Article XIV of the Minnesota Constitution (https://www.revisor.leg.state.mn.us/constitution/#article_14)
 Duties of Commissioner, M.S. 174.03 (<https://www.revisor.mn.gov/statutes/?id=174.03>)
 Commissioner's Powers and Duties, M.S. 174.02, subd. 2a (<https://www.revisor.mn.gov/statutes/?id=174.02>)
 Internal Controls and Internal Auditing, M.S. 16A.057 (<https://www.revisor.mn.gov/statutes/?id=16A.057>)
 Contract Management; Validity and Review, M.S. 16C.05, subd 5
 (<https://www.revisor.mn.gov/statutes/?id=16C.05>)

Agency Services - Transportation

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General							311	316
2000 - Restrict Misc Special Revenue	77	6	1					
2001 - Other Misc Special Revenue	4	5		4	4	4	4	4
2700 - Trunk Highway	45,417	54,057	48,234	60,601	55,408	55,408	63,840	64,346
2710 - Highway Users Tax Distribution	96	117	117	135	135	135	135	135
2720 - State Airports	36	37	45	48	48	48	48	48
Total	45,630	54,221	48,396	60,788	55,595	55,595	64,338	64,849
Biennial Change				9,332		2,006		20,003
Biennial % Change				9		2		18
Governor's Change from Base								17,997
Governor's % Change from Base								16

Expenditures by Category

Compensation	27,853	25,020	26,355	27,504	28,219	28,586	31,901	33,462
Operating Expenses	17,128	29,083	22,008	33,162	27,254	26,887	32,315	31,265
Grants, Aids and Subsidies		0	2	2	2	2	2	2
Capital Outlay-Real Property	228	21	0	20	20	20	20	20
Other Financial Transaction	420	98	32	100	100	100	100	100
Total	45,630	54,221	48,396	60,788	55,595	55,595	64,338	64,849

Full-Time Equivalents

258.94	257.07	264.59	265.00	265.00	265.00	301.10	301.10
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Agency Services - Transportation

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation							311	316
Expenditures							311	316
Biennial Change in Expenditures				0		0		627
Biennial % Change in Expenditures								
Governor's Change from Base								627
Governor's % Change from Base								
Full-Time Equivalents							1.50	1.50
2000 - Restrict Misc Special Revenue								
Balance Forward In	290	17	16	21	21	21	21	21
Receipts	6	5	2					
Transfers In			3					
Transfers Out	200							
Balance Forward Out	19	16	21	21	21	21	21	21
Expenditures	77	6	1					
Biennial Change in Expenditures				(82)		(1)		(1)
Biennial % Change in Expenditures				(99)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.02						
2001 - Other Misc Special Revenue								
Balance Forward In	0	1		3	3	3	3	3
Receipts	3	3	3	4	4	4	4	4
Balance Forward Out			3	3	3	3	3	3
Expenditures	4	5		4	4	4	4	4
Biennial Change in Expenditures				(4)		4		4
Biennial % Change in Expenditures				(51)				
Governor's Change from Base								0
Governor's % Change from Base								0
2700 - Trunk Highway								
Balance Forward In	2,566	5,442		5,314				
Direct Appropriation	43,322	44,119	44,916	45,926	46,047	46,047	54,479	54,985

Agency Services - Transportation

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Open Appropriation	7,354	7,535	8,632	9,360	9,360	9,360	9,360	9,360
Receipts		2	0	1	1	1	1	1
Cancellations		3,041						
Balance Forward Out	7,825		5,314					
Expenditures	45,417	54,057	48,234	60,601	55,408	55,408	63,840	64,346
Biennial Change in Expenditures				9,361		1,981		19,351
Biennial % Change in Expenditures				9		2		18
Governor's Change from Base								17,370
Governor's % Change from Base								16
Full-Time Equivalents	258.94	257.05	264.59	265.00	265.00	265.00	299.60	299.60

2710 - Highway Users Tax Distribution

Open Appropriation	96	117	117	135	135	135	135	135
Expenditures	96	117	117	135	135	135	135	135
Biennial Change in Expenditures				39		18		18
Biennial % Change in Expenditures				18		7		7
Governor's Change from Base								0
Governor's % Change from Base								0

2720 - State Airports

Open Appropriation	36	37	45	48	48	48	48	48
Expenditures	36	37	45	48	48	48	48	48
Biennial Change in Expenditures				19		3		3
Biennial % Change in Expenditures				26		4		4
Governor's Change from Base								0
Governor's % Change from Base								0

Program: Agency Management

Activity: Building Services

dot.state.mn.us/maintenance/facilities.html

AT A GLANCE

MnDOT owns and operates 1,075 individual buildings (of which 187 are radio equipment shelters) at 269 sites with the total area of buildings measuring over 6.6 million square feet, including:

- 133 truck station sites (an addition 4 truck station sites are leased)
- 18 regional headquarters and maintenance sites
- 5 special service sites: MnROAD Research Facility, Arden Hills Training Center, Central Shop, Maplewood Materials Lab, and the Aeronautics building
- 193 salt and sand delivery sites (an additional 4 salt and delivery sites are leased)
- 68 rest area buildings
- 6 weigh stations

PURPOSE & CONTEXT

MnDOT facilities are located throughout the state to enable prompt and efficient service to the traveling public. MnDOT District Facility Management staff oversee operations and maintenance of these buildings. MnDOT Building Services provides planning, design and construction contract administration for building repairs, improvements, additions, and new construction.

The efforts of both groups support the core mission of the department, as well as the other state agencies and local partners that are co-located at MnDOT facilities. Our agency objective is to plan, build, and operate facilities effectively and efficiently. We continue to manage our resources strategically in an effort to ensure that our facilities provide safety and security of our assets, employees, and the travelling public.

SERVICES PROVIDED

Building Services provides the following services:

- Long-range program planning and scoping
- Building programming and pre-design services for new and renovated buildings and sites
- Scheduling new facility projects
- Hiring and overseeing consultants for large capital and specialty projects
- Preparing design and construction documents, bid letting and administering construction contracts
- Program planning and management for emergency building repairs
- Managing and tracking building energy use
- Maintaining building data to track building conditions and deferred maintenance
- Research projects on water use and wastewater treatment
- Ensure facilities are safe for staff and are accessible and strategically located throughout the state to efficiently deploy services

The truck station network is the center of MnDOT's maintenance and operations program. Agency facilities are strategically located across the state so customer needs, especially snow and ice operations and system emergencies, can be addressed promptly. These facilities provide building space for staff, equipment and materials, including snow plows and salt. MnDOT often shares space with other state agencies or local governments to take advantage of opportunities to reduce costs.

MnDOT Building Services is financed by a direct appropriation from the Trunk Highway Fund which is used for salaries, consultant contracts, asset preservation, and small capital projects. Large capital projects are typically funded by Trunk Highway bonds. Building Services staff deliver 120 - 150 projects and manage approximately 50 consultant contracts per year.

Planning, scoping and budget development services: During the annual building budget process, MnDOT reviews and plans for future building space requirements. The Facilities Investment Plan provides the framework for project delivery for the next four years. In addition, 10 and 20 year plans offer a longer range view. These timelines align with concurrent highway planning efforts.

The Facilities Investment Plan is driven by operational deficiency evaluations and data captured in the Enterprise Real Property Facilities Condition Assessment (FCA). This information is used to assist decision makers in prioritizing capital projects of all sizes, including district headquarters, truck stations, and specialty buildings. Other processes identify annual maintenance and repair projects, which require licensed architects and engineers to develop plans and specifications.

Professional architecture and engineering services: MnDOT's architects and engineers perform or oversee all aspects of building design and construction. This includes conceptual design through preparation of contract documents, bidding and construction contract administration. Building Services is adopting the same project scheduling tool that MnDOT uses to manage bridge and highway projects. This tool should improve project delivery in multiple ways; lettings will occur at the most favorable time of the year, construction will commence as soon as weather permits, and district customers will be able to track project start dates and schedules.

Building Operations and Maintenance: MnDOT Building Services develops and enforces facility standards, building codes, regulatory requirements, and partnership agreements with political subdivisions. This includes the administrative functions associated with custodial work, supplies and services, and telecommunications support.

Results

During the FY 2018-19 biennium the design or construction of the following building projects will be completed:

Regional Headquarters: District 6 Rochester radio shop and lower level conference center; District 2 Crookston warm storage addition

Truck Stations: Granite Falls Truck Station addition; Evansville Truck Station replacement; Wheaton Truck Station; Oakdale Welding Shop; Mankato unheated storage building; Oakdale sign shop replacement

Safety Rest Areas: Straight River Northbound; Goose Creek; Clear Lake; Des Moines River

Facility Condition Assessments (FCA)

MnDOT is one of 19 state agencies implementing a program of periodic FCAs. The FCAs, combined with operational functionality assessments of buildings and sites, allow MnDOT to make data driven building investment decisions and inform the development of the 4, 10, and 20 year plans. The continuous assessment and evaluation of our building stock allows us to target asset preservation dollars where they will do the most good and maximize the value of our existing resources.

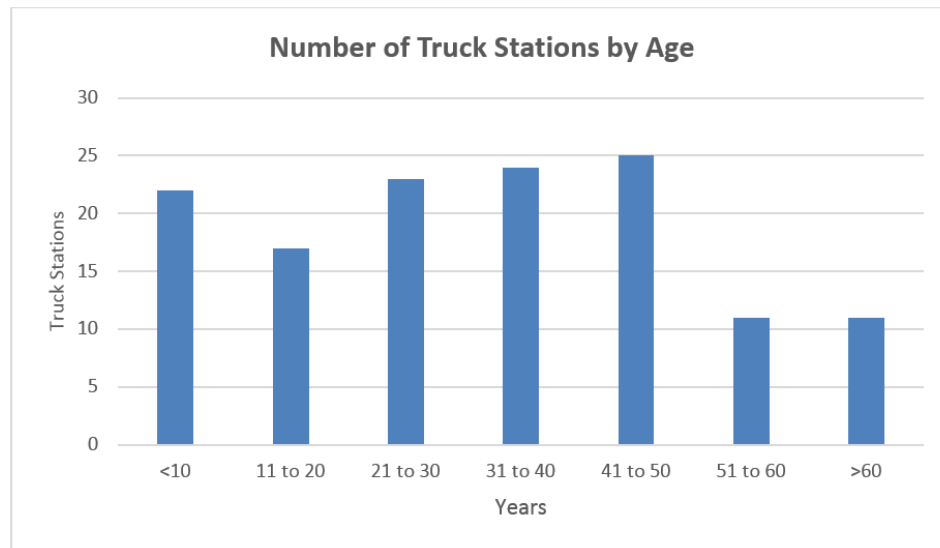
The initial assessment of 884 MnDOT owned buildings established a baseline condition for each building which will allow us to track building condition changes over time. The assessments are updated every three years on a rolling basis. As of July 2018, 129 buildings are rated excellent, 415 are rated good, 263 are rated fair, 58 are rated poor, and 19 are rated crisis/emergency.

The current replacement value of all our buildings is approximately \$1.27 billion and the FCA algorithmically derived deferred maintenance is approximately \$186 million. Both numbers are generated using the Department of Administration's standardized FCA Program. Deferred maintenance is the total of essential, but unfunded, facilities maintenance work necessary to bring facilities and collateral equipment to the required acceptable facilities maintenance standards. This is the total work that should be accomplished in order to maintain the

facilities but that cannot be achieved within available resources. It does not include new construction, additions, or modifications. Deferred Maintenance does include unfunded maintenance requirements, repairs, and replacement of obsolete items.

Aging Infrastructure

The expected service life of a MnDOT truck station facility is 50 years. At the current replacement rate of two truck stations per year, we are operating on a replacement cycle of approximately 70 years. As the graph below indicates, many of our buildings have already exceeded their expected service life. Over half of the 133 existing truck stations are more than 30 years old and will be candidates for replacement within the next 20 years.



Building Energy Management

MnDOT continues to utilize the State's B3 (Buildings, Benchmarks, and Beyond) Energy Benchmarking Tool, which contains utility consumption data from 98 percent of MnDOT sites. This data is analyzed on an ongoing basis to ensure that our buildings use energy in the most efficient way possible. As of 2017, building energy use per square foot was 17.5 percent lower during the most recent 12 months of complete data than in the baseline year of 2008 (weather normalized). MnDOT's [Sustainability Report](http://www.dot.state.mn.us/sustainability/docs/2017-sustainability-report.pdf) (<http://www.dot.state.mn.us/sustainability/docs/2017-sustainability-report.pdf>) outlines our sustainability efforts and performance targets. It is used to support strategic direction and oversight for sustainability activities.

MnDOT Building Services also identifies and implements energy efficiency improvement opportunities and renewable energy measures. Specific initiatives include web-connecting building automation systems to monitor facility operational trends and adjust statewide mechanical systems from any remote location. Other efforts include assessment and recommissioning of existing equipment based on data provided by the automation systems and replacement of outdated and over-sized equipment with energy efficient upgrades.

The legal authority for the Buildings Services activity comes from:

Duties of Commissioner, Other duties, Construct and maintain transportation facilities, M.S. 174.03

(<https://www.revisor.mn.gov/statutes/?id=174.03>)

General Powers of the Commissioner, M.S. 161.20 (<https://www.revisor.mn.gov/statutes/?id=161.20>)

Building Services

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	54	54	54	54	54	54	54	54
2000 - Restrict Misc Special Revenue	71							
2001 - Other Misc Special Revenue	340	1,408	592	30	30	30	30	30
2700 - Trunk Highway	18,165	20,001	20,112	37,815	29,407	29,407	42,815	48,394
Total	18,630	21,463	20,757	37,899	29,491	29,491	42,899	48,478
Biennial Change				18,564		326		32,721
Biennial % Change				46		1		56
Governor's Change from Base								32,395
Governor's % Change from Base								55

Expenditures by Category

Compensation	3,140	3,189	3,667	3,860	3,960	4,012	4,779	4,990
Operating Expenses	12,447	16,173	16,563	20,276	12,641	12,919	18,936	21,924
Grants, Aids and Subsidies	7		4	2	2	2	2	2
Capital Outlay-Real Property	2,891	2,007	441	13,661	12,788	12,458	19,082	21,462
Other Financial Transaction	145	94	82	100	100	100	100	100
Total	18,630	21,463	20,757	37,899	29,491	29,491	42,899	48,478

Full-Time Equivalents

32.07	29.75	35.31	36.02	36.02	36.02	42.02	42.02
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Building Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	54	54	54	54	54	54	54	54
Expenditures	54	54	54	54	54	54	54	54
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2000 - Restrict Misc Special Revenue

Balance Forward In	71							
Expenditures	71							
Biennial Change in Expenditures				(71)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

2001 - Other Misc Special Revenue

Balance Forward In	251	712	27	261	231	201	231	201
Receipts	801	723	825					
Balance Forward Out	712	27	261	231	201	171	201	171
Expenditures	340	1,408	592	30	30	30	30	30
Biennial Change in Expenditures				(1,127)		(562)		(562)
Biennial % Change in Expenditures				(64)		(90)		(90)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.03	0.02	0.02	0.02	0.02	0.02	0.02

2700 - Trunk Highway

Balance Forward In		1,014		8,419				
Direct Appropriation	18,718	19,267	28,531	29,396	29,407	29,407	42,815	48,394
Transfers In	1,304	1,304	1,304	1,304	1,304	1,299	1,304	1,299
Cancellations	1,304	1,584	1,304	1,304	1,304	1,299	1,304	1,299
Balance Forward Out	553		8,419					
Expenditures	18,165	20,001	20,112	37,815	29,407	29,407	42,815	48,394

Building Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				19,761		887		33,282
Biennial % Change in Expenditures				52		2		57
Governor's Change from Base								32,395
Governor's % Change from Base								55
Full-Time Equivalents	32.07	29.72	35.29	36.00	36.00	36.00	42.00	42.00

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Federal Aviation Administration CFDA 20.106	Airport Improvement Program (AIP) - The AIP Provides grants for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS). The NPIAS identifies 97 Minnesota airports that are significant to national air transport and thus eligible to receive Federal grants under the AIP.		52,719	147,961	120,000	120,000	Yes-5%	9.0
	Aeronautics Total		52,719	147,961	120,000	120,000		
Federal Highway Administration CFDA 20.205	Federal Rideshare - Coordinate rideshare opportunities in Greater Minnesota.		69	226	150	150	Yes-20%	0.6
Federal Transit Administration CFDA 20.509 (may receive funding from additional CFDA's)	Transit Vehicle Disposition – Reserve for salvaged transit vehicle disposition receipts that are used for mass transportation purposes.		1	349	200	200	Yes-20%	0
Federal Transit Administration CFDA 20.513	FTA Section 5310 - Capital assistance grants for organizations that serve elderly and/or persons with disabilities.		1,800	10,200	9,763	9,879	Yes-20%	3.5
Federal Transit Administration CFDA 20.509	FTA Section 5311 - Capital and operating funding for small urban and rural areas, including intercity bus. RTAP funding for research, training and technical assistance for transit operators in non-urbanized areas. Administration for technical oversight of programs.		29,816	29,470	24,600	24,600	Yes-20%	17.9
Federal Transit Administration CFDA 20.505	FTA Section 5305 - Statewide planning activities and technical assistance for public transit services.		123	2,877	500	500	Yes-20%	0
Federal Highway Administration CFDA 20.205	Bike/Ped Coordinators - Funding to support bike and pedestrian coordinators includes, but not limited to: bicycle safety programs, statewide bicycle maps, complete streets and pedestrian American Disability Act (ADA) implementation within MnDOT.		150	150	150	150	Yes-20%	1.3
Federal Highway Administration CFDA 20.205	Transit Bike/Ped PR - Metro Ped/Bike planner senior position responsible for the State Planning & Research project Part I.		66	61	60	60	Yes-20%	0

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Federal Highway Administration CFDA 20.205	Safe Routes to School (SRTS) - The purpose of the program is to enable and encourage children, including those with disabilities, to walk and bicycle to school by improving safety and facilities in and around school zones.		0	500	5,250	250	No	0
Federal Transit Administration CFDA 20.500	FTA Northstar Construction - Northstar Commuter Rail project.		0	1,520	500	500	Yes-20%	0
Federal Transit Administration CFDA 20.526	Section 5339 Bus & Bus Facilities Programs - Provide funding for transit buses and bus facilities.		0	10,000	6,325	6,325	Yes-20%	0
	Transit Total		32,024	55,353	47,498	42,614		
Federal Highway Administration CFDA 20.205	Federal Grade Crossing Safety - To promote grade crossing safety on Minnesota railroads.		3,356	10,608	7,000	7,000	Yes-10%	4.75
Department of Public Safety CFDA 20.218	The Motor Carrier Safety Assistance Program (MCSAP) - Federal Motor Carrier Safety Administration (FMCSA) program that provides grants to states to reduce the number and severity of accidents and hazardous materials incidents involving commercial motor vehicles (CMV).		1,204	2,000	2,000	2,000	Yes-15%	18
Federal Rail Administration CFDA 20.319A	Hi-Speed Intercity Pass Rail (Northern Lights Express (NLX PE/NEPA)) - Conduct Preliminary Engineering(PE) and the National Environmental Policy Act (NEPA) process		3	0	0	0	Yes-20%	0
Federal Highway Administration CFDA 20.205	State Planning & Research Part I - Develop and implement freight initiatives related to the Fixing America's Surface Transportation (FAST) Act		506	646	630	630	Yes-20%	1
Federal Highway Administration CFDA 20.205	National Highway Freight Program - Funding for freight planning activities including development of plans and studies.		0	400	200	200	Yes-10%	0.5
Federal Rail Administration CFDA 20.933	Willmar Wye TIGER Grant - Federal fund match to state and local funds.		0	5,500	10,000	0	Yes-48%	2
Federal Rail Administration CFDA 20.314	Humboldt Avenue Crossing - City of Minneapolis, Humboldt Avenue Rail Crossing Safety Grant to update signal equipment and add medians to Humboldt Avenue.		0	717	358	359	Yes-25%	0.15

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Federal Rail Administration CFDA 20.301	Railroad Safety State Participation Program - The FRA expects to begin using this program to help states defray some of the costs of the state Rail Safety Inspection Program. The program will provide grants for eligible training, travel, equipment and administrative costs of state rail safety inspectors.	New	0	0	10	10	No	0
Federal Rail Administration CFDA 20.319	Twin Cities-Milwaukee-Chicago 2nd Train - Project development		0	6,000	5,000	5,000	Yes-20%	1.5
Federal Rail Administration CFDA 20.325	Passenger Rail - Northern Lights Express (NLX) project development		0	11,000	10,000	10,000	Yes-20%	2
	Freight Total		5,068	36,871	35,198	25,199		
Federal Highway Administration CFDA 20.205	Transportation Alternatives - To fund transportation alternative type projects.		215	6,787	6,000	6,000	Yes-20%	0.1
National Highway Traffic Safety Administration CFDA 20.600	Roadway Safety Planning, Evaluation & Studies (RSEP&S) - Funds received via Department of Public Safety for roadway safety plans and other safety studies.		40	400	400	400	No	0.02
Federal Highway Administration CFDA 20.200	State Planning & Research Part I & II - Implementation of advanced technologies and systems to enhance pavement quality and life.		81	1,759	1,000	1,000	Yes-20%	0.1
Federal Highway Administration CFDA 20.205	Highway Safety Improvement Program (HSIP) Section 164 Sanction FAST ACT - Toward Zero Deaths (TZD) Coordinators salaries, Road Safety Plan Development, Road Safety Studies and Crash Database Improvements.		1,236	6,764	3,000	3,000	No	0.3
Federal Highway Administration CFDA 20.215	Local Technical Assistance Program (LTAP) - To strengthen the skills and knowledge of local and state transportation providers through training programs, the exchange of best practices, information referral, and the implementation of transportation research results.		150	150	160	160	Yes-50%	0.1
Federal Highway Agency CFDA 20.215	Disadvantaged Enterprise/On the Job Training Support Services - Through granting to other agencies or organizations, ensure equal opportunity for all businesses and personnel on MnDOT projects by providing highway heavy on-the-job		1,574	1,826	2,000	2,000	No	1.5

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
	training for minorities, women and economically disadvantaged individuals, technical training and services for Disadvantaged Businesses to assist them in successfully competing for MnDOT projects, and supportive employment services for Native Americans working on highway construction projects.							
Federal Highway Administration CFDA 20.205	USDOT FHWA Surface Transportation Program (STP) Formula Funds for Enterprise Asset Management (EAM) - Asset Management Software Development and Maintenance - For further implementation and project office staffing and consulting costs.		2,141	2,659	3,000	3,000	Yes-20%	7.75
Federal Highway Agency CFDA 20.200	Strategic Highway Research Program 2 (SHRP2) - Proof of concept work to improve non-destructive testing capabilities for identifying asphalt pavement delamination (RO6D)		105	1	0	0	No	1
Federal Highway Agency CFDA 20.205	FHWA Planning: Metropolitan Planning Organization (MPO) - Planning activities.		7,317	8,683	10,000	10,000	Yes-20%	0.1
Federal Highway Agency CFDA 20.200	Mileage Based User Fees (MBUF) - Surface Transportation System Funding Alternative - for mileage based fees collaborative and shared services		159	1,141	600	550	Yes-50%	2.8
Federal Highway Agency CFDA 20.200	State Planning & Research Part II - State planning and research funds for Pooled Fund (multi state partnerships) road research and implementation projects conducted throughout the state which are billed at 100%.		1,806	2,097	2,500	2,500	No	2
Federal Highway Agency CFDA 20.200	State Planning & Research Part II - State planning and research funds for National Road Research Alliance (NRRRA) Pooled Fund research projects billed at 100% which are conducted at the MnROAD Research facility.		654	3,322	2,000	2,000	No	3.5
Federal Highway Agency CFDA 20.200	State Planning & Research Part II - State planning and research funds for Minnesota only road research projects conducted throughout the state which have been authorized at 100% federal reimbursement.		2	398	50	50	No	0.1

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Federal Highway Agency CFDA 20.200	State Planning & Research Part II- State planning and research funds used to conduct and support Minnesota only road research and implementation projects throughout the state which require a state match.		1,260	3,732	2,500	2,500	Yes-20%	4.5
Federal Highway Agency CFDA 20.200	Statewide Transportation Innovation Council (STIC) Incentive Program Grants	Yes	0	0	200	100	Y	.25
National Highway Traffic Safety Administration CFDA 20.600	Highway Road Safety Audits - Perform safety audits of trunk highways.		0	100	50	50	No	0.02
Federal Highway Administration CFDA 20.205	Advanced Transportation & Congestion Management Technologies Deployment (ATCMTD) - Connected Vehicle Pilot Deployment – Program Delivery.		0	12,000	1,000	2,000	Yes-50%	0.10
National Highway Traffic Safety Administration CFDA 20.610	Traffic Records Coordinating Committee (TRCC), Traffic Information Systems (TIS) Improvements - TIS mainframe improvements, crash report audits, crash report analysis, out of state travel to traffic records forums and centerline mapping.		41	459	300	300	No	0.08
National Highway Traffic Safety Administration CFDA 20.600	Toward Zero Deaths (TZD) - Funds received via the Department of Public Safety. Includes regional TZD Coordinators salaries, out of state travel and annual conference.		152	248	350	350	No	0.07
Federal Highway Administration CFDA 20.205	State Planning & Research - Funding for statewide and non-MPO program development, planning, and research activities, including data management related to the FAST Act	New	0	0	11,000	11,000	Yes-20%	70
Federal Highway Administration CFDA 20.200	Automated Vehicle Demonstration Grant - Program Planning & Research	New	0	0	8,000	8,000	Yes-20%	0.10
	Program Planning & Delivery Total		16,932	52,526	54,110	54,960		
National Highway Traffic Safety Administration CFDA 20.600	Lane Departure Countermeasure Deployment (LDCD) SAFETEA-LU - Funds received via Department of Public Safety. Construct cable median barriers, plate beam guardrails, delineators, rumble strips and reflective striping.		0	1,430	0	0	No	0.03

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Federal Highway Administration CFDA 20.200	State Planning & Research Part I & II - Implementation of advanced technologies and systems to enhance pavement quality and life.		0	160	50	50	Yes-20%	0.00
Federal Highway Administration CFDA 20.205	Highway Safety Improvement Program (HSIP) Section 164 Sanction FAST ACT - Toward Zero Deaths (TZD) Coordinators salaries, Road Safety Plan Development, Road Safety Studies and Crash Database Improvements.		433	16,367	0	0	No	0.00
Federal Highway Agency CFDA 20.200	Strategic Highway Research Program 2 (SHRP2) Implementation Assistance: Reliability in Simulation and Planning Models (LO4) - Funding to review, develop, implement, and share information on the LO4 tool.		130	70	40	0	No	0.2
Federal Highway Administration CFDA 20.200	Role of Speed & Distraction in Work Zone Crashes or Near Crashes - Research Speed & Distractions in Work Zones. Part of the Transportation Research Board (TRB) Strategic Highway Research Program 2 (SHRP2) Round 4 Implementation Assistance Program (IAP).		400	1,600	1,000	1,000	No	0.05
National Highway Traffic Safety Administration CFDA 20.600	Intersection Safety Countermeasure Deployment (ISCD) - Funds received via the Department of Public Safety. Construction of intersections with less vehicle movement conflicts and construction of Rural Intersection Conflict Warning Systems (RICWS).		3,073	3,720	800	400	MOE	0.09
Federal Highway Administration CFDA 20.933	Transportation Investment Generating Economic Recovery (TIGER) Grant for Rural Intersections Conflict Warning Systems (RICWS) - To provide a cost-effective warning system for 15 higher risk rural trunk highway stop-controlled intersections in 13 counties statewide.		0	13	12	12	MOE	0.03
Federal Highway Administration CFDA 20.205	Federal Highway Administration (FHWA) - Biennial budget estimated federal agreement revenue from appropriation bill less SPR non-SRC federal funds.		601,332	468,175	440,995	476,995	Yes-20%	180
Federal Highway Administration CFDA 20.205	Advanced Transportation & Congestion Management Technologies Deployment (ATCMTD) - Connected Vehicle Pilot Deployment - Construction.		0	9,000	2,000	7,000	Yes-50%	0.05
	State Road Construction Total		605,368	500,535	444,897	485,457		

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Federal Highway Administration CFDA 20.205	Integrating Mobile Observations (IMO) 3.0 - To fund agency activities involving automated vehicle location and data collection from snowplows and light duty trucks.		22	258	123	0	Yes-25%	3
Federal Highway Agency CFDA 20.240	Red Dye Fuel Monitoring Program - To inspect and take diesel fuel samples from commercial vehicles being operated on MN roads.		293	560	445	195	No	0.5
National Highway Traffic Safety Administration CFDA 20.600	Toward Zero Deaths (TZD) - Funds received via the Department of Public Safety. Includes regional TZD Coordinators salaries, out of state travel and annual conference.		251	299	300	300	No	0.07
Federal Highway Administration CFDA 20.205	Intelligent Transportation Systems (ITS) Maintenance & Operations - For maintaining ITS items like Variable Message Signs, Traffic Cameras and Ramp Meters. Surface Transportation Block Grant Program (STBG) FAST ACT.		0	3,000	1,500	1,500	Yes-20%	0.05
	Operations & Maintenance Total		567	4,117	2,368	1,995		
Federal Highway Administration CFDA 20.205	Federal Aid Highway Program - Provides road construction dollars to the local county and city governments for their road systems.		133,520	276,972	230,000	230,000	Yes-20%	0.95
Federal Highway Administration CFDA 20.205	Federal Aid Highway Program - Provides road construction dollars to the local county and city governments for their road systems.		3,984	68,216	20,000	20,000	Yes-20%	0.05
Federal Highway Administration CFDA 20.224	Federal Lands Access Program (FLAP) - Eastern Federal Lands. To improve transportation facilities that provide access to, are adjacent to, or are located within Federal lands The Access Program supplements State and local resources for public roads, transit systems, and other transportation facilities, with an emphasis on high-use recreation sites and economic generators.		1,200	1,200	1,300	1,300	No	0
National Highway Traffic Safety Administration CFDA 20.600	Highway Safety Improvement Program (HSIP) Section 164 Sanction FAST ACT Local Roads Program - County & City Road Safety Plans & Studies and County & City Road Safety Construction.		1,278	3,398	2,500	2,500	Yes-10%	0.25

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
National Highway Traffic Safety Administration CFDA 20.600	Local Roads Intersection Safety Countermeasure Deployment and City Safety Plans SAFETEA-LU - Funds received via Department of Public Safety. Construction of county and city road safety improvements and development of county and city road safety plans and studies.		0	110	0	0	No	0.02
Federal Highway Administration CFDA 20.205	Federal Aid Highway Program - Funding for special interest projects providing historical, technical or other information pertinent to mobility.		1,262	5,814	1,740	1,740	Yes-20%	1.7
Federal Highway Administration CFDA 20.205	TIGER Grant - Multimodal corridor plan. Also includes CFDA is 30.315, National Rail-FRA.		94	1	0	0	No	0.25
Federal Rail Administration CFDA 20.319	Union Depot - Restoration project.		594	2,606	0	0	Yes-20%	0.25
Federal Highway Agency CFDA 20.933	US 169 Freight Mobility - Scott County 2016 TIGER Grant		0	17,700	10,000	7,700	No	0.25
	Reimbursement for Municipal Grant Expenses (Non-Dedicated Receipts)		262	250	250	250	No	0
	Reimbursement for County Grant Expenses (Non-Dedicated Receipts)		218	250	250	250	No	0
	Local Road Totals		142,412	376,517	266,040	263,740		
	Total Federal Fund (3000)		253,279	705,205	528,616	516,470		
	Total TH Fund (2700)		601,332	468,175	440,995	476,995		
	Total Non-Dedicated		480	500	500	500		
	Federal Fund – Agency Total		855,091	1,173,880	970,111	993,965		

Narrative

Please provide a brief narrative overview of all the agency's federal funds to give a general overview of the role of the federal funds within the agency. The narrative should be written in plain language. Also, include the following information, where applicable:

1. **For new grants, provide a narrative description of the short-and long-term commitments required, including whether continuation of any full-time equivalent positions will be condition of receiving the federal award.**

The major federal fund accounts include federal grants revenue deposited in the federal fund either on an advance or reimbursement basis. Federal Highway Administration (FHWA) federal aid, the agency's largest federal program, is on a cost reimbursement basis, with a significant portion of program reimbursements deposited directly into the Trunk Highway Fund for the department's state road construction program.

2. Maintenance of effort levels (MOE)

Programs funded by federal dollars are also support by state dollars. State funds would continue to support the programs In the event federal funding ended.

3. Changing funding levels or trends that may impact future awards

The current federal authorization act known as FAST Act ends on September 30, 2020. While the federal government has never reduced the major federal transportation spending programs in the past, the potential for Minnesota to receive less federal funds in the future is increasingly likely. A major stumbling block for the FHWA and Federal Transit Administration (FTA) is the insolvency of the Federal Transportation trust fund, both the Highway and Transit components and the unwillingness of legislators to come together on funding sources to solve the problem. If new funding sources are not identified, at some point legislators may be forced to reduce the level of federal participation in Transportation. In the past transitions between federal authorization acts have resulted in a series of short continuing resolutions that interrupt the flow of federal reimbursement to the state trunk highway fund.

4. Major state funding related to federal awards

Federal funds are matched by varying state funds depending on the program. For example, the major FHWA program is matched by a combination of trunk highway fund, municipal and county state aid funds, and local government funds depending on the project. The major Federal Aviation Administration program is matched by local government funds and state airport funds. General funds, revenues from the motor vehicle sales tax and local government funds match the federal funding from the FTA programs. The regular formula federal funds are typically split 80% federal 20% state.

5. Basis for estimates

Estimates are based on the best funding information currently available to MnDOT program managers. Overall, federal funds anticipated during the FY 2020-21 biennium are relatively consistent with the FY 2018-19 biennium.

2020 - 2021 County and Municipal Turnback Account Budget

January 2019 update

Data provided by MnDOT State Aid Office

List of projects likely to be funded required by MN Laws of 2017, 1st Special Session, Chapter 3, Article 3, Section 19

<https://www.revisor.mn.gov/statutes/cite/161.081>

(h) As part of each biennial budget submission to the legislature, the commissioner must: (1) describe how the money in the flexible highway account will be apportioned among the county turnback account, the municipal turnback account, the trunk highway fund for routes turned back to local governments by agreement, the highway safety improvement account, and the routes of regional significance account; and (2) specify the turnback projects likely to be funded with the amounts available in the county turnback account and municipal turnback account, and provide the cost associated with each project.

Restoration/Reconstruction

Trunk Highway	Receiving Agency	Project Location (TO/FROM)	SP/SAP	PROGRAM NEED (amounts in M\$)		
				Calendar 2020	Calendar 2021	BIENNIUM TOTAL
12	Hennepin Co	Willow to Wolfe Pt	027-712-001	0.00	0.50	0.50
12	Hennepin Co	Wolfe Pt to Wayzata Blvd	027-712-002	0.00	0.50	0.50
12	Hennepin Co	CSAH 6 to Willow	027-712-003	7.68	1.00	8.68
54	Grant Co	MN 27 to US 59 & swap CSAH 10	2607-11	0.50	0.00	0.50
66	Blue Earth Co	CSAH 9 to CSAH 90	007-601-018	18.00	1.00	19.00
101	Carver Co	Pioneer Tr to Flying Cloud Dr	010-701-xxx	8.00	3.00	11.00
156	City of South Saint Paul	Armour Ave to City Limits	1912-59	0.00	4.44	4.44
212	Hennepin Co	Charlson Rd to Co line	027-661-048	0.80	1.20	2.00
212	Carver Co	MN 101 to US 212	multiple SAP	0.17	3.00	3.17
212	Carver Co	CSAH 101 to Henn Co line	010-661-003	0.50	0.00	0.50
212	Carver Co	E jct to W jct MN 101	010-661-002	1.45	1.46	2.91
244	Washington Co	TH 120 to CSAH 12	8219-25	1.10	0.00	1.10
253	Faribault Co	Bricelyn to I-90	2210-114	0.50	0.00	0.50
254	Faribault Co	Frost to I-90	2211-19	0.50	0.00	0.50
263	Martin Co	Ceylon to I-90	4609-17	0.00	4.50	4.50
267	Murray Co	MN 30 to Iona	TBD	0.00	4.00	4.00
274	Yellow Medicine Co	MN 23 to Wood Lake	TBD	0.00	2.00	2.00

In Lieu Payments

Trunk Highway	Receiving Agency	Project Location (TO/FROM)	SP/SAP	PROGRAM NEED (M\$)		
				Calendar 2020	Calendar 2021	BIENNIUM TOTAL
14	Dodge Co	MN 56 to Steele Co line	TBD	2.00	0.00	2.00
14	Steele Co	54th to Dodge Co line	TBD	2.00	0.00	2.00
49	Ramsey Co	University Ave to County J	062-036-001	8.76	13.84	22.60
246	Rice/Goodhue Co	MN 3 to MN 56	TBD	10.00	22.53	32.53
Totals				61.96	62.97	124.93

*These projects are likely to be funded, pending funding, negotiations and execution of agreement

**These figures account for cost escalation due to inflation, cost increases due to project unknowns (i.e. risk factors), project growth, etc.

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AT A GLANCE

- Eleven Commissioners, as members of the National Conference of Commissioners on Uniform State Laws (ULC), volunteer their services to draft uniform acts for adoption by the states and promote their adoption in Minnesota.
- Minnesota adopted two uniform acts in the past two years and has over 85 currently in statute.
- Commissioners worked with legislators and stakeholders to secure adoption of uniform acts.

PURPOSE

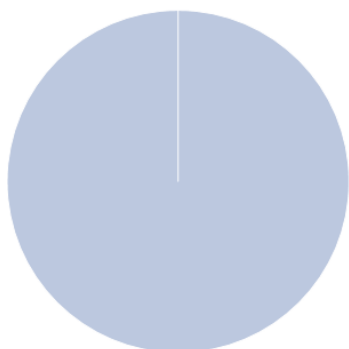
Eleven unpaid Minnesota Uniform Law Commissioners work with Commissioners from other states, the District of Columbia, U.S. Virgin Islands and Puerto Rico to prepare uniform acts that address complex and technical issues of commercial and other private law for introduction in their legislatures. Uniform acts establish the legal framework for economic growth, trade, and business development, criminal justice, and support the rule of law and federalism.

- Uniform acts enable states to carry out their responsibilities by providing rules and procedures that are consistent from state to state but that also reflect the diverse experience of the states, preserving the role of state law in our federal system.
- Uniform acts provide the legal framework to support stable families and communities.
- The ULC keeps state law up-to-date by addressing important and timely legal issues.
- Uniform acts promote efficiency by reducing the need for individuals and businesses to deal with different laws as they move and do business in different states.
- The ULC's work facilitates economic development and provides a legal platform for U.S. citizens and businesses when dealing with foreign citizens and entities.

BUDGET

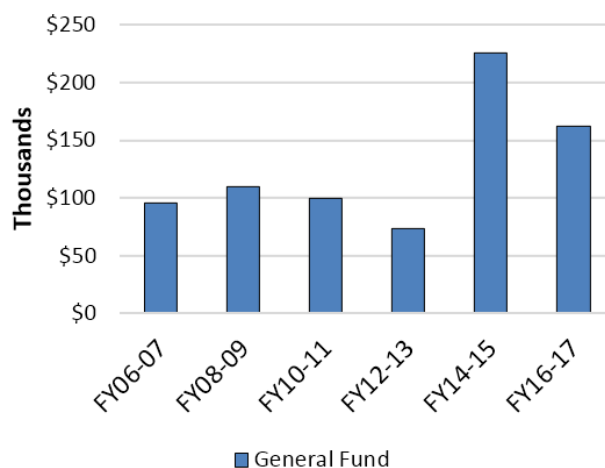
**Spending by Category
FY 17 Actual**

Operating
Expenses
100%



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The total FY 2017 budget of \$84,000 was provided by a general fund appropriation. Funding is used to pay dues to the National Commission and expenses incurred by Minnesota Commissioners attending the annual conference.

STRATEGIES

Minnesota Uniform Law Commissioners donate hundreds of hours of their time and legal and drafting expertise every year as a public service, and receive no salary or compensation for their work.

ULC's deliberative and uniquely open drafting process draws on the expertise of commissioners, but also utilizes input from legal experts, and advisors and observers representing the views of other legal organizations or interests that will be subject to the proposed laws.

Drafting committees prepare acts for debate and approval at annual meetings. Each drafting committee meets two to three weekends per year, usually for two and one-half days. Drafting an act typically takes three years. Before an act is approved and promulgated, it is read line-by-line, scrutinized and debated by the entire Uniform Law Conference at two annual meetings.

Minnesota commissioners fulfill their statutory responsibilities by participating in the development, drafting, approval and promulgation of uniform acts. Commissioners do this by (1) serving on drafting committees that prepare acts, (2) participating in the mandatory annual meeting at which proposed acts are debated, amended and approved, (3) promoting adoption by the legislature, and (4) securing support from people and organizations interested in an act such as the Minnesota State Bar Association. Minnesota commissioners have been chosen leaders of the ULC serving as presidents, chairs of the Executive, Scope and Program, and Legislative committees, chairs of drafting committees and continue to serve on study and drafting committees. Commissioners develop a legislative agenda for each legislative session.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Acts adopted by the legislature 1892-2016. Over 155 uniform acts have been adopted since 1892. Over 94 are currently in effect.	N/A	155	Before 2017
Result	Minnesota Commissioners secured adoption of the following Uniform Acts in 2017 and 2018: 1. Revised Uniform Law on Notarial Acts. 2. Revised Uniform Athlete Agents Act	9	2	2015-2016 2017-2018

M.S. 3.251-.253 (<https://www.revisor.mn.gov/statutes/?id=3.251>) provides the legal authority for the Uniform Laws Commission.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	77	84	91	95	93	93	98	98
Total	77	84	91	95	93	93	98	98
Biennial Change				24		0		10
Biennial % Change				15		0		6
Governor's Change from Base								10
Governor's % Change from Base								5

Expenditures by Program

Uniform Laws Cmsn	77	84	91	95	93	93	98	98
Total	77	84	91	95	93	93	98	98

Expenditures by Category

Operating Expenses	77	84	91	95	93	93	98	98
Total	77	84	91	95	93	93	98	98

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In		11		2				
Direct Appropriation	88	93	93	93	93	93	98	98
Cancellations		19						
Balance Forward Out	11		2					
Expenditures	77	84	91	95	93	93	98	98
Biennial Change in Expenditures				24		0		10
Biennial % Change in Expenditures				15		0		6
Governor's Change from Base								10
Governor's % Change from Base								5

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	93	93	93	186
Forecast Base	93	93	93	186
Change Items				
Operating Adjustment		5	5	10
Total Governor's Recommendations	93	98	98	196

Uniform Laws Commission

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	5	5	5	5
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5	5	5	5
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding of \$10,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Uniform Laws Commission. The changes include an expected increase in Minnesota dues to the National Conference of Commissioners on Uniform State Laws (ULC) and expected increases in commissioner travel costs to attend the FY 2020 and FY 2021 annual meetings

Rationale/Background:

The work of the ULC assists the states in performing their responsibilities in our federal system of government. It drafts well developed, functional, effective, and uniform acts to address problems with national and international implications. ULC acts integrate important changes in complex legislation governing commerce, entities such as corporations, partnerships, limited liability companies and others, enforcement of judgments, and child support acts that are required for states to receive federal funds.

By adopting ULC acts, states establish uniform standards that national and international organizations and businesses need to operate efficiently. The uniform acts are carefully drafted over two or more years with the participation of all stakeholders. In the absence of uniform state standards these organizations and businesses do seek federal legislation to establish a single standard, preempting the role of states in our federal system.

Commissioners volunteer their time and receive no compensation. They serve hundreds of hours on study, drafting, and other conference committees, and in seeking adoption by the legislature. Since Minnesota became a member of the Conference it has adopted 157 uniform acts.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services.

Commissioners' duties and responsibilities remain the same each year. This is not a new initiative or change to an existing program. No additional staff is needed. Current annual dues of \$60,600 are expected to increase 1% each year. Travel expenses are based upon the contracted hotel rates and the estimated air fares based upon current ticket prices to the conference cities. Air fares vary considerably by city and are expected to increase. The annual meetings will be held in Anchorage in 2020 and Madison in 2021. Annual meeting registration costs are expected to remain the same at \$600 per commissioner.

Commissioners will continue, as they have done, to present 4-6 uniform acts each session to the legislature for its consideration and adoption. Commissioners work extensively with the legislature to obtain authors, hearings, and passage of acts.

Commissioners have a statutory obligation and duty to participate in the annual meeting. The funds are necessary to support this obligation. Unless commissioners volunteer their time, participating in drafting committees and the annual meeting, the work of the ULC cannot be performed and problems will not be addressed.

Commissioners serving on a drafting committee will spend 2-4 weekends per year in a conference room drafting an act. The typical drafting committee meeting begins early Friday morning and runs through Sunday noon.

The ULC drafts acts that address significant state, national and increasingly international problems. To the extent that the legislature adopts them the rationale for federal legislation is undercut and Minnesota continues to have the benefit of this significant resource of uniform acts that effectively addresses evolving state problems.

The ULC promulgates new acts at its annual meeting each year and proposes them to the states for adoption. Each year commissioners bring to the legislature the uniform acts and seek adoption. This occurs during the legislative session. At the same time the ULC continues to study new issues and to make decisions to create committees to address these developing issues.

Results:

Results are measured by the number of acts passed and how well the acts work. Minnesota has adopted over 157 uniform acts since 1892 and over 80 are currently in force. In calendar years 2017 and 2018 two acts were signed into law.

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University Of Minnesota

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AT A GLANCE

- Five Campuses (Crookston, Duluth, Morris, Rochester, Twin Cities)
- Seven Research and Outreach Centers throughout the state
- Budget: \$3.8 billion (FY18)
- 20,389 faculty & staff; 6,511 graduate student & professionals in training employees (as of 10/17)
- Enrollment: 67,949 (Fall 2017 Total)
 - 44,544 Undergraduate
 - 13,283 Graduate
 - 3,860 First Professional
 - 6,262 Non-Degree
- Degrees awarded: 15,985 (2017)
- Sponsored research awards: \$793 million (FY18)

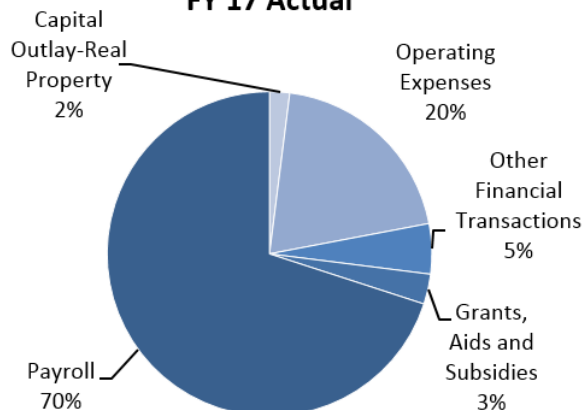
PURPOSE

The University of Minnesota's statutory mission is to offer undergraduate, graduate, and professional instruction through the doctoral degree and be the primary state supported academic agency for research and extension service (MN Statute 135A.052). The University's mission is threefold: research and discovery, teaching and learning, and outreach and public service. The University of Minnesota is the state's only land grant and research institution, and has a unique responsibility to better the lives of Minnesotans. As one of the nation's top research institutions, the University is a venue where human talent, ideas and innovations, and discoveries and services converge to fuel Minnesota's economy and improve our quality of life. In carrying out its mission on five campuses and research and outreach centers throughout the state, the University contributes to all eight of the state's outcome areas through knowledge generation and by providing services, but advances most directly the following statewide outcomes:

- A thriving economy that encourages business growth and employment opportunities
- Minnesotans have the education and skills needed to achieve their goals;
- All Minnesotans have optimal health; and
- Sustainable options to safely move people, goods, services, and information.

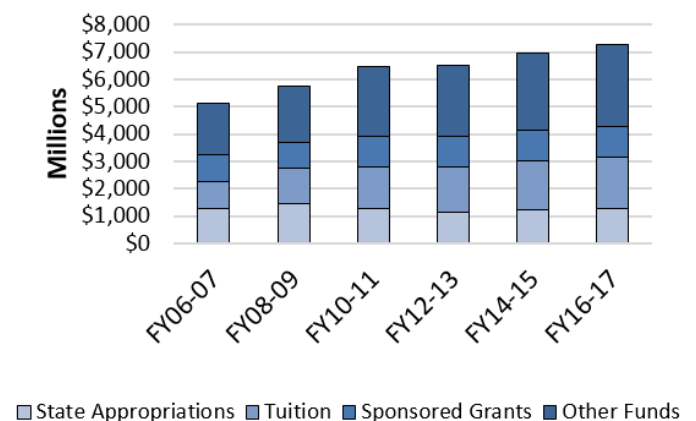
BUDGET

**Spending by Category
FY 17 Actual**



Source: University of Minnesota, General Ledger

Historical Spending



Source: University of Minnesota, General Ledger

The University's FY18 \$3.8 billion budget is based on revenue support from a variety of sources: tuition (26%), state appropriation (18%), sponsored research grants from federal government and other sources (15%), philanthropy and contracts (17%), miscellaneous income from sales, fees, etc. (14%) and auxiliary business operations (10%). The University's budget includes funding for the Crookston, Duluth, Morris, Rochester, and Twin Cities campuses as well as seven research and outreach centers, fifteen regional Extension offices, a multitude of research institutes, and MN Extension staff in every county in the state. The University uses its State appropriation for all aspects of the University system.

Although the University is dependent on its partnership with the State of Minnesota to continue to succeed, this partnership has changed significantly over the last two decades. In 1996, the State's portion of the University's total tuition plus state appropriation was 70%. In 2018, the State's portion of that same total was 43%. As a percent of total revenues (including gifts, sales, grants etc.), the State's portion has dropped from 32% to 18%. Although the University has continued to serve more students and improve student success, ongoing State operating support for the University has declined since its 2008 peak and as a result, the University has become more dependent on tuition and other revenue sources and has greatly enhanced its efficiency to achieve success.

STRATEGIES

In recent annual operating budgets, the President and the University of Minnesota Board of Regents have focused revenue and spending plans on achieving the goals of Access, Affordability, Academic and Operational Excellence, and Accountability. In fall 2016, the University began system wide strategic planning to better align its resources and leverage system strengths - a system including five unique campuses and an array of Extension and Outreach centers and services effecting people statewide. As examples, the University will capitalize on the following:

- **Crookston Campus:** Known for its focus on experiential learning for its campus-based students, the University of Minnesota Crookston is also one of the nation's pioneers in online and distance education.
- **Duluth Campus:** The University of Minnesota Duluth is a highly-ranked, regional research and liberal arts university with a global reputation for freshwater research. With over 160 majors and minors and eight pre-professional programs, UMD offers an expansive array of high-quality academic choices for students. In addition, UMD's Large Lakes Observatory is the only institute in the country dedicated to the study of large lakes throughout the world.
- **Morris Campus:** The University of Minnesota Morris is a nationally ranked, undergraduate-focused liberal arts campus with a deep commitment to environmental sustainability and diversity. The "Morris experience" emphasizes faculty-student collaborative research, study abroad opportunities, and service learning.
- **Rochester Campus:** The University of Minnesota Rochester prepares health science professionals and maintains unique collaborations with world-renowned medical organizations in the community. This includes high quality, more individualized instruction. To date, 100 percent of Rochester's Bachelor of Science in Health Professions graduates have passed the exams for their professions and are employed in their chosen fields.
- **Twin Cities Campus:** The University of Minnesota Twin Cities campus is the University's flagship campus and is one of only five campuses in the country with schools of engineering, medicine and veterinary medicine, law, and agriculture on a single campus. Because of the Twin Cities campus size and scope of programs, unique opportunities exist for interdisciplinary education, research, and outreach. The Twin Cities campus will continue its excellence in:

- Education: The Twin Cities campus attracts high caliber students from across the globe due to its world-renowned faculty and staff. As an example, 84.3 percent of freshman are admitted from the top 25 percent of their class and the average freshman ACT score is greater than 28.
 - Research: Twin Cities campus faculty led Forbes magazine to name Minneapolis one of the top 10 innovative cities. Examples of innovations include: the invention and patent of the “black box” flight recorder in the United States; the development of Ziagen, one of the world’s most effective AIDS drugs; medical firsts such as the first open-heart surgery and first pancreas and human bone marrow transplants, and nearly 30 new apple varieties including the beloved Honeycrisp.
 - Outreach: The Twin Cities campus continues its vast array of outreach efforts through initiatives and partnerships such as its mobile dental clinic and the Community-University Health Care Center partnership.
- **Minnesota Extension:** Extension researchers and educators engage individuals and organizations in asking the challenging questions to discover science-based answers that make a difference. As an example, Extension’s Regional Sustainable Development Partnerships serve Greater Minnesota with 145 active sustainable development projects across the state.

To capitalize on these strengths, President Kaler charged a System wide Strategic Planning Committee to develop a plan to benefit students and citizens across the state and to articulate the common values, processes, and expectations across campuses. Through this process, the Committee developed a System wide Strategic Framework. The Board of Regents adopted the Framework in June 2017. The Framework highlights ways to better connect, leverage, and align the system’s distinctive statewide resources. The Framework is available at https://president.umn.edu/sites/president.umn.edu/files/swsp_framework.pdf.

Later that fall, President Kaler subsequently charged the System wide Strategic Planning and Oversight Committee to lead the development of system priorities in focus areas that align with the University’s mission and System wide Strategic Framework. This work will yield an academic program investment strategy and a long-term financial framework with the following focus areas: Teaching and Learning; Research and Discovery; Outreach and Public Service; Medicine and Health; and Supporting the Mission.

Through these strategic planning efforts, the University will make decisions on investments that strengthen student success, enhance knowledge transfer between the University and Minnesota and communities and businesses, build upon research opportunities affecting Minnesotans, and align the University’s health sciences work with Minnesota’s health policy and workforce needs. The University is committed to providing high-value education and research to improve outcomes for all Minnesotans and to optimize communications with Minnesota communities to deliver useful, actionable information to stakeholders.

RESULTS

The University pursues excellence in education, research, and outreach to produce discovery and innovation that improves the lives of individuals and communities throughout our state and world. The University’s inspired and motivated community of faculty, staff, and students and its strong sense of purpose drives the focus on continual improvement. To help chart its progress on providing high-value education, research, and public engagement services, the University measures and tracks its progress on a variety of results-based performance measures. The Board of Regents adopted the measures in the spring of 2016, which are showcased on the University’s Progress Card. The Progress Card helps the Board of Regents focus oversight on a limited number of strategically measurable outcomes (Gold measures), which have quantifiable goals for 2021. These measures track the University’s progress on improving graduation rates (four-year by campus, six-year by campus, Pell-eligible students systemwide), average freshman ACT on the Twin Cities campus, institutional gift aid, R&D expenditures, Medical School ranking, faculty awards, participation in the employee engagement survey, and progress on the University’s operational excellence goal.

The University has made progress on many of these measures over the last several years, which helps to exemplify the University's commitment to providing high-value services:

- Graduation rates for a variety of different student groupings have increased over time, resulting in a financial gain for students through lower total spending on tuition/fees/housing/debt and earlier entry into the workforce;
- Twin Cities campus ACT scores have increased indicating the campus is attracting high quality students who have the best chance to succeed academically at the University of Minnesota;
- Institutional gift aid has increased showing an increase in support for students;
- R&D expenditures have increased indicating the University's continued role in producing high-value research for Minnesota and the world; and
- The University continues to meet its administrative cost reallocation goals, which highlights the University's commitment to administrative efficiency.

Each of these measures is an indication that the University is providing a greater and greater value to Minnesotans each year.

The Progress Card also provides insight into important trends (Maroon measures), that are a signal of institutional strength. These items are important to monitor, but the University alone cannot significantly influence them. They include measures such as the Twin Cities transfer student 3-year graduation rate, number of graduate and professional degrees awarded, median undergraduate debt at graduation, students of color with a favorable sense of belonging on campus, national research ranking, among others. The full set of measures can be found at: <https://oir.umn.edu/planning-metrics/progress-card>.

The University also publishes annually the "University Plan, Performance, and Accountability Report" (<https://conservancy.umn.edu/handle/11299/174174>), which reflects the institution's progress against its key strategic goals and identifies areas for improvement. This report is required under the University's charter, 1851 Territorial Laws, Chapter 3, Section 16, where it states that "[the regents shall] make a report annually, to the Legislature...exhibiting the state and progress of the University...and such other information as they may deem proper, or may from time to time be required of them."

Minnesota Statutes 137 (<https://www.revisor.mn.gov/statutes/cite/137>) provides the legal authority for the University of Minnesota.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	625,549	629,049	661,186	648,636	648,636	648,636	665,501	682,804
2000 - Restrict Misc Special Revenue	22,366	22,360	22,367	22,384	22,370	22,370	22,370	22,370
2018 - Agriculture			250	250				
2050 - Environment & Natural Resources	13,506	19,636	23,376	17,739				
2302 - Clean Water			1,008	1,007			1,347	1,346
2360 - Health Care Access	2,157	2,157	2,157	2,157	2,157	2,157	2,157	2,157
6000 - Miscellaneous Agency	6,150	963	430	6,692	3,182	3,150	3,182	3,150
Total	669,728	674,165	710,774	698,865	676,345	676,313	694,557	711,827
Biennial Change				65,745		(56,981)		(3,255)
Biennial % Change				5		(4)		(0)
Governor's Change from Base								53,726
Governor's % Change from Base								4

Expenditures by Program

Permanent University Fund	6,150	963	430	6,692	3,182	3,150	3,182	3,150
Maintenance and Operations	559,111	560,011	590,248	580,198	580,198	580,198	597,063	614,366
Agriculture Special	42,922	42,922	42,922	42,922	42,922	42,922	42,922	42,922
Health Science Special	33,611	33,611	33,611	33,611	33,611	33,611	33,611	33,611
Technology Special	1,140	1,140	1,140	1,140	1,140	1,140	1,140	1,140
System Specials	5,181	5,181	7,181	7,181	7,181	7,181	7,181	7,181
LCMR/MN Resources	13,506	19,636	24,634	18,996			1,347	1,346
Special Projects	116	2,710	2,617	134	120	120	120	120
U/Mayo Partnership	7,991	7,991	7,991	7,991	7,991	7,991	7,991	7,991
Total	669,728	674,165	710,774	698,865	676,345	676,313	694,557	711,827

Expenditures by Category

Operating Expenses	19,557	19,557	19,557	19,557	19,557	19,557	19,557	19,557
Grants, Aids and Subsidies	650,171	654,608	691,217	679,308	656,788	656,756	675,000	692,270
Total	669,728	674,165	710,774	698,865	676,345	676,313	694,557	711,827

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	625,549	626,449	658,686	648,636	648,636	648,636	665,501	682,804
Transfers In	17,400	20,000	19,900	17,400	17,400	17,400	17,400	17,400
Transfers Out	17,400	17,400	17,400	17,400	17,400	17,400	17,400	17,400
Expenditures	625,549	629,049	661,186	648,636	648,636	648,636	665,501	682,804
Biennial Change in Expenditures			55,224		(12,550)		38,483	
Biennial % Change in Expenditures			4		(1)		3	
Governor's Change from Base							51,033	
Governor's % Change from Base							4	

2000 - Restrict Misc Special Revenue

Balance Forward In			1	14				
Direct Appropriation	22,250	22,250	22,250	22,250	22,250	22,250	22,250	22,250
Transfers In	116	110	130	120	120	120	120	120
Balance Forward Out		1	14					
Expenditures	22,366	22,360	22,367	22,384	22,370	22,370	22,370	22,370
Biennial Change in Expenditures				25		(11)		(11)
Biennial % Change in Expenditures				0		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0

2018 - Agriculture

Transfers In			250	250				
Expenditures			250	250				
Biennial Change in Expenditures				500		(500)		(500)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2050 - Environment & Natural Resources

Balance Forward In			17,069	2,765				
Direct Appropriation	13,506	19,478	9,071	14,974	0	0	0	0
Transfers In		213						
Balance Forward Out		55	2,764					

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Expenditures	13,506	19,636	23,376	17,739				
Biennial Change in Expenditures				7,972		(41,115)		(41,115)
Biennial % Change in Expenditures				24		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Direct Appropriation			1,008	1,007	0	0	1,097	1,096
Expenditures			1,008	1,007			1,347	1,346
Biennial Change in Expenditures				2,015		(2,015)		678
Biennial % Change in Expenditures						(100)		34
Governor's Change from Base								2,693
Governor's % Change from Base								

2360 - Health Care Access

Direct Appropriation	2,157	2,157	2,157	2,157	2,157	2,157	2,157	2,157
Expenditures	2,157	2,157	2,157	2,157	2,157	2,157	2,157	2,157
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

6000 - Miscellaneous Agency

Transfers In	6,150	963	430	6,692	3,182	3,150	3,182	3,150
Expenditures	6,150	963	430	6,692	3,182	3,150	3,182	3,150
Biennial Change in Expenditures				9		(790)		(790)
Biennial % Change in Expenditures				0		(11)		(11)
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	648,636	648,636	648,636	1,297,272
Forecast Base	648,636	648,636	648,636	1,297,272
Change Items				
Support the U of MN: Improving Lives Through Discovery and Innovation		16,865	34,168	51,033
Total Governor's Recommendations	648,636	665,501	682,804	1,348,305
Fund: 2000 - Restrict Misc Special Revenue				
FY2019 Appropriations	22,250	22,250	22,250	44,500
Forecast Base	22,250	22,250	22,250	44,500
Total Governor's Recommendations	22,250	22,250	22,250	44,500
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	14,974	14,974	14,974	29,948
Base Adjustments				
All Other One-Time Appropriations		(14,974)	(14,974)	(29,948)
Forecast Base	14,974	0	0	0
Total Governor's Recommendations	14,974	0	0	0
Fund: 2302 - Clean Water				
FY2019 Appropriations	1,007	1,007	1,007	2,014
Base Adjustments				
One-Time Legacy Fund Appropriations		(1,007)	(1,007)	(2,014)
Forecast Base	1,007	0	0	0
Change Items				
County Geologic Atlas		175	175	350
Return on Investment Estimates		172	171	343
Stormwater BMP Performance Evaluation		750	750	1,500
Total Governor's Recommendations	1,007	1,097	1,096	2,193
Fund: 2360 - Health Care Access				
FY2019 Appropriations	2,157	2,157	2,157	4,314
Forecast Base	2,157	2,157	2,157	4,314
Total Governor's Recommendations	2,157	2,157	2,157	4,314
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	134	120	120	240

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Forecast Base	134	120	120	240
Total Governor's Recommendations	134	120	120	240
Fund: 2302 - Clean Water				
Change Items				
Carp Management		250	250	500
Total Governor's Recommendations		250	250	500

Change Item Title: Support the U of MN: Improving Lives Through Discovery and Innovation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	16,865	34,168	34,168	34,168
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	16,865	34,168	34,168	34,168
FTEs	0	0	0	0

Recommendation:

The Governor recommends an increase of \$51.034 million in FY 2020-2021 and \$68.336 million in FY2022-2023 to the University of Minnesota. This funding will support all five campuses and the University of Minnesota's core missions of research and discovery, teaching and learning, and outreach and public service.

Rationale/Background:

In the FY2019 approved operating budget for the University of Minnesota, revenues are estimated to be \$3.8 billion. Within that total, individual sources of revenue differ as to how restricted they are (purpose and use dictated by external source), and in terms of opportunity for growth necessary to cover cost increases. Thirty-five percent of the University's revenues are restricted by the source and cannot be used at the discretion of leadership to pay for general operations. Twenty-four percent is directly related to sales and miscellaneous revenue-generating activity, such as the bookstores, parking, sales of educational goods and services, course fees, etc. where the revenues pay for the direct costs of the associated goods and services. These sources are largely not available to cover general operations. The final forty-one percent of the University's revenues are from the Operations and Maintenance (O&M) state appropriation and tuition: unrestricted and relied upon to support a wide range of the University's general cost of operations across the teaching, research and public service missions. The only way these general operating revenues grow to cover cost increases is by a decision of the Board of Regents to increase tuition or a decision by the state of Minnesota to increase the University's O&M appropriation.

Within this context, the University remains committed to minimizing tuition rate increases for resident undergraduate, graduate, and professional students. However, general operating costs (salaries, healthcare, facility and technology costs, library materials, equipment, etc.) continue to grow with inflation running at 2.7% (CPI-August) and 3.7% (Higher Education Price Index-2017). There is a level of internal reallocation that can be sustained every year with little impact to University priorities, but if tuition revenue is significantly constrained and the state O&M appropriation remains flat, the total reallocation necessary to address cost increases and needs can reach a level of magnitude that requires some very difficult choices on the part of the University:

1. Raise tuition on students at rates at or above inflation in order to maintain the current scope of quality programs;
2. Reduce the breadth and depth of the University's impact but maintain quality; or
3. Maintain the current scope of the University's work but sacrifice quality in some areas of the institution.

Key variables in evaluating those choices include the following:

- **Excellence:** Excellence in education, research, and outreach is the University's top priority. This drive to excellence is apparent in the University's progress on its metrics, which can be found at: <https://oir.umn.edu/planning-metrics/progress-card>. The key components to generating such high-level results are recruiting and retaining world class faculty and staff, and supporting equipment and facility needs for the instruction and research activities that take place on all five campuses. To simply maintain the current scope of activities, inflationary costs related to personnel (including health care benefits) and infrastructure must be addressed.
- **Commitment to Controlling Costs:** Over the last six years, the University reduced administrative costs by \$90 million in order to pay for inflationary cost increases University-wide. These reallocations were critical from an efficiency and effectiveness standpoint. Over 70% of implemented cost reductions involved the elimination or restructuring of employee positions. Of the remaining reductions, many involved deliberate decisions to get by with less: supplies, travel, development opportunities, equipment replacement and so forth. Across the University, units are "working smarter," such as in the example of transitioning from departmental-level desktop support functions to a model of centralized University-wide support for improved consistency and efficiency across the entire University system. Although reallocations will remain one of the University's key budget balancing tools, the University cannot rely on reallocations alone to balance its budget without impacts on quality or scope of operations.
- **Infrastructure and Compliance Cost Pressures:** The University has experienced annual cost increases in significant areas of general operations. For example, annual cost increases in the millions of dollars must be addressed for utility services, debt service, technology license and maintenance agreements, laboratory health and safety improvements, student and employee accommodations, and library collections and subscription prices.
- **Increased Need for Student Support:** Total undergraduate enrollment has increased at the University by roughly 4,000 or 10% over the last 10 years. To adequately serve the student body, specialized costs have increased dramatically: Disability Resource Center services (captioning, testing accommodations and so on), mental health services through Student Affairs and Boynton Health Services, tutoring and academic support.

Proposal:

This proposal would fund inflationary cost increases to the University of Minnesota's appropriation at 2.6% each year of the biennium. This percent increase is the five-year average of the Higher Education Price Index (HEPI).

In conjunction with continued internal reallocations, potential increases in some resident tuition rates, and planned increases in nonresident tuition rates, this O&M support will allow the University to maintain excellence within the current scope of programs, consistent with the priorities of the Board of Regents as elected by the Minnesota legislature. Specific allocation of dollars across the institution will be determined through the internal annual budget development process as directed by the President and academic leadership and approved by the Board of Regents. The most pressing priorities are in the areas of competitive compensation, classroom and equipment maintenance, compliance with federal and state regulations, research and technology infrastructure, maintenance of core facilities, and support for key activities throughout the state currently facing financial challenges.

Additional funding from the state will not eliminate difficult choices in balancing the University's budget, but it will relieve pressure for higher tuition increases for resident students, and it will help maintain quality University programs across the state.

Early estimates of cost increases for the next biennium (in activities funded by state appropriation and tuition only) are as follows:

	FY 2020	FY 2021	Biennial Math (Yr 1x2) + Yr 2
Budget Challenge (\$ in 000s)			
Compensation (including benefit costs)	\$40,000	\$40,000	\$120,000
Facilities (utilities, debt, operations)	3,000	3,000	9,000
Technology Maintenance	3,000	3,000	9,000
Unit Specific Needs/Investments	15,000	15,000	45,000
Statewide Initiatives	<u>6,000</u>	<u>6,000</u>	<u>18,000</u>
Estimated Total	67,000	67,000	201,000

Equity and Inclusion:

This request will maintain existing programs and support for under-represented faculty, staff and students; this remains a priority for the University. Although this proposal does not target a specific population group, students from low- and middle-income families will benefit the most from restraint on tuition increases. By continuing the University's tradition of providing a high quality education at a reasonable cost, the University will continue to increase equity by helping to close opportunity gaps and prepare students to succeed in the workforce.

Results:

Funding this request will result in direct benefits to students, researchers, and communities statewide:

- Minimizing tuition increases
- Maximizing researchers' talents and abilities to advance knowledge and commercialize technologies
- Retaining excellent instructional faculty and staff across all colleges and campuses
- Providing strong student services related to physical and mental health, career development, degree completion
- Ensuring safe indoor and outdoor environments for faculty, staff, students and visitors
- Maintaining facilities for the hundreds of thousands of people who work, study and visit the University annually

It will have a positive impact on helping the University to make progress on performance metrics previously approved by the Board of Regents, which can be found at: <https://oir.umn.edu/planning-metrics/progress-card>.

Change Item Title: CWF Carp Management

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	250	250	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	250	0	0
FTEs	0	0	0	0

Recommendation

The Governor recommends \$500,000 in FY2020-2021 to fund a pilot project examining how a new method of carp management can be used as a nutrient reduction strategy.

Rationale/Background

Common carp are a powerful and direct driver of poor water quality and high nutrient levels in lakes of south-central Minnesota, including the Metro area. Yet, carp management is not included in nutrient reduction strategies (NRS) for Minnesota, which focus primarily on land-based management practices. This creates potential inefficiencies in NRS. This program aims to increase the efficacy and cost-effectiveness of nutrient reduction strategies by developing comprehensive carp management programs, documenting their effectiveness and developing a new roadmap for NRS in Minnesota.

Proposal

The University will field-test a new method of carp management in two lakes and document year-round changes in phosphorus and nitrogen levels both within the lakes as well as the downstream export of nutrients from the lakes. To do so, the research team will partner up with a University of Minnesota startup company that developed a new way of managing carp, University limnologists who will document changes in nutrient dynamics, and local watershed districts that will provide a logistic support. Using this data, the research team will show how carp management can be incorporated into more effective and affordable nutrient reduction strategies for Minnesota.

Results

This is the first time this project has been funded. Results of this work will be disseminated via University websites and peer-reviewed publications. They will be also included in the biennial Clean Water Fund Performance Report.

Change Item Title: CWF County Geologic Atlas

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	175	175	0	0
Net Fiscal Impact = (Expenditures – Revenues)	175	175	0	0
FTEs	0	0	0	0

Recommendation

The Governor recommends \$350,000 in FY2020-2021 to accelerate the production of County Geologic Atlases. The Atlases provide stakeholders with accurate information to manage groundwater resources sustainably.

Rationale/Background

Geologic atlases provide maps and databases essential for improved management of ground and surface water. This is foundational data that supports management of drinking water, domestic and industrial supply, irrigation, and aquatic habitat. Understanding the distribution of geologic materials defines aquifer boundaries and the connection of aquifers to the land surface and to surface water resources to enable a comprehensive water management effort. These atlas products are often used in local watershed planning, water supply planning, and many water related permit decisions. Informed decisions often prevent expensive mistakes. County Geologic Atlases are specifically identified as essential data in the Statewide Conservation Plan, and in the efforts of the Environmental Quality Board, DNR Eco-Waters, and the Water Resources Center at the University of Minnesota to design a sustainable water management process. Many of these agencies have advocated that the pace of work on the county geological atlases by the MGS should be increased to allow statewide completion within a decade, followed by review and updating on a regular schedule. However, production of the Atlases, due to the level of funding made available to date, has fallen short of the recommended timeline.

Proposal

The Governor recommends that County Geologic Atlas (CGA) funding be increased to make up for recent reductions in funding from other sources due to increased number of projects in competition. MGS is staffed for the \$2.4 million per year effort to meet their commitment to statewide completion in a reasonable time frame. \$500,000 per year from CWF is needed to maintain current pace. The program utilizes funds from a contract with DNR, federal matching fund programs, Clean Water Funds, and the Environment and Natural Resource Trust Fund and strives to maintain an annual combined budget of \$2,400,000. The program seeks to provide atlases statewide, and funding at this rate should accomplish that goal in about a decade.

Equity and Inclusion

The objective of the MGS/DNR program is to ensure that every Minnesota County will have an Atlas as soon as reasonably possible, so that every Minnesota resident will enjoy a similar standard of drinking water protection, followed by ongoing maintenance of this information infrastructure.

Results

Atlases are complete for 41 counties and of these, 3 have been revised and 3 revisions are underway. There are 13 new atlases underway; 33 counties have not yet been started. With a completion rate of ~5 per year and ~40 are partially complete or not yet started, at the current pace, statewide coverage would be achieved in about a decade – enhanced funding will shorten this timeline.

A complete atlas consists of a Part A prepared by MGS that includes the water well database and 1:100,000 scale geologic maps showing properties and distribution of sediments and rocks in the subsurface, and a Part B constructed by DNR that includes maps of water levels in aquifers, direction of groundwater flow, water chemistry, and sensitivity to pollution. Atlases in most cases are initiated by a request from a county and an offer to provide in-kind service. A User's Guide to Geologic Atlases helps non-geologists understand the information products and their uses. Atlases are available in print, or in digital formats, including pdfs and GIS files.

Change Item Title: CWF Return on Investment Estimations

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	172	171	0	0
Net Fiscal Impact = (Expenditures – Revenues)	172	171	0	0
FTEs	0	0	0	0

Recommendation

The Governor recommends \$343,000 in FY2020-2021 to continue fund a project measuring the return on the Clean Water Fund's investments. The tools developed through this process will be used by future decision makers to strategically improve Minnesota's water quality and human well-being.

Rationale/Background

The University of Minnesota is partnering with the Clean Water Council (CWC) to better account for the public benefits of investments in the Clean Water Fund (CWF) and equip the CWC with the tools to make smart, strategic investments. In the first phase of the partnership (ending June 2019), the project aims are:

- 1) A statewide survey of public values and preferences for clean water designed to understand what types of clean water benefits are the most highly valued by Minnesotans.
- 2) Development of spatially-explicit ecosystem service metrics that reflect the multiple co-benefits of investments in improved water quality.
- 3) Guidance for CWC on how to determine and report on the value of different programmatic activities (e.g. planning, technical assistance, monitoring, implementation).

Proposal

Continued funding of the project will provide guidance and tools in support of the CWC's efforts to measure progress, evaluate outcomes, and promote transparency in clean water fund investments. Research will assist the Council in communicating the public benefits of the fund and making more strategic decisions that protect and improve water quality and human well-being. In particular, funding will allow the UMN team to expand our support for the CWC and in two dimensions:

- 1) Public engagement and stakeholder collaboration at the watershed-level to integrate UMN findings with agency-led "One Watershed One Plan" processes and build capacity to maximize co-benefits of public investments in clean water, identify new cross-sector partnerships, and better communicate the benefits of the CWF.
- 2) Analysis of alternative scenarios for future CWF expenditures and assessment of key tradeoffs, including the equity and distributional impacts of changes in water quality.

Equity and Inclusion

The benefits of clean water are not equally distributed in our state. Communities of color, native communities, and rural populations are more likely to experience water shortages, contaminated drinking water, unsafe recreational opportunities, unsafe levels of fish consumption, and higher water prices. In phase I of the project, social and demographic data was included in their analysis of co-benefits to visualize the distribution of water benefits and costs statewide. The researchers will continue to prioritize communication and evaluation of the equity implications of water investments in their work, including engagement that seeks to elevate underrepresented voices in water decision-making statewide.

Results

For FY2018-19 funding, the following activities are complete as of February 2019:

- 1) A statewide survey of public values and preferences for clean water designed to understand what types of clean water benefits are the most highly valued by Minnesotans.
- 2) Development of spatially-explicit ecosystem service metrics that reflect the multiple co-benefits of investments in improved water quality

For FY2020-21 funding, the UMN team will produce two additional work products; a web platform that visualizes the benefits of CWF investments across multiple social, biophysical, and economic metrics, and a report on current and potential future public benefits of CWF investments in partnership with the CWC and key stakeholders.

Change Item Title: CWF Stormwater BMP Performance Evaluation and Technology Transfer

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
Clean Water Fund				
Expenditures	750	750	0	0
Net Fiscal Impact = (Expenditures – Revenues)	750	750	0	0
FTEs	0	0	0	0

Recommendation

The Governor recommends \$1.5 million in FY2020-2021 to fund stormwater projects throughout the state. These stormwater efforts focus on research, University of Minnesota Extension education, and technology transfer to industry professionals and all levels of government to prevent, minimize, and mitigate the effects of runoff from the built environment.

Rationale/Background

Stormwater runoff from built environments have major impacts on water resources in Minnesota. Some 1.4 million Minnesotans rely on drinking water impacted by stormwater from upstream communities, and over half of all state residents live within one mile of a lake in developed landscapes. Starting in the 2016-17 biennium, an appropriation from the Clean Water Fund was targeted for research and technology transfer to help Minnesota communities address unmet and growing stormwater management needs. The Water Resources Center (WRC) at the University of Minnesota coordinated the portfolio of projects, with input from the Pollution Control Agency and the Minnesota Stormwater Research Council (MSRC). One of the first projects was to develop a Stormwater Research Roadmap, which used a structured approach to gather stakeholder input and identify priority research needs for the next decade. With the Clean Water Fund appropriation for FY2018-19, the WRC established an open, competitive application process to identify the most meritorious projects to meet identified priorities. In consultation with the MSRC, nine projects were selected that address a variety of stormwater issues in multiple locations around the state. A requirement of funded projects is to integrate research with technology transfer and outreach activities. The WRC supports these projects with pass-through funding, while also providing oversight, administrative support, and program-level technology transfer.

Proposal

The proposal is to continue funding for FY2020-21. With the competitive application and selection process in place, the WRC will implement the next set of research priorities. Guided by the Stormwater Research Roadmap and in consultation with the MSRC, the WRC will issue one or more competitive calls for research proposals open to all research organizations in Minnesota. Projects will be selected for pass-through funding with guidance from the MSRC board and with input from scientific peer reviewers. The WRC will continue to manage newly funded projects and will communicate results from completed projects to stakeholders.

Equity and Inclusion

Diversity, inclusion, and equity are central aspects of the prioritization, selection, and oversight of funded projects. The WRC follows the University of Minnesota's diversity and inclusion practices to ensure equitable and inclusive selection of project teams. Further, reaching underrepresented groups is a pillar of research and technology transfer activities. A current funded project is examining the factors motivating community engagement in ethnically diverse neighborhoods.

Results

Clean Water Fund appropriations have supported twelve major projects addressing a variety of issues and emerging technologies. Projects are led by teams from many research organizations around the state including the University of Minnesota, St. Cloud State University, state agencies, local units of government, and private consultants. Additional projects and in-kind support come from leveraged funds contributed by a diverse group of entities comprising the MSRC. Information on current and completed projects, the MSRC, and the Minnesota Stormwater Research Roadmap are available at: www.wrc.umn.edu/projects/stormwater.

Initial work focused on the role of detention ponds in removing contaminants from stormwater before it reaches downstream waters. With more than 30,000 such ponds in the state, they collectively have a major impact on water quality throughout Minnesota. One study found that some ponds may actually increase phosphorous loading to downstream waters because of phosphorous releases from the accumulated sediments below. A second study sampled the sediments in ponds in multiple communities for polycyclic aromatic hydrocarbons (PAHs), a class of carcinogenic chemicals. PAHs exceeded the industrial soil reference value for 35% of sampled ponds. When contaminated ponds are dredged, the sediments must be transported for disposal in a secure landfill.

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Minnesota Department of Veterans Affairs

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mn.gov/mdva/

AT A GLANCE

- Provide six major program areas under two divisions, each with numerous veteran services including:
 - Long-term, Skilled nursing and Domiciliary care
 - Adult Day Center and resources for caregivers
 - Education and employment services
 - Federal VA Claims and outreach services
 - Homeless Veteran prevention and assistance services
 - State benefits (State Soldiers Assistance Program)
- Operates 5 State Veterans Homes and 3 State Veterans Cemeteries
- Serve more than 327,000 Veterans in Minnesota
- Employ approximately 1,400 staff statewide

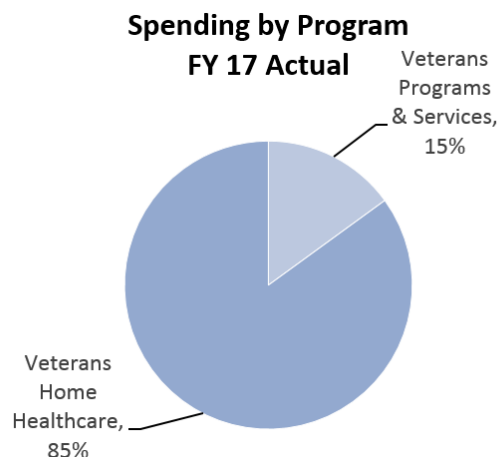
PURPOSE

The mission of Minnesota Department of Veterans Affairs (MDVA) is “Dedicated to serving Minnesota Veterans and their families.” We are a “post wartime agency” and were created by the 1943 state Legislature to consolidate the services provided to service members, and since 2007, we have operated the Minnesota Veterans Homes. Today, there are more than 327,000 veterans in Minnesota (about six percent of the state’s population).

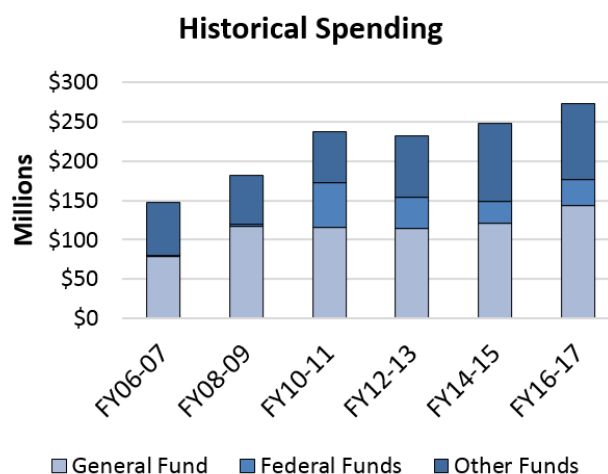
Since 9/11, approximately 75,000 Minnesotans have been discharged from active duty and more than 45,000 have served in a combat zone. Veterans face many challenges including translating their military skills and experiences to civilian occupations, unemployment and underemployment, and short- and long-term medical issues resulting from their military duty. In addition, many veterans and their families experience both mental fatigue and physical injuries associated with military deployments. Finally, approximately 23 percent of the state’s population aged 65 and older are veterans, many with unique long-term care needs.

MDVA exists to fulfill the needs of these veterans and their families by providing innovative programs and services to maximize their quality of life, while monitoring and adapting to emerging needs. In doing so, MDVA contributes to achieving the statewide outcomes of: **All Minnesotans have optimal health, Minnesotans have the education and skills needed to achieve their goals, and Strong and stable families and communities.**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

MDVA activities, as a whole, were funded approximately 52% from the general fund, 12% from federal funds and 36% from special revenue funds in the FY2016-17 biennium.

The Program & Services program receives a majority of its funding from the general fund. Program-specific federal funding is also received for cemetery development & maintenance and for the State approval of higher education institutions.

The Veterans Home Healthcare program is funded through general fund appropriations, resident maintenance fees, VA per diem, Medicare and other reimbursements. In recent years, a portion of the federal funds were used to complete the construction of two new 100-bed skilled nursing buildings on the Minneapolis campus. In addition, the Legislature has approved state-funding for the construction of three new state veterans homes. The historical spending graph reflects the following breakdown:

- A general fund appropriation of \$110 million in the FY2016-17 biennium was received and transferred to the special revenue or other fund. The graph above reflects the expenditure of these funds out of the general fund in order to show its source of funding.
- An additional \$92 million of receipts was received from the Federal VA Administration for veteran full and partial per diem, Medicare reimbursements for Medicare Part A, B & D, and receipts from resident maintenance fees and other reimbursements. The graph above reflects the expenditure of these funds in the other funds category.
- \$33 million of federal grant funds were received and expended for two new skilled nursing buildings, Building 21 & 22, on the Minnesota Veterans Home - Minneapolis Campus. MDVA anticipates the receipt of additional federal grant funding for the construction of three new Minnesota state veterans homes to be located in Bemidji, Montevideo, and Preston.

STRATEGIES

We strive to enhance the lives of those we serve through the development and implementation of services that are tailored to meet the current, ongoing and future needs of veterans and their families. We do this through two divisions: **Programs & Services** and **Veterans Health Care** (Minnesota State Veterans Homes).

Many veterans are not aware of the benefits that they have earned through their military service. **The Programs & Services Division** collaborates with its partners in the veteran's services community to assist veterans in obtaining these benefits. Examples include securing or assisting in the provision of financial, educational and medical benefits. Additionally, there are an estimated 253 veterans without safe, stable or affordable housing on any given night in Minnesota (<https://www.hudexchange.info/resources/documents/2016-PIT-Estimate-of-Homeless-Veterans-by-State.pdf>). By working with partners and stakeholders through its Homeless Veteran Registry (<https://mn.gov/mdva/resources/homelessnessandprevention/homelessveteranregistry.jsp>), MDVA works to identify and develop housing plans for veterans who are homeless or at risk of homelessness. Finally, our Programs & Services Division and partners provide resources for financial, family, and mental health counseling, as well as operating three Veterans cemeteries and coordinating funeral honors benefits.

For more information, visit: <https://mn.gov/mdva/resources/>

The Veterans Health Care Division currently operates five Minnesota Veterans Homes. Located in Fergus Falls, Hastings, Luverne, Minneapolis, and Silver Bay. MDVA works to ensure that veterans and their families have options for meeting their long-term skilled nursing and care needs while providing the highest-quality care. The homes offer multiple long-term care options including 24-hour Skilled Nursing, Domiciliary, and Adult Day Care. The homes also offer specialty care units for Alzheimer's and dementia, as well as dental care, physical rehabilitation, work therapy, transportation, chemical dependency, psychological, spiritual, and recreational services to improve the health and quality of life of its residents. In addition, MDVA is currently working with

community partners in the development of plans for three new Minnesota Veterans Homes to expand our capacity and geographic presence.

For more information, visit: <https://mn.gov/mdva/homes/>

For more information, see the 2017 Annual Report for the Minnesota Department of Veterans Affairs (https://mn.gov/mdva/assets/2017-mdva-annual-report-accessible_tcm1066-327252.pdf).

Minnesota Department of Veterans Affairs legal authority comes from:

- Minn. Stat. 196 (<https://www.revisor.mn.gov/statutes/cite/196>),
- Minn. Stat. 197 (<https://www.revisor.mn.gov/statutes/cite/197>), and
- Minn. Stat. 198 (<https://www.revisor.mn.gov/statutes/cite/198>).

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<i>Expenditures by Fund</i>								
1000 - General	15,822	18,041	16,857	19,786	21,003	21,003	21,801	22,024
2000 - Restrict Misc Special Revenue	1,094	1,212	2,468	2,475	1,776	1,936	1,776	1,936
2001 - Other Misc Special Revenue	97,947	105,181	107,992	115,178	117,803	120,220	116,803	119,220
2403 - Gift	411	623	503	761	805	680	805	680
3000 - Federal	12,573	21,600	14,267					
6000 - Miscellaneous Agency	1,390	1,814	1,579	1,608	1,572	1,572	1,572	1,572
Total	129,237	148,472	143,666	139,808	142,959	145,411	142,757	145,432
Biennial Change				5,766		4,896		4,715
Biennial % Change				2		2		2
Governor's Change from Base								(181)
Governor's % Change from Base								(0)
<i>Expenditures by Program</i>								
Veterans Programs and Services	17,365	22,069	22,859	22,120	22,664	22,774	23,462	23,795
Veterans Health Care	111,872	126,403	120,807	117,688	120,295	122,637	119,295	121,637
Total	129,237	148,472	143,666	139,808	142,959	145,411	142,757	145,432
<i>Expenditures by Category</i>								
Compensation	84,537	90,099	95,280	102,416	103,563	105,773	103,111	105,544
Operating Expenses	33,995	47,011	35,093	25,400	26,793	26,931	27,043	27,181
Grants, Aids and Subsidies	9,129	8,795	9,204	11,029	12,250	12,403	12,250	12,403
Capital Outlay-Real Property	1,051	2,245	3,834	589	38		38	
Other Financial Transaction	524	321	255	374	315	304	315	304
Total	129,237	148,472	143,666	139,808	142,959	145,411	142,757	145,432
<i>Summary of Expenditures</i>								
Total Agency Expenditures	129,237	148,472	143,666	139,808	142,959	145,411	142,757	145,432
Internal Billing Expenditures			0					
Expenditures Less Internal Billing	129,237	148,472	143,666	139,808	142,959	145,411	142,757	145,432
<i>Full-Time Equivalents</i>								
	1,182.83	1,211.96	1,242.54	1,246.55	1,235.45	1,232.55	1,237.90	1,237.95

Veterans Affairs

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	0	1,405		1,204				
Direct Appropriation	69,106	74,379	74,910	75,634	75,423	75,423	75,691	75,914
Open Appropriation	2,470	2,503	2,807	3,900	3,900	3,900	3,900	3,900
Transfers In	14,066	15,789	14,827	14,408	14,400	14,400	15,198	15,421
Transfers Out	68,527	75,405	74,133	75,010	72,720	72,720	72,988	73,211
Cancellations		630	350	350				
Balance Forward Out	1,293		1,204					
Expenditures	15,822	18,041	16,857	19,786	21,003	21,003	21,801	22,024
Biennial Change in Expenditures				2,780		5,363		7,182
Biennial % Change in Expenditures				8		15		20
Governor's Change from Base								1,819
Governor's % Change from Base								4
Full-Time Equivalents	88.20	95.52	95.97	97.83	89.33	86.43	96.63	96.68

2000 - Restrict Misc Special Revenue

Balance Forward In	1,857	2,062	2,366	2,190	1,434	1,433	1,434	1,433
Receipts	651	607	1,249	1,170	1,226	1,263	1,226	1,263
Transfers In	502	533	1,193	789	880	784	880	784
Transfers Out			150	240	331	235	331	235
Balance Forward Out	1,915	1,990	2,191	1,434	1,433	1,309	1,433	1,309
Expenditures	1,094	1,212	2,468	2,475	1,776	1,936	1,776	1,936
Biennial Change in Expenditures				2,637		(1,231)		(1,231)
Biennial % Change in Expenditures				114		(25)		(25)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.83	4.39	6.60	4.00	4.00	4.00	4.00

2001 - Other Misc Special Revenue

Balance Forward In	8,951	11,157	12,359	13,270	9,660	5,687	9,660	6,157
Receipts	47,122	48,987	51,361	53,424	55,568	57,779	55,568	57,779
Transfers In	111,367	127,457	119,875	127,093	121,883	122,351	121,293	121,761
Transfers Out	58,665	70,271	62,332	68,949	63,621	64,089	63,561	64,029
Balance Forward Out	10,828	12,149	13,271	9,660	5,687	1,508	6,157	2,448

Veterans Affairs

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	97,947	105,181	107,992	115,178	117,803	120,220	116,803	119,220
Biennial Change in Expenditures				20,042		14,853		12,853
Biennial % Change in Expenditures				10		7		6
Governor's Change from Base								(2,000)
Governor's % Change from Base								(1)
Full-Time Equivalents	1,089.74	1,110.60	1,141.12	1,141.12	1,141.12	1,141.12	1,136.27	1,136.27

2403 - Gift

Balance Forward In	1,223	1,357	1,676	1,852	1,776	1,656	1,776	1,656
Receipts	519	906	706	664	664	664	664	664
Transfers In	25	23	22	21	21	21	21	21
Transfers Out		0	50					
Balance Forward Out	1,356	1,663	1,851	1,776	1,656	1,661	1,656	1,661
Expenditures	411	623	503	761	805	680	805	680
Biennial Change in Expenditures				229		221		221
Biennial % Change in Expenditures				22		17		17
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	511	501	485					
Receipts	12,452	21,371	14,267					
Transfers Out			485					
Balance Forward Out	391	272						
Expenditures	12,573	21,600	14,267					
Biennial Change in Expenditures				(19,906)		(14,267)		(14,267)
Biennial % Change in Expenditures				(58)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	4.00	4.01						

6000 - Miscellaneous Agency

Balance Forward In	409	526	284	310	265	256	265	256
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Veterans Affairs

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Receipts	1,507	1,570	1,607	1,563	1,563	1,563	1,563	1,563
Balance Forward Out	526	282	311	265	256	247	256	247
Expenditures	1,390	1,814	1,579	1,608	1,572	1,572	1,572	1,572
Biennial Change in Expenditures				(17)		(43)		(43)
Biennial % Change in Expenditures				(1)		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.89	1.00	1.06	1.00	1.00	1.00	1.00	1.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	75,634	75,634	75,634	151,268
Base Adjustments				
All Other One-Time Appropriations		(350)	(350)	(700)
Pension Allocation		139	139	278
Forecast Base	75,634	75,423	75,423	150,846
Change Items				
Programs and Services Operating Adjustment		173	371	544
State Veterans Cemeteries Operating Adjustment		375	400	775
Minnesota Service Core Expansion		250	250	500
Medical Services Provider Realignment		(530)	(530)	(1,060)
Total Governor's Recommendations	75,634	75,691	75,914	151,605
Open				
Fund: 1000 - General				
FY2019 Appropriations	3,900	3,900	3,900	7,800
Forecast Base	3,900	3,900	3,900	7,800
Total Governor's Recommendations	3,900	3,900	3,900	7,800
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	2,475	1,776	1,936	3,712
Forecast Base	2,475	1,776	1,936	3,712
Total Governor's Recommendations	2,475	1,776	1,936	3,712
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	115,178	117,803	120,220	238,023
Forecast Base	115,178	117,803	120,220	238,023
Change Items				
Medical Services Provider Realignment		(1,000)	(1,000)	(2,000)
Total Governor's Recommendations	115,178	116,803	119,220	236,023
Fund: 2403 - Gift				
Planned Spending	761	805	680	1,485
Forecast Base	761	805	680	1,485
Total Governor's Recommendations	761	805	680	1,485
Fund: 6000 - Miscellaneous Agency				

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Planned Spending	1,608	1,572	1,572	3,144
Forecast Base	1,608	1,572	1,572	3,144
Total Governor's Recommendations	1,608	1,572	1,572	3,144
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,170	1,226	1,263	2,489
Total Governor's Recommendations	1,170	1,226	1,263	2,489
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	53,424	55,568	57,779	113,347
Total Governor's Recommendations	53,424	55,568	57,779	113,347
Fund: 2403 - Gift				
Forecast Revenues	664	664	664	1,328
Total Governor's Recommendations	664	664	664	1,328
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	1,563	1,563	1,563	3,126
Total Governor's Recommendations	1,563	1,563	1,563	3,126

Minnesota Department of Veterans Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: Veterans Programs & Services - Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	173	371	371	371
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	173	371	371	371
FTEs	2.3	5.0	5.0	5.0

Recommendation:

The Governor recommends additional funding of \$544,000 in the FY2020-2021 biennium to maintain the Veteran Programs & Services division's current level of service delivery at the Minnesota Department of Veterans Affairs (MDVA).

This funding is a 1.6% increase to the Veterans Programs & Services division's base operating budget.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, information technology and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For the MDVA Programs & Services division, statutorily required services will likely have to be diminished without this operating adjustment, including federal VA disability and pension claims development, and fewer opportunities for engagement with Veterans in challenging geographic or demographic areas. Additionally, without this funding there will be fewer staff providing higher education support services to Veterans and military members across the state. It will be necessary to reduce service in these areas in order to support the core functions of the division, such as the State Soldiers' Assistance Program, federal VA claims assistance, and State Veterans' Cemetery operations. Non-statutorily required areas of special emphasis will also likely need to be reduced or eliminated, including areas such as Outreach, the Women Veteran program, and Tribal Veterans Service Officers (TVSO).

Proposal:

The Governor recommends additional operating funds to maintain the agency's current level of service to Minnesota Veterans and their families. This funding is needed to support the increased costs for employee compensation and benefits.

Equity and Inclusion:

This proposal directly impacts Veterans and their family members. Veterans cover a broad spectrum of racial and ethnic groups, as well as members of the LGBTQ community. 94,054 Minnesota Veterans are service-connected disabled, another 3,481 receive VA disability pensions for total and permanent disability, and women make up 7.1% of all Minnesota Veterans (FY16). In addition, MDVA is an equal opportunity employer who wholeheartedly supports equity and diversity.

Results:

Minnesota is experiencing an increased demand for services due to both the aging of the veteran population and as a result of 17 years of continuous conflict and ongoing military operations worldwide. This proposal is intended to allow MDVA Programs and Services to continue to provide these levels of service and information to the public. The following are a sampling of those service areas and the growth that has occurred.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Per capita average of federal VA dollars being expended on benefits and services provided to Minnesota Veterans, their dependents and survivors.	\$7,937	\$8,445	Federal FY16 & FY17
Quantity	Number of Veterans and their dependents who have MDVA staff acting as their accredited representative to the federal VA.	51,793	54,473	7/31/16 & 7/19/18
Quantity	Number of Minnesota GI Bill participants approved for Higher Education programs or OJT/Apprenticeship programs.	1,071	1,470	FY16 & FY17
Quantity	Number of interments and inurnments at the Minnesota State Veterans Cemeteries.	564	621	FY16 & FY17
Quantity	Number of Veterans and their dependents who were provided statewide, community-based counseling through C.O.R.E. program participation.	575	748	FY16 & FY17
Quality	Percent of C.O.R.E. program participants that were satisfied with the services received and indicated that the services met their needs	100%	100%	FY16 & FY17
Results	Number of Homeless Veterans identified in MN during HUD's annual Point in Time (PIT) Count.	644	253	Jan. 2010 & Jan. 2017

Statutory Change(s):

N/A

Minnesota Department of Veterans Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: State Veterans Cemeteries Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	375	400	400	400
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	375	400	400	400
FTEs	5.0	5.25	5.25	5.25

Recommendation:

The Governor recommends additional funding of \$775,000 in the FY 2020-2021 biennium to maintain three State Veterans Cemeteries at the current and expected service delivery levels at the Minnesota Department of Veterans Affairs (MDVA).

This additional funding represents a 2.3% increase to the Veterans Programs & Services Division's base operating budget.

Rationale/Background:

State Veterans Cemeteries generate revenue annually on a per-burial basis. This revenue comes from two sources: plot allowances from the US Department of Veterans Affairs for burial of Veterans and burial fees collected from the family of deceased family members who are eligible to be buried in a State Veterans Cemetery. Revenue collected from these two sources are put into cemetery maintenance and development (CMD) accounts and supplement the department's general fund appropriation. The CMD accounts for each cemetery are intended to cover non-salary operational costs, including: utilities, fuel, equipment repairs, equipment procurement, facility repairs, office supplies, and grounds keeping supplies. The accounts are not intended to fund staffing costs.

The original general fund appropriations for each cemetery are different for each location (\$347,000 for Little Falls, \$425,000 for Preston and \$500,000 for Duluth) and don't support all the staff costs for each cemetery. As a result, the department has had to use the CMD accounts and other program funding to support staff costs. Continued use of the CMD accounts to support staff cost is not sustainable and jeopardizes the department's ability to cover emergency and routine equipment repairs, equipment replacement, facility repairs, and other non-salary costs to operate the cemeteries safely and provide the burial services to veterans and family members.

Proposal:

The Governor recommends additional operating funds to support salary and benefit costs at each of the three State Veterans Cemeteries in order for the agency to provide burial services to Minnesota Veterans and their families. This request will bring each of the cemeteries' base level general funding up to \$550,000 per year to be dedicated to salary and benefit costs and to reduce the demand on the CMD accounts.

Without this additional funding, the department will need to reduce FTEs at each cemetery, which will reduce the level of burial services to veterans and their families. This reduction would cause a significant degradation of services. Cemetery maintenance and appearance would be noticeably affected and could negatively impact considerations by the National Cemetery Administration on awarding future funds to expand operations.

Equity and Inclusion:

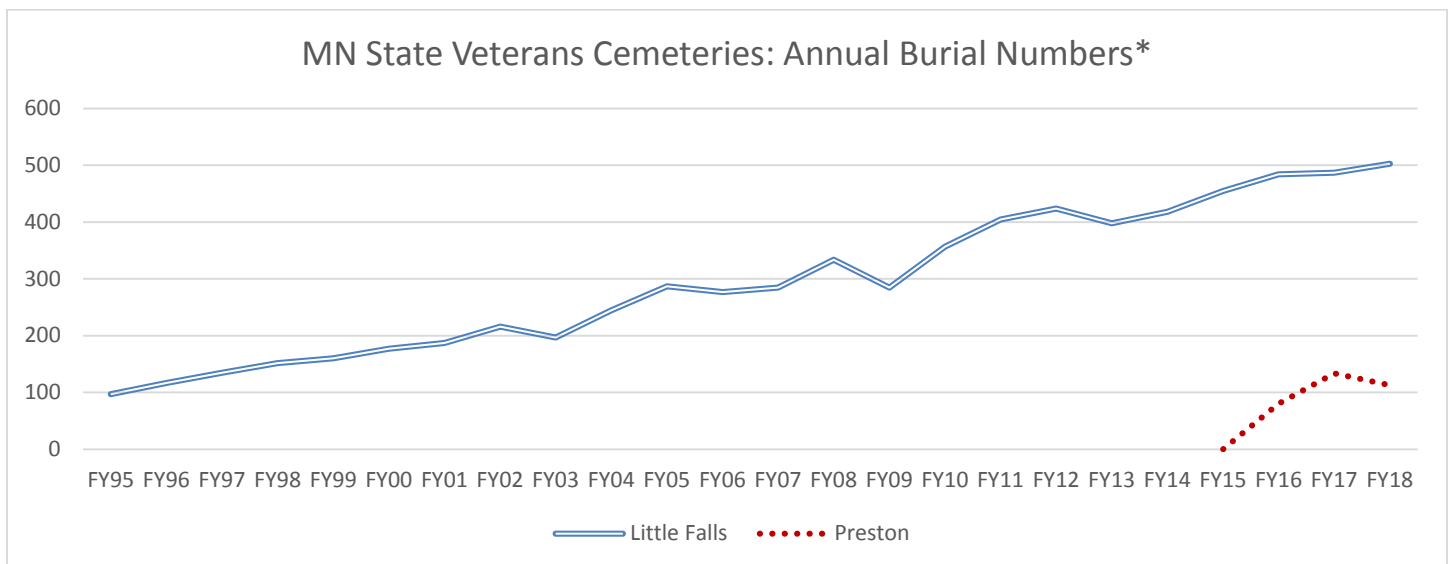
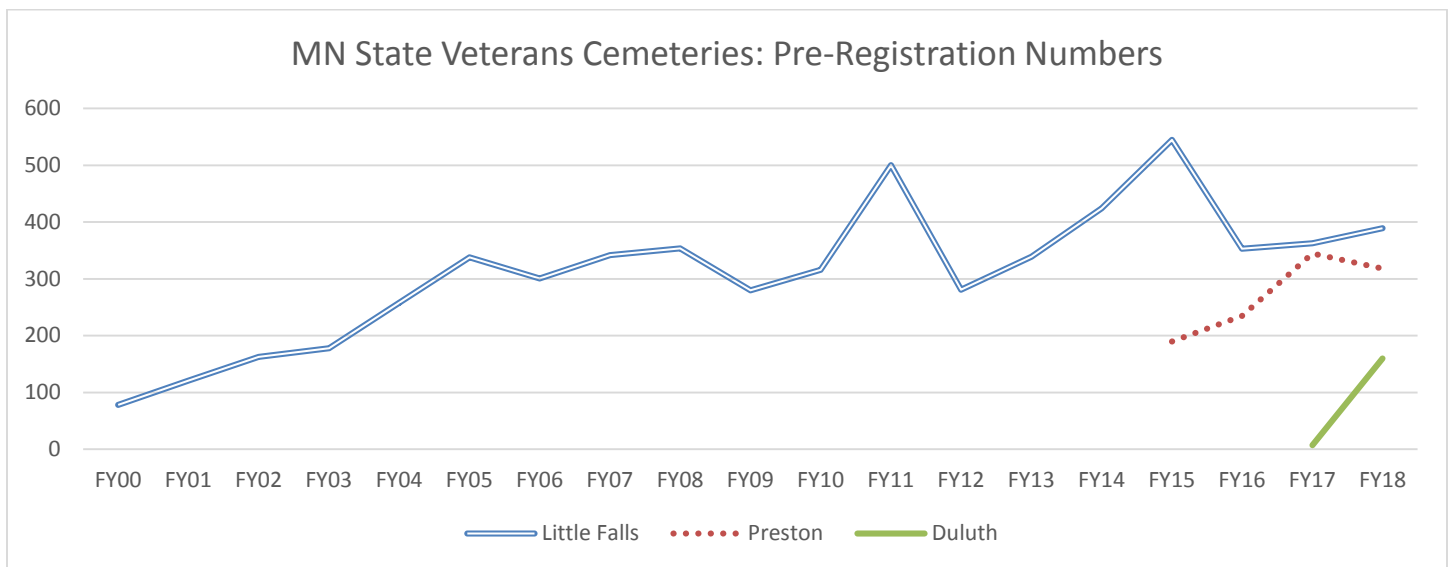
This proposal directly impacts Veterans and their family members. Veterans cover a broad spectrum of racial and ethnic groups, as well as members of the LGBTQ community. 94,054 Minnesota Veterans are service-connected disabled, another 3,481 receive VA disability pensions for total and permanent disability, and women make up 7.1% of all Minnesota Veterans (FY16). In addition, MDVA is an equal opportunity employer who wholeheartedly supports equity and diversity.

IT Related Proposals:

N/A

Results:

Individuals who wish to be buried in one of the three State Veterans Cemeteries can pre-register. This ensures eligibility in advance and eliminates delays in providing military documents to the cemetery.



* Note: the Duluth cemetery is not included because it opened in FY 2019.

Statutory Change(s):

N/A

Minnesota Department of Veterans Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: Minnesota Service Core Expansion

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	250	250	250	250
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	250	250	250	250
FTEs	0	0	0	0

Recommendation:

The Governor recommends funding of \$500,000 in the FY 2020-2021 biennium to provide additional funds for the Minnesota Service CORE Program at the Minnesota Department of Veterans Affairs (MDVA).

The additional funding increases the Veterans Programs & Services division operating budget by 1.5%, and is a 50% increase to the Minnesota Service CORE Program.

Rationale/Background:

Many Minnesota Veterans and their families experience challenges as they navigate various aspects of life, from reintegration and managing finances, to building a support network, and addressing mental health or substance use concerns. Limited access to these services and the increase in need highlights the importance of offering services and programs that address barriers and increase access across the state. The CORE program responds to these challenges by bringing casework, financial counseling, housing stability, and behavioral health (mental health and substance use) services to Veterans and their families across the state, in their community.

Since 2014-2015 the service has seen a 65% increase in enrollment, serving a total of 822 Veterans and their families statewide in 2017. Additional funding would allow the program to sustain services and to meet the increase in demand, especially in greater Minnesota. Last year the program served Veterans and their families in 63 of 87 counties, and with additional funding, the infrastructure will remain in place and able to respond to requests for service in every county across the state.

Proposal:

The Governor recommends additional funds to increase the grants to cover the costs associated with increased demand and allow the program to expand the provision of casework, behavioral health, financial counseling, housing stability services, and coordination and training with Veteran service officers in areas of the state seeing the greatest increase in enrollment.

Grants- Lutheran Social Service of Minnesota currently provides CORE program services, and through several competitive requests for proposal (RFP) bids has done so since 2008. In two of the last three years the costs of providing the program has exceeded the original budgeted amount due to a 65% increase in program enrollment. If this request is not funded the program will need to institute a cap in the services provided, limit the number of Veterans served and/or eliminate service components to meet the current and forecasted demand.

Programmatic Capacity- The current programmatic need outweighs the programmatic capacity due to funding shortages. In FY 2018, the agency supplemented the \$500,000 CORE budget with a \$135,000 Support our Troops Grant to Lutheran Social Services so they could continue to support Veterans who were currently receiving counseling services. Further, in June 2018 Lutheran Social Services withheld their billing statement as the contract ran out of money in May 2018, and during this time they continued to serve Veterans, showing a gracious dedication to the agency's mission and partnerships.

During FY 2018 the agency started to implement several cost saving measures. First, Lutheran Social Services checked every client for insurance so that their primary insurance carriers could be billed reducing the overall amount billed to the contract. Second, Lutheran Social Services inserted contract language with their third party providers that they use to expand their network to provide services statewide to ensure that their third party providers are required to bill a client's primary insurance provider.

Lastly, there was the need to reduce counseling time in late FY18 to 45 minutes from 60 minutes in an effort to reduce monthly costs and stretch the contract costs further through FY 2018. Even with these cost saving measures the original contract amount was approximately \$204,000 short for FY 2018. An increase in annual funding of \$250,000 will allow the agency to continue to provide these much needed counseling services to the current client base and continue to serve the growing need.

If additional funding is not provided, the agency will need to look at implementing additional cost saving measures such as limiting the number of appointments an individual can make under the CORE contract, limiting the number of clients the agency can serve, and limiting the geographical area that is served. All of these measures are counterproductive to an individual's mental health treatment and negatively impacts progress that has been made with their current Lutheran Social Services provider.

Equity and Inclusion:

This proposal directly impacts Veterans and their family members. Veterans cover a broad spectrum of racial and ethnic groups, as well as members of the LGBTQ community. 94,054 Minnesota Veterans are service-connected disabled, another 3,481 receive VA disability pensions for total and permanent disability, and women make up 7.1% of all Minnesota Veterans (FY 2016). In addition, MDVA is an equal opportunity employer who wholeheartedly supports equity and diversity.

IT Related Proposals:

N/A

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of Veterans and their families connected with services through the C.O.R.E program	FY15: 498 FY16: 575 FY17: 748	FY18: 822	7/1/2014-6/30/2018
Results	Percent of C.O.R.E. program participants who reported being satisfied with the services received, being treated with respect, and who would use the services again	FY16: 98%	FY17: 99%	7/1/2015-6/30/2017

Statutory Change(s):

N/A

Minnesota Department of Veterans Affairs

FY 2020-21 Biennial Budget Change Item

Change Item Title: Veterans Healthcare – Medical Services Provider Realignment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	(530)	(530)	(530)	(530)
Revenues	0	0	0	0
Other Funds				
Expenditures	(470)	(470)	(470)	(470)
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(1,000)	(1,000)	(1,000)	(1,000)
FTEs Reduction	(4.85)	(4.85)	(4.85)	(4.85)

Recommendation:

The Governor recommends a general fund budget reduction of \$1.06 million in the FY 2020-2021 biennium for the Veterans Healthcare Program at the Minnesota Department of Veterans Affairs (MDVA). The reduction is the result of a realignment of care provided by physicians, nurse practitioners, and all other resident care team members in three of the State Veterans homes. The homes will ensure appropriate staff levels based on the needs of each individual home. All direct care resident service providers will deliver care within their scope of their licensure; this includes Nursing, Social Work, Psychology, Therapy, Nurse Practitioner, and Physician. This realignment will allow each discipline to assess, develop the plan of care, deliver resident care, and as indicated, contact the appropriate team member, including the Nurse Practitioner and Physician for needed higher level issues.

This is a .5% reduction to the Veterans Healthcare division's total operating budget.

Rationale/Background:

Currently, the Minneapolis, Silver Bay and Hastings Veterans Homes have physicians and nurse practitioners providing scheduled and as needed assessments and histories, as well as diagnosing and treating residents. The requests for provider intervention did not often contain complete review of the Veteran's condition. As a result, this current care model requires larger than necessary provider involvement. The homes will now adjust staff compliments and provide clinical education and mentorship for staff to ensure that all staff are providing the care within the scope of their clinical licensure. The goal is development of a more effective model for delivering clinical care that is provided by the right staff at the right time.

Proposal:

The Governor recommends that MDVA realign current medical provider services at the Minneapolis, Hastings, and Silver Bay Veterans Homes. This resident-focused realignment will result in more efficient care delivery, all while maintaining the level of access to, and quality of, care that is currently provided across all of the homes.

There will be a reduction in FTEs as a result of this recommendation. The reductions will be realized through attrition and the right-sizing of positions.

Equity and Diversity:

This proposal directly impacts Veterans and their family members. Veterans cover a broad spectrum of racial and ethnic groups, as well as members of the LGBTQ community. 94,054 Minnesota Veterans are service-connected disabled, another 3,481 receive VA disability pensions for total and permanent disability and women make up

7.1% of all Minnesota Veterans (FY16). In addition, MDVA is an equal opportunity employer who wholeheartedly supports equity and diversity.

Results: This proposal is intended to allow MDVA Healthcare division to continue to provide current levels of care that these resident veterans and eligible family members have earned.

Minnesotans expect that our Veterans and eligible family are taken care of at this stage of their lives with care and quality measures that meet or exceed community standards, MDVA Healthcare does that in all of its facilities (see table below).

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Resident Satisfaction Survey. Customer satisfaction surveys are conducted at all five Veterans Homes by Pinnacle Quality Insight on a monthly basis, dating back to 2009, and comparative results are calculated quarterly and annually. The company surveys residents and families on a number of key indicators which include nursing, response to individual needs, therapy, safety, and cleanliness. The results are then compared to other Veterans Homes and nursing homes across the country. Minnesota Veterans Homes have earned “Best in Class” certificates for their scores.	4.64 (low = 1, high = 5)	4.72 (low = 1, high = 5)	2015 & 2017
Quantity	Staff turnover rates. It is important to our residents and their families that we maintain a stable, highly trained staff. While a certain amount of turnover is inevitable we strive to have a steady staffing roster.	25.2%	19.9%	2015 & 2017
Quality	The annual CMS 5 Star Staffing Report from Equip was calculated for the 2015-2016 time frame, so the Veterans Homes are compared to the national staffing standard. They continue to score at the higher end of the rating. Our goal is to maintain a 4-5 star overall staffing ratio at the Skilled Veterans Homes, and we have met those goals for the past two years.	4-5 Star	4-5 Star	2015 & 2017

Statutory Change(s):

N/A

Program: Programs & Servicesmn.gov/mdva/**AT A GLANCE**

- Serve veterans of all ages and wartime periods by:
 - Acting as the agent of a resident of the state having a claim against the United States for benefits arising out of or by reason of service in the armed forces
 - Administering the State Soldiers' Assistance Fund
 - Working to provide Veterans with a seamless transition from their military service through approved education and training programs, resulting in a career with permanent, full-time employment
 - Providing outreach and state-wide benefits advocacy to include services on tribal reservations
 - Providing burial and perpetual care for veterans and their eligible dependents in three state Veterans' cemeteries
 - Preventing and ending Veteran homelessness
- Work closely with community, state and federal partners
- Approximately 100 employees throughout the state

PURPOSE & CONTEXT

The mission of the Programs and Services Division (PSD) is to meet the needs of Minnesota Veterans and their families by providing proven and innovative programs and services, helping to maximize their quality of life and provide final resting places that commemorate their service and honor their sacrifice to our Nation.

Minnesota is experiencing an increased demand for services due to both the aging of the veteran population and as a result of 17 years of continuous conflict and ongoing military operations worldwide. For example, in 2014 the Minnesota Department of Veterans Affairs (MDVA) filed 1,841 state and federal benefits claims, while in 2016, MDVA filed 2,209 of the same benefits claims. Burials at our State Veterans Cemeteries increased from 418 in 2014 to 621 in 2017. MDVA's work with Lutheran Social Services (LSS) C.O.R.E. served 509 clients in 2014 and 748 in 2017. It should be noted that the veteran population in the state of Minnesota dropped from about 369,000 to 337,000 during the same period. There is no foreseeable change to the military situation, so it is expected that demand for services will continue to increase in the coming months and years. Additionally, the state and federal goal of bringing an end to Veteran homelessness is an area of special emphasis.

We stand ready to meet veterans' needs when they return to Minnesota. Many veterans return with visible combat injuries such as amputated limbs, while many more carry invisible wounds such as traumatic brain injury and post-traumatic stress disorder. We help them meet their needs by providing assistance and support in accessing their higher education, medical, and financial assistance benefits.

The division also works to identify gaps in programming and services which may exist in the veterans' services community, and addresses those shortcomings by providing innovative, veteran-focused services to Minnesota veterans, their dependents, and survivors.

SERVICES PROVIDED

We administer the following programs to meet the needs of eligible veterans, their dependents and survivors.

- **Claims and Field Operations** staff represent veterans and their family members by acting as their advocate in matters pertaining to the U.S. Department of Veterans Affairs (VA) benefits and entitlements. This division consists of the St. Paul and Fargo Claims offices, the Gold Star Families and Women's Program, Tribal Veterans Service Officers, and Veterans Outreach. (<http://mn.gov/mdva/resources/healthdisability/>)
- **Veterans Employment and Education Division** helps veterans and eligible family members navigate the complicated higher educational benefits system and promotes employment and self-sufficiency for those individuals. This division includes the Higher Education Veterans Program (Veterans' Campus Representatives), the State Approving Agency and also administers the Minnesota GI Bill and Veterans Employment Preference. (<http://mn.gov/mdva/resources/education/>)
- **State Veterans Cemeteries and Memorial Affairs** assures that Veterans and their families are honored with final resting places that have national significance and lasting tributes that commemorate their service and sacrifice to our nation. The division operates three Veterans' cemeteries: one in Little Falls, one in Preston, and the newly opened facility in Duluth. It also manages the Military Funeral Honors Stipend Program and the Bronze Star Marker Program. (<http://mn.gov/mdva/memorials/>)
- **State Veterans Benefits Division** provides programs and services unique to Minnesota's Veterans, leads the implementation of the goal in the State Plan to End Veteran Homelessness and supplements certain federal programs. The division manages the State Soldiers Assistance Program, Veterans homelessness initiatives, Minnesota Veteran S.O.A.R., LinkVet, Minnesota Service C.O.R.E., and the Minnesota Operation for Veterans Empowerment (M.O.V.E.). (<http://mn.gov/mdva/resources/familyassistance/>)
- **MDVA Grant Programs** provide needed funding to our partners who assist us in our goals of serving veterans.
 - **Veterans Service Organizations (VSO) Grants** are provided to Congressionally Chartered Veterans Service Organizations in Minnesota to assist veterans and their families receive all the federal, state, and local benefits they are entitled to.
 - **County Veterans Service Officers (CVSO) Grants** are provided to all 87 counties to provide outreach for the reintegration of combat veterans into society, to collaborate with social service agencies, educational institutions, and other community organizations to enhance services offered to veterans, to reduce homelessness, and to enhance the operations of the county veterans service office. (<http://www.macvso.org/>)
 - **Minnesota Assistance Council for Veterans (MACV)**, funded through a grant from MDVA, provides assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness. (<http://www.mac-v.org/>)
 - **Support Our Troops (SOT) Grants** are competitive grants provided to eligible foundations and other organizations approved by the Commissioner, whose purpose is supporting and improving the lives of veterans and their families. These grants are funded through the Support Our Troops License Plate Account. (<http://mn.gov/mdva/resources/federalresources/grants/>)

Partners – We partner with the U.S. Department of Veterans Affairs (VA), Veterans Services Organizations (VSOs), County Veterans Service Officers (CVSOs), the Minnesota Assistance Council for Veterans (MACV) and other organizations in all of the ways listed above in order to provide benefits and services to Veterans. Additionally we partner with a number of state agencies to accomplish our work.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Per capita average of federal VA dollars being expended on benefits and services provided to Minnesota Veterans, their dependents and survivors.	\$7,937	\$8,445	Federal FY16 & FY17
Quantity	Number of Veterans and their dependents who have MDVA staff acting as their accredited representative to the federal VA.	51,793	54,473	7/31/16 & 7/19/18
Quantity	Number of Minnesota GI Bill participants approved for Higher Education programs or OJT/Apprenticeship programs.	1,071	1,470	FY16 & FY17
Quantity	Number of interments and inurnments at the Minnesota State Veterans Cemeteries.	564	621	FY16 & FY17
Quantity	Number of Veterans and their dependents who were provided statewide, community-based counseling through C.O.R.E. program participation.	575	748	FY16 & FY17
Quality	Percent of C.O.R.E. program participants that were satisfied with the services received and indicated that the services met their needs	100%	100%	FY16 & FY17
Results	Number of Homeless Veterans identified in MN during HUD's annual Point in Time (PIT) Count.	644	253	Jan. 2010 & Jan. 2017

Minnesota Department of Veterans Affairs Programs & Services legal authority comes from:

- Minn. Stat. 197 (<https://www.revisor.mn.gov/statutes/cite/197>)

Veterans Programs and Services

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1000 - General	15,822	18,041	16,857	19,786	21,003	21,003	21,801	22,024
2000 - Restrict Misc Special Revenue	879	1,086	1,954	2,309	1,590	1,750	1,590	1,750
2403 - Gift	9	5	18	25	71	21	71	21
3000 - Federal	655	2,937	4,030					
Total	17,365	22,069	22,859	22,120	22,664	22,774	23,462	23,795
Biennial Change				5,545		459		2,278
Biennial % Change				14		1		5
Governor's Change from Base								1,819
Governor's % Change from Base								4

Expenditures by Activity

Veterans Services	2,084	3,534	2,462	2,454	3,111	3,128	3,111	3,128
Programs and Services	9,463	12,375	13,841	12,657	13,705	13,665	14,333	14,315
Claims and Outreach	5,818	6,160	6,556	7,009	5,848	5,981	6,018	6,352
Total	17,365	22,069	22,859	22,120	22,664	22,774	23,462	23,795

Expenditures by Category

Compensation	6,746	7,754	7,990	8,867	8,054	8,032	8,602	8,803
Operating Expenses	2,766	6,676	3,518	3,188	3,885	3,916	4,135	4,166
Grants, Aids and Subsidies	7,745	6,982	7,537	9,356	10,626	10,776	10,626	10,776
Capital Outlay-Real Property	35	619	3,809	589	38		38	
Other Financial Transaction	73	38	4	120	61	50	61	50
Total	17,365	22,069	22,859	22,120	22,664	22,774	23,462	23,795

Full-Time Equivalents

92.20	100.36	100.36	104.43	93.33	90.43	100.63	100.68
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Veterans Programs and Services

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	0	1,405		1,204				
Direct Appropriation	16,393	17,161	17,335	17,461	17,132	17,132	17,930	18,153
Open Appropriation	2,470	2,503	2,807	3,900	3,900	3,900	3,900	3,900
Transfers In	14,066	15,789	14,767	14,408	14,400	14,400	15,198	15,421
Transfers Out	15,814	18,187	16,498	16,837	14,429	14,429	15,227	15,450
Cancellations		630	350	350				
Balance Forward Out	1,293		1,204					
Expenditures	15,822	18,041	16,857	19,786	21,003	21,003	21,801	22,024
Biennial Change in Expenditures				2,780		5,363		7,182
Biennial % Change in Expenditures				8		15		20
Governor's Change from Base								1,819
Governor's % Change from Base								4
Full-Time Equivalents	88.20	95.52	95.97	97.83	89.33	86.43	96.63	96.68

2000 - Restrict Misc Special Revenue

Balance Forward In	1,638	1,878	2,104	2,035	1,259	1,258	1,259	1,258
Receipts	451	402	843	984	1,040	1,077	1,040	1,077
Transfers In	502	533	1,193	789	880	784	880	784
Transfers Out			150	240	331	235	331	235
Balance Forward Out	1,712	1,727	2,035	1,259	1,258	1,134	1,258	1,134
Expenditures	879	1,086	1,954	2,309	1,590	1,750	1,590	1,750
Biennial Change in Expenditures				2,297		(923)		(923)
Biennial % Change in Expenditures				117		(22)		(22)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.83	4.39	6.60	4.00	4.00	4.00	4.00

2403 - Gift

Balance Forward In	104	132	167	130	131	86	131	86
Receipts	13	16	8	5	5	5	5	5
Transfers In	25	23	22	21	21	21	21	21
Transfers Out			50					
Balance Forward Out	132	167	129	131	86	91	86	91

Veterans Programs and Services

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures	9	5	18	25	71	21	71	21
Biennial Change in Expenditures				30		49		49
Biennial % Change in Expenditures				214		112		112
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	495	501	485			
Receipts	550	2,707	4,030			
Transfers Out			485			
Balance Forward Out	391	272				
Expenditures	655	2,937	4,030			
Biennial Change in Expenditures				438	(4,030)	(4,030)
Biennial % Change in Expenditures				12		
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	4.00	4.01				

Program: Veterans Healthcare

mn.gov/mdva/

AT A GLANCE

- Five State Veterans Homes in Fergus Falls, Hastings, Luverne, Minneapolis, and Silver Bay
 - Provide 24/7 Skilled Nursing and Domiciliary Care
 - Centers for Medicare and Medicaid Services (CMS) Certification achieved at all four skilled homes
 - One of only three Adult Day Health Care Programs (Medical Model) in the country
- The 2018 bonding bill provided \$32 million in state funding for three new State Veterans Homes – Individual Federal Applications for federal matching funds will be submitted prior to April 1, 2019
- MDVA's first advanced care dental clinic opened in the summer of 2018 at the Minneapolis home
- Approximately 1,300 employees providing care to Veterans
- Work closely with state, federal, and community partners

PURPOSE & CONTEXT

The first Veterans Home was established in 1887 in Minneapolis as the Minnesota Soldiers Home to “reward the brave and deserving.” This Soldiers Home in Minneapolis was not primarily designed as a medical facility, but as the needs of Veterans changed, so too have the Veterans Homes. In the 1960s, Minnesota started shifting its primary focus to meet the healthcare needs of Veteran residents in our homes. Today, MDVA operates five Veterans Homes located in Fergus Falls, Hastings, Minneapolis, Luverne, and Silver Bay, and one Adult Day Care program in Minneapolis.

Healthcare initiatives are reviewed annually both centrally and locally by all homes in an effort to ensure that quality care and operational excellence is achieved. The following health care initiatives were developed with staff and stakeholder input, including agency level policy and procedures to maintain consistent statewide outcomes. The MDVA healthcare program's goal is to ensure that all are working as one agency providing the highest level of care. Calendar year 2018 includes the following initiatives:

1. Dementia Care –
 - a. **Goal:** Each facility will develop a dementia care strategy which includes identification of a dementia philosophy, integration plan of that philosophy into daily operations and resource allocation for dementia programming and educational plan.
2. Hospice/Palliative Care
 - a. **Goal:** Develop staff competencies in the areas of palliative care, advance care planning and hospice in all Veterans Homes to further enhance the clinical care provided to residents and ensure dignity at end of life.
3. Tobacco Use
 - a. **Goal:** The Centers for Medicare and Medicaid Services (CMS) and Minnesota Department of Health (MDH) have a smoking safety and smoking reduction focus. The MDVA Healthcare Division will continue to support efforts for a tobacco free environment for all residents, employees, volunteers and visitors.
4. Business Office Operations
 - a. **Goal:** To maximize revenues from all available resources and develop division level healthcare policies and procedures regarding evidenced based best practices for standard senior healthcare business operations.

5. Oral Health Care

- a. **Goal:** The Healthcare division will develop an integrated oral health care strategy within all of the homes that includes education for direct care staff on daily oral care, applying for grants to provide dental care services, use of the federal VA dental benefits for those Veterans eligible to receive them, and evaluating the possibility of expansion to add advanced dental clinics at the other Minnesota Veterans Homes in greater Minnesota. Currently, veterans comprise 23 percent of the state's 65 years or older population and nearly one quarter of the state's 75 years or older population. The number of veterans over the age of 75 is expected to increase by approximately 9 percent over the next 20 years.

SERVICES PROVIDED

MDVA provides care that is designed and delivered according to the individual needs of the resident. MDVA homes have the goal of restoring, optimizing and/or maintaining each resident's level of function, personal autonomy, and dignity while recognizing the individual's service to the country.

The following programs and services are offered in each Veterans Home:

- Specialty care units for those diagnosed with dementia
- Rehabilitation services, including occupational, physical therapy and physical fitness
- Social services, recreational therapy, and behavioral services
- Coordination of appointments with the closest federal VA Medical Center, including transportation and clinical coordination
- Volunteer programs
- Drug and alcohol supportive services
- Vocational rehabilitation
- On-site specialty services – dental, ophthalmology, audiology, podiatry
- Primary medical care

In recent years, our homes have undergone a number of changes to improve the quality of care being provided. These changes include:

- Implementation of resident-centered care models at all of the Veterans Homes to meet the unique individualized care of Veterans
- Analysis of Domiciliary Care and program changes to best meet the needs of the Vietnam era and peacetime era Veteran
- Asset Preservation and repair and betterment funding of \$14 million to extend the useful life and maintain aging facilities at all locations
- Building 22 was completed on the Minneapolis campus in March 2018, marking the completion of a three phase construction project of new skilled nursing homes, serving 300 residents. A secure 12 bed unit is planned to open in October of 2018, this unit will care for Veterans who have had challenges residing at other facilities.
- Compliance with the Centers for Medicare and Medicaid Services (CMS) standards for the purpose of enhancing the level of care provided at the Veterans Homes and generating an opportunity to bill services to the federal government under the Medicare insurance programs.

RESULTS

The healthcare MDVA provides to Veterans and other eligible residents residing in the Veterans Homes optimizes activities of daily living and is designed to improve quality of life. The MN Veterans Homes provide a community environment for Veterans and families that promotes respect, dignity, and mental, physical, and spiritual well-being. Providing enhanced mental health and chemical dependency training and dedicated professionals, our staff can promote and support transition of domiciliary residents back to their communities. The key measures reviewed to understand if we are meeting these goals are customer satisfaction, staff turnover, and the prevalence of citations or recommendations from the Minnesota Department of Health, the Federal Department of Veteran Affairs, and CMS.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Resident Satisfaction Survey. Customer satisfaction surveys are conducted at all five Veterans Homes by Pinnacle Quality Insight on a monthly basis, dating back to 2009, and comparative results are calculated quarterly and annually. The company surveys residents and families on a number of key indicators which include nursing, response to individual needs, therapy, safety, and cleanliness. The results are then compared to other Veterans Homes and nursing homes across the country. Minnesota Veterans Homes have earned "Best in Class" certificates for their scores.	4.64 (low = 1, high = 5)	4.72 (low = 1, high = 5)	2015 & 2017
Quantity	Staff turnover rates. It is important to our residents and their families that we maintain a stable, highly trained staff. While a certain amount of turnover is inevitable we strive to have a steady staffing roster.	25.2%	19.9%	2015 & 2017
Quality	The annual CMS 5 Star Staffing Report from Equip was calculated for the 2015-2016 time frame, so the Veterans Homes are compared to the national staffing standard. They continue to score at the higher end of the rating. Our goal is to maintain a 4-5 star overall staffing ratio at the Skilled Veterans Homes, and we have met those goals for the past two years.	4-5 Star	4-5 Star	2015 & 2017

In addition to resident and staff surveys, over the past several years Minnesota Veterans Homes have had several citation free federal VA surveys, surveys with very few recommendations by the Minnesota Department of Health, and good certification surveys by the Centers for Medicare and Medicaid Services (CMS).

Minnesota Department of Veterans Affairs legal authority comes from M.S. 198
(<https://www.revisor.mn.gov/statutes/?id=198>)

Veterans Health Care

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2000 - Restrict Misc Special Revenue	215	126	514	166	186	186	186	186
2001 - Other Misc Special Revenue	97,947	105,181	107,992	115,178	117,803	120,220	116,803	119,220
2403 - Gift	402	619	485	736	734	659	734	659
3000 - Federal	11,918	18,663	10,237					
6000 - Miscellaneous Agency	1,390	1,814	1,579	1,608	1,572	1,572	1,572	1,572
Total	111,872	126,403	120,807	117,688	120,295	122,637	119,295	121,637
Biennial Change				220		4,437		2,437
Biennial % Change				0		2		1
Governor's Change from Base								(2,000)
Governor's % Change from Base								(1)

Expenditures by Activity

Veterans Health Care	4,346	5,298	6,349	6,742	6,760	6,870	6,760	6,870
Minneapolis Veterans Homes	61,145	71,899	63,733	57,892	59,297	60,654	58,607	59,964
Hastings Veterans Home	9,832	10,600	10,399	11,059	11,243	11,421	11,113	11,291
Silver Bay Veterans Homes	12,421	13,069	13,992	14,399	14,743	14,957	14,563	14,777
Luverne Veterans Home	10,624	11,309	11,671	12,225	12,510	12,735	12,510	12,735
Fergus Falls Veterans Home	13,504	14,227	14,663	15,371	15,742	16,000	15,742	16,000
Total	111,872	126,403	120,807	117,688	120,295	122,637	119,295	121,637

Expenditures by Category

Compensation	77,792	82,345	87,290	93,549	95,509	97,741	94,509	96,741
Operating Expenses	31,229	40,335	31,575	22,212	22,908	23,015	22,908	23,015
Grants, Aids and Subsidies	1,384	1,814	1,666	1,673	1,624	1,627	1,624	1,627
Capital Outlay-Real Property	1,017	1,626	25					
Other Financial Transaction	451	283	251	254	254	254	254	254
Total	111,872	126,403	120,807	117,688	120,295	122,637	119,295	121,637

Full-Time Equivalents

1,090.63	1,111.60	1,142.18	1,142.12	1,142.12	1,142.12	1,137.27	1,137.27
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Veterans Health Care

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	52,713	57,218	57,575	58,173	58,291	58,291	57,761	57,761
Transfers In			60					
Transfers Out	52,713	57,218	57,635	58,173	58,291	58,291	57,761	57,761

2000 - Restrict Misc Special Revenue

Balance Forward In	219	183	263	155	175	175	175	175
Receipts	199	205	407	186	186	186	186	186
Balance Forward Out	203	263	156	175	175	175	175	175
Expenditures	215	126	514	166	186	186	186	186
Biennial Change in Expenditures				339		(308)		(308)
Biennial % Change in Expenditures				100		(45)		(45)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	8,951	11,157	12,359	13,270	9,660	5,687	9,660	6,157
Receipts	47,122	48,987	51,361	53,424	55,568	57,779	55,568	57,779
Transfers In	111,367	127,457	119,875	127,093	121,883	122,351	121,293	121,761
Transfers Out	58,665	70,271	62,332	68,949	63,621	64,089	63,561	64,029
Balance Forward Out	10,828	12,149	13,271	9,660	5,687	1,508	6,157	2,448
Expenditures	97,947	105,181	107,992	115,178	117,803	120,220	116,803	119,220
Biennial Change in Expenditures				20,042		14,853		12,853
Biennial % Change in Expenditures				10		7		6
Governor's Change from Base								(2,000)
Governor's % Change from Base								(1)
Full-Time Equivalents	1,089.74	1,110.60	1,141.12	1,141.12	1,141.12	1,141.12	1,136.27	1,136.27

2403 - Gift

Balance Forward In	1,119	1,224	1,509	1,722	1,645	1,570	1,645	1,570
Receipts	507	890	698	659	659	659	659	659
Transfers In		0						
Transfers Out		0						
Balance Forward Out	1,224	1,496	1,723	1,645	1,570	1,570	1,570	1,570

Veterans Health Care

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Expenditures	402	619	485	736	734	659	734	659
Biennial Change in Expenditures				200		172		172
Biennial % Change in Expenditures				20		14		14
Governor's Change from Base								0
Governor's % Change from Base								0

3000 - Federal

Balance Forward In	16	0						
Receipts	11,902	18,663	10,237					
Expenditures	11,918	18,663	10,237					
Biennial Change in Expenditures				(20,344)		(10,237)		(10,237)
Biennial % Change in Expenditures				(67)				
Governor's Change from Base								0
Governor's % Change from Base								

6000 - Miscellaneous Agency

Balance Forward In	409	526	284	310	265	256	265	256
Receipts	1,507	1,570	1,607	1,563	1,563	1,563	1,563	1,563
Balance Forward Out	526	282	311	265	256	247	256	247
Expenditures	1,390	1,814	1,579	1,608	1,572	1,572	1,572	1,572
Biennial Change in Expenditures				(17)		(43)		(43)
Biennial % Change in Expenditures				(1)		(1)		(1)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.89	1.00	1.06	1.00	1.00	1.00	1.00	1.00

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S. Department of Veterans Affairs 64.203	Duluth Cemetery New State cemetery in northeastern MN provides burial space for the nearly 32,000 veterans that reside within the 75-mile radius of the Duluth area.		4,030				No/Yes	
	Budget Activity Total		4,030					
	Program Total		4,030					
U.S. Department of Veterans Affairs 64.005	Minneapolis Building 22 Phase 3 of nursing unit replacement, demolish Building 17 South and rebuild new 100 bed skilled nursing building 22.		10,237				Yes/Yes	
	Budget Activity Total		10,237					
	Program Total		10,237					
	Federal Fund – Agency Total		14,267					

Narrative

Federal Funds have played a significant role in the construction budgets of the Minnesota Department of Veterans Affairs in years past. During fiscal years FY17 and FY18, MDVA received VA construction grants to replace a 100 bed skilled nursing building on the Minneapolis Veterans Home campus and federal funds to build a new Veterans Cemetery in Duluth, Minnesota. The federal funds shown above are grant amounts received for the completion these two projects.

VA Construction Grants for State Cemeteries

The VA's construction grant program for State Veterans Cemeteries requires the State to provide 100% of the funding for the base design of a cemetery project whether new construction or expansion of phased gravesite development. The State must certify the availability of these funds before a project can be considered for federal grant funding. Once a project is awarded a federal grant, the grant does reimburse the State for the base design costs and all construction costs as there is no state match requirement other than on-going State funds to operate the cemetery. A memorandum of understanding signed by the State is required prior to federal grant funding which requires a maintenance of effort provision that states that the State will operate and maintain the cemetery according to standards and measures as defined by the National Cemetery Administration. The State is also required to follow the eligibility criteria for burials as defined in federal law. The VA's construction grant program for State Veterans Cemeteries also has a recapture provision allowing the federal government to recapture 100% of the grant dollars awarded if the State doesn't abide by the signed memorandum of understanding.

The Department anticipates that additional federal grant funds could be received in the near future for the construction of a new cemetery in S.W. Minnesota. These additional funds are not recognized in this summary due to the uncertainty of when these funds will be received. The department is expected to receive over \$8 million to cover the cost of construction for this new cemetery.

VA Construction Grants for State Veterans Homes

The VA's construction grant program for State Veterans Homes requires the State to provide 35% of the funding for the predesign, design and construction of a new Home or remodel of an existing one. The State must certify the availability of these funds before a project can be considered for federal grant funding. Once a project is

awarded a federal grant, the grant reimburses 65% of the construction costs within the parameters of the Memorandum of Agreement. A memorandum of agreement signed by the State is required prior to federal grant funding which requires a maintenance of effort provision that states that the State will operate and maintain the Home according to standards and measures as defined by the Federal Department of Veterans Affairs, as well as other State (MDH) and Federal regulatory agencies (CMS). The VA's construction grant program for State Veterans Homes also has a recapture provision allowing the federal government to recapture 100% of the grant dollars awarded if the State doesn't abide by the signed memorandum of agreement. These additional funds are not recognized in this summary due to the uncertainty of when and if these funds will be received.

MDVA is prepared to submit a request for a VA construction program grant in April of 2019 to provide federal funds for the construction of three new State Veterans Homes which received State funding approval in the 2018 legislative session. The following language is contained in 2018 Minnesota session law, Chapter 214.

Subd. 3. Bemidji, Montevideo, and Preston-New Veterans Homes \$32,000,000

(a) \$12,400,000 of this appropriation is to predesign, design, construct, furnish, and equip a veterans home in Bemidji. \$9,400,000 of this appropriation is to predesign, design, construct, furnish, and equip a veterans home in Montevideo. \$10,200,000 of this appropriation is to predesign, design, construct, furnish, and equip a veterans home in Preston.

(b) These veterans homes are subject to the requirements of the People's Veterans Homes Act in article 2.

Sec. 44. VETERANS HOMES CONSTRUCTION

Subdivision 1. Short title. This section may be cited as the "People's Veterans Homes Act."

Subd. 2. Veterans homes established. (a) The commissioner of veteran's affairs may apply for federal funding and establish veterans homes with up to 72 beds per facility available to provide a continuum of care, including skilled nursing care, for eligible veterans and their spouses in the following locations:

- (1) Preston
 - (2) Montevideo
 - (3) Bemidji
- (a) The state shall provide the necessary operating costs for the veterans homes in excess of any revenue and federal funding for the homes that may be required to continue the operation of the homes and care for Minnesota Veterans.

Subd. 3. Nonstate contribution. The commissioner of administration may accept contributions of land or money from private individuals, businesses, local governments, veterans service organizations, and other nonstate sources for the purpose of providing matching funding when soliciting federal funding for the development of the homes authorized by this section.

Other Federal Funds

The department also received operational funding reimbursements from the U.S. Department of Veterans Affairs (VA) for the following programs in FY18 that were not reported above.

- 1) State Approving Agency Program for the Federal GI Bill educational benefits = \$382,000
- 2) State Veterans Homes Program-Medicare A, B, D and Aid & Attendance for care of Veterans = \$2,396,757
- 3) State Cemetery Program for Veteran burials = \$322,000 (reported on Departmental Earnings Report)
- 4) State Veterans Homes Program per diem for care of Veterans = \$32,521,000 (reported on Departmental Earnings Report)

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AT A GLANCE

- 3,454 veterinarians served: 3,023 active licenses and 431 inactive licenses
- 60% of Minnesotans estimated to own animals
- Veterinarians renew licenses every two years
- Average of 170 new licensees yearly
- 91 complaints from the public investigated annually
- Two full time staff persons

PURPOSE

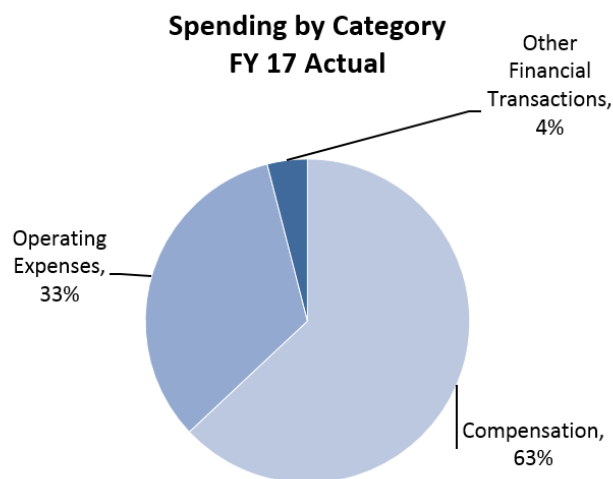
The mission of the Minnesota Board of Veterinary Medicine (BVM) is to promote, preserve, and protect the health, safety, and welfare of the public and animals. We achieve this through the effective control and regulation of the practice of veterinary medicine on behalf of animals and their owners. We ensure Minnesota veterinarians have the education and skills needed to become licensed, and that they will work to optimize animal health. We curb the unlicensed practice of veterinary medicine that endangers animals and the public.

We work effectively to maintain current standards for the practice of veterinary medicine in Minnesota. These services include assessment of veterinarians' qualifications for licensure, investigation, and remediation of public complaints pertaining to veterinary medicine, and provision of public access to disciplinary and corrective actions. To prevent substandard veterinary care, we monitor veterinarians' ongoing completion of continuing education and communicate strategies to optimize veterinarians' professional conduct.

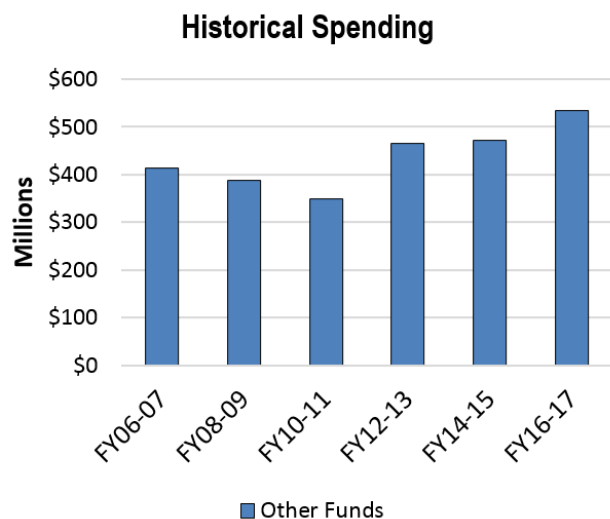
The Board of Veterinary Medicine's work significantly contributes to the following statewide outcomes:

- **Minnesotans have the education and skills needed to achieve their goals**
- **People in Minnesota are safe**
- **Efficient and accountable government services**

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The Board is funded by licensure fees and receives no general fund dollars. Minnesota Statutes section 214.06, subdivision 1(a) compels the Board to collect fees in the amount sufficient to cover direct and indirect expenditures. Funds are deposited as non-dedicated revenue into the state government special revenue fund. From this fund, the Board receives a direct appropriation to pay for agency expenses such as salaries, rent, costs associated with disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation.

In addition to Board operations, licensure fees fund activities that support multiple boards and/or other agencies. Some of these are: the Administrative Services Unit (inter-board), Health Professionals Services Program (inter-board), Office of the Attorney General for legal services, and the Criminal Background Check Program (inter-board).

STRATEGIES

To accomplish our mission, we utilize the following strategies:

1. Regulatory:

- ensure license applicants are qualified to practice veterinary medicine in Minnesota by careful review of credentials
- examine each license applicant's knowledge of standards of veterinary practice, laws, and rules
- evaluate declarations of any criminal charges, license discipline or insufficient continuing education
- hold veterinarians accountable for their professional conduct based on legal, ethical and professional standards
- require veterinarians to stay updated on advances in veterinary medicine through continuing education
- investigate complaints pertaining to veterinarians or unlicensed practice of veterinary medicine
- take corrective or disciplinary action if a risk to human or animal safety is identified, and determine what course of action will improve a veterinarian's performance
- register professional firms practicing veterinary medicine
- facilitate license application, license renewal, and filing of complaints via our interactive website
- provide other states with verification of the license status of a veterinarian when requested
- collaborate with the other MN government agencies: Board of Pharmacy, Board of Chiropractic Examiners, Criminal Background Check Program, Health Professionals Services Program, Board of Animal Health, Department of Health, Racing Commission, and Department of Revenue
- collaborate with federal government agencies: Drug Enforcement Administration, US Department of Agriculture, and Internal Revenue Service
- participate in committees and programs presented by the American Association of Veterinary State Boards pertaining to current regulatory issues and best practices to address these in Minnesota

2. Education:

- inform veterinarians of any regulatory changes that impact the practice of veterinary medicine
- provide education on regulatory issues via: written materials on our website, newsletters, direct mail, and presentations at veterinary conference, webinars, and the University of Minnesota
- assist the public by relaying information regarding the scope of practice of veterinary medicine, complaint process and past corrective and disciplinary action for veterinarians
- address questions posed by the media, legislature, veterinarians, public, agencies, firms, and associations

RESULTS *

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of licensees (active and inactive)	3,330	3,454	FY16 & FY17
Quality	Percent of license renewals done online/electronically	84%	82%	FY16 & FY17
Quantity	Number of complaints against licensees	74	96	FY16 & FY17
Quantity	Number of complaints against non-veterinarians	23	10	FY16 & FY17
Quantity	Professional firm renewals	494	495	FY16 & FY17

*Source is the Small Board Licensing System.

Our statutory, legal authority is granted by M.S. 156. (<https://www.revisor.mn.gov/statutes/?id=156>)

Other statutes and rules that significantly apply to the function of our board and the practice of veterinary medicine include M.S. 13, M.S. 14, M.S. 151, M.S. 152, M.S. 214, M.S. 319B, and MN Rules 6800 and 9100.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

1201 - Health Related Boards	240	287	253	388	332	338	345	353
2000 - Restrict Misc Special Revenue	0	6	6	7	6	7	6	7
Total	240	293	259	395	338	345	351	360
Biennial Change				120		29		57
Biennial % Change				23		4		9
Governor's Change from Base								28
Governor's % Change from Base								4

Expenditures by Program

Veterinary Medicine Board	240	293	259	395	338	345	351	360
Total	240	293	259	395	338	345	351	360

Expenditures by Category

Compensation	189	186	193	222	210	212	220	224
Operating Expenses	51	96	66	167	128	133	131	136
Other Financial Transaction		12		6				
Total	240	293	259	395	338	345	351	360

Full-Time Equivalents

2.00	1.88	2.00	2.00	2.00	2.00	2.00	2.00	2.00
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(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1201 - Health Related Boards								
Balance Forward In		35		63				
Direct Appropriation	262	265	316	325	332	338	345	353
Open Appropriation	12							
Cancellations		12						
Balance Forward Out	35		63					
Expenditures	240	287	253	388	332	338	345	353
Biennial Change in Expenditures				114		29		57
Biennial % Change in Expenditures				22		5		9
Governor's Change from Base								28
Governor's % Change from Base								4
Full-Time Equivalents	2.00	1.88	2.00	2.00	2.00	2.00	2.00	2.00

2000 - Restrict Misc Special Revenue

Balance Forward In		0	1	1				
Receipts	1	7	7	6	6	7	6	7
Balance Forward Out	0	1	1					
Expenditures	0	6	6	7	6	7	6	7
Biennial Change in Expenditures				7		0		0
Biennial % Change in Expenditures				100		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1201 - Health Related Boards				
FY2019 Appropriations	325	325	325	650
Base Adjustments				
Current Law Base Change		7	13	20
Forecast Base	325	332	338	670
Change Items				
Operating Adjustment		13	15	28
Total Governor's Recommendations	325	345	353	698
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	7	6	7	13
Forecast Base	7	6	7	13
Total Governor's Recommendations	7	6	7	13
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	6	6	7	13
Total Governor's Recommendations	6	6	7	13
Non-Dedicated				
Fund: 1201 - Health Related Boards				
Forecast Revenues	423	435	445	880
Total Governor's Recommendations	423	435	445	880

Veterinary Medicine, Board of

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	13	15	15	15
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	13	15	15	15
FTEs	0	0	0	0

Recommendation:

The Governor recommends additional funding and spending authority of \$28,000 in the FY 2020-2021 biennium to maintain the current level of service delivery at the Minnesota Board of Veterinary Medicine.

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year. The Board is solely fee supported and will collect revenue sufficient to meet projected operational cost increases.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For the Board of Veterinary Medicine, this funding will cover known employee compensation growth, centralized IT services, and IT database maintenance. The increase in spending authority will cover anticipated salary reassignment for the executive director and agreement for greater salary increases within staff's bargaining unit. IT cost growth drivers may include dedicated MN.IT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases. Implementation will begin as soon as increased spending authority is granted.

Small Agency Increase:	FY2020	FY2021	FY2022	FY2023
Salary Increases (current staff increases)	\$10,000	\$12,000	\$12,000	\$12,000
Centralized MN.IT costs	\$3,000	\$3,000	\$3,000	\$3,000
Total	\$13,000	\$15,000	\$15,000	\$15,000

Equity and Inclusion:

The Board does not discriminate on the basis of race, ethnicity, gender, sexual orientation, or disability. The positive impact of this change will be to continue to provide services for all people of the State of Minnesota without discrimination.

IT Related Proposals:

A portion of this request includes an increase for database maintenance and to cover annual MN.IT service rates.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	\$500	\$500	\$500	\$500	\$500	\$500
Staff costs (MNIT or agency)						
Total	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
MNIT FTEs						
Agency FTEs						

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of licensees	3,330	3,454	FY17 - FY18
Quantity	Continuing education presentations and newsletters	14	19	FY17 – FY18
Quantity	Complaints received and reviewed by Board members	197	204	FY17 – FY18
Quantity	Board complaint review conferences, meetings and mediations	29	36	FY17 – FY18

Statutory Change(s):

No statutory change is required.

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bwsr.state.mn.us/

AT A GLANCE

- Small agency of conservation professionals
- Local conservation delivery system
- Governing board of local officials, citizens, and agency partners
- Focus on conservation of private lands (78 percent of Minnesota)
- Collaborative model for results including, since 1987:
 - 29,650 conservation practices installed
 - 7,793 easements funded
 - 275 local water management plans approved
 - 16,144 wetland credits deposited into the state's wetland bank
- 240 local government accountability assessments completed annually

PURPOSE

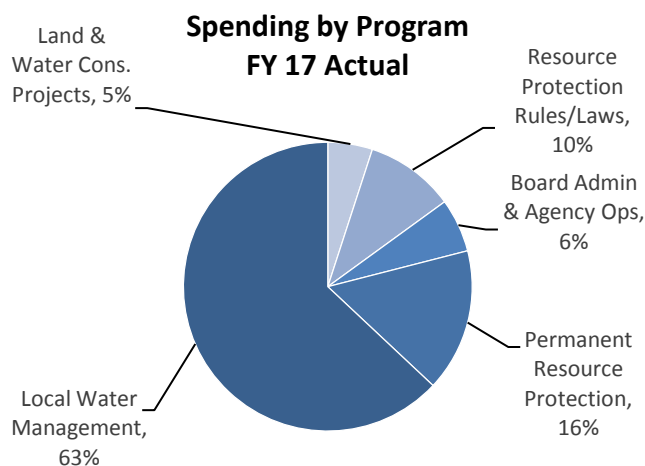
The Board of Water and Soil Resources' (BWSR's) mission is to improve and protect Minnesota's water and soil resources by working in partnership with local organizations and private landowners. The agency has a unique business model that is designed to:

- Operate as an efficient state-level source of technical and financial assistance to the local government delivery system.
- Target implementation of conservation practices and projects that support local goals and meet state objectives.
- Focus on Minnesota's private lands.

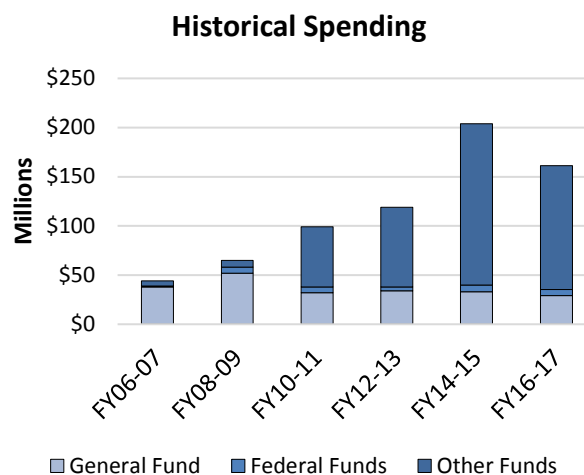
BWSR contributes to the statewide outcome of **a clean, healthy environment with sustainable uses of natural resources** by providing for targeted resource planning, protecting and restoring important water and habitat resources, and ensuring compliance with environmental laws, rules, and regulations.

BWSR also contributes to the statewide outcomes of **efficient and accountable government services** by maximizing local and federal partnerships and evaluating the effectiveness of local governments and conservation outcomes.

BUDGET



Source: Budget Planning and Analysis System (BPAS)



Legacy Funds are reflected in FY 10-17 in "Other Funds"
Source: Consolidated Fund Statement

Funding for agency operations and conservation activities comes from a mix of state and federal funds. General fund support has declined since FY08-09, and today the clean water fund and outdoor heritage fund make up the majority of BWSR's current budget. The other funds category is made up of these two legacy funds in addition to transfers from other agencies, the environment and natural resources trust fund, and special revenue funds.

Approximately 85 percent of BWSR's budget is granted to local governments for approved conservation programs and projects. The remaining 15 percent is retained for agency programs and agency operations, of which personnel is the largest expenditure.

STRATEGIES

BWSR's mission is implemented through the following core functions:

- Serve as the statewide soil conservation agency
- Direct private land soil and water conservation programs through the actions of soil and water conservation districts, counties, cities, townships, watershed districts, and other water management organizations
- Link water resource planning with comprehensive land use planning
- Provide resolution of water policy conflicts and issues
- Oversee comprehensive local water management
- Provide a forum (through the board) for local issues, priorities, and opportunities to be incorporated into state public policy
- Coordinate state and federal resources to realize local priorities
- Administer implementation of the Wetland Conservation Act and Riparian Protection laws

BWSR accomplishes its mission through these key strategies:

- Developing programs that address priority state and local resource concerns (such as keeping water on the land, maintaining healthy soils, reducing pollutants in ground and surface water, assuring biological diversity, and reducing flood potential)
- Prioritizing on-the-ground conservation projects in the best locations to achieve multiple benefits and measurable improvements to water and habitat resources
- Ensuring compliance with environmental laws, rules, and regulations
- Implementing agency operations through board and administrative leadership, internal business systems, planning and effectiveness evaluation, and operational support, including the board and board management, financial and accounting services, legislative and public relations, communications, and human resources

The legal authority for the Board of Water and Soil Resources comes from the following Minnesota Statutes:

M.S. 103A (<https://www.revisor.mn.gov/statutes/?id=103A>)

M.S. 103B (<https://www.revisor.mn.gov/statutes/?id=103B>)

M.S. 103C (<https://www.revisor.mn.gov/statutes/?id=103C>)

M.S. 103D (<https://www.revisor.mn.gov/statutes/?id=103D>)

M.S. 103E (<https://www.revisor.mn.gov/statutes/?id=103E>)

M.S. 103F (<https://www.revisor.mn.gov/statutes/?id=103F>)

M.S. 103G (<https://www.revisor.mn.gov/statutes/?id=103G>)

Water and Soil Resources, Board of

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	13,117	16,141	23,280	8,993	14,181	14,181	17,788	15,548
2000 - Restrict Misc Special Revenue	519	465	868	1,924	1,803	1,803	1,803	1,803
2001 - Other Misc Special Revenue	4,150	4,319	4,324	2,098	1,605	1,599	1,605	1,599
2050 - Environment & Natural Resources	1,504	1,097	2,674	18,290				
2300 - Outdoor Heritage	22,768	6,010	13,777	53,910				
2302 - Clean Water	37,820	47,250	41,514	93,446			67,740	62,240
3000 - Federal	3,849	2,309	3,105	3,261	3,042	2,838	3,042	2,838
Total	83,726	77,591	89,542	181,922	20,631	20,421	91,978	84,028
Biennial Change				110,147		(230,412)		(95,458)
Biennial % Change				68		(85)		(35)
Governor's Change from Base								134,954
Governor's % Change from Base								329

Expenditures by Program

Land & Water Cons. Projects	2,316	4,048	6,118	1,535	1,800	1,800	3,300	3,300
Resource Protection Rules/Law	7,610	7,672	11,800	3,750	6,115	6,109	6,115	6,109
Board Admin & Agency Ops	4,458	4,368	5,472	5,406	4,905	4,655	6,092	5,647
Permanent Resource Protection	27,828	12,455	20,781	104,099	4,290	4,336	28,290	23,336
Local Water Management	41,514	49,048	45,372	67,132	3,521	3,521	48,181	45,636
Total	83,726	77,591	89,542	181,922	20,631	20,421	91,978	84,028

Expenditures by Category

Compensation	8,551	9,835	11,500	12,732	5,809	5,515	12,313	11,778
Operating Expenses	3,613	5,643	7,546	6,796	2,430	2,514	4,481	4,471
Grants, Aids and Subsidies	45,095	51,551	49,600	69,860	9,040	9,040	70,382	62,977
Capital Outlay-Real Property	22,662	9,795	14,797	76,152	3,000	3,000	4,450	4,450
Other Financial Transaction	3,805	767	6,100	16,382	352	352	352	352
Total	83,726	77,591	89,542	181,922	20,631	20,421	91,978	84,028

Total Agency Expenditures	83,726	77,591	89,542	181,922	20,631	20,421	91,978	84,028
Internal Billing Expenditures	19							

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Expenditures Less Internal Billing	83,707	77,591	89,542	181,922	20,631	20,421	91,978	84,028

<u>Full-Time Equivalents</u>	87.29	96.38	115.34	126.93	58.35	56.13	122.50	118.98
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Water and Soil Resources, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	715	1,106	3,812	2,664				
Direct Appropriation	13,337	18,794	22,149	6,337	14,189	14,189	17,796	15,556
Receipts	1							
Transfers Out			8	8	8	8	8	8
Cancellations		6	9					
Balance Forward Out	935	3,752	2,664					
Expenditures	13,117	16,141	23,280	8,993	14,181	14,181	17,788	15,548
Biennial Change in Expenditures				3,015		(3,911)		1,063
Biennial % Change in Expenditures				10		(12)		3
Governor's Change from Base								4,974
Governor's % Change from Base								18
Full-Time Equivalents	34.94	39.09	43.53	41.64	39.97	39.97	42.37	42.17

2000 - Restrict Misc Special Revenue

Balance Forward In	107	34	286	1,144	959	875	959	875
Receipts	440	705	783	739	719	719	719	719
Transfers In		4	942	1,000	1,000	1,000	1,000	1,000
Transfers Out		4						
Balance Forward Out	27	274	1,143	959	875	791	875	791
Expenditures	519	465	868	1,924	1,803	1,803	1,803	1,803
Biennial Change in Expenditures				1,807		814		814
Biennial % Change in Expenditures				184		29		29
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.83	4.37	5.13	9.50	9.79	9.77	9.79	9.77

2001 - Other Misc Special Revenue

Balance Forward In	2,690	1,345	740	1,684	1,194	879	1,194	879
Receipts	4,034	3,957	4,246	1,425	1,290	1,290	1,290	1,290
Transfers In	19	56	1,023	183				
Transfers Out	19	358						
Balance Forward Out	2,574	681	1,685	1,194	879	570	879	570
Expenditures	4,150	4,319	4,324	2,098	1,605	1,599	1,605	1,599

Water and Soil Resources, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Biennial Change in Expenditures				(2,048)		(3,218)		(3,218)
Biennial % Change in Expenditures				(24)		(50)		(50)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.55	4.90	3.94	3.98	3.22	3.22	3.22	3.22

2050 - Environment & Natural Resources

Balance Forward In	761	1,511	3,626	12,690				
Direct Appropriation	2,203	3,272	12,311	5,600	0	0	0	0
Transfers Out			33					
Cancellations	42	85	541					
Balance Forward Out	1,418	3,601	12,689					
Expenditures	1,504	1,097	2,674	18,290				
Biennial Change in Expenditures				18,364		(20,964)		(20,964)
Biennial % Change in Expenditures				706		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.09	0.19	4.00	3.35				

2300 - Outdoor Heritage

Balance Forward In	27,987	15,408	34,394	36,771				
Direct Appropriation	7,513	23,061	17,260	17,154	0	0	0	0
Transfers Out		39	906	15				
Cancellations	100	281	200					
Balance Forward Out	12,632	32,140	36,771					
Expenditures	22,768	6,010	13,777	53,910				
Biennial Change in Expenditures				38,910		(67,687)		(67,687)
Biennial % Change in Expenditures				135		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	12.85	12.53	6.92	13.64				

2302 - Clean Water

Water and Soil Resources, Board of

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	12,072	30,267	40,074	44,017				
Direct Appropriation	56,841	56,322	45,911	49,597	0	0	67,740	62,240
Receipts	17	110	10					
Transfers In	2,731	3,470	5,017	2,850				
Transfers Out	2,231	3,643	5,101	3,018				
Cancellations	3,691	31	379					
Balance Forward Out	27,918	39,244	44,016					
Expenditures	37,820	47,250	41,514	93,446			67,740	62,240
Biennial Change in Expenditures				49,890		(134,960)		(4,980)
Biennial % Change in Expenditures				59		(100)		(4)
Governor's Change from Base								129,980
Governor's % Change from Base								
Full-Time Equivalents	26.54	33.88	47.93	48.05	1.04	1.04	62.79	61.69

3000 - Federal

Balance Forward In	136	151	129	113	5,199	4,512	5,199	4,512
Receipts	3,864	2,287	3,089	8,347	2,355	2,105	2,355	2,105
Balance Forward Out	150	129	113	5,199	4,512	3,779	4,512	3,779
Expenditures	3,849	2,309	3,105	3,261	3,042	2,838	3,042	2,838
Biennial Change in Expenditures				208		(486)		(486)
Biennial % Change in Expenditures				3		(8)		(8)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.49	1.42	3.89	6.77	4.33	2.13	4.33	2.13

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	6,337	6,337	6,337	12,674
Base Adjustments				
Pension Allocation		13	13	26
Biennial Appropriations		7,839	7,839	15,678
Forecast Base	6,337	14,189	14,189	28,378
Change Items				
Operating Adjustment		748	563	1,311
Base Adjustment for Fiscal Services		170	170	340
Critical IT Repairs and Cybersecurity		269	259	528
Easement Stewardship		375	375	750
Buffer Credit for Agricultural Land		2,045		2,045
Total Governor's Recommendations	6,337	17,796	15,556	33,352
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	5,600	5,600	5,600	11,200
Base Adjustments				
All Other One-Time Appropriations		(5,600)	(5,600)	(11,200)
Forecast Base	5,600	0	0	0
Total Governor's Recommendations	5,600	0	0	0
Fund: 2300 - Outdoor Heritage				
FY2019 Appropriations	17,154	17,154	17,154	34,308
Base Adjustments				
One-Time Legacy Fund Appropriations		(17,154)	(17,154)	(34,308)
Forecast Base	17,154	0	0	0
Total Governor's Recommendations	17,154	0	0	0
Fund: 2302 - Clean Water				
FY2019 Appropriations	49,597	49,597	49,597	99,194
Base Adjustments				
One-Time Legacy Fund Appropriations		(49,597)	(49,597)	(99,194)
Forecast Base	49,597	0	0	0
Change Items				
Clean Water Fund - Water Management Transition (One Watershed, One Plan)		2,270	2,270	4,540
Clean Water Fund - Grants with Multi-Year Plans		14,711	14,711	29,422
Clean Water Fund - Accelerated Implementation		5,950	5,950	11,900
Clean Water Fund - Conservation Drainage Management and Assistance		1,500	1,500	3,000
Clean Water Fund - Conservation Reserve Enhancement Program (CREP)		12,500	7,500	20,000

Water and Soil Resources, Board of

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Clean Water Fund - Critical Shoreland Protection Permanent Conservation		1,750	1,750	3,500
Clean Water Fund - Measures, Results, and Accountability		1,000	1,000	2,000
Clean Water Fund - Shoreland Buffer Compliance		2,500	2,500	5,000
Clean Water Fund - Water Quality Buffers Permanent Conservation Easements		4,875	4,875	9,750
Clean Water Fund - Surface and Drinking Water Protection and Restoration Grants		16,300	16,300	32,600
Clean Water Fund - Water Legacy Grants		1,000	1,000	2,000
Clean Water Fund - Enhancing Landowner Adoption of Cover Crops		500		500
Clean Water Fund - Targeted Wellhead and Drinking Water Protection		2,375	2,375	4,750
Clean Water Fund - Tillage and Erosion Transects		425	425	850
Clean Water Fund - Technical Evaluation		84	84	168
Total Governor's Recommendations	49,597	67,740	62,240	129,980

Dedicated

Fund: 2000 - Restrict Misc Special Revenue

Planned Spending	688	678	678	1,356
Forecast Base	688	678	678	1,356
Total Governor's Recommendations	688	678	678	1,356

Fund: 2001 - Other Misc Special Revenue

Planned Spending	2,098	1,605	1,599	3,204
Forecast Base	2,098	1,605	1,599	3,204
Total Governor's Recommendations	2,098	1,605	1,599	3,204

Fund: 2302 - Clean Water

Planned Spending	5			
Forecast Base	5			
Total Governor's Recommendations	5			

Fund: 3000 - Federal

Planned Spending	3,261	3,042	2,838	5,880
Forecast Base	3,261	3,042	2,838	5,880
Total Governor's Recommendations	3,261	3,042	2,838	5,880

Revenue Change Summary

Dedicated

Fund: 2000 - Restrict Misc Special Revenue

Forecast Revenues	739	719	719	1,438
Total Governor's Recommendations	739	719	719	1,438

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	1,425	1,290	1,290	2,580
Total Governor's Recommendations	1,425	1,290	1,290	2,580
Fund: 3000 - Federal				
Forecast Revenues	8,347	2,355	2,105	4,460
Total Governor's Recommendations	8,347	2,355	2,105	4,460

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	748	563	563	563
Revenues	0	0		
Other Funds			0	0
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	748	563	563	563
FTEs	0	0	0	0

Recommendation:

The Governor recommends appropriating \$748,000 from the General Fund in FY20 and \$563,000 in FY21 to cover agency compensation cost and lease increases, MNIT cost increases, the performance assessment statutory mandate, and retirement costs to maintain the current level of service delivery for the Board of Water and Soil Resources (BWSR).

Rationale/Background:

Increases to staff salaries, MNIT costs, lease costs, and staff retirement costs, has left the agency in a position where it is unable to cover these costs going into the next biennium. Continued shortages would significantly compromise the agency's ability to implement its responsibilities.

Much of BWSR's non-general fund budget is pass-through dollars from constitutionally-dedicated funds. While BWSR's overall budget has increased to support these supplemental programs and requirements, those funding sources (non-general fund) - cannot support some vital activities related to the work of the agency. The agency takes its commitment to Minnesota's taxpayers seriously and must have appropriate funding to support the agency's financial management so that staff may be the best steward possible of these resources.

Proposal:

Salary Base Adjustment

An increase of \$130,000 this biennium and of \$65,000 annually thereafter will cover rising staff compensation and fringe benefits. BWSR's funding source-complexity has magnified over the past eight years and several of these sources provide limited operational support, such as the Environment and Natural Resources Trust Fund, bonding, federal funds, and other dedicated funds. General agency staffing cost increases average 2 percent per year. This investment will benefit state and local governments by maintaining the agency's capacity for basic financial services, budget management and analysis, grant allocations, and effective internal and external processes.

MNIT Base Adjustment

An increase of \$276,000 this biennium and of \$141,000 annually thereafter will cover basic system and server requirements along with increased rates for MN.IT services in maintenance, standardized equipment, workstation support, fiscal administration, and program management. This request includes \$62,000 in FY20 and \$68,200 in FY21 and ongoing to provide secure servers and database. It also includes general agency staffing increases averaging 2 percent per year for MN.IT@BWSR staff and \$67,000 each in FY20 and FY21 to fully cover the agency's support of the MNIT@BWSR IT manager position.

Retirement Costs

An increase of \$185,000 this biennium and of \$37,000 annually thereafter will cover the expected costs of retirement payouts for agency and MNIT employees. This includes \$65,400 for a one-time payout in FY20 for retirement obligations for a long-time state employee. Further, this includes \$36,500 per year ongoing to cover expected retirement payouts. This amount assumes two retirements per biennium and is based on an average cost to the agency. Lastly, this includes a one-time retirement payout for an IT manager assigned to BWSR by MN.IT Enterprise.

Lease Increases

An increase of \$278,000 this biennium and of \$99,000 annually thereafter will fund rising lease and sub-lease expenses. \$22,000 each year provides for increased obligations in eight field offices; the St. Paul office has additional obligations including a square footage correction, lease increase, and maintenance obligation that has resulted in \$107,000 additional cost in FY20 and \$77,000 each additional year; Finally, a one-time cost for a FY20 planned co-location with other agencies in Rochester.

Maintenance of Project Tracking and Reporting Databases

An increase of \$442,000 this biennium and \$221,000 annually thereafter will support critical software infrastructure. These costs are ongoing and maintain BWSR's current service levels.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

Results:

The results and measures related to this proposal are directly tied to the outcomes and measures of agency operations and programs described in our budget narratives.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Base Adjustment for Fiscal Services

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	170	170	170	170
Revenues	0	0		
Other Funds			0	0
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	170	170	170	170
FTEs	2	2	2	2

Recommendation:

The Governor recommends \$170,000 annually from the General Fund starting in FY20 and ongoing to cover immediate agency fiscal service needs.

Rationale/Background:

The Board of Water and Soil Resources (BWSR) has historically approached agency operations with a minimalist lens, focusing on implementing programs by sending most of its appropriations to local governments. This is still the main objective of its operations, however several drivers must now also be considered.

BWSR's funding source complexity has magnified over the past eight years, and several of these sources provide limited operational support, such as the Environment and Natural Resources Trust Fund, bonding, federal funds, and other dedicated funds. The agency needs General Fund sources for some of the administrative work that originates from these funding sources. Compounding this complexity, while BWSR's overall budget has increased, the agency's base General Fund has declined. These limitations have had a substantial impact on the agency's ability to hire sufficient fiscal staff to meet statutory, legal, and MMB requirements for proper compliance. The agency urgently needs to build capacity to meet existing needs.

Proposal:

Salary Base Adjustment

This request funds salaries, benefits, and overhead for two fiscal staff. This investment, also recommended by the Office of the Legislative Auditor, will benefit the state and local governments by increasing the agency's capacity to meet its basic financial services: budget management and analysis, grant allocations, and internal and external processes.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

Results:

The results and measures related to this proposal are directly tied to the outcomes and measures of agency operations and programs described in our budget narratives.

Statutory Change(s):

Not applicable.

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Critical IT Repairs and Cybersecurity

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	269	259	60	60
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	269	259	60	60
FTEs	.4	.2	.1	.1

Recommendation:

The Governor recommends \$269,000 from the General Fund in FY20 and \$259,000 in FY21 to cover critical IT repairs and cybersecurity measures.

Rationale/Background:

This request covers two components:

MN.IT eLINK and PTM app development (One-time)

\$51,000 in FY20 and \$161,000 in FY21 will cover General Fund-related costs of upgrades and security improvements to BWSR's main statewide technology project for local grant management and reporting, called eLINK. The current version will be over eight years old when a new version is released. The overall need is \$2.1 million, and this portion covers the general fund use of the system.

Online Permitting System and Wetland Banking Database

\$218,000 in the first year and \$98,000 in the second year and \$60,000 ongoing will be used to develop a wetland banking database to replace the existing outdated, vulnerable, and unsupported system and to complete a business analysis and development plan for an on-line application, permitting, and reporting system for projects impacting wetlands.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll	80	40	20	20	20	20
Professional/Technical Contracts	181	211	40	40	40	40
Enterprise Services	8	8	0	0	0	0
Total	269	259	60	60	60	60
MNIT FTEs	.4	.2	.1	.1	.1	.1
Agency FTEs	.4	.2	.1	.1	.1	.1

Results:

The results and measures related to this proposal are directly tied to the outcomes and measures of agency operations and programs described in our budget narratives.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Easement Stewardship

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	375	375	375	375
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	375	375	375	375
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$750,000 this biennium to fund easement stewardship activities for Reinvest In Minnesota (RIM) Reserve easements that do not already have a stewardship endowment.

Rationale/Background:

Easement monitoring and enforcement activities include ongoing easement inspections, maintenance, repair, enhancements, or lawsuits. Since 2004, the number of easements has steadily increased and the amount available for monitoring and enforcement has declined to less than \$50 per easement per year. Each easement inspection costs \$300.

In its 2013 evaluation report, “Conservation Easements,” the Office of the Legislative Auditor (OLA) recommended that the legislature “amend Minnesota Statutes 2012, Chapter 84C, to require all holders of state-funded conservation easements to have long-term stewardship plans and funding identified for monitoring.” The report noted that while BWSR has implemented a long-term easement stewardship plan, the agency does not have sufficient dedicated funding for this purpose.

In 2015, MS 103B.103 established a stewardship account for monitoring and enforcement purposes, stating “Unless otherwise provided by law, the board shall determine the amount of the contribution or payment, which must be an amount calculated to earn sufficient money to meet the costs of managing the easement at a level that neither significantly over-recovers nor under-recovers the costs.” BWSR began phasing in requests for easement stewardship funds from funding sources including the Clean Water Fund (CWF), Outdoor Heritage Fund (OHF) and Environment and Natural Resources Trust Fund (ENRTF). Using a version of the Land Trust Alliance easement stewardship calculator modified to fit state government and RIM program needs, the BWSR Board determined the necessary one-time stewardship account deposit to be \$6,500 per easement. These calculations are based upon a 5 percent rate of return and a 5 percent appropriation back to BWSR from the State Board of Investment annually.

MMB has determined that bonding funds may not be used for easement stewardship. This reduces the agency’s availability of stewardship funds. Bonding has historically been the most significant source of funding for the RIM program. There are approximately 7,500 easements taken by the RIM program. Of that, 6,663 RIM easements do not have dedicated easement stewardship dollars.

Proposal:

This \$750,000 will increase the agency's ability to fund ongoing monitoring costs for perpetual easements.

BWSR protocol is to monitor easements every year for the first five years and then once every three years thereafter. At a state and local cost of \$300 per monitoring event, and approximately 2,500 easements monitored each year based on this rotation, the ongoing agency cost is \$750,000 per year. BWSR contracts with local Soil and Water Conservation Districts (SWCDs) because of two key benefits: 1) travel costs are greatly reduced and, 2) SWCD personnel work in the local area, which is important to cultivating good working relationships with landowners.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

N/A

Results:

- An additional 1,250 easements monitored per year (at \$300 per easement).
- Continued monitor of older RIM easements.
- Capacity to address conservation concerns found through monitoring.
- Added capacity for tracking.

Statutory Change(s):

None required

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Water Management Transition (One Watershed, One Plan)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	2,270	2,270	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,270	2,270	0	0
FTEs	5	5	0	0

Recommendation:

The Governor recommends \$4.54 million from the Clean Water Fund for the FY20-21 biennium to implement the permanent One Watershed, One Plan program. This represents a \$550,000 increase from the FY18-19 biennium. The agency also requests 5.0 FTE, which represents an increase of 0.5 FTE from the FY18-19 biennium, primarily associated with an increase in watershed areas participating in the program.

Rationale/Background:

In 2012, the Minnesota Legislature enacted one of the most significant overall water policy reforms since the mid-1980s. The watershed approach unites the water planning efforts of counties, soil and water conservation districts, and watershed districts by allowing water management plans to be completed on a watershed scale. Continued Clean Water Fund investment in One Watershed, One Plan allowed it to move from a pilot program in FY14-15 to a permanent program in FY16-17. The program will continue work with local units of government on the transition to watershed-based plans, leading to 1) a reduction from 200 plans based on geopolitical boundaries to around 60 plans based on watershed boundaries; 2) future efficiencies that are both scientifically and economically sound; and 3) targeting of private, local, and state investments towards restored and protected water quality.

The current system of local water management in greater Minnesota is largely along county boundaries, yet water is defined by natural boundaries called watersheds. The One Watershed, One Plan builds off existing studies and assessments being done by Minnesota Pollution Control Agency (MPCA), Department of Natural Resources (DNR), Minnesota Department of Health (MDH) and Minnesota Department of Agriculture (MDA) and creates focused watershed implementation plans that are prioritized, targeted, and capable of achieving measureable results.

Short-term success will be measured by the number of state-approved plans that are completed with the goal of having all of greater Minnesota completed by 2025. Long-term success will be measured by how many lakes and streams are meeting water quality standards and drinking water supplies are protected.

One Watershed, One Plans developed and implemented by local government working with citizens is the most direct, efficient, and effective means to implement the projects and programs needed to achieve the state's clean water goals.

On a statewide level the Clean Water Road Map has set long-term goals for lakes, rivers, streams, and groundwater. BWSR will be using these as measures for the expected outcome with full-scale development, adoption, and implementation of One Watershed, One Plans.

Proposal:

The proposed funding will be used to develop and approve six to 10 plans each year with all of greater Minnesota watersheds completed by 2025. Counties, soil and water conservation districts, and watershed districts are the principal partners and will be the main local governments that will organize and collaborate on the development of watershed implementation plans. The DNR, MPCA, MDA, and MDH will also be partners and will participate through the establishment of a formal agency team assigned to work with each watershed area.

These types of focused watershed-based implementation plans provide the best mechanism to advance state investments in Watershed Restoration and Protection Strategies (WRAPS) and other state studies and plans. They inform development of a focused watershed implementation plan that is science-based, prioritized, targeted, and capable of achieving measureable improvement in water quality, flood control, and groundwater protection.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. This funding will continue to improve water quality by providing grants to local governments to collaboratively work with their upstream and downstream neighbors to develop a comprehensive watershed management plan and take action for clean water.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Quantity	Number of One Watershed, One Plans in development	22	33-36	By 2022
Quality	State approved based on established plan content requirements	5	19	By 2022
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund - Grants with Multi-Year Plans

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	14,711	14,711	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	14,711	14,711	0	0
FTEs	8.5	8.5	0	0

Recommendation:

The Governor recommends \$29.422 million from the Clean Water Fund for the FY20-21 biennium. This request represents an \$18,422,000 increase from the FY18-19 appropriation. This increase represents implementation of prioritized and targeted conservation activities associated with grants and grant administration, and is in response to an increase in the number of areas across the state that will complete a comprehensive watershed management plan under the One Watershed, One Plan program.

Rationale/Background:

Comprehensive watershed based implementation plans, like those developed under One Watershed, One Plan, provide the best mechanism to build off current state investments being made in Watershed Restoration and Protection Strategies (WRAPS) and Groundwater Restoration and Protection Strategies (GRAPS) as well as other state studies and plans. They inform the building of a focused watershed implementation plan that is science-based, prioritized, targeted, and capable of achieving measureable improvement in water quality, flood control, and groundwater protection.

Providing systematic funding for local water management authorities on a watershed basis will improve water management outcomes. The efficiencies created by this change will benefit both organizations and landowners by streamlining processes, which will allow more projects to be implemented in a timely manner and ensure limited resources are spent where they are needed most. This funding will also provide greater opportunities for local governments to leverage federal and private funding.

Proposal:

This program is a continuation of a Clean Water pilot grant program that based eligibility for these funds contingent on a state approved and locally adopted water management plan developed under the One Watershed, One Plan or the Metropolitan Surface Water and Groundwater Management framework. The planning requirement ensures that state funded projects are targeted to address water quality restoration or protection needs most effectively. The State's investment will leverage local and federal funds because the grants require a match.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. This funding will continue to improve water quality by providing grants to local governments that will increase the implementation of water quality improvement practices. Short-term success will be measured by the prioritized projects and activities that are completed and associated pollution reduction estimations.-. BWSR also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Accelerated Implementation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	5,950	5,950	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	5,950	5,950	0	0
FTEs	8	8	0	0

Recommendation:

The Governor recommends \$11.9 million from the Clean Water Fund for the FY20-21 biennium. This represents a \$3,900,000 and 0.6 FTE increase from the FY18-19 appropriation for accelerating targeted local resource protection and enhancement, statewide program supplements for groundwater and drinking water technical assistance, and building a capable local workforce through a technical training and certification program, database, and targeting tool enhancements.

Rationale/Background:

A majority of water management implementation activity is conducted by local governments. It is in the State's interest for local governments to have the technical skill and capacity to develop and implement priority water management projects. This program addresses an existing gap in technical assistance and training to ensure local government staff have these necessary skills to deliver meaningful and measurable projects.

Advanced inventories, diagnostic and feasibility studies, and targeting tools to assist in building prioritized, targeted, and measureable strategies into water management or comprehensive plan amendment and revisions, and routine implementation activities, will increase the effectiveness of water quality protection or accelerate water quality restoration.

Proposal:

This program contributes to a strategic approach of local water management implementation. Funds are used to enhance the capacity of local governments to accelerate implementation, including: increasing technical assistance through regional technical service areas, technical training and certification, inventories of potential restoration or protection sites, and developing and using analytical targeting tools that fill an identified gap. This funding will support critical infrastructure of the agency such the targeting tool Prioritize, Target, and Measure Application (PTMApp) and eLINK. It will also provide funding to local governments to support staff participation in training and increased capacity to deliver priority water quality projects.

Local government eligibility for these funds is contingent on state approved and locally adopted water management plans-- the plans that link scientific information and citizen priorities including county comprehensive local water management plans, watershed district management plans and city surface water management plans. The planning requirement ensures that state funded projects are targeted to address water quality restoration or protection needs most effectively.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

This IT proposal is for the enhancement of the targeting tool PTMapp and the grant tracking database eLINK.

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts	\$750,000	\$1,000,000				
Infrastructure	\$32,000	\$32,000				
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)	\$60,000	\$60,000				
Total	\$842,000	\$1,092,000				
MNIT FTEs	.4	.4				
Agency FTEs						

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. This funding will continue to improve water quality by providing grants to local governments that will increase the implementation of water quality improvement practices. BWSR will also measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Future</i>	<i>Dates</i>
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Conservation Drainage Management and Assistance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	1,500	1,500	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,500	1,500	0	0
FTEs	1.75	1.75	0	0

Recommendation:

The Governor recommends \$3 million from the Clean Water Fund for the FY20-21 biennium to provide funding for Minnesota drainage authorities under M.S. 103E to plan and construct drainage water quality management practices into drainage system projects. The request represents a \$1.5 million and .25 FTE increase from the FY18-19 appropriation.

Rationale/Background:

Recent studies indicate that the observed increase in stream flows in Minnesota can be attributed to post-European settlement changes in land use, connected to agricultural practices, wetland drainage, and expansion of artificial drainage networks. These land use changes have caused decreased surface water storage and evaporation from fields due to crop conversion.

Together those changes have resulted in increased river flows and increased erosion, sedimentation, and nutrients to downstream waters. Regardless of the exact increased flow cause, strategies that increase the amount of time water sits on the landscape will have a positive impact on controlling stream flows. Similarly, widespread expansion of water storage mechanisms will be particularly important if increasing precipitation patterns continue as part of climate change.

The Minnesota Pollution Control Agency Sediment Reduction Strategy for the Minnesota River Basin and other studies identify that public and private drainage infrastructure can affect peak channel flows, soil erosion, and water quality, including both surface ditches and subsurface tile. In recent years, a number of new best management practices (BMPs) have been identified and developed under the umbrella of “conservation drainage” to better enable multipurpose drainage management. Providing technical and financial assistance to local drainage authorities will help achieve the public benefit of clean water alongside the private and public benefit of maintaining these public drainage systems/infrastructure.

Proposal:

This program provides financial and technical assistance to Minnesota’s Public Drainage Authorities and Soil and Water Conservation Districts to facilitate planning, design, and installation of conservation practices on drainage systems resulting in water quality improvements. These practices promote retention of rainfall and runoff on the land, soil erosion reduction, and water quality improvement in drainage systems and receiving waters while maintaining agricultural production. The program is implemented through partnering with the State’s public drainage system authorities, principally counties and watershed districts. The State’s investment leverages local investment as the grants require a 25 percent local match.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Quantity	Number of drainage systems with drainage water quality practices implemented	16	30+	By 2022
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund - Conservation Reserve Enhancement Program (CREP)

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	12,500	7,500	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	12,500	7,500	0	0
FTEs	9	8	0	0

Recommendation:

The Governor recommends \$20 million from the Clean Water Fund for FY20-21 to implement a Minnesota Conservation Reserve Enhancement Program (MN CREP) in partnership with the United States Department of Agriculture (USDA), local governments, state agencies, and landowners.

Rationale/Background:

The MN CREP aims to address state water quality and habitat goals by focusing on priorities established in local and statewide management strategies, such as the state Nutrient Reduction Strategy, Watershed Restoration and Protection Strategies, and the Minnesota Prairie Conservation Plan. The geography for MN CREP includes 54 counties that have phosphorus or nitrogen problems as determined by the Minnesota Nutrient Reduction Strategy or Watershed Restoration and Protection Strategies, vulnerable drinking water areas, and Prairie Corridor areas.

This effort is a partnership of five state agencies—the Board of Water and Soil Resources (BWSR), Department of Natural Resources (DNR), Department of Agriculture (MDA), Pollution Control Agency (PCA), and Department of Health (MDH)—as well as the USDA Farm Service Agency (FSA), local soil and water conservation districts, and several nongovernmental organizations.

With over 12,400 acres already enrolled, the state is well-positioned to continue to deliver this program. USDA, local soil and water conservation districts, state agencies, and non-governmental organizations have a strong field-based presence through coordinated efforts such as the Farm Bill Assistance Partnership, Prairie Plan Implementation Teams, and many watershed-based planning projects. These efforts have ramped up with the technical and financial assistance services necessary to provide landowners and producers the information they will need to secure their interest.

Proposal:

The MN CREP will benefit water quality by protecting critical riparian areas and address water quality impairments due to modifications in hydrology, sedimentation, and nutrient transport. This program will focus on three practices: buffers, wetlands, and wellhead protection areas – all in environmentally sensitive and important areas. This effort will leverage state and local technical expertise, strategic planning, and fiscal resources to assure that projects are cost effective and provide significant environmental benefits for both water quality and habitat. MN CREP will achieve water quality and habitat goals through implementation of Conservation Reserve Program (CRP) practices such as vegetated buffers and wetland restorations, along with the state's Reinvest in Minnesota (RIM) program, which provides permanent conservation easements.

Equity and Inclusion:

The CREP provisions offer eligibility waivers to landowners who are socially disadvantaged, have limited resources, or are a beginning farmer or rancher as defined by the USDA so that their application will be included in this scoring process. Other groups are not impacted negatively by the CREP.

IT Related Proposals:

Not Applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. To measure the success of this program, BWSR will look at the number of acres permanently protected. BWSR also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Quantity	Total acres protected under the CREP initiative	12,200 acres	60,000 total acres	2025
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Critical Shoreland Protection Permanent Conservation

Easements

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,750	1,750	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,750	1,750	0	0
FTEs	3.0	3.0	0	0

Recommendation:

The Governor recommends \$3.5 million from the Clean Water Fund for the FY20-21 biennium to purchase permanent conservation easements on lands adjacent to public waters with good water quality, but threatened with degradation. The agency also requests 3.0 FTEs for the biennium. The request represents a \$1.5 million and 1.1 FTE increase to the FY2018-2019 appropriation, associated with easement purchase and easement administration and processing.

Rationale/Background:

With more than 10,000 lakes, 100,000 river and stream miles, and extensive groundwater systems, water is a major part of Minnesota's culture, economy, and natural ecosystems. About half of Minnesota's surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

Shallow lakes and rivers in the forest are very susceptible to the impacts of shoreline development. The alteration of shoreline vegetation, construction of impervious surfaces, placement of in-lake structures, and increased boat and water-based recreation can result in a reduction in emergent and floating plant abundance; mixing of bottom sediments, increased nutrient loading (including substantial changes in phosphorous) and shoreline erosion. The impact of development is cumulative, and over time, such changes can severely reduce water quality of these important water bodies.

Proposal:

This easement program helps fill the need for shoreland protection on key water bodies. Beyond public ownership, current shoreline protection is limited to county shoreland ordinances and limited conservation efforts by non-governmental organizations. Even the most stringent shoreland ordinances still allow for some subdivision and development that can be detrimental to water quality. Voluntary, incentive-based conservation protection options for shoreland landowners are few. Unlike the prairie portion of the state where state funded easement options exist for conservation-minded landowners, private land protection options are limited for shoreland in the forest due to funding constraints. Further, many easement programs are targeted for restoration and not protection.

Using the Reinvent in Minnesota (RIM) program, conservation easements are acquired on critical shoreland areas, targeting the highest priority areas through science-based conservation methods. Conservation activities are prioritized based on a methodology that determines the areas where dollars spent maximize return on investment. The thousands of acres of restored wetlands, adjacent native grassland and buffers on privately-

owned lands remain on local tax rolls. Dollars are primarily used for easement payments to landowners and program implementation (surveying, engineering designs, and realty transactions). Local SWCDs perform regular monitoring inspections of all conservation easements and the state will maintain baseline, monitoring, and geospatial data.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. To measure the success of this program, BWSR will look at the number of acres protected, with the goal being 1,100 acres over the biennium. The agency also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Quantity	Acres protected in easements	138	1,110	2022
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Measures, Results and Accountability

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,000	1,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	0	0
FTEs	7	7	0	0

Recommendation:

The Governor recommends \$2 million from the Clean Water Fund for the FY20-21 biennium to implement a comprehensive program of conservation quality control and assurance through oversight, assessment, assistance, and reporting and communication of local government performance and results. The agency requests 7 FTE to implement this component of the Clean Water Fund. The fiscal request is an increase of \$100,000 from the previous biennium to help ensure functionality of BWSR's oversight tools (such as eLINK database).

Rationale/Background:

With more than 10,000 lakes, 100,000 river and stream miles, and extensive groundwater systems, water is a major part of Minnesota's culture, economy, and natural ecosystems. About half of Minnesota's surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

Local governments are foundational to delivering the results of the state's conservation programs that implement water quality solutions. BWSR will provide accountability to the state while supporting and providing assistance to local governments implementing Clean Water projects by:

1. Building strong technical skills within the local government delivery system
2. Providing assistance to local governments for improved program implementation, streamlining reporting requirements, and providing transparency regarding local government performance in meeting clean water program goals
3. Evaluating the success and value of on-the-ground restoration and protection activities in order to better target implementation funds
4. Communicating information about its grants to local governments and the environmental outcomes achieved through multiple media venues.

Proposal:

This proposal is a continuation of BWSR's previous efforts to provide oversight and accountability for grants to local governments and to measure, track, and communicate results of projects funded with Clean Water funds. Central to BWSR's effort is the agency's eLINK, an on-line conservation tracking system, which features grants tracking from application to reporting, contract management, tracking of water plans goals and outcomes, including estimates of pollution reductions.

Another component of this proposal is BWSR's grant reconciliation process, through which BWSR staff conducts field visits with local governments to ensure compliance with state policies, guidance and fiscal best management practices.

Finally, BWSR communicates information about its grants to local governments and the outcomes achieved through a “Clean Water Stories” program and by working with local units of government to highlight work in their community newspapers and other media.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

This IT proposal is for on-going maintenance of eLINK.

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts	130,000	80,000				
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	\$130,000	\$80,000				
MNIT FTEs						
Agency FTEs						

Results:

This program tracks and evaluates grants to local governments funded through the Clean Water Fund, thereby helping to measure the performance of projects in meeting water quality goals.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Shoreland Buffer Compliance

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	2,500	2,500	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,500	2,500	0	0
FTEs	4	4	0	0

Recommendation:

The Governor recommends \$5 million for the FY20-21 biennium from the Clean Water Fund to support local government work to facilitate compliance with state riparian buffer or alternative best management practice requirements. This funding request matches the FY18-19 appropriation.

Rationale/Background:

Often Minnesota's lakes, streams, and ditches do not have sufficient riparian buffers. Minnesota's buffer initiative, which was signed into law in 2015, will help protect the state's water resources from erosion and runoff pollution by establishing roughly 110,000 acres of buffer along waterways. Statewide compliance for public waters is 99 percent. Preliminary compliance for public ditches is 84 percent.

Proposal:

This existing program is part of a comprehensive clean water strategy to prevent sediment and nutrients from entering Minnesota's lakes, rivers, streams, and ditches. Funding supports soil and water conservation district monitoring and technical assistance to landowners to achieve full and ongoing compliance of buffer and soil erosion laws.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable.

Results:

BWSR will measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Water Quality Buffers – Conservation Easements

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water				
Expenditures	4,875	4,875	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	4,875	4,875	0	0
FTEs	4.4	4.4	0	0

Recommendation:

The Governor recommends \$9.75 million from the Clean Water Fund for the FY20-21 biennium to purchase and restore conservation easements on riparian lands adjacent to public waters. This funding request matches the FY18-19 appropriation.

Rationale/Background:

Minnesota has more than 10,000 lakes, 100,000 river and stream miles, and extensive groundwater systems. About half of Minnesota's surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

This problem is further compounded by changes in land use that affect the quality of water. Minnesota currently is experiencing a significant loss of grasslands – further complicated by the expiration of over 500,000 acres of Minnesota Conservation Reserve (CRP) contracts over the next five years. Unless action is taken to continue protection of the most environmentally sensitive acres, they will likely be converted back into cropland, and the benefits to both water quality and wildlife will be lost.

Studies show that buffers in riparian areas reduce sediment and nutrients entering waterways, stabilize streambanks, and provide food and habitat for many species of wildlife. Buffers are an effective and proven method to protect surface water quality in environmentally sensitive or highly erodible soils along rivers and streams.

Proposal:

This existing and ongoing program is part of a comprehensive habitat and clean water strategy to prevent sediment and nutrients from entering Minnesota's lakes, rivers and streams; enhance fish and wildlife habitat; and protect groundwater and wetlands. For example, one of the unique features of the water quality buffer easement program is that it is the only program that can leverage both Clean Water Fund and Outdoor Heritage Fund appropriations for multiple benefits to water and wildlife by creating buffers on riparian lands adjacent to prioritized waters. In addition, this statewide program may leverage the Minnesota Conservation Reserve Enhancement Program and other critical multi-benefit programs.

Through the Reinvest in Minnesota (RIM) Reserve Program and in partnership with soil and water conservation districts and private landowners, the state will purchase conversation easements and may establish native plant buffers.

This program is highly targeted and is prioritized based on current land use, erodibility, priority in other plans, the most critical expiring CRP acres and/or water quality impairment.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. We will track the acres of buffer areas protected as well as track progress toward the long-term goals for surface water set forth in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Quantity	Acres protected in Legacy-funded buffers	5,431	7,500	2022
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Surface and Drinking Water Protection/Restoration Grants

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	16,300	16,300	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	16,300	16,300	0	0
FTEs	7	7	0	0

Recommendation:

The Governor recommends \$32.6 million from the Clean Water Fund for the FY20-21 biennium for Surface and Drinking Water Protection and Restoration Grants. This represents an increase of \$13,100,000 and 3.2 FTE which reflects an increase in the amount of funding for grants and associated grant administration.

Rationale/Background:

Minnesota has more than 10,000 lakes, 100,000 river and stream miles, and extensive groundwater systems. . About half of Minnesota's surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

Protecting and restoring Minnesota's waters is a collaborative effort between federal, state, and local partners. This program provides Clean Water Funds to local governments to support the implementation of high priority projects derived from state approved, locally adopted water management plans. Local governments use these funds to plan, design and install conservation practices targeted to protect and restore water quality. Practices installed are designed to address water quality problems specific to the targeted water body, but generally retain rainfall and runoff on the land, and reduce the transport of sediment and nutrients to surface and ground waters.

Local governments have been aggressive in identifying projects to address water quality needs. For FY18-19, local governments proposed more than \$53 million in projects under this program, while \$20 million of State Clean Water Funds were available, resulting in funding only 38 percent of project requests. Local governments are ready and able to deliver on significantly more water management projects than BWSR has been able to fund. Continued and increased funding for grants to finance local government led restoration and protection projects will provide the necessary support for their efforts, and make progress toward state water quality goals.

Proposal:

This program is a continuation of a highly successful Clean Water grant program, where demand for dollars far exceeds the dollars available. Funds are used to protect, enhance and restore water quality in lakes, river and streams and to protect groundwater and drinking water. Activities include structural and vegetative practices to reduce runoff and retain water on the land, feedlot water quality projects, subsurface sewage treatment system abatement grants, and stream bank, stream channel and shoreline protection projects.

Eligibility for these funds is contingent on a state approved and locally adopted water management plan. The plans that link scientific information and citizen priorities include county comprehensive local water management plans, watershed district management plans and city surface water management plans. The planning requirement

ensures that state funded projects are targeted to address water quality restoration or protection needs most effectively. The State's investment leverages local and federal funds as the grants require a 25 percent match.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. This funding will continue to improve water quality by providing grants to local governments that will increase the implementation of water quality improvement practices. Short-term success will be measured by the number of projects and activities that are completed with appropriated funds. BWSR also will measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Quantity	Number of conservation practices installed	7,000	7,500	2020-2021
Results	Amount of nutrients removed compared to state goals Phosphorus (pounds)	178,156 (15%)	20%	2020-2021
	Nitrogen (pounds)	111,429 (<1%)	2%	
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Water Legacy Grants

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	1,000	1,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	0	0
FTEs	1	1	0	0

Recommendation:

The Governor recommends \$2 million from the Clean Water Fund for the FY20-21 biennium for a small grants program that expands partnerships for clean water. This includes 1 FTE staff time to cover staff time required to provide additional administration and oversight of grants with the expansion of the program to include direct grants to non-governmental organizations.

Rationale/Background:

Minnesota has more than 10,000 lakes, 100,000 river and stream miles, and extensive groundwater systems. About half of Minnesota's surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

Active and engaged citizens and communities help achieve long-term clean water goals. This proposal will use existing program delivery mechanisms to address a current funding gap and allow citizens to take action in managing and protecting their local water resources through a 'small grants partners' program.

The efforts and resources of active and engaged community groups, such as lake associations, non-profits, conservation groups and tribal government, will be supported through this program.

Proposal:

This is a new program adapted from a former Clean Water Fund small projects grant program (Community Partners Program). It will ensure that community groups such as non-governmental organizations wishing to implement projects, programs, community service, and education can be direct recipients of these funds.

This program provides competitive grants or contracts of up to \$100,000 to governmental, non-governmental, and tribal organizations for implementation projects that protect, enhance, and restore water quality or protect groundwater and drinking water sources from degradation. The State's investment leverages local and federal funds as the grants require a match.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. This funding will continue to improve water quality by providing grants to local governments that will increase the implementation of water quality improvement practices. Short-term success will be measured by the number of projects and activities that are completed with appropriated funds. BWSR will also measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Funds – Enhancing Landowner Adoption of Cover Crops

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	500	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	500	0	0	0
FTEs	.1	0	0	0

Recommendation:

The Governor recommends \$500,000 from the Clean Water Fund for the FY20-21 biennium (available in year one) for grants to enhance landowner adoption of cover crops in areas where there are direct benefits to public water supplies. The agency requests 0.1FTE to support program implementation.

Rationale/Background:

Access to safe and reliable drinking water is essential to the health of Minnesotans and the vitality of our communities. This program is part of a comprehensive clean water strategy to reduce nutrients and sediment from entering drinking water supplies. Incorporating cover crops into row crop rotations within drinking water supply management areas can improve water quality by decreasing nitrogen losses, reducing runoff and improving soil health.

Vulnerabilities of drinking water systems have come into the spotlight over the last several years. While Minnesota has not experienced a large scale drinking water crisis, the risk of drinking water contamination is of particular concerns in some areas of Minnesota. Several Minnesota communities have seen increased water treatment rates due to contamination of ground water from excess nitrate coming from agricultural areas. These incidents are indicative of the widespread vulnerability of many rural communities because much of Minnesota's rural landscape is heavily dominated by intensive row-crop agriculture.

Reports, such as the Minnesota Pollution Control Agency Nutrient Reduction Strategy, indicate that despite widespread best management practice (BMP) adoption, nitrate levels in Minnesota are not decreasing. Even perfect timing, rate, and placement of nitrogen fertilizer won't stop all the leaks in the current cropping systems. For a good portion of each spring and fall, large portions of the landscape are bare. Given the significant influence of land uses on water quality, this study and several other reports, such as the Environmental Quality Board Water Policy Report and the Clean Water Council's Living Cover for Drinking Water Protection policy, indicate that to reduce nitrate from leaching into our groundwater and running off into our surface waters, a shift in the cropping systems will be required. One component of this shift is the recommended use of cover crops to scavenge excess nitrogen from the soil.

Proposal:

This new cover crops initiative is highly targeted and will provide an opportunity for a large acre and participant increase in areas where there will be benefits to a drinking water supply. Clean Water Funds will be made to eligible landowners and retailers to plant cover crops, provide payments to reduce risk, and purchase specialized inter-seeding equipment in one or two targeted areas within the state.

This initiative can leverage existing Natural Resources Conservation Service financial assistance programs and will be implemented by soil and water conservation districts (SWCDs). Short term success will be measured by the number of acres of cover crops installed with appropriated funds. Long term success will be measured against the long-term groundwater goals set by the Clean Water Road map.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not Applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. BWSR will track the acres of cover crops established in wellhead and source water protection areas as well as track progress toward the long-term goals for groundwater set forth in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Future</i>	<i>Dates</i>
Quantity	# of acres		Up to an additional 2,000 acres	
Results	Nitrate levels in groundwater reduced by 20% Wells meeting standards in SE MN Wells meeting standards in Central Sands	89% 96%	95% 98%	By 2034

Statutory Change(s):

Not Applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund –Targeted Wellhead/Drinking Water Protection

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water				
Expenditures	2,375	2,375	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,375	2,375	0	0
FTEs	2.5	2.5	0	0

Recommendation:

The Governor recommends \$4,750,000 from the Clean Water Fund for the FY20-21 biennium to implement best management practices, land acquisition, or permanent conservation easements in wellhead or source water protection areas where the action needed to protect drinking water are known. The agency also requests 2.5 FTE to implement the program.

Rationale/Background:

As noted by our interagency water discussions, groundwater in Minnesota is at risk of overuse and contamination. This program is part of a comprehensive clean water strategy to prevent sediment and nutrients from entering drinking water supplies. Restoring and permanently protecting land, or implementing best management practices, within drinking water supply management areas improves water quality by increasing the distance between drinking water sources and agricultural chemical uses.

Proposal:

This proposal is a continuation of a successful Clean Water Fund easement program. The purpose of this highly targeted program is to convert agricultural land to grasslands and wetlands or install other water quality practices in areas designated with high or very high vulnerability to contamination. BWSR will continue to work with Minnesota Department of Health and Minnesota Department of Agriculture to determine the list of targeted areas. The agency will then work with soil and water conservation districts (SWCDs) or other community partners in those areas to implement the needed solutions and reduce nutrients and sediment from entering drinking water supplies. This work may include conservation easements, as has been the focus in past phases, or it may also include land acquisition, and/or water quality practices.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. BWSR will track the acres of wellhead and source water protection areas protected as well as track progress toward the long-term goals for groundwater set forth in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Current</i>	<i>Goal</i>	<i>Dates</i>
Results	Nitrate levels in groundwater reduced by 20%	89%	95%	By 2034
	Wells meeting standards in SE MN	96%	98%	
	Wells meeting standards in Central Sands			

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund – Tillage and Erosion Transects

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water				
Expenditures	425	425	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	425	425	0	0
FTEs	0.5	0.5	0	0

Recommendation:

The Governor recommends \$850,000 million from the Clean Water Fund for the FY20-21 biennium to continue implementation of a systematic survey of annual soil erosion rates, adoption of crop residue management practices, and cover crops in 67 Minnesota counties. This funding request matches the FY18-19 appropriation.

Rationale/Background:

About half of Minnesota's surface waters have been assessed for water quality, and of those, about 40 percent do not meet basic water quality standards.

Soil erosion, and the nutrients carried with it, are a significant environmental pollutant in Minnesota. Soil erosion on cropland has on-site impacts to soil quality and crop productivity as well as off-site impacts on water quantity and quality, air quality, and infrastructure maintenance. Tillage is the most widespread land use practice that influences erosion and one of the least expensive options to avoid and mitigate onsite and offsite impacts of erosion.

The Tillage and Soil Erosion Survey is a comprehensive long-term program to systematically collect data and produce county, watershed, and state-wide estimates of soil erosion caused by water and wind along with tracking adoption of high residue cropping systems and implementation of cover crops. Tillage and cover crop trend data and soil erosion data are critical to measuring progress towards goals and recommendations set forth in Minnesota's Statewide Nutrient Reduction Strategy (2013), Sediment Reduction Strategy for the Minnesota River and South Metro Mississippi River (2014), Watershed Restoration and Protection Strategies (WRAPS), and Total Maximum Daily Loads (TMDLs). This data allows tracking of local trends in adoption of conservation practices, effectiveness of local targeting efforts, and helps set local and state priorities.

This critical data is not collected anywhere else. The last statewide effort capable of providing county and watershed reliable data took place in 2007. The current trend in soil erosion statewide has largely gone unchanged, since 1982 and is over twice the amount considered tolerable as established by the United States Department of Agriculture.

Estimated average annual sheet, rill and wind erosion on non-federal cultivated land in tons per acre per year – 2010 National Resources Inventory Summary Report

1982	1987	1992	1997	2002	2007	2010
8.42	9.22	8.65	7.83	7.72	6.59	7.28

Proposal:

This is a continuation of a program that implements a tillage, cover crop and soil erosion survey to systematically collect data and produce county, watershed, and state-wide estimates of soil erosion caused by water and wind along with tracking adoption of high residue cropping systems and cover crops. Tillage, cover crop, and soil erosion data will be collected in the 67 Minnesota counties with greater than 30 percent of land dedicated to agricultural row crop production.

The principal result will be statistically-valid numeric estimates, produced on a county-level, for soil loss from both wind and water erosion and the annual adoption rate of high residue tillage management systems and cover crops. Providing county and watershed-level statistically-accurate data requires annual and statewide data collection over the long-term.

Tillage and residue data enhances existing watershed water quality models. The improved models are better able to identify critical areas for conservation best management practice (BMP) implementation and better estimate pollutant load reductions for both planned and applied conservation practices. Up to date tillage and erosion data can aid local government staff in reaching WRAPS/TMDL implementation goals by comparing current conditions with potential management scenarios designed to reach sediment and nutrient reduction goals. These efforts will help address the following statewide goals:

- *Minnesota Nutrient Reduction Strategy* - Achieving phosphorus phase 1 milestones:
 - Field Erosion Control – conservation tillage adoption rate of 85 percent in available area.
 - Increase and Target Living Cover – cover crop adoption rate of 10 percent.
- *Minnesota Nutrient Reduction Strategy* – Achieving nitrogen phase 1 milestones:
 - Increase and Target Living Cover – cover crop adoption rate of 10 percent.
- *Minnesota Statewide Conservation and Preservation Plan* – Land Use Recommendation 7: Enable improved design and targeting of conservation through improved and timely data collection and distribution
 - A periodic detailed survey of benchmark sampling sites to determine trends in soil erosion, as was carried out by the NRCS for the Natural Resources Inventory.
- *Minnesota Sediment Reduction Strategy for the Minnesota River and South Metro Mississippi River* – Priority Initiatives, Flow Duration and Magnitude Goals:
 - Increase Living Cover.
- *Minnesota Sediment Reduction Strategy for the Minnesota River and South Metro Mississippi River* – Example Tools for Prioritizing and Targeting Watershed Restoration Efforts:
 - Tracking Systems – Tools such as eLINK and the Tillage Transect Survey for use in tracking upland implementation practices.

Equity and Inclusion:

This proposal would not disproportionately impact any ethnic, racial or other minority group in either a negative or positive way, nor would it eliminate or reduce any disparities.

IT Related Proposals:

Not applicable

Results:

This program is part of a comprehensive clean water strategy to reduce the amount of pollutants that enter Minnesota waters. To measure the success of this program, the agency will look at soil erosion rates by county and by watershed, and measure progress against the long-term goals outlined in the Clean Water Roadmap.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Soil erosion rates by county/watershed	7.28 tons/acre/yr.	3 to 5 tons/acre/yr.	By 2034
Results	Percentage of lakes with good water quality, as measured by acceptable Trophic State Index	62%	70%	By 2034
Results	Percentage of rivers and streams with healthy fish communities, as measured by the Index of Biotic Integrity	60%	67%	By 2034

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Clean Water Fund - Technical Evaluation

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Clean Water				
Expenditures	84	84	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	84	84	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$168,000 from the Clean Water Fund for the FY20-21 biennium for the evaluation of a sample of habitat restoration projects completed with Clean Water Funding, as required by M.S. 114D.50, Subd.6. The agency also contributes to a joint position with the Department of Natural Resources (DNR) (equivalent to 0.5 FTE) to lead the evaluation effort. This funding request matches the FY18-19 appropriation.

Rationale/Background:

State law requires restoration evaluations be conducted on habitat restoration projects completed with funds from the Clean Water Fund (M.S. 114D.50), Outdoor Heritage Fund (M.S. 97A.056), and Parks and Trails Fund (M.S. 85.53). BWSR is the responsible agency for Clean Water Fund restoration evaluations; DNR is the responsible agency for Parks and Trails Fund restoration evaluations; and DNR and BWSR are jointly responsible for Outdoor Heritage Fund restoration evaluations (M.L. 2010, Ch. 361, Art.1). These evaluations assess project performance to ensure and improve conservation outcomes across the state.

Proposal:

This proposal is a continuation of the required restoration evaluations that were initiated in 2012. DNR and BWSR have combined administration and reporting for the three statutory requirements in a single Legacy Fund Restoration Evaluation program. Accordingly, one restoration evaluation panel was created and one report is produced on an annual basis.

The evaluation panel is responsible for:

- Evaluating restorations relative to the law, current science, and the stated goals and standards in the restoration plans; and
- Providing findings on the evaluations, determining whether restorations are meeting planned goals, identifying problems with implementation of restorations, and, if necessary, providing recommendations on improving restorations.

Equity and Inclusion:

Not applicable

IT Related Proposals:

Not applicable

Results:

This program evaluates the effectiveness of habitat restorations funded through the Clean Water Fund, helping to measure the performance of projects in meeting habitat goals and providing recommendations to improve effectiveness of future projects. Findings are summarized in an annual report to the legislature and governing councils. All projects evaluated thus far have been implemented in compliance with applicable appropriation laws and reporting requirements, including presenting measurable outcomes and planning to evaluate results.

Statutory Change(s):

Not applicable

Board of Water and Soil Resources

FY 2020-21 Biennial Budget Change Item

Change Item Title: Buffer Credit for Agricultural Land

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures (BWSR)	2,045	0	0	0
Expenditures (Tax Aids, Credits and Refunds)	0	15,800	15,800	15,800
Revenues (Tax Aids, Credits and Refunds)	0	550	550	550
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	2,045	15,250	15,250	15,250
FTEs	0	0	0	0

Recommendation:

The Governor recommends creating an ongoing property tax credit to compensate landowners required to maintain riparian buffers or a water quality equivalent on agricultural land. In addition, the Governor recommends appropriating \$2.045 million from the general fund to the Board of Water and Soil Resources (BWSR) in FY 2020 to provide payments to local soil and water conservation districts (SWCDs). SWCDs will be responsible for reporting landowner noncompliance with the buffer law to counties.

Rationale/Background:

Laws enacted during the 2015 legislative session require riparian buffers or a water quality equivalent to be established on many public waters and drainage systems. Owners of agricultural land abutting public waters must have had buffers in place by November 1, 2017. For land abutting public drainage systems, the deadline was November 1, 2018.

Proposal:

Under this proposal, landowners can claim a property tax credit of \$50 per acre for land required to be maintained as a riparian buffer. Alternatively, landowners can claim an equivalent tax credit if they choose to instead implement an alternative practice with equivalent water quality benefits.

Parcels must meet the following requirements in order to be eligible for the credit:

1. The buffer or alternative practice must be on land classified as 2a agricultural;
2. The buffer or an alternative practice is required under Minnesota Statutes, Section 103F.48, and identified on the state's buffer-protection map;
3. There are no delinquent taxes on the parcel;
4. The land has not been compensated for damages consistent with Minnesota Statutes, Chapter 103E, for the purposes of installing a buffer; and
5. The SWCD has not found the landowner noncompliant with buffer requirements.

Landowners must apply for the riparian buffer credit and certify their amount of eligible land by December 31, 2019. Landowners only apply for the first year they receive the credit. Once approved, the credit will continue into future years. Beginning in 2020 applications for the buffer tax credit will be allowed only when ownership of the land changes or when compliance with at least one of the above conditions changes.

Counties, in consultation with SWCDs, other local water management authorities, and BWSR, will verify applicants' eligibility for the credit. BWSR will distribute a \$30,000 payment from the general fund to MnGeo and \$2.015 million in payments from the general fund to SWCDs in FY 2020. MnGeo will determine which parcels are both subject to the buffer law and are classified as 2a agricultural land. BWSR will provide \$5,000 to \$40,000 each to 89 SWCDs. The size of the payments will depend on the number of parcels BWSR anticipates the SWCD will review for compliance.

The Department of Natural Resources estimates approximately 317,000 acres will be eligible for this credit. Counties will administer the credit, and the Department of Revenue will reimburse the counties. The state estimates the total value of the credit for landowners will be \$15.8 million annually. In addition, the buffer credit reduces property taxes on farm land. Because property taxes can be claimed as income tax deductions for businesses, the buffer credit will reduce income tax deductions and increase revenue to the state by \$550,000 annually.

Equity and Inclusion:

This proposal will not increase inequities.

Results:

The credit will provide property tax relief for landowners complying with the riparian buffer requirement.

Statutory Change(s):

New section – Minnesota Statutes, Section 273.1388

Minnesota Statutes, Section 273.1393

Program: Land and Water Conservation Projectsbwsr.state.mn.us/**AT A GLANCE**

- Deliver conservation programs through local governments, in cooperation with private landowners
- Implement high priority erosion control, native buffers, feedlot, and weed management projects
- Leverage local and federal funds
- Provided 90 grants to local governments that leverage both local and federal dollars to support conservation implementation in FY18

PURPOSE & CONTEXT

The goal of this program is to meet state objectives for clean water, productive soil, and abundant fish and wildlife habitat. Focused on partnerships with local governments, the Board of Water and Soil Resources (BWSR) meets these objectives by implementing targeted projects and practices on private lands to prevent soil erosion and pollution from entering surface and ground water.

Projects are implemented through grants to local governments, including soil and water conservation districts, counties, cities, watershed districts, and watershed management organizations.

SERVICES PROVIDEDConservation Projects Cost Share Program

This program “shares” the cost of implementation between state and local resources. Grants to local governments provide funding for a variety of on-the-ground projects that address state conservation objectives. Specifically, these projects:

- *Keep water on the land:* natural hydrology restoration and runoff reduction is achieved by restoring wetlands, installing raingardens, constructing stormwater treatment ponds, and implementing conservation drainage practices.
- *Maintain healthy soils:* healthy soils are supported through conservation tillage and erosion control projects.
- *Reduce pollutants in surface and ground water:* reducing pollution in sensitive ecological areas is accomplished by upgrading feedlots and subsurface sewage treatment systems, and sealing abandoned wells.
- *Ensure biological diversity:* protection of native plants and animals and their habitats is accomplished through the installation of permanent buffers of native vegetation and cooperative weed management programs that address invasive species management.
- *Maintain stream integrity:* healthy stream hydrology and abundant fish populations are achieved through streambank and shore stabilization.

BWSR works through local governments to ensure private landowners have access to a local, trusted resource that can help address conservation needs. BWSR provides funds to local governments for the costs of constructing conservation projects and practices in addition to the costs of project design, construction oversight, and fiscal and outcomes reporting. Eligibility for funding is contingent on a state-approved and locally adopted water management plan that links scientific information with local priorities to ensure state funds are targeted to the most critical needs. Local governments also leverage local and federal funds for these projects.

Grant Management

BWSR uses a comprehensive grant management system to track the use of state funds in the most efficient manner possible. It establishes eligibility criteria, determines grant program policies, reviews work plans, issues grant agreements, and conducts close-out reviews upon project completion. This grant management system is compliant with the policies adopted by the Department of Administration and the Office of Grants Management.

RESULTS

The measures in the table below represent BWSR's two key goals of this budget program: to reduce water pollutants to improve water quality and to deliver services that encourage trust in government. Specifically, projects funded under this program contribute toward meeting the state's pollution reduction goals for sediment, phosphorus, and nitrogen. It is important that landowners have access to a trusted local resource that is responsive to conservation needs. Experience and research supports the notion that landowners trust local government more than state government and, therefore, are more likely to engage in a conservation activity if they have access to a valued and credible resource within their local community. For example, data from an annual Pew Report shows that trust in local government has largely been stable at 70 percent, while trust in state and federal government has shown considerably more variation, with the current level at 57 percent trusting in state government, and 28 percent trusting in the legislative branch of the federal government.

Type of Measure	Name of Measure	Previous	Current	Dates
Result	Amount of phosphorus removed compared to state goals (statewide)	6.4% 79,313 pounds annually	10.7% 116,785 pounds annually	2015, 2017
	Amount of nitrogen removed compared to state goals (statewide)	0.22% 93,667 pounds annually	0.3% 114,429 pounds annually	2015, 2017

**Statewide goals for phosphorus and nitrogen reduction as found in the Nutrient Reduction Strategy (<https://www.pca.state.mn.us/water/nutrient-reduction-strategy>)*

The legal authority for Land and Water Conservation projects comes from Minnesota Statutes, chapter 103C.501 (<https://www.revisor.mn.gov/statutes/?id=103C.501>) and Minnesota Administrative Rules, chapter 8400 (<https://www.revisor.mn.gov/rules/?id=8400>).

Land & Water Cons. Projects

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	1,706	3,944	5,865	1,517	1,800	1,800	1,800	1,800
2000 - Restrict Misc Special Revenue			248	2				
2001 - Other Misc Special Revenue	223	3	1	3				
2300 - Outdoor Heritage	199	8	3	8				
2302 - Clean Water	190	93		5			1,500	1,500
Total	2,316	4,048	6,118	1,535	1,800	1,800	3,300	3,300
Biennial Change			1,289		(4,053)		(1,053)	
Biennial % Change			20		(53)		(14)	
Governor's Change from Base							3,000	
Governor's % Change from Base							83	

Expenditures by Activity

Projects and Project Mgmt	2,316	4,048	6,118	1,535	1,800	1,800	3,300	3,300
Total	2,316	4,048	6,118	1,535	1,800	1,800	3,300	3,300

Expenditures by Category

Compensation	159	272	206	111			175	175
Operating Expenses	12	153	41	2				
Grants, Aids and Subsidies	1,954	1,945	2,801	1,066	1,800	1,800	3,125	3,125
Capital Outlay-Real Property		1,670	1,161	174				
Other Financial Transaction	192	8	1,909	182				
Total	2,316	4,048	6,118	1,535	1,800	1,800	3,300	3,300

Full-Time Equivalents

1.03	1.84	1.74	0.98			1.75	1.75
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Land & Water Cons. Projects

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	640	738	3,793	1,017				
Direct Appropriation	1,660	6,939	3,099	500	1,800	1,800	1,800	1,800
Cancellations			9					
Balance Forward Out	595	3,733	1,017					
Expenditures	1,706	3,944	5,865	1,517	1,800	1,800	1,800	1,800
Biennial Change in Expenditures			1,732		(3,782)		(3,782)	
Biennial % Change in Expenditures			31		(51)		(51)	
Governor's Change from Base							0	
Governor's % Change from Base							0	
Full-Time Equivalents	0.36	1.83	1.74	0.98				

2000 - Restrict Misc Special Revenue

Balance Forward In			250	2		
Receipts		250				
Balance Forward Out		250	2			
Expenditures			248	2		
Biennial Change in Expenditures				250	(250)	(250)
Biennial % Change in Expenditures					(100)	(100)
Governor's Change from Base						0
Governor's % Change from Base						

2001 - Other Misc Special Revenue

Balance Forward In	204	4	4	3		
Receipts	20					
Balance Forward Out	2	1	3			
Expenditures	223	3	1	3		
Biennial Change in Expenditures				(221)	(4)	(4)
Biennial % Change in Expenditures				(98)	(100)	(100)
Governor's Change from Base						0
Governor's % Change from Base						
Full-Time Equivalents	0.67	0.01				

2300 - Outdoor Heritage

Land & Water Cons. Projects

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward In	206	16	11	8				
Balance Forward Out	8	8	8					
Expenditures	199	8	3	8				
Biennial Change in Expenditures				(195)		(11)		(11)
Biennial % Change in Expenditures				(94)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

2302 - Clean Water

Balance Forward In	226		5	5				
Direct Appropriation							1,500	1,500
Receipts		97						
Cancellations	36							
Balance Forward Out		5	5					
Expenditures	190	93		5			1,500	1,500
Biennial Change in Expenditures				(277)		(5)		2,995
Biennial % Change in Expenditures				(98)				
Governor's Change from Base								3,000
Governor's % Change from Base								
Full-Time Equivalents							1.75	1.75

Program: Resource Protection Rules and Lawbwsr.state.mn.us**AT A GLANCE**

- State laws and rules implemented by local governments with state assistance and oversight:
 - Wetland Conservation Act
 - Drainage Law
 - Shoreland Management
 - Subsurface Sewage Treatment Systems
 - Riparian Protection and Soil Loss

PURPOSE & CONTEXT

This program supports state and local implementation of and compliance with environmental protection laws, rules and regulations such as the Wetland Conservation Act, drainage law, shoreland rules, subsurface sewage treatment system rules, riparian protection, and soil loss.

Local implementation of state laws and resource management programs allows for regulation to occur in close proximity to the program activity and is more efficient and effective than state implementation alone. The Board of Water and Soil Resources (BWSR) provides important coordination, program development, implementation assistance, and oversight to ensure that local governments have current knowledge as well as financial and staff capacity to properly implement state programs.

SERVICES PROVIDEDOversight of the Wetland Conservation Act

In 1991 Minnesota enacted the Wetland Conservation Act (WCA), one of the most sweeping comprehensive wetlands protection laws in the country, the purpose of which was to retain the benefits of wetlands and attain no-net-loss of wetlands. WCA requires anyone proposing to drain, fill, or excavate a wetland first to try to avoid disturbing the wetland; second, to try to minimize any impact on the wetland; and, finally, to replace any lost wetland acres, functions, and values. Local governments—cities, counties, watershed management organizations, soil and water conservation districts, and townships—implement the act locally; BWSR administers the act statewide, and it is enforced by the Department of Natural Resources.

BWSR supports local implementation of WCA by providing:

- technical and administrative assistance.
- oversight through project review and annual reporting.
- administration of the state wetland banking system by approving wetland bank applications and managing credit accounting.
- an appeals process when disputes occur regarding local decisions.

BWSR also implements the Local Government Roads Wetland Replacement Program, a statutory mandate that requires the state to replace wetlands impacted as part of local transportation improvement projects. This approach consolidates the necessary technical, financial, and record-keeping components to provide high quality, cost-effective wetland replacement. Underfunding has impacted local road authorities' assurance of wetland mitigation for their road projects.

Riparian Protection and Soil Loss

The purposes of Minnesota Statutes 103F.48, Riparian Protection and Water Quality Practices—commonly referred to as the Buffer Law—is to:

- Protect state water resources from erosion and runoff pollution.
- Stabilize soils, shores, and banks.
- Protect or provide riparian corridors (the land area adjacent to water).

The original law was signed by the Governor in June 2015. The law was amended by the Legislature in 2016 and 2017 to provide clarifications to several provisions, including the riparian protection requirement by ensuring it only applies to public waters and public ditches, compliance and enforcement responsibilities and processes, and compliance waivers for hardships. As of summer 2018, nearly 99 percent of land adjacent to public waters was in compliance with the law.

BWSR is charged with oversight and implementation of the law, which includes a new approach to soil loss. Minnesota's previous soil erosion law, enacted in 1984, stated that a person may not cause excessive soil loss. The law encouraged local governments to adopt soil erosion ordinances and could not be implemented without one. Under the revised law, implementation moves from a county ordinance approach to a complaint-based process. BWSR is charged with implementing these changes.

Drainage Management

BWSR provides essential support to public drainage authorities and stakeholders through:

- Advisory review of watershed district engineers' reports and plans for drainage, flood damage reduction, water quality, and other natural resource enhancement projects.
- Collection of Ditch Buffer Strip Annual Reports, a requirement of county and watershed district public drainage authorities to report miles of buffer strips established in accordance with statute, as well as system inspections and enforcements actions.
- Facilitation of the Drainage Work Group, which provides a forum for agency and stakeholder representatives to discuss and develop recommendations for updates to drainage law, and the Drainage Management Team, which coordinates information and technical assistance to local governments.

Natural Resources Block Grants

As required by statute, some state resource management programs are implemented by counties. To create efficiency, BWSR coordinates and packages the financial support for these programs in cooperation with the Department of Natural Resources (DNR) and the Pollution Control Agency (PCA). These programs include:

- Comprehensive Local Water Management.
- Wetland Conservation Act.
- Shoreland Management.
- Subsurface Sewage Treatment Systems.

RESULTS

The measures detailed below represent the key goal of this budget program, which is to ensure effective local implementation of state resource management laws, rules, and programs. Specifically, BWSR aims to maintain and protect Minnesota's wetlands and the benefits they provide, and ensure that Minnesota has an effective stakeholder forum (the Drainage Work Group) through which consensus can be achieved on issues related to drainage law and policy and an updated Public Drainage Manual that promotes uniformity in interpretation and

implementation of drainage law. BWSR also strives for agency coordination and efficiency through a composite of five grants to local governments that helps reduce the administrative costs of these state natural resource programs.

Type of Measure	Name of Measure	Previous	Current	Dates
Result	Percent gain over date range of wetland acres in Minnesota*	0.02%	0.04%	2006-2011, 2009-2014
Quality	Number of wetland appeals made of local Technical Evaluation Panel decisions	11	8**	2015, 2017
Quantity	Percent of drainage authorities reporting on ditch buffers	100% counties 100% watershed districts	100% counties 100% watershed districts	2015, 2017
Result	Percent of Public Drainage Manual updated	20%	100%	2015, 2016
Quantity	Number of block grants issued to local governments for state resource management programs	87	87	2015, 2018
Result	Percent of Public Waters buffers compliance statewide	94%	98.5%	2017, 2018
Result	Percent of Public Ditches buffer preliminary compliance statewide	NA	76%	2018

*[Monitoring Changes in Minnesota Wetland Area and Type from 2006 to 2014](https://files.dnr.state.mn.us/eco/wetlands/monitoring-wetland-changes.pdf). Minnesota Department of Natural Resources. September 2017. <https://files.dnr.state.mn.us/eco/wetlands/monitoring-wetland-changes.pdf>

**The number of wetland appeals can be used as one measure of the effectiveness of local Technical Evaluation Panels implementing the Wetland Conservation Act (a low number of appeals is desirable).

The legal authority for the Resource Protection Rules and Laws program comes from Minnesota Statutes, Chapter 103E (<https://www.revisor.mn.gov/statutes/?id=103E>) and 103G, (<https://www.revisor.mn.gov/statutes/?id=103G>) Minnesota Administrative Rules, chapter 8420 (<https://www.revisor.mn.gov/rules/?id=8420>)

Resource Protection Rules/Law

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	4,258	4,527	7,788	930	4,350	4,350	4,350	4,350
2000 - Restrict Misc Special Revenue	469	410	564	1,849	1,759	1,759	1,759	1,759
2001 - Other Misc Special Revenue	2,883	2,736	2,825	343	6		6	
2050 - Environment & Natural Resources			622	628				
3000 - Federal	1							
Total	7,610	7,672	11,800	3,750	6,115	6,109	6,115	6,109
Biennial Change				268		(3,326)		(3,326)
Biennial % Change				2		(21)		(21)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Activity

Resource Protection Rules/Law	7,610	7,672	11,800	3,750	6,115	6,109	6,115	6,109
Total	7,610	7,672	11,800	3,750	6,115	6,109	6,115	6,109

Expenditures by Category

Compensation	1,145	1,201	1,394	1,725	1,732	1,732	1,732	1,732
Operating Expenses	164	242	109	326	213	207	213	207
Grants, Aids and Subsidies	6,289	6,230	10,296	1,599	4,070	4,070	4,070	4,070
Capital Outlay-Real Property	0							
Other Financial Transaction	11		1	100	100	100	100	100
Total	7,610	7,672	11,800	3,750	6,115	6,109	6,115	6,109

Full-Time Equivalents

10.72	11.68	13.08	17.00	17.19	17.17	17.19	17.17
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Resource Protection Rules/Law

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
1000 - General								
Balance Forward In	56	208	18	3				
Direct Appropriation	4,389	4,339	7,773	927				
Cancellations		3						
Balance Forward Out	187	18	3					
Expenditures	4,258	4,527	7,788	930	4,350	4,350	4,350	4,350
Biennial Change in Expenditures				(66)		(18)		(18)
Biennial % Change in Expenditures				(1)		(0)		(0)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	5.89	7.31	7.85	7.40	7.40	7.40	7.40	7.40

2000 - Restrict Misc Special Revenue

Balance Forward In	72	8	22	1,074	904	824	904	824
Receipts	399	411	674	679	679	679	679	679
Transfers In			942	1,000	1,000	1,000	1,000	1,000
Balance Forward Out	2	9	1,074	904	824	744	824	744
Expenditures	469	410	564	1,849	1,759	1,759	1,759	1,759
Biennial Change in Expenditures				1,535		1,105		1,105
Biennial % Change in Expenditures				175		46		46
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.83	4.37	5.13	9.50	9.79	9.77	9.79	9.77

2001 - Other Misc Special Revenue

Balance Forward In	1,244	486	350	349	6		6	
Receipts	3,375	2,545	2,825					
Balance Forward Out	1,736	295	350	6				
Expenditures	2,883	2,736	2,825	343	6		6	
Biennial Change in Expenditures				(2,450)		(3,162)		(3,162)
Biennial % Change in Expenditures				(44)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Resource Protection Rules/Law

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2050 - Environment & Natural Resources

Balance Forward In			110	28				
Direct Appropriation		110	540	600	0	0	0	0
Balance Forward Out		110	28					
Expenditures			622	628				
Biennial Change in Expenditures				1,250		(1,250)		(1,250)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			0.10	0.10				

3000 - Federal

Balance Forward In	1							
Expenditures	1							
Biennial Change in Expenditures				(1)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								

Program: Board Administration and Agency Operationsbwsr.state.mn.us/**AT A GLANCE**

- 20-member governing board includes local officials, citizens, and agency partners
- 127 staff in nine offices
- 1,183 grants to local governments issued in FY18

PURPOSE & CONTEXT

The goal of Board Administration and Agency Operations is to provide high quality, timely, and cost-effective operational and administrative service.

In addition to providing resources to agency staff, it provides direct support to the 20-member Board, as well as support and information to external partners such as local governments, non-governmental and other community groups, businesses, legislators, and citizens.

SERVICES PROVIDEDAdministrative Services

Administrative Services provides human resources, labor relations, budgeting, payroll, purchasing, contracting, accounting, facilities, motor pool service, and financial reporting services to the agency.

Board Operations

The Board, as appointed by the Governor, provides direction and governance on policy development and grants funds to implement the state's conservation programs and regulatory decisions. The Board comprises three citizens, representatives from local governments (two city, three county, one township, three watershed district, and three soil and water conservation district), and a state agency representative from Department of Agriculture, Department of Natural Resources, Pollution Control Agency, Department of Health, and University of Minnesota Extension Service. Staff provides operational and logistical support to the Board.

Agency Leadership and External Relations

BWSR's Executive Team provides leadership and direction for the agency, develops and implements Board policies, manages regulatory and legislative affairs, and represents the agency in interactions with stakeholders and local, state, and federal agencies.

Internal Controls/Evaluation

Internal Controls provides appropriate internal control policies and related oversight and accountability for agency programs, financial oversight and verification of grants to local governments, and assessment of local government performance.

Information Technology

Information Technology provides direction to MN.IT@BWSR and the business-side expertise to develop and implement essential programming systems, coordinate geographic information systems, and manage telecommunication and network infrastructure.

Communications

Communications provides for strategic agency communication, including implementing the Governor's directive to use social media as part of the agency's External Communications Plan.

Training

BWSR provides high quality and intentional training for both its staff and local government partners to increase their effectiveness in implementing their work to improve and protect the state's soil and water resources.

RESULTS

To understand the impact of this budget program, BWSR reviews agency operations for efficiency and adequate internal controls. This includes completing an agency Risk Management Plan and implementing an annual internal control self-assessment certification. BWSR also seeks to understand the public's awareness of the agency's work. BWSR's communications work is directed by an External Communications Plan. Finally, BWSR reviews the efficiency and program effectiveness of its local government grantees. Since 2007, BWSR has been methodically assessing the performance of the local units of government that constitute Minnesota's delivery system for conservation of water and soil resources. BWSR also reviews grants for full compliance with the Office of Grants Management policy and other management best practices.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of total budget spent on local program implementation (grants and projects)	85%	83%	2015, 2017
Quantity	Number of overdue local water plans	8	3	2016, 2017
Quantity	Print Media Coverage	28 million aggregated people reached	48.2 million aggregated people reached	2017, 2018
Quantity	Social Media Coverage	911 Facebook and Twitter followers	2,380 Facebook and Twitter followers	2015, 2018
Quality	Percent grant funds to local governments reconciled (should be at least 10% per Office of Grants Management policy)	11%	16%	2014, 2017

The legal authority for the Board of Water and Soil Resources comes from Minnesota Statutes Chapter 103B (<https://www.revisor.mn.gov/statutes/?id=103B>).

Board Admin & Agency Ops

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,898	4,197	4,474	4,734	4,550	4,550	5,737	5,542
2001 - Other Misc Special Revenue	40	45	10	1				
2302 - Clean Water	521							
3000 - Federal		125	987	671	355	105	355	105
Total	4,458	4,368	5,472	5,406	4,905	4,655	6,092	5,647
Biennial Change				2,052		(1,318)		861
Biennial % Change				23		(12)		8
Governor's Change from Base								2,179
Governor's % Change from Base								23
<u>Expenditures by Activity</u>								
Board Admin & Agency Ops	4,458	4,368	5,472	5,406	4,905	4,655	6,092	5,647
Total	4,458	4,368	5,472	5,406	4,905	4,655	6,092	5,647
<u>Expenditures by Category</u>								
Compensation	3,079	3,205	3,517	4,142	3,680	3,430	4,113	3,732
Operating Expenses	1,328	1,093	1,320	1,262	1,223	1,223	1,977	1,913
Grants, Aids and Subsidies			552					
Capital Outlay-Real Property			80					
Other Financial Transaction	50	69	3	2	2	2	2	2
Total	4,458	4,368	5,472	5,406	4,905	4,655	6,092	5,647
Total Agency Expenditures	4,458	4,368	5,472	5,406	4,905	4,655	6,092	5,647
Internal Billing Expenditures	19							
Expenditures Less Internal Billing	4,439	4,368	5,472	5,406	4,905	4,655	6,092	5,647
<u>Full-Time Equivalents</u>								
	31.25	30.92	36.35	39.15	36.02	33.82	38.42	36.02

Board Admin & Agency Ops

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		41		197				
Direct Appropriation	3,932	4,160	4,680	4,545	4,558	4,558	5,745	5,550
Receipts	1							
Transfers Out			8	8	8	8	8	8
Cancellations		4						
Balance Forward Out	34		198					
Expenditures	3,898	4,197	4,474	4,734	4,550	4,550	5,737	5,542
Biennial Change in Expenditures				1,113		(108)		2,071
Biennial % Change in Expenditures				14		(1)		22
Governor's Change from Base								2,179
Governor's % Change from Base								24
Full-Time Equivalents	28.69	29.95	33.94	33.26	32.57	32.57	34.97	34.77

2001 - Other Misc Special Revenue

Balance Forward In		1	12	1				
Receipts	41	56						
Balance Forward Out	1	12	1					
Expenditures	40	45	10	1				
Biennial Change in Expenditures				(74)		(11)		(11)
Biennial % Change in Expenditures				(87)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.43	0.21					

2302 - Clean Water

Balance Forward In	856							
Cancellations	335							
Expenditures	521							
Biennial Change in Expenditures				(521)		0		0
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	2.56							

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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3000 - Federal

Balance Forward In			15					
Receipts		140	971	671	355	105	355	105
Balance Forward Out		15						
Expenditures		125	987	671	355	105	355	105
Biennial Change in Expenditures				1,533		(1,198)		(1,198)
Biennial % Change in Expenditures						(72)		(72)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents		0.54	2.20	5.89	3.45	1.25	3.45	1.25

Program: Permanent Resource Protection

bwsr.state.mn.us/

AT A GLANCE

- Uses science-based conservation methods to achieve multiple benefits:
 - Creates and restores wildlife habitat
 - Improves hunting and fishing
 - Reduces soil erosion and improves water quality
 - Provides flood retention
 - Enhances groundwater recharge
 - Creates and sustains Minnesota jobs
- Funded more than 7,700 easements, protecting more than 290,500 acres since 1986

PURPOSE & CONTEXT

This program is a critical component of the state's goals to protect and improve water quality, protect and enhance wildlife habitat, and reduce flooding. Through the Reinvest in Minnesota (RIM) Reserve program, the Board of Water and Soil Resources (BWSR) acquires conservation easements to permanently protect, restore, and manage resources while keeping the land in private ownership. Specifically, RIM easements protect the state's water and soil resources by:

- Retiring marginal agricultural lands.
- Restoring drained wetlands and associated buffers.
- Acquiring buffers in sensitive landscapes.
- Reducing flood potential by expanding flood retention areas along rivers.

Today, RIM is the largest non-federal private lands permanent protection program in the country. Anchored in the work of local soil and water conservation districts, the program uses an effective system of local delivery and key federal and non-governmental organization partnerships.

SERVICES PROVIDEDConservation Easement Acquisition

The RIM Reserve program consists of several sub-programs aimed at protecting and restoring wetlands, wild rice lakes, and areas along lakes, rivers, and streams. RIM is the state program that supports the Minnesota Conservation Reserve Enhancement Program (MN CREP), a federal-state partnership launched in 2017 that will permanently protect up to 60,000 acres of environmentally sensitive land in a 54-county area in western and southern Minnesota. The MN CREP will leverage up to \$350 million dollars in federal payments directly to landowners. BWSR also works to protect lands from intensive development within a three-mile radius around Camp Ripley, ensuring both the protection of high quality wildlife habitat and continued use of Camp Ripley as a National Guard training facility. RIM Reserve targets the highest priority areas through science-based conservation methods. Conservation activities are prioritized based on a methodology that determines the areas where dollars spent maximize return on investment. Agency staff provide the necessary administrative, legal, and engineering expertise to secure perpetual conservation easements with private landowners through local soil and water conservation districts (SWCDs). The State of Minnesota holds conservation easements on restored wetlands, adjacent native grassland and buffers while the land remains in private ownership. RIM Reserve dollars are primarily used for easement payments to landowners, project construction costs associated with restoring

wetland basins and establishing native vegetation, and program implementation (surveying, engineering designs, and realty transactions).

Conservation Easement Management

Effective long-term easement management requires documenting baseline conditions at the time of acquisition as well as regular ongoing monitoring, and enforcement when necessary, to ensure compliance. Local SWCDs perform regular monitoring inspections of all conservation easements. BWSR maintains baseline, monitoring, and geospatial data.

RESULTS

Measuring performance of this program is guided by progress toward goals outlined in state habitat and water quality plans and strategies, like the Minnesota Prairie Conservation Plan and Nutrient Reduction Strategy, which call for increasing connected areas of wildlife habitat and using conservation easements in strategic locations to reduce the amount of pollutants reaching Minnesota's waters. For example, according to the Minnesota Pollution Control Agency study on Nitrogen in Minnesota Surface Waters, the two most significant treatments for reducing nitrogen are putting riparian land that is currently in corn into grass and putting into perennials those areas where corn grows only marginally. BWSR aims to create and sustain Minnesota jobs. Based on a report from the Natural Resources Conservation Service, for every \$100,000 in RIM funding, one new non-agency job is created or maintained and \$128,000 in total economic output is achieved. Finally, in order to make sure this program is effective into the future, BWSR needs to ensure the long-term integrity of conservation easements. BWSR accomplishes this through regular monitoring.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Acres protected under RIM Reserve	263,750	290,500	2015, 2017
Quality	Percent easements monitored on schedule	100%	100%	2015, 2017
Results	Percent of easements with compliance issues (should be <5%)	0.5%	0.5%	2015, 2017

The legal authority for the Permanent Resource Protection Program is found in Minnesota Statutes, Chapter 103F.501-103F.535 (<https://www.revisor.leg.state.mn.us/statutes/?id=103F>).

Permanent Resource Protection

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2000 - Restrict Misc Special Revenue	10	2	13	32	4	4	4	4
2001 - Other Misc Special Revenue	244	832	1,316	1,600	1,599	1,599	1,599	1,599
2300 - Outdoor Heritage	22,569	6,002	13,774	53,902				
2302 - Clean Water	1,158	3,436	3,560	45,975			24,000	19,000
3000 - Federal	3,848	2,184	2,118	2,590	2,687	2,733	2,687	2,733
Total	27,828	12,455	20,781	104,099	4,290	4,336	28,290	23,336
Biennial Change				84,596		(116,254)		(73,254)
Biennial % Change				210		(93)		(59)
Governor's Change from Base								43,000
Governor's % Change from Base								498

Expenditures by Activity

Permanent Protection	27,828	12,455	20,781	104,099	4,290	4,336	28,290	23,336
Total	27,828	12,455	20,781	104,099	4,290	4,336	28,290	23,336

Expenditures by Category

Compensation	1,799	1,559	1,077	1,707	397	353	2,722	2,578
Operating Expenses	925	336	2,203	2,655	643	733	643	733
Grants, Aids and Subsidies	1,079	1,878	10	20,471			20,225	15,325
Capital Outlay-Real Property	20,603	8,000	13,306	63,168	3,000	3,000	4,450	4,450
Other Financial Transaction	3,422	683	4,185	16,098	250	250	250	250
Total	27,828	12,455	20,781	104,099	4,290	4,336	28,290	23,336

Full-Time Equivalents

	19.70	17.00	11.53	17.83	4.10	4.10	27.00	26.00
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Permanent Resource Protection

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2000 - Restrict Misc Special Revenue								
Balance Forward In	14	5	5	57	45	41	45	41
Receipts		2	65	20				
Balance Forward Out	4	5	57	45	41	37	41	37
Expenditures	10	2	13	32	4	4	4	4
Biennial Change in Expenditures				34		(37)		(37)
Biennial % Change in Expenditures				297		(82)		(82)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	711	730	346	1,315	1,188	879	1,188	879
Receipts	250	750	1,262	1,290	1,290	1,290	1,290	1,290
Transfers In	19	56	1,023	183				
Transfers Out	19	358						
Balance Forward Out	717	346	1,315	1,188	879	570	879	570
Expenditures	244	832	1,316	1,600	1,599	1,599	1,599	1,599
Biennial Change in Expenditures				1,840		282		282
Biennial % Change in Expenditures				171		10		10
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.36	3.59	2.83	3.22	3.22	3.22	3.22	3.22

2300 - Outdoor Heritage

Balance Forward In	27,780	15,392	34,383	36,763				
Direct Appropriation	7,513	23,061	17,260	17,154	0	0	0	0
Transfers Out		39	906	15				
Cancellations	100	281	200					
Balance Forward Out	12,624	32,132	36,763					
Expenditures	22,569	6,002	13,774	53,902				
Biennial Change in Expenditures				39,105		(67,676)		(67,676)
Biennial % Change in Expenditures				137		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								

Permanent Resource Protection

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Full-Time Equivalents	12.85	12.53	6.92	13.64				

2302 - Clean Water

Balance Forward In	4,802	20,875	33,774	36,868				
Direct Appropriation	16,625	16,625	8,125	10,125	0	0	24,000	19,000
Receipts	16							
Transfers In	500							
Transfers Out		583	1,362	1,018				
Cancellations		9	108					
Balance Forward Out	20,785	33,472	36,868					
Expenditures	1,158	3,436	3,560	45,975			24,000	19,000
Biennial Change in Expenditures				44,942		(49,535)		(6,535)
Biennial % Change in Expenditures				978		(100)		(13)
Governor's Change from Base								43,000
Governor's % Change from Base								
Full-Time Equivalents			0.09	0.09			22.90	21.90

3000 - Federal

Balance Forward In	135	151	113	113	5,199	4,512	5,199	4,512
Receipts	3,864	2,147	2,118	7,676	2,000	2,000	2,000	2,000
Balance Forward Out	150	113	113	5,199	4,512	3,779	4,512	3,779
Expenditures	3,848	2,184	2,118	2,590	2,687	2,733	2,687	2,733
Biennial Change in Expenditures				(1,324)		712		712
Biennial % Change in Expenditures				(22)		15		15
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	4.49	0.88	1.69	0.88	0.88	0.88	0.88	0.88

Program: Program: Local Water Managementbwsr.state.mn.us/**AT A GLANCE**

- Five approved *One Watershed, One Plan* plans, 22 plans in process
- 90 Conservation Delivery grants issued in 2018, totaling \$1.7 million
- 30 grants to improve and protect Minnesota's waters issued in 2017, totaling \$6.5 million
- \$8.7 million in grants for a watershed-based funding pilot program in seven-county metro area and approved *One Watershed, One Plan* plans
- \$11 million in capacity funding annually for soil and water conservation districts statewide

PURPOSE & CONTEXT

The goal of this program is to develop and maintain local capacity to protect and enhance Minnesota's water and soil resources. The Board of Water and Soil Resources does this by ensuring adequate technical resources and capacity are in place to implement protection and restoration projects at the local level and by providing adequate training, oversight, and accountability.

This includes the capacity to plan and implement local water management plans. BWSR has oversight responsibilities to ensure that local water plans are prepared and coordinated with existing local and state efforts and that plans are implemented effectively. These local plans focus on priority concerns, defined goals and objectives, and measurable outcomes.

SERVICES PROVIDEDConservation Delivery Grants

These grants represent a long-standing partnership between state, local, and federal governments to provide base-level resources for operating expenses associated with the local delivery of state conservation programs by providing each soil and water conservation district (SWCD) with a certain degree of funding stability. These funds help provide shared engineering and technical assistance for SWCDs through eight regional Technical Service Areas. They also provide resources for SWCD staff to monitor Reinvest in Minnesota (RIM) Reserve conservation easements to ensure compliance with those easements.

Water Management Planning

Protecting and restoring Minnesota's water resources relies on the knowledge, authorities, partnerships, commitment, and resources of state and local governments. Working with local governments on their water management plans ensures the water resources of the state will be effectively managed. Specifically, BWSR guides local government staff and boards as they develop comprehensive water management plans that address local priorities while meeting state requirements and goals. Local water plans include Comprehensive Local Water Management Plans (County Water Plans), Watershed District Watershed Management Plans, Metro Watershed Management Plans, Metro County Groundwater Management Plans, and Soil and Water Conservation Comprehensive Plans. BWSR's Board reviews and approves local water plans. Agency staff provide overall program guidance, process affiliated grants, and provide plan review and comments.

The *One Watershed, One Plan* concept was initiated in 2011 by the Local Government Water Roundtable, authorized by the Legislature in 2012, and formally launched in 2013. The program moves the planning and implementation of water management from county boundaries to a watershed scale. Five plans have been approved and 22 are in process. This year, BWSR launched a watershed-based funding pilot program for the five approved plans and the seven-county metro area that will support conservation work on a watershed scale.

Water Management Implementation

Working through the local conservation delivery system, BWSR provides grants that allow local governments to fund water quality projects that are prioritized and targeted to the most critical source areas. These grants include projects and practices that protect and restore surface and drinking water, water quality-focused easements, conservation drainage, and work that accelerates implementation. This strategic approach helps to meet locally-identified water quality goals within the larger scope of Minnesota's clean water efforts, helping to meet statewide water quality goals through the prevention and reduction of non-point source pollution.

Pass-Through Grant Management

This area includes pass-through funding for two local water entities: Area II and the Red River Basin Commission. Area II was formed in 1978 as a non-profit organization and works to alleviate the recurrent flood problems in southwestern Minnesota—specifically in Brown, Cottonwood, Lac qui Parle, Lincoln, Lyon, Murray, Pipestone, Redwood, and Yellow Medicine counties. The Red River Basin Commission works toward comprehensive and integrated natural resource planning, management and implementation in the Red River Basin.

RESULTS

This program aims to ensure that SWCDs have a base level of capacity to address water and soil resource concerns. Since 2007 BWSR has been methodically assessing the performance of the local units of government that constitute Minnesota's delivery system for conservation of water and soils resources through the Performance Review and Assistance Program. BWSR also aims to enhance management of water resources due to long-range plans being in place according to the 10-year planning cycle. Plans are improving by becoming more focused and watershed-based as demonstrated by the launch of the watershed-based funding pilot program.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	SWCDs meeting basic performance and accountability requirements	87%	90%	2015, 2017
Quantity	Number of overdue water plans	8	3	2016, 2017

Minnesota Statutes, Chapter 103B (<https://www.revisor.mn.gov/statutes/?id=103b>); Minnesota Statutes, Chapter 103C (<https://www.revisor.mn.gov/statutes/?id=103c>); Minnesota Statutes, Chapter 103D (<https://www.revisor.mn.gov/statutes/?id=103d>).

Local Water Management

Program Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	3,256	3,473	5,152	1,812	3,481	3,481	5,901	3,856
2000 - Restrict Misc Special Revenue	41	54	43	41	40	40	40	40
2001 - Other Misc Special Revenue	761	704	170	151				
2050 - Environment & Natural Resources	1,504	1,097	2,052	17,662				
2302 - Clean Water	35,952	43,721	37,954	47,466			42,240	41,740
Total	41,514	49,048	45,372	67,132	3,521	3,521	48,181	45,636
Biennial Change				21,941		(105,462)		(18,687)
Biennial % Change				24		(94)		(17)
Governor's Change from Base								86,775
Governor's % Change from Base								1,232
<u>Expenditures by Activity</u>								
BWSR Operations	2,706	6,128	9,657	26,337	125	125	18,565	18,565
Grants To Local Govt	38,807	42,920	35,715	40,795	3,396	3,396	29,616	27,071
Total	41,514	49,048	45,372	67,132	3,521	3,521	48,181	45,636
<u>Expenditures by Category</u>								
Compensation	2,369	3,598	5,306	5,047			3,571	3,561
Operating Expenses	1,184	3,820	3,873	2,551	351	351	1,648	1,618
Grants, Aids and Subsidies	35,773	41,498	35,941	46,724	3,170	3,170	42,962	40,457
Capital Outlay-Real Property	2,059	125	249	12,810				
Other Financial Transaction	129	7	3					
Total	41,514	49,048	45,372	67,132	3,521	3,521	48,181	45,636
<u>Expenditures by Agency</u>								
Total Agency Expenditures	41,514	49,048	45,372	67,132	3,521	3,521	48,181	45,636
Internal Billing Expenditures	0							
Expenditures Less Internal Billing	41,514	49,048	45,372	67,132	3,521	3,521	48,181	45,636
<u>Full-Time Equivalents</u>								
	24.59	34.94	52.64	51.97	1.04	1.04	38.14	38.04

Local Water Management

Program Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	18	118	2	1,447				
Direct Appropriation	3,356	3,356	6,597	365	3,481	3,481	5,901	3,856
Balance Forward Out	118	2	1,447					
Expenditures	3,256	3,473	5,152	1,812	3,481	3,481	5,901	3,856
Biennial Change in Expenditures				236		(2)		2,793
Biennial % Change in Expenditures				4		(0)		40
Governor's Change from Base								2,795
Governor's % Change from Base								40

2000 - Restrict Misc Special Revenue

Balance Forward In	20	21	9	11	10	10	10	10
Receipts	41	43	44	40	40	40	40	40
Transfers In		4						
Transfers Out		4						
Balance Forward Out	20	9	10	10	10	10	10	10
Expenditures	41	54	43	41	40	40	40	40
Biennial Change in Expenditures				(11)		(4)		(4)
Biennial % Change in Expenditures				(12)		(4)		(4)
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	532	124	28	16				
Receipts	348	606	159	135				
Balance Forward Out	118	27	16					
Expenditures	761	704	170	151				
Biennial Change in Expenditures				(1,144)		(321)		(321)
Biennial % Change in Expenditures				(78)		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.52	0.87	0.90	0.76				

2050 - Environment & Natural Resources

Local Water Management

Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
Balance Forward In	761	1,511	3,516	12,662				
Direct Appropriation	2,203	3,162	11,771	5,000	0	0	0	0
Transfers Out			33					
Cancellations	42	85	541					
Balance Forward Out	1,418	3,491	12,661					
Expenditures	1,504	1,097	2,052	17,662				
Biennial Change in Expenditures				17,114		(19,714)		(19,714)
Biennial % Change in Expenditures				658		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	0.09	0.19	3.90	3.25				

2302 - Clean Water

Balance Forward In	6,189	9,391	6,295	7,144				
Direct Appropriation	40,216	39,697	37,786	39,472	0	0	42,240	41,740
Receipts	1	13	10					
Transfers In	2,231	3,470	5,017	2,850				
Transfers Out	2,231	3,060	3,739	2,000				
Cancellations	3,320	23	271					
Balance Forward Out	7,133	5,767	7,143					
Expenditures	35,952	43,721	37,954	47,466			42,240	41,740
Biennial Change in Expenditures				5,747		(85,420)		(1,440)
Biennial % Change in Expenditures				7		(100)		(2)
Governor's Change from Base								83,980
Governor's % Change from Base								
Full-Time Equivalents	23.98	33.88	47.84	47.96	1.04	1.04	38.14	38.04

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
U.S Army (ARNG) (ACUB) 12.401	1. Easement Program in which easements are approved and funded by U.S Army.	No	2,043	2,533	2,633	2,733	No	.36
U.S Army Corps of Engineers (COE) 10.912	2. Work with US Army Corp of engineers on interpersonal agreements	No	75	57	54	0	No	.52
	Program Total: Permanent Resource Protection		2,118	2,590	2,687	2,733		.88
U.S Environmental Protection Agency (EPA) 66.461	3. Wetland Development Program (EPA) To assess the long-term condition of wetland mitigation sites.	No	84	101	0	0	25% match No MOE	1.60
Dept. Ag / NRCS 10.902	4. Board Admin and Agency: Expand technical training and certification of conservation professionals	No	294	364	250	0	50% match. No MOE	3.28
Dept. Ag / NRCS 10.933	5. Developing Wetland Mitigation bank with credits acceptable for use in USDA wetland compliance.	No	57	71	0	0	No	.76
Dept. Ag / NRCS 10.902	6. Training and Certification (Technical) for BWSR staff	No	552	115	0	0	50% match. No MOE	1
Dept. Ag / NRCS 10.902	7. Targeted Stories-To increase conservation practice adoption in MN. To increase awareness of NRCS programs and part. And lead change in social landscape by normalizing the adoption of conservation practices and demonstrating the success of local landowners.	Yes	0	20	50	50	50% match. No MOE	.25
Dept. Ag / NRCS 10.924	8. Soil Health Assistance-Build knowledge and skills associated with soil health principles and associated conservation practices amongst our conservation delivery system workforce.	Yes	0	0	55	55	Match almost 50% BWSR-110K Match-120K	1
	Program Total: Board Admin & Agency Ops		987	671	355	105		5.89
	Federal Fund – Agency Total		3,105	3,261	3,042	2,838		8.77

Narrative

Federal funds use is intermittent in the agency.

- Natural Resource Conservation Service (NRCS).
- U.S Army Compatible Use Buffer (ACUB)
- U.S Army Corp of Engineers (COE)
- Environmental Protection Agency (EPA)

1. The U.S. Army Compatible Use Buffer (ACUB) Program provides funds for purchases of easements. The program is ongoing and entirely dependent on federal fund availability year to year. FY2018 and beyond are estimates only. There is no state match or MOE.

2. The U.S. Army Corp of Engineers (COE) contracts with BWSR to do federal portion of work that is in shared federal/state programs. BWSR already has staff doing the state side of the work, and sometimes the COE enters into Interpersonal Agreements for state staff to do some federal project work. There is no state match required and the federal work offsets state work time. There is no MOE. Agreements are short term and estimates are based on history.
3. The Environmental Protection Agency (EPA) agreement has increased from FY18 to FY19. The state and federal government are partners in wetland mitigation and wetland restoration. This agreement will have a 75% contribution. There is no MOE.
4. The Technical Training and Certification program agreement with NRCS has increased from FY18 to FY19 with the addition of staff. It will increase training efforts of local government conservation employees who work in partnership with BWSR in conservation efforts. There is a 50% state match and no MOE. The funding estimate is based on the state/federal agreement.
5. The Wetland Banking Mitigation Program is an agreement with NRCS to help agricultural producers to meet wetland conservation compliance requirement necessary to remain eligibility for USDA Programs. The goal of the partnership is to increase quality wetland mitigation opportunities for Minnesota producers through the State Agricultural Wetland Bank administered by BWSR. There is no state match requirement and no MOE. The funding estimate is based on the state/federal agreement.
6. The Targeted Watershed Based Conservation Planning Program is an agreement with NRCS to provide landowners in up to eleven sub-watersheds in MN additional technical and financial assistance to conduct on-farm environmental assessment, conservation plans. These assessments and plans will lead to accelerated enrollment in federal and state conservation assistance programs in the targeted watersheds with the goal of scaling up the adopting and implementation of soil and water conservation practices that will have a measureable effect on improving water quality and soil health. BWSR will receive 1.5 million of federal funds from NRCS and will provide 1.5 million in matching funds.
7. The Targeted Stories is a new program to increase conservation practice adoption in Minnesota is an agreement with NRCS. The program is a new program to BWSR. Both BWSR and NRCS have a mutual interest in the furtherance of USDA conservation programs administered by the NRCS to assure they are effectively implemented and address federal, state, and local priorities. The proposal is for a targeted communication effort will fund an information officer to create and share stories on successful partnership and NRCS projects that improve soil and water resources and create wildlife habitat while maintaining farming operations. The stories will be distributed through the media, soil media and local organizations. There is a 50% state match and no MOE. The agreement is 240K with BWSR receiving 120K from NRCS and BWSR will provide 120K in matching funds. Length of agreement (09-01-2018 thru 08/31/2021).
8. The Soil Health Assistance is a new program. It's agreement with BWSR and the NRCS. Both have a mutual interest to protect and improve soil resources and water quality by developing the knowledge, skill, and ability of local conservationists to more effectively partner with stakeholders and promote sustainable land management. This project is essential to build the knowledge for NRCS employees, Extension Educators, Soil and Water Conservation District (SWCD) staff, and Certified Crop Advisor (CCA) to assist farmers in practical application of soil health practices. There is almost 50% state match and no MOE. The agreement is 230K with BWSR receiving 110K from NRCS and BWSR will provide 120K in matching funds. Length on agreement (09/01/2018-12/31/2021).

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Workers' Compensation Court of Appeals

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AT A GLANCE

- Five appellate judges, who sit as panels of three or five.
- Budget 100% funded by the Workers Compensation Fund.
- We review workers' compensation appeals from the Office of Administrative Hearings, the Department of Labor & Industry and union workers' compensation arbitration.
- We also decide petitions to reopen workers' compensation settlements.
- Our website provides information, rules and searchable text of decisions of the court.
- Appeals from our decisions proceed directly to the Minnesota Supreme Court.

PURPOSE

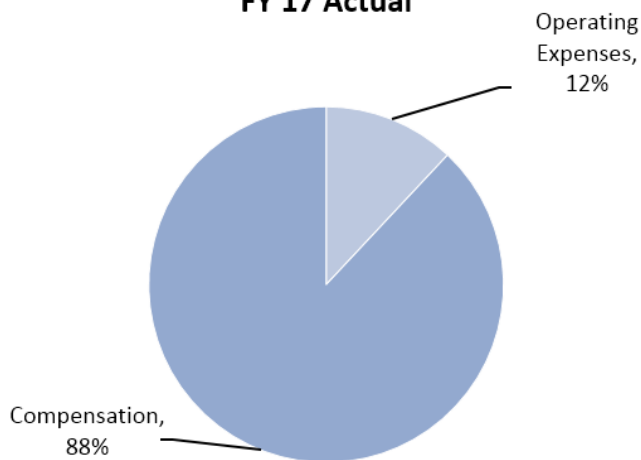
The Workers' Compensation Court of Appeals' mission is to provide equal access to fair and timely review of disputed workers' compensation issues which affect entitlement to and delivery of workers' compensation wage loss and medical benefits.

Outcomes advanced include:

- **Efficient and accountable government services**
- **A thriving economy that encourages business growth and employment opportunities**
- **People in Minnesota are safe**
- **All Minnesotans have optimal health**

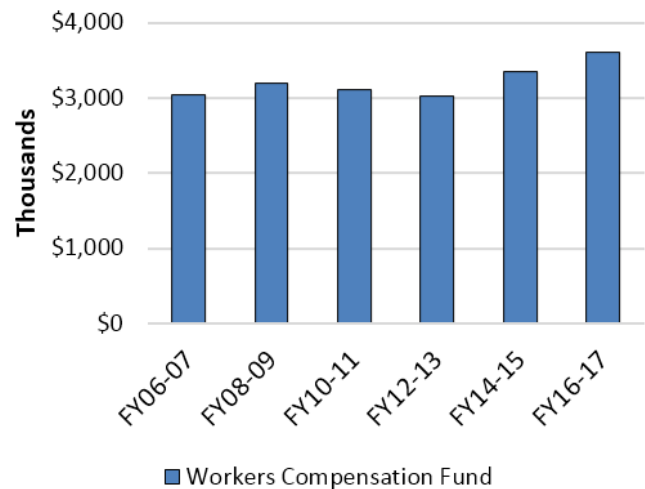
BUDGET

**Spending by Category
FY 17 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

STRATEGIES

We work to provide equal access to fair and timely review of disputes before us by:

- Reviewing the evidentiary record created by the initial decision making body;
- Presiding over oral arguments;
- Conducting necessary legal research;

- Deciding the issues; and
- Issuing appropriate written orders, decisions and memoranda.

RESULTS

We decide disputes before us promptly under our statutory mandate to:

- Ensure the quick and efficient delivery of benefits to injured workers at a reasonable cost to employers;
- Maintain economic stability for injured workers and their families;
- Provide for appropriate medical treatment of work-related illnesses and injuries;
- Support a competitive business climate for Minnesota employers by reducing the amount of litigation; and
- Support employers in creating safe and healthy work environments.

Decisions are written to inform the parties and the public of the basis for the court's decisions and to create a consistent body of law interpreting and applying the Minnesota Workers' Compensation Act. Our decisions are provided to the public both in published volumes and at: <https://mn.gov/workcomp/decisions/>.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Cases processed by the WCCA	108	122	FY 2016: FY 2017
Quality	Average number of days between case assignment and issuance of decision	55	68	FY 2016: FY 2017
Results	% of WCCA decisions reversed by Supreme Court	4%	2%	FY 2016: FY 2017

The legal authority for the Workers' Compensation Court of Appeals is provided by Minn. Stat. Chapters 175A and 176 (<https://www.revisor.mn.gov/statutes/?id=175A>; <https://www.revisor.mn.gov/statutes/?id=176>).

Workers Compensation Court of Appeals

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21

Expenditures by Fund

2830 - Workers Compensation	1,752	1,857	1,815	2,046	1,952	1,952	2,222	2,283
Total	1,752	1,857	1,815	2,046	1,952	1,952	2,222	2,283
Biennial Change				252		43		644
Biennial % Change				7		1		17
Governor's Change from Base								601
Governor's % Change from Base								15

Expenditures by Program

Workers Comp Ct of Appeals	1,752	1,857	1,815	2,046	1,952	1,952	2,222	2,283
Total	1,752	1,857	1,815	2,046	1,952	1,952	2,222	2,283

Expenditures by Category

Compensation	1,541	1,625	1,572	1,801	1,703	1,698	1,933	1,979
Operating Expenses	211	225	243	245	249	254	289	304
Other Financial Transaction		7						
Total	1,752	1,857	1,815	2,046	1,952	1,952	2,222	2,283

Full-Time Equivalents

	11.73	11.91	10.99	12.00	11.00	11.00	13.00	13.00
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Workers Compensation Court of Appeals

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
2830 - Workers Compensation								
Balance Forward In		73		98				
Direct Appropriation	1,817	1,913	1,913	1,948	1,952	1,952	2,222	2,283
Cancellations		129						
Balance Forward Out	65		98					
Expenditures	1,752	1,857	1,815	2,046	1,952	1,952	2,222	2,283
Biennial Change in Expenditures				252		43		644
Biennial % Change in Expenditures				7		1		17
Governor's Change from Base								601
Governor's % Change from Base								15
Full-Time Equivalents	11.73	11.91	10.99	12.00	11.00	11.00	13.00	13.00

Workers Compensation Court of Appeals

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 2830 - Workers Compensation				
FY2019 Appropriations	1,948	1,948	1,948	3,896
Base Adjustments				
Pension Allocation		4	4	8
Forecast Base	1,948	1,952	1,952	3,904
Change Items				
WCCA Operational Increases		270	331	601
Total Governor's Recommendations	1,948	2,222	2,283	4,505

Workers' Compensation Court of Appeals

FY 20-21 Biennial Budget Change Item

Change Item Title: WCCA Operational Increases

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	270	331	331	331
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	270	331	331	331
FTEs	2	2	2	2

Request:

The Governor recommends additional funding of \$270,000 in FY20 and \$331,000 in FY21 to maintain the current level of service delivery at the Worker's Compensation Court of Appeals (WCCA). This includes increases for current projected compensation, MN.IT rate increases and rent increases.

Rationale/Background:

Each year, the cost of operating this court increases due to budget pressures including salaries, technology and system upgrade costs, as well as other operating costs like rent. The increase in compensation for this court includes \$230,000 in FY20 and \$281,000 in FY21. Additionally, it is estimated that the court will need \$5,000 more per year to cover MN.IT costs as it relates to the Workers Compensation System upgrade in partnership with the Department of Labor and Industry and the Office of Administrative Hearings. Finally, rent increases require an additional \$35,000 in FY20 and \$45,000 in FY21.

IT cost growth drivers may include dedicated MNIT staff compensation-related increases, increased volume usage of enterprise IT services, increased software licensing costs, and/or application support and maintenance cost increases.

This recommendation is to keep the court's current and future level of service and furthers the court's mission to produce high quality and consistent decisions in a timely manner, ensuring quick and efficient delivery of workers' compensation benefits to qualified injured workers at a reasonable cost to employers.

Proposal:

The Governor recommends increasing the agency's operating budget to maintain the delivery of current services. For the Worker's Compensation Court of appeals this funding will cover employee compensation growth, increased technology costs, and growing rent pressures.

Equity and Inclusion:

This proposed change will allow the WCCA to continue the court's initiative to create a process for easier access for all into the workers' compensation system through its modernized IT system as well as ensures that service levels are adequate to help all people in need of the court's services.

IT Related Proposals:

This change will allow the WCCA to continue technology interactions with MN.IT and the systems maintained.

Results:

This proposal is intended to allow the agency to continue to provide current levels of service to the public.

Statutory Change(s):

There are no statutory changes.

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Minnesota Zoological Gardens

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AT A GLANCE

- A world-class conservation venue that is home to more than 4,900 animals—many endangered
- 485 acre campus with 121 buildings and related facilities
- 1.3 million visitors annually
- The state's largest environmental educator, with more than 400,000 participants each year
- \$222.7 million annual economic impact, supporting more than 2,200 jobs
- More than 89,000 free admissions to Minnesotans who qualify for assistance programs such as the Supplemental Nutrition Assistance Program and MinnesotaCare through Free to Explore

PURPOSE

The mission of the Minnesota Zoological Garden (Minnesota Zoo or Zoo) is to connect people, animals and the natural world to save wildlife.

The Minnesota Zoo is a primary recreation destination for the state, as well as the state's largest environmental education center and a worldwide leader in conservation. While physically located in Apple Valley, the Minnesota Zoo serves and belongs to all Minnesotans.

When the Minnesota Zoo opened 40 years ago, it introduced people to a new kind of zoo: a zoo where animals lived in open, naturalistic settings rather than inside cages with steel bars. Today, that forward thinking has set a new standard for zoos throughout the world. The Zoo's exhibits include Russia's Grizzly Coast, Discovery Bay, Medtronic Minnesota Trail, 3M Penguins of the African Coast, Tropics Trail, Northern Trail and the Wells Fargo Family Farm. Exploring these exhibits encourages guests to engage in conservation issues, learn about ecosystems worldwide, and celebrate Minnesota's natural history. In addition, the Zoo features amenities like Hanifl Family Wild Woods and Woodland Adventure, which promote nature-based play and an appreciation for the natural world. The Zoo's vision is to increase efforts to connect guests with nature and inspire actions to conserve wildlife habitats.

The Zoo is engaged in conservation efforts not only onsite, but also throughout Minnesota and the world. Through partnerships with other state and federal agencies, it conducts work to save imperiled prairie butterflies, restore endangered native freshwater mussel species, and breed/reintroduce bison (tested free of cattle genes) to state parks throughout Minnesota. Zoo guests experience these programs directly through exhibits and interpretation, while Zoo staff execute programs in the field and behind-the-scenes. With private funding, the Zoo is involved in conserving critically-endangered black rhinos, Asian wild horses, Amur tigers and other species abroad.

More than 500,000 people participate in the Zoo's environmental education programs each year. The Zoomobile outreach program brought the Zoo to more than 51,000 Minnesotans in 42 counties in FY18, and more than 91,000 participants from 55 counties participated in Zoo field trips. The Zoo Safari and Zoo Explorers programs allowed nearly 15,000 of those participants to come for free, including transportation and lunch. Zoo naturalists and keepers provide guests with conservation-focused education programs about animals at the Zoo.

Recognizing that ticket cost can be a barrier to accessing the Zoo's campus and programming, the Zoo ensures that admission is free for Minnesotans who qualify for assistance programs, such as the Supplemental Nutrition Assistance Program, the Special Supplemental Nutrition Program for Women, Infants, and Children, and MinnesotaCare. The Free to Explore program served more than 89,000 Minnesotans in FY18.

Further, the Zoo offers programs targeted to serve communities with special needs through autism camps, American Sign Language (ASL) days at the Zoo, and Dream Night for children with chronic healthcare needs. In 2018, the Zoo launched MNZoo4All, an app to help people with autism and sensory-processing disorders navigate the Zoo in ways that best meet their needs. The Zoo bridges additional access barriers by providing maps of the campus in ten foreign languages, ASL interpreters, sighted guides, and tactile tours. A recent evaluation examining the Zoo's compliance with the Americans with Disabilities Act found that it provides an environment that allows guests of all abilities to travel throughout the campus. The layout of the campus ensures that mobility devices are able to reach all Zoo exhibits and amenities.

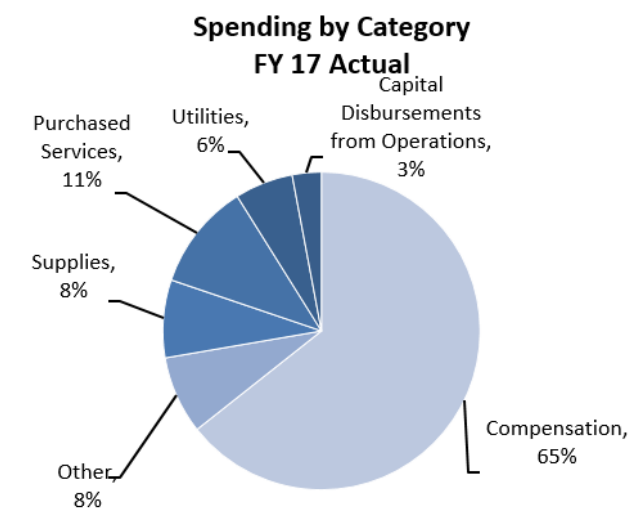
Through these programs and its operations, the Zoo contributes to the following statewide outcomes: **a thriving economy that encourages business growth and employment opportunities; Minnesotans have the education and skills needed to achieve their goals; strong and stable families and communities; a clean, healthy environment with sustainable uses of natural resources; and efficient and accountable government services.**

BUDGET

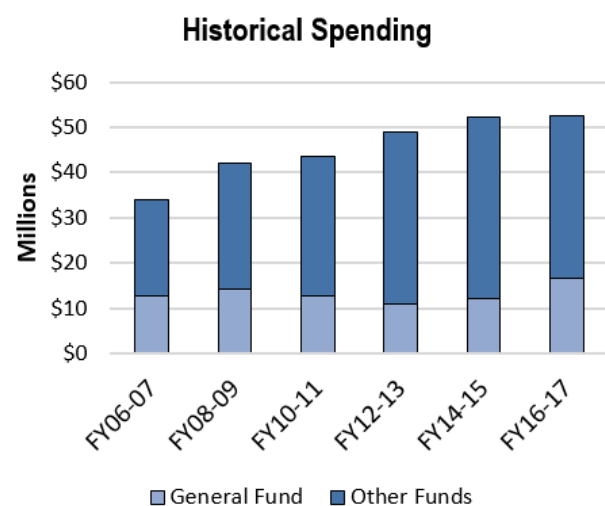
The Zoo is committed to using its resources efficiently and effectively. In addition to the state's investment, it has a diverse mix of earned revenue, private investment and corporate support through charitable contributions and volunteer services. More than 1,200 volunteers collectively donate more than 95,000 hours of time each year, serving an essential role in the Zoo's daily operations.

The Zoo's primary source of revenue (55 percent) is earned income from admissions, memberships, food and gift concessions, programs and events and facility rentals. Charitable contributions to the Zoo's nonprofit partner, the Minnesota Zoo Foundation, support its mission and account for approximately 6 percent of annual revenues. The state's investment in the Zoo's operating budget through the general fund represents 32 percent of the Zoo's total revenue. The Zoo has historically received additional funding from the arts and cultural heritage fund and the environment and natural resources trust fund.

The state's investment is key to maintaining the sustainability of the Zoo's business model, wherein it depends on the state's general fund for approximately one third of its operating budget and its own revenue and charitable contributions for the remaining two thirds. Investment from the general fund ensures the Zoo's ability to withstand the unanticipated expenses inherent in running a large campus with many outdoor areas, such as extreme weather events or fluctuations in the economy that can negatively affect attendance.



Source: Statewide Integrated Financial Tools System (SWIFT)



Source: Consolidated Fund Statement

Because the Zoo cares for more than 4,900 animals and a campus regardless of whether the Zoo is open for admission, it has significant fixed operating costs. With more than 350 annual employees, 65 percent of the Zoo's budget is allocated to personnel compensation and related expenses. Another 6 percent (approximately \$1.8 million) covers fixed utility costs. As state personnel costs and utility expenses continue to rise, the Zoo's fixed costs increase correspondingly.

STRATEGIES

In 2016, the Zoo revised its strategic plan to solidify its critical role in helping Minnesotans connect with nature and increase the value they attach to the natural world. With a new strategic plan, the Zoo began a master planning process in July and will conclude it in early 2019. Four overarching goals drive this process to revitalize, naturalize and mobilize the Zoo:

1. Deliver extraordinary on- and off-site Zoo experiences
2. Position the Zoo as a trusted conservation organization that saves wildlife
3. Develop a comprehensive approach for activating the Zoo's unique resources for all people to play and explore in the natural world
4. Develop and implement a sustainable business model befitting a zoo in the 21st century

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>	<i>Zoo Strategy Alignment</i>
Quantitative	Zoo attendance	1.347 million	1.302 million	FY17/ FY18	1,2,3,4
Quantitative	Free to Explore	82,707 free admissions	89,314 free admissions	FY 17/FY 18	1
Qualitative	Geographic impact	Membership, outreach or educational impact in 84 counties	Membership, outreach or educational impact in 84 counties	FY17/ FY18	1,4
Qualitative	Average guest satisfaction rating	9.1/10	9.2/10	2016/ 2017	1,2
Quantitative	Economic impact	\$146 million	\$222.7 million	2012/ 2017	4
Qualitative	Association of Zoos and Aquariums accreditation	Accredited	Accredited	2012/ 2017	2,4

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>	<i>Zoo Strategy Alignment</i>
Qualitative and Quantitative	Conservation impact	Edward A. Bean Award for Significant Achievement in Conservation (Tigers)	Dakota skipper butterflies reintroduced; 237 Ulysses S. Seal grants since 2002; 500 students involved in the <i>Show Us Your Mussels</i> campaign	2015/2018	2

Performance Measure Notes:

Attendance: Attendance directly affects the Zoo’s long-term financial sustainability and ability to deliver its conservation message. Attendance numbers are captured daily. Many factors affect the Zoo’s attendance, including weather, marketing, price, and general economic conditions. While many of these elements are uncontrollable, the Zoo remains responsible for creating the best experience for guests. Guest satisfaction is directly related to future attendance. In turn, attendance has a demonstrable impact on the economy of the region. The Zoo conducts a guest intercept survey each year. Guests rate their satisfaction with the Zoo experience on a scale of 1 to 10, where 1 is “poor” and 10 is “excellent.”

Economic Impact: The University of Minnesota completed studies of the Zoo’s economic impact on the seven-county metropolitan area in 2007, 2010, 2012 and 2017. Each study showed an increase in the Zoo’s impact in the area. These studies do not reflect any effects from construction projects at the Zoo, which would further increase the impact of the Zoo on the local economy.

Conservation Impact: The conservation impacts include increased numbers and healthy populations of endangered species in the Zoo’s care, increased engagement with partners in the field (in situ initiatives) and recognition of the Zoo’s work by professional partners, peers and other stakeholders. Ulysses S. Seal grants give Zoo employees the opportunity to champion a conservation project, and where they have skills to share, travel to an offsite location and work on the project itself. Outreach programs like *Show Us Your Mussels* get local students involved in the Zoo’s conservation work and generate new educational materials.

See Minnesota Statutes Chapter 85A (<https://www.revisor.mn.gov/statutes/?id=85A>) for an overview of the Minnesota Zoo’s purpose, organization and authority.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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Expenditures by Fund

1000 - General	8,250	8,250	9,067	9,163	9,183	9,183	10,164	9,809
2000 - Restrict Misc Special Revenue	12,699	14,809	15,820	17,153	17,509	17,533	17,509	17,533
2050 - Environment & Natural Resources	100	180	344	1,000				
2110 - Zoos Lottery In Lieu	160	160	160	160	160	160	160	160
2301 - Arts & Cultural Heritage	1,731	1,850	1,347	2,365				
2403 - Gift	2,758	1,806	1,542	1,394	1,544	1,744	1,544	1,744
3000 - Federal	56	17	78	81	438	242	438	242
Total	25,754	27,072	28,358	31,316	28,834	28,862	29,815	29,488
Biennial Change				6,847		(1,978)		(371)
Biennial % Change				13		(3)		(1)
Governor's Change from Base								1,607
Governor's % Change from Base								3

Expenditures by Program

Minnesota Zoo	25,754	27,072	28,358	31,316	28,834	28,862	29,815	29,488
Total	25,754	27,072	28,358	31,316	28,834	28,862	29,815	29,488

Expenditures by Category

Compensation	16,248	17,188	18,306	19,760	18,924	19,101	19,163	19,443
Operating Expenses	9,197	9,352	9,694	11,330	9,684	9,535	10,426	9,819
Grants, Aids and Subsidies	2	3	2					
Capital Outlay-Real Property	149	344	260					
Other Financial Transaction	157	186	95	226	226	226	226	226
Total	25,754	27,072	28,358	31,316	28,834	28,862	29,815	29,488

Total Agency Expenditures	25,754	27,072	28,358	31,316	28,834	28,862	29,815	29,488
Internal Billing Expenditures	370	342	362	400	400	400	400	400
Expenditures Less Internal Billing	25,384	26,730	27,996	30,916	28,434	28,462	29,415	29,088

<u>Full-Time Equivalents</u>	220.98	229.35	237.61	239.09	216.53	214.95	216.53	214.95
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Zoological Gardens

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Direct Appropriation	8,250	8,250	9,067	9,163	9,183	9,183	10,164	9,809
Expenditures	8,250	8,250	9,067	9,163	9,183	9,183	10,164	9,809
Biennial Change in Expenditures				1,730		136		1,743
Biennial % Change in Expenditures				10		1		10
Governor's Change from Base								1,607
Governor's % Change from Base								9
Full-Time Equivalents	86.07	96.52	103.61	103.61	107.24	105.54	107.24	105.54

2000 - Restrict Misc Special Revenue

Balance Forward In	1,256	3,312	4,510	4,109	3,369	2,000	3,369	2,000
Receipts	14,552	15,877	15,438	16,413	16,140	17,533	16,140	17,533
Internal Billing Receipts	370	342	362	400	400	400	400	400
Transfers In	10	20	5					
Transfers Out	10	20	23					
Balance Forward Out	3,110	4,380	4,110	3,369	2,000	2,000	2,000	2,000
Expenditures	12,699	14,809	15,820	17,153	17,509	17,533	17,509	17,533
Biennial Change in Expenditures				5,465		2,069		2,069
Biennial % Change in Expenditures				20		6		6
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	90.91	98.62	107.80	107.80	95.32	93.99	95.32	93.99

2050 - Environment & Natural Resources

Balance Forward In	219	119	508	1,000				
Direct Appropriation		568	891					
Cancellations			55					
Balance Forward Out	119	507	1,000					
Expenditures	100	180	344	1,000				
Biennial Change in Expenditures				1,064		(1,344)		(1,344)
Biennial % Change in Expenditures				380		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	1.29	1.36	3.20	4.00				

Zoological Gardens

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
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2110 - Zoos Lottery In Lieu

Direct Appropriation	160	160	160	160	160	160	160	160
Expenditures	160	160	160	160	160	160	160	160
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Governor's Change from Base								0
Governor's % Change from Base								0

2301 - Arts & Cultural Heritage

Balance Forward In	269	303	212	415				
Direct Appropriation	1,750	1,750	1,550	1,950	0	0	0	0
Transfers In			53					
Transfers Out			53					
Balance Forward Out	288	203	415					
Expenditures	1,731	1,850	1,347	2,365				
Biennial Change in Expenditures				131		(3,712)		(3,712)
Biennial % Change in Expenditures				4		(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	15.74	17.33	14.60	15.08				

2403 - Gift

Balance Forward In	1,889	987	1,011	1,301	100	100	100	100
Receipts	1,615	1,823	1,833	193	1,544	1,744	1,544	1,744
Balance Forward Out	746	1,004	1,302	100	100	100	100	100
Expenditures	2,758	1,806	1,542	1,394	1,544	1,744	1,544	1,744
Biennial Change in Expenditures				(1,629)		352		352
Biennial % Change in Expenditures				(36)		12		12
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	26.91	15.03	7.82	7.82	12.32	14.42	12.32	14.42

Zoological Gardens

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
3000 - Federal								
Balance Forward In		8	6					
Receipts	64	14	73	81	438	242	438	242
Balance Forward Out	8	6						
Expenditures	56	17	78	81	438	242	438	242
Biennial Change in Expenditures				87		521		521
Biennial % Change in Expenditures				119		327		327
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	0.06	0.49	0.58	0.78	1.65	1.00	1.65	1.00

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	9,163	9,163	9,163	18,326
Base Adjustments				
Pension Allocation		20	20	40
Forecast Base	9,163	9,183	9,183	18,366
Change Items				
Operating Adjustment		482	626	1,108
Communication and Security Systems		499		499
Total Governor's Recommendations	9,163	10,164	9,809	19,973
Fund: 2110 - Zoos Lottery In Lieu				
FY2019 Appropriations	160	160	160	320
Forecast Base	160	160	160	320
Total Governor's Recommendations	160	160	160	320
Fund: 2301 - Arts & Cultural Heritage				
FY2019 Appropriations	1,950	1,950	1,950	3,900
Base Adjustments				
One-Time Legacy Fund Appropriations		(1,950)	(1,950)	(3,900)
Forecast Base	1,950	0	0	0
Total Governor's Recommendations	1,950	0	0	0
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	17,153	17,509	17,533	35,042
Forecast Base	17,153	17,509	17,533	35,042
Total Governor's Recommendations	17,153	17,509	17,533	35,042
Fund: 2403 - Gift				
Planned Spending	1,394	1,544	1,744	3,288
Forecast Base	1,394	1,544	1,744	3,288
Total Governor's Recommendations	1,394	1,544	1,744	3,288
Fund: 3000 - Federal				
Planned Spending	81	438	242	680
Forecast Base	81	438	242	680
Total Governor's Recommendations	81	438	242	680

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	16,413	16,140	17,533	33,673
Total Governor's Recommendations	16,413	16,140	17,533	33,673
Fund: 2403 - Gift				
Forecast Revenues	193	1,544	1,744	3,288
Total Governor's Recommendations	193	1,544	1,744	3,288
Fund: 3000 - Federal				
Forecast Revenues	81	438	242	680
Total Governor's Recommendations	81	438	242	680

Minnesota Zoological Gardens

FY 2020-21 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	482	626	626	626
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	482	626	626	626
FTEs	0	0	0	0

Request:

The Governor recommends \$482,000 the first year and \$626,000 each year thereafter to maintain current service levels at the Minnesota Zoo. These funds will support core Zoo operations including care and well-being for 4,990 animals, safety and security for 1.3 million annual guests, and maintenance and utilities across the Zoo's 485-acre campus.

This investment is key to a sustainable business model for the Zoo, which as a private-public partnership relies on a mix of state appropriations, earned income, and contributions.

Rationale/Background:

The Zoo's 485-acre campus operates on the scale of a small city. Zoo staff must ensure the unique needs of each animal is met, that infrastructure and grounds are well-maintained, and that guests are safe, comfortable and satisfied with their Zoo experience. As with other state agencies, staffing costs at the Zoo rise each year due to changes in salary rates and employer-paid health care. To maintain its large campus and meet the unique needs of its animals and guests, the Zoo also experiences rising costs in other areas such as utilities, animal food and medical care, and equipment.

In the FY20-21 Biennium, the IT services the Zoo receives from MNIT will transition from a local to an enterprise service delivery model for workstation management (laptop/desktop computer support and refresh) and service/help desk support. Regular replacement of workstations will be included as part of the service rate, in order to ensure the security and supportability of state agency computers. The agency will also transition to the enterprise service/help desk, which provides 24/7 support to agency staff. Due to budget limitations and high fixed costs in other areas, the Zoo has historically underinvested in technology relative to other state agencies. As a result, moving to the enterprise rate structure will ensure a more consistent level of service but increased costs.

Also during the upcoming biennium, statewide indirect costs assessed on the Zoo will increase to pay for a routine audit completed in 2018 by the Office of the Legislative Auditor. A portion of this request allows the Zoo to pay the higher technology and indirect costs without affecting pricing or programming.

The Zoo is committed to fiscal responsibility. From year to year, the Zoo finds ways to become more efficient with existing resources. The Zoo also grows earned revenues from admissions, events, education programs and other Zoo activities where possible while maintaining affordable access for Minnesotans. The Zoo also works with its private fundraising partner, the Minnesota Zoo Foundation, to seek contributions from individuals and corporations. However, cost growth typically outstrips efficiencies and increases in earned and contributed

income. Without additional resources, the Zoo cannot maintain the quality programs, outreach, and experiences that Minnesotans have come to expect.

Proposal:

This request will allow the Zoo to continue providing the quality programs, outreach and experiences that Minnesotans have come to expect. These funds will maintain the State's share of current operating costs as well as cover the full cost of moving to the MNIT enterprise rate structure (\$167,000 per year starting in FY 2020) and increasing statewide indirect costs (\$140,000 for the biennium).

Because the Zoo's earned income must cover the remaining two-thirds of rising operating costs, the FY 2020-21 budget for the Zoo assumes a corresponding increase in earned income, which would come from a combination of price increases and new ventures.

Equity and Inclusion:

The Minnesota Zoo is the Zoo of the State of Minnesota, and strives to be accessible to all Minnesotans:

- The Minnesota Zoo is free to all Minnesotans who need it to be free. The Free to Explore Program offers free admission to the more than 450,000 Minnesotans accessing public assistance programs including SNAP, WIC, MinnesotaCare, General Assistance, etc. In FY 2018, 89,314 people from 80+ counties visited the Zoo using Free to Explore.
- In FY 2018, 14,880 participants from 163 schools visited the Zoo for free (including transportation and lunch) through the Zoo Safari and Zoo Explorer programs.
- Each year, the Zoo hosts Dream Night, a family experience for children with disabilities or special health care needs.
- The Zoo provides ASL interpreters upon request.
- The Zoo's campus map is made available in 10 languages in addition to English
- The Zoo recently underwent an ADA site survey and is improving the Zoo's accessibility.

Continued State investment in the Zoo at one third of our yearly operating costs ensures that we can deliver these programs at the same level of service into the future.

IT Related Proposals:

<i>Category</i>	<i>FY 2020</i>	<i>FY 2021</i>	<i>FY 2022</i>	<i>FY 2023</i>	<i>FY 2024</i>	<i>FY 2025</i>
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	\$167	\$167	\$167	\$167	\$167	\$167
Staff costs (MNIT or agency)						
Total	\$167	\$167	\$167	\$167	\$167	\$167
MNIT FTEs						
Agency FTEs						

Results:

The following summarizes how the Zoo measures our impact and successes. The Zoo publishes an annual report each year to share our progress with Zoo members, Zoo Foundation donors and the Legislature.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantitative	Zoo attendance	1.347 million	1.302 million	FY17/FY18
Quantitative	Free to Explore	82,707 free admissions	89,314 free admissions	FY 17/FY18
Qualitative	Geographic impact	Membership, outreach or educational impact in 84 counties	Membership, outreach or educational impact in 84 counties	FY17/FY18
Qualitative	Average guest satisfaction rating	9.1/10	9.2/10	2016/2017
Quantitative	Economic impact	\$146 million	\$222.7 million	2012/2017
Qualitative	Association of Zoos and Aquariums accreditation	Accredited	Accredited	2012/2017
Qualitative and Quantitative	Conservation impact	Edward A. Bean Award for Significant Achievement in Conservation (Tigers)	William G. Conway International Conservation Award for work with endangered black rhinos in Namibia; Dakota skipper butterflies reintroduced; 237 Ulysses S. Seal grants since 2002; 500 students involved in the <i>Show Us Your Mussels</i> campaign	2015/2018

Minnesota Zoological Gardens

FY 2020-21 Biennial Budget Change Item

Change Item Title: Communication and Security Systems

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	499	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	499	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$499,000 one-time in FY 2020 to replace obsolete communication and security technology at the Minnesota Zoological Garden. Upgraded phone, radio and security camera systems are necessary to operate efficiently and keep animals and guests safe.

Rationale/Background:

The Zoo's 485-acre campus operates on the scale of a small city. Modern communication and security systems are critical to protecting the health and safety of the thousands of staff, volunteers and guests who visit the campus each day, as well as the nearly 5,000 animals who live on campus.

The Minnesota Zoo currently operates with obsolete communications and security technology, which interferes with the ability of Zoo staff to operate efficiently and keep animals and guests safe and secure. Critical technology needs include:

- A new phone system. The Zoo's phone system is nearly 20 years old and the cabling it runs on is 40 years old. The system is no longer supported by the manufacturer, can no longer receive security patches, and does not have basic functions like caller ID.
- A new radio system. The Zoo uses a two-way radio system to communicate in real-time about the safety of guests, animals and staff. Therefore, it is imperative that these radios are reliable and work at all sites within the Zoo grounds. The Zoo's analog radio system must be replaced to ensure greater reliability across the 485-acre site and meet the federal mandate to convert to a digital system.
- An upgraded security camera system. Existing cameras do not have adequate coverage or high enough resolution to meet modern security needs of a major cultural attraction.

Keeping pace with aging physical infrastructure, rising staff compensation costs and the high fixed costs of animal care has limited the Zoo's ability to invest in technology improvements over time. This request allows rapid modernization of critical communication and security systems without affecting pricing or programming.

Proposal:

This request will allow the Zoo to continue providing the quality programs, outreach and experiences that Minnesotans have come to expect. These funds will cover the cost of critical technology upgrades, including:

- Replacing the obsolete phone system (\$350,000),
- Converting to a digital two-way radio system (\$92,000) and
- Upgrading the security camera system (\$57,000).

IT Related Proposals:

Category	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Payroll						
Professional/Technical Contracts						
Infrastructure	499,000					
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	499,000					
MNIT FTEs	0					
Agency FTEs	0					

Results:

The Zoo expects the following results from these investments:

- Minimize phone system interruptions (compared to six interruptions in 2018)
- Significantly faster phone line moves/adds/changes (from hours to minutes)
- Full conversion to digital radio system and 100% digital compatible radios (compared to 50% digital-compatible radios used in a solely analog system currently)
- Adequate security camera coverage and resolution at all priority locations throughout the campus (compared to significant gaps currently)

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2018 Actuals	FY2019 Budget	FY2020 Base	FY2021 Base	Required State Match or MOE?	FTEs
Interior/Fish and Wildlife Service CFDA 15.662	Great Lakes Restoration Initiative (Cooperative Agreement F17AC00363): <i>Poweshiek Skipperling Husbandry and Head Starting</i> Provides equipment and staff to improve <i>ex situ</i> conservation practices for prairie butterflies.		78	41			No	0.58
Interior/Fish and Wildlife Service CFDA 15.662	Great Lakes Restoration Initiative: Poweshiek Skipperling Husbandry, Head Starting, and Risk Analysis Provides supplies, staff, and sample analysis for <i>ex situ</i> prairie butterfly conservation. The project involves rearing and releasing Poweshiek skipperling butterflies and examining the impact of pesticides on prairie butterfly populations.			40	88		No	0.65
Institute of Museum and Library Services CFDA 45.312	National Leadership Grants for Museums (NLG-M); Funding Opportunity Number: NLG-M-FY19 <i>Conservation of Human Capital: Zoos as a Community Response to Professional Burnout</i> Analyze existing data and gather new information on the treatment of professional burnout through a pilot program that brings physicians and their families to the Minnesota Zoo for a nature-based experience.	Y			350	242	No	1
	Federal Fund – Agency Total		78	81	438	242		2.23

Narrative

Federal funding to the Minnesota Zoo provides additional resources to advance its mission of connecting people, animals and the natural world to save wildlife. The Minnesota Zoo's Conservation and Education departments primarily receive and spend federal funds, which have come from competitive grants. Federal grants generally allow the Minnesota Zoo to hire staff and purchase equipment that it would not otherwise be able to within existing resources. Federal funds represent less than one percent of the Minnesota Zoo's budget for the FY 2018-2019 biennium, and would grow to slightly more than one percent of its FY 202-2021 biennial base budget if the Zoo is successful in receiving a proposed new grant. The Minnesota Zoo will continue seeking out federal funding resources when they are in line with the Zoo's mission, Strategic Plan and Master Plan.